

AUDITOR'S REPORT ON
UNDP ASSISTED NATIONAL
IMPLEMENTATION (NIM)
PROJECT

PROJECT TITLE: PROMOTING AUTONOMOUS
ADAPTATION AT THE COMMUNITY
LEVEL

PROJECT ID: 00065106
OUTPUT ON: 00081746

FOR THE YEAR ENDED 31 DECEMBER 2015

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የተፈቀደላቸው አዲተሮች (ኢትዮጵያ)
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1. Introduction

Further to the audit contract signed between the Ministry of Finance and Economic Development (MoFED) and TMS Plus Chartered Certified Accounts (UK) and Authorized Auditors (ETH) on 19 February 2016, we have undertaken the audit of Promoting Autonomous Adaptation at the Community Level Output No. 00081746 and Project ID. 00065106, covering the stipulation of the "Terms of Reference for Audits of NGO - NIM Projects FY2015" for the year ended 31 December 2015.

2. Background and Objectives

2.1 Background

The Promoting Autonomous Adaptation at the Community Level project was designed to support Ethiopia to increase resilience to climate change through both immediate and long-term adaptation measures in development policies, plans, programmes, projects and actions. Climate change is of critical importance to the sustainable growth of Ethiopia.

Promoting Autonomous Adaptation at the Community level project contribute to Ethiopian's National Action Plan for Adaptation (NAPA) priorities through promoting drought/crop insurance programme in Ethiopia; Strengthening/enhancing drought and flood early warning systems in Ethiopia; developing small-scale irrigation and water harvesting schemes in arid, semi- arid, and dry sub-humid areas of Ethiopia; establishing community-based sustainable utilization and management of wetlands in selected parts of Ethiopia; promoting of farm and homestead forestry and agro-forestry practices in arid, semi- arid, and dry sub-humid areas of Ethiopia) and is aligned to the nation's growth and transformation plan. It will support the National Climate Resilient Green Growth Strategy, by supporting the development of territorial climate resilient plans at sub-national level and supporting the application of climate risk reducing techniques and practices in selected rural and urban sites.

The Project is under implementation at Federal level in Ministry of Environment and Forest (MoEF), Addis Ababa City Bureau of Environment and Forest, selected 4 regions namely Tigray, Oromia, Gambella and Benishangule Gumiz. The project sites are located in Enderta, Adami-Tullu, Gambella, and Assosa respective woredas in the regions.

2.2 Objectives

The objective of the project is to support local communities and administrations at the lowest level of government to design and implement adaptation actions aimed at reducing vulnerability and building resilience, especially in those communities that are particularly vulnerable in the country.



3. Project Management

The project management arrangement is guided by provisions of the National Implementation Modality (NIM). The management arrangement is structured at three levels.

The first level project Steering Committee consisting of UNDP and Ministry of Finance and Economic Development (MoFED) and MoEFCC. The Committee is the main decision making body on the direction, policy, resources, and overall oversight to insure project achievements. The second is the MoEFCC and the third is the different implementing partners consist of regional government offices, CBOs and NGOS.

The project is fully funded from UNDP and Global Fund. The total project budget for the five years is USD 6,113,216 and for the year 2015 is USD 1,285,457.

Project Contact Persons

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4. Consultation with concerned parties

Following our appointment as auditors of the project, we were invited and participated on the briefing meeting held with UNDP country office, PAA project manager and Partnership Management and Support Unit (PMSU) staff to discuss about the nature and activities of the project.

After completion of our audit field works we have conducted an exit conference with the UNDP country office and the government entity co-coordinating the project activities to debrief them about the outcomes of the audit.



5. Description of financial Reports Audited

5.1 Combined delivery report (CDR)

Combined Delivery Report (CDR) was prepared by UNDP, Using an in-house accounting software package called ATLAS. It combines from three disbursement sources. These disbursement sources includes:-

i. Disbursement made by Government Office

UNDP procedure requires that where funds are advanced to the executing agency, the agency must submit to the UNDP country office, on quarterly basis. The UNDP country office enters the disbursements in ATLAS through the year as the financial reports are received. These implementing partner disbursements are recorded in the Government expenses column in the CDR.

Accordingly, we found IPs Government Expenditure of USD 1,170,849.56 in the Government Expenditure column of CDR.

ii. Disbursement made by UNDP (country office, head quarts and other country offices)

Disbursement made by UNDP from its own bank accounts is entered in ATLAS by the UNDP country office. These UNDP disbursements are recorded in the UNDP expense column in the CDR. These disbursement may be classified as either direct payments or UNDP support services. This distinction, while very important for audit purposes, is not apparent from the CDR and can only be provided by the UNDP country office as a supporting schedule. A brief description of each category is provided below.

a) Direct Payments

This is where the implementing partner is responsible for the expenses but requested UNDP to effect payment to the vendor/consultant on its behalf. The implementing party is accountable for the disbursements and maintains all supporting documentation.

UNDP simply effects payments on the basis of properly authorized requests and gives the implementing partners a copy of the related disbursement voucher as evidence that payment was made. The direct payment of the project is USD 9,746.26

b) UNDP Support Service

This is where the government and UNDP have agreed that UNDP will provide support services to the project and signed a letter of agreement. These support service must be described in the letter of agreement. UNDP is fully responsible and accountable for the expenses and, accordingly, maintains all supporting



documentation for the disbursement. These expenses are outside the scope of audit and, therefore, will not be reviewed by the auditors. The terms of reference clearly stated that this scope limitation should not be used as a reason for issuing a qualified audit opinion on the CDR.

According to the supporting schedules from UNDP, the UNDP support service of the project is USD 13,674.48.

c) UN agencies

The UN agency reports its expenses to UNDP and government. The UNDP country office enters the expenses in ATLAS. These UN expenses are recorded in the UN agencies column in the CDR. This expense is not covered by our audit.

At the end of the year, after receiving the last quarter financial report from the implementing partner and the year-end expenses report from the UN agency UNDP prepares the CDR and submits it to the implementing partner for signature. We have received the signed CDR by UNDP Ethiopia and the IP MoEF.

The CDR is prepared in two sections; the first section containing the total Expense as explained above and the second section shows the outstanding NEX advance, Un-depreciated fixed assets, Inventory, Prepayments and commitments.

- **The Outstanding NEX advances:** - We have reconciled the Outstanding NEX Advance of USD 9,397.92 with IP record and fund balance at the project level. The CDR value with nil balance is adjusted to reconciled balance.
- **The Cost of Un-depreciated fixed assets** for this project is nil, we have verified with record balance according to the implementing partner.
- **The Inventory, Prepayment and Commitments** for the project, according to the CDR are nil.

5.2 Statement of Assets

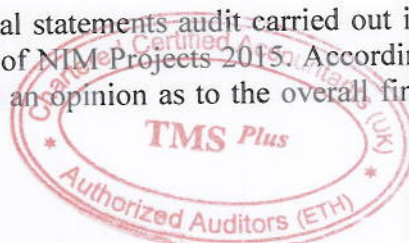
This report represents the monetary assets the implementing partners have procured from the project fund. The value of asset for this project is USD 458,254.38. The values are supported by the fixed asset register, as prepared by the implementing partner.

5.3 Statement of Cash Position

The implementing partner statement of cash position shows USD 9,397.92, as the remaining year end fund balance. We have compiled this information based on the records of the implementing partner.

6 Audit Scope

This audit is a special purpose financial statements audit carried out in accordance with the Terms of Reference for the audits of NIM Projects 2015. According to the Terms of Reference, we are required to provide an opinion as to the overall financial situation of



the project for the year ended 31 December 2015 and express opinion on the financial Audit Reports:-

- a) The Statement of Expenses, Combined Delivery Report (UNDP - CDR) for the period from 1st January to 31st December, 2015;
- b) The Statement of Cash Position reported by the project as at 31st December 2015; and,
- c) The Statement of Assets and Equipment held by the project as at 31st December 2015.

To produce Management letter:-

A report on the weaknesses encountered while doing the financial audit, identify their causes and measure their degree of risk level, obtain the management response on the weakness and recommend action needs to rectify them from happening again.

Accordingly, the scope of the audit covered the overall management of the project's implementation, monitoring and supervision. The audit work included the review of work plans, progress reports, project resources, project budgets, project expenditure, project delivery, recruitment and disposal or transfer of assets as appropriate.

6.1 Human resources

The audit work covered the competitiveness, transparency and effectiveness of the recruitment and hiring of personnel and included performance appraisal, attendance control, calculation of salaries and entitlements, payroll preparation and payment, and management of personnel records.

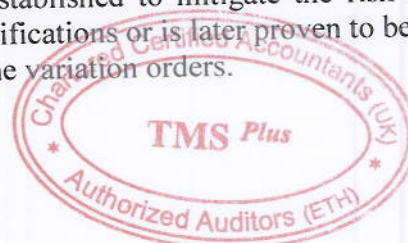
6.2 Finance

The audit work covered the adequacy of the accounting and financial operations and reporting systems. These include budget control, cash management, certification and approving authority, receipt of funds, and disbursement of funds, recording of all financial transactions in expenditure reports, records maintenance and control.

6.3 Procurement

The audit work covered the competitiveness, transparency and effectiveness of the procurement activities of the project in order to ensure that the equipment and services purchased meet the requirement of either the Government or UNDP and include the following:

- As applicable, delegations of authorities, procurement thresholds, call for bids and proposals, evaluation of bids and proposals and approval/signature of contracts and purchase orders;
- Receiving and inspection procedures to determine the conformity of equipment with the agreed specifications and, when applicable, the use of independent experts to inspect the delivery of highly technical and expensive equipment; and
- Evaluation of the procedures established to mitigate the risk of purchasing equipment that do not meet specifications or is later proven to be defective.
- Management and control over the variation orders.



The audit work in the area of procurement also covered the use of consulting firms and the adequacy of procedures to obtain fully qualified and experience personnel and assessment of their work before final payment is made.

6.4 Asset Management

The audit work covered equipment (typically vehicles and office equipment) purchased for use of the project. The procedures for receipt, storage, and disposal were also reviewed.

6.5 Cash Management

The audit work covered all cash funds held by the project and review procedures for safeguarding of cash.

6.6 General Administration

The audit work covered travel activities, vehicle management, shipping services, office premises and lease management, office communications, and records maintenance.

6.7 Information System

The audit work covered the information and communication systems and the control and security of equipment and data.

As per the UNDP - CDR and supporting schedules we obtained from the UNDP country office, we present under the table below that disbursements that are covered with in and outside our audit scope.

Description	Amount in USD	Amount in USD
Government disbursement	1,170,849.56	
UNDP disbursement – direct payments	9,746.26	
Disbursement within the scope of our audit		1,180,595.82
UNDP posting error and adjusted in 2016	9,397.92	
UNDP disbursement – UNDP support costs	13,674.48	
UN Agencies disbursement	-	
Disbursement outside the scope of our audit		23,072.40
Total expenses (UNDP - CDR)	1,203,668.22	1,203,668.22



7. Scope Limitation

The above scope covered USD 1,180,595.82 those transactions performed at the level of the project USD 1,170,849.56 including direct payment USD 9,746.26 made by UNDP Country Office. Transactions were performed by the UNDP Office at the request and on behalf of the project (i.e. UNDP Support Services) and those made by a UN Agency are not included in the scope of this audit. The amount of expense excluded from the scope of the audit amount USD 13,674.48 which is UNDP for Support Services.

8. Currency and Exchange Rate

The Statement of Expenditure/Combined Delivery Report (UNDP - CDR) is prepared in USD. Expenditure reported by Implementing Partners to the UNDP Country Office during the year is converted to USD using monthly UN operational rate from United Nations Treasury. We have obtained and used these rates in reconciling the expenditure reported by the implementing partners with the CDR. The statement of Cash Position and the statement of Assets and Equipments were prepared in local currency ETB. An exchange rate of UN operational rate valued USD 1 for ETB 21.1749 was used to value year end 31 December 2015 reports in ETB to USD.



9. The Audit Report

AUDITOR'S REPORT TO:**Ministry of Finance and Economic Development (MoFED) and
The Resident Representative UNDP Ethiopia Country Office Addis Ababa*****a) Certification of UNDP statement of Expenses – Combined Delivery Report (UNDP -CDR)***

We have audited the accompanying Statement of expenses (UNDP -CDR) of the project Output Number 00081746 and Project ID 00065106 Promoting Autonomous Adaptation at the Community level for the period 1 January 2015 to 31 December 2015.

Management is responsible for the preparation and fair presentation of the statement for Promoting Autonomous Adaptation at the Community level project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Clean Opinion:

In our opinion, the attached statement of expense presents fairly, in all material respects the expense of USD 1,180,595.82 (USD 1,170,849.56 Government Expenses and USD 9,746.26 direct Payment) incurred by the project Promoting Autonomous Adaptation at the Community level for the period 1 January 2015, to 31 December 2015 in accordance with UNDP accounting policies and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant UNDP regulations and rules, policies and procedures; and (iv) supported by properly approved vouchers and other supporting documents.

The report is intended solely for the information and use of UNDP and the Government of Ethiopia.



11 March 2016

TMS *plus* Chartered Certified Accounts (UK) and Authorized Auditors (ETH)

Signature TMS plus

STAMP AND SEAL OF AUDIT FIRM: _____



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Combined Delivery Report By Project



UN Development Programme
Report ID: unglodrp

Page 1 of 4
Run Time: 10-03-2016 08:03:00

Selection Criteria:

Business Unit: ETH10
Period: Jan-Dec (2015)
Selected Project Id: ALL
Selected Fund Code: ALL
Selected Dept. IDs: ALL
Selected Outputs: 00081748

Project Id: 00065106 Promoting Autonomus Adaptation	Period: Jan-Dec (2015)
Output #: 00081746 Promoting Autonomus Adaptation	Impl. Partner: 01183 Environment Protection Autho
	Location: Ethiopia
Govt Exp	UNDP Exp
	UN Agencies Exp
	Total Exp

Dept: 33005 (Ethiopia - Energy & Envirmnt)

Fund: 04000 (Core Programme, UNU Centre)

71405 - Service Contracts-Individuals	30,384.02	10,872.79	0.00	41,056.81
71620 - Daily Subsistence Allow-Local	0.00	19.98	0.00	19.98
71635 - Travel - Other	0.00	23.80	0.00	23.80
74105 - Management and Reporting Srvs	0.00	11,240.41	0.00	11,240.41
75710 - Participation of counterparts	0.00	114.08	0.00	114.08
76120 - Unrealized Loss	0.00	639.38	0.00	639.38
76130 - Unrealized Gain	0.00	-352.82	0.00	-352.82
76135 - Realized Gain	0.00	-0.20	0.00	-0.20

Total for Fund 04000

30,384.02 22,357.42 0.00 52,741.44

Fund: 62160 (GEF LDC/NAPA Programme Actv)

71205 - Intl Consultants-Sht Term-Tech	132,821.66	0.00	0.00	132,821.66
71305 - Local Consult.-Sht Term-Tech	86,843.49	9,746.20	0.00	96,589.69
71405 - Service Contracts-Individuals	189,881.41	-10,812.97	0.00	159,268.44
71610 - Travel Tickets-Local	126,042.66	0.00	0.00	126,042.66
71615 - Daily Subsistence Allow-Intl	26,307.63	0.00	0.00	26,307.63
71635 - Travel - Other	1,147.91	0.00	0.00	1,147.91
72110 - Svc Co-Agricultural Management	214,275.68	0.00	0.00	214,275.68
72305 - Agri & Forestry Products	147,559.50	0.00	0.00	147,559.50
72505 - Stationery & other Office Supp	33,636.09	0.00	0.00	33,636.09
72510 - Publications	0.00	121.10	0.00	121.10
72515 - Print Media	0.00	113.19	0.00	113.19
74105 - Management and Reporting Srvs	11,386.77	-11,240.41	0.00	146.36
74210 - Printing and Publications	0.00	462.31	0.00	462.31
74500 - UNDP cost recovery chrgs-Bills	0.00	652.54	0.00	652.54
75705 - Learning costs	148,136.38	0.00	0.00	148,136.38
75710 - Participation of counterparts	48,251.97	0.00	0.00	48,251.97
75711 - TrnWrkshp&Conf - Stipends	3,572.33	0.00	0.00	3,572.33
76120 - Unrealized Loss	0.00	499.75	0.00	499.75
76130 - Unrealized Gain	0.00	-6,475.28	0.00	-6,475.28
76135 - Realized Gain	0.00	-279.35	0.00	-279.35

Total for Fund 62160

1,149,863.46 -17,012.92 0.00 1,132,850.54

Total for Dept: 33005

1,180,247.48 5,344.50 0.00 1,185,591.98

Dept: 33008 (Ethiopia - Poverty Reduction)

Fund: 04000 (Core Programme, UNU Centre)

75710 - Participation of counterparts	0.00	457.13	0.00	457.13
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Signature

Tafesse Freminatots
(Partner Manager)

TMS Plus

Chartered Certified
Accountants (UK)



Tesfaye Woldeyes

Project Manager

MoEFCC



Sinkenesh Beyene

Team Leader

CRGG Unit UNDP



Combined Delivery Report By Project

UN Development Programme
Report ID: unglodrp

Page 2 of 4
Run Time: 10-03-2016 08:03:01

Project Id : 00085106 Promoting Autonomous Adaptation Output # : 00081746 Promoting Autonomous Adaptation	Period : Jan-Dec (2015) Impl. Partner : 0183 Environment Protection Autho Location : Ethiopia			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
Total for Fund 04000	0.00	457.13	0.00	457.13
Fund : 62160 (GEF LDC/NAPA Programme Actv) 78120 - Unrealized Loss	0.00	17,619.11	0.00	17,619.11
Total for Fund 62160	0.00	17,619.11	0.00	17,619.11
Total for Dept : 33008	0.00	18,076.24	0.00	18,076.24
Total for Output : 00081746	1,180,247.48	23,420.74	0.00	1,203,668.22
Project Total :	1,180,247.48	23,420.74	0.00	1,203,668.22



Signature _____

Tafesse Freminatos
(Partner Manager)

TMS Plus

Chartered Certified
Accountants (UK)

Tesfaye Woldeyes

Project Manager

MoEFCC



Sinkenesh Beyene

Team Leader

* CRGG Unit UNDP





Selection Criteria :

Business Unit : ETH10
Period : Jan-Dec (2015)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00081746

	Period : Jan-Dec (2015)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
33005 - Ethiopia - Energy & Envimmnt	1,180,247.48	5,344.50	0.00	1,185,591.98
33008 - Ethiopia - Poverty Reduction	0.00	18,076.24	0.00	18,076.24

12

12



Signature 

Tafesse Freminatos
(Partner Manager)

TMS Plus

Chartered Certified
Accountants (UK)



Tesfaye Woldeyes

Project Manager

MoEFCC




Sinkenesh Beyene

Team Leader

CRGG Unit UNDP

13

Combined Delivery Report By Project



UN Development Programme
Report ID: unglcdrp

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Run Time: 10-03-2016 08:03:05

Funds Utilization

Selection Criteria :

Business Unit : ETH10
Period : Jan-Dec (2015)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00081746

Project/Award: 00065106 Promoting Autonomus Adaptation Period : As at Dec 31, 2015

Output #	00081746	Impl. Partner :01183 Environment Protection Autho	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00



Signature

Tafesse Fremmatos
(Partner Manager)

TMS Plus

Chartered Certified
Accountants (UK)

Tesfaye Woldeyes

Project Manager

MoEFCC



Sinkenesh Beyene

Team Leader

CRGG Unit UNDP



AUDITOR'S REPORT TO:**Ministry of Finance and Economic Development (MoFED) and
The Resident Representative UNDP Ethiopia Country Office Addis Ababa*****b) Certification of Statement of Assets and Equipment***

We have audited the accompanying statement of Assets and Equipment ("the statement") of the project Output Number 00081746 and Project ID 00065106 Promoting Autonomous Adaptation at the Community level as at 31 December 2015.

Management is responsible for the preparation of the statement for Promoting Autonomous Adaptation at the Community level project and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Clean Opinion

In our opinion, the attached statement of assets presents fairly, in all material respects, the balance of inventory of the project Promoting Autonomous Adaptation at the Community level amounting to USD 458,254.38 as at 31 December 2015 in accordance with UNDP accounting policies

This report is intended solely for the information and use of UNDP and the Government of Ethiopia.



11 March 2016

TMS *plus* Chartered Certified Accounts (UK) and Authorized Auditors (ETH)

Signature _____ *(ms plus)*



STAMP AND SEAL OF AUDIT FIRM: _____

Bole Sub City, Kebele 06 House No. 305

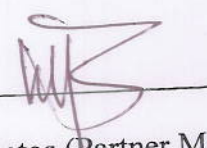
TEL. No. +251 - 1 - 6 18 06 38, +251 9 11 22 94 25

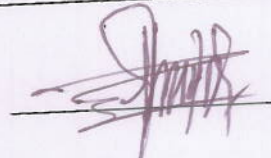
STATEMENT OF ASSETS AND EQUIPMENT
As At December 31, 2015

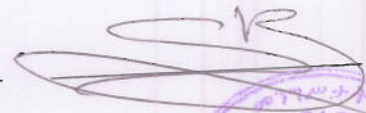
Country Office: Ethiopia
Project Title: Promoting Autonomous Adaptation
Project Output No.: 00081746
Project ID: 00065106
Period Covered: 2015

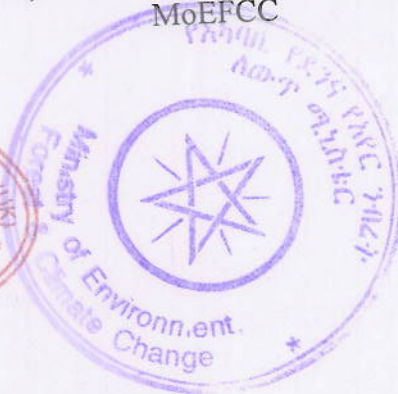
No	Descriptions	Amount in Birr
1	Digital camera	58,511.99
2	Computes and Accessories	968,622.67
3	Office furniture	221,195.14
4	Machine and solar	4,427,676.27
5	Office equipment	277,588.91
6	Motor Cycle	374,999.98
7	Automatic Weather Station	3,374,895.71
Total asset and Equipment in ETB		9,703,490.67
Total asset and Equipment in USD rated 1USD=21.1749		458,254.38

Signature _____


Tafesse Feminatos (Partner Manager)
TMS PLUS
Chartered Certified Accounts (UK)
Authorized Auditors (ETH)


Tesfaye Woldeyes
Project Manager
MoEFCC


Sinkenesh Beyene
Team Leader
CRGG Unit,
UNDP



AUDITOR'S REPORT TO:**Ministry of Finance and Economic Development (MoFED) and
The Resident Representative, UNDP Ethiopia Country Office Addis Ababa****C) Certificate of Statement of Cash Position**

We have audited the accompanying Statement of Cash Position ("the statement") of the project Output Number 00081746 and Project ID 00065106 Promoting Autonomous Adaptation at the Community level as at 31 December 2015.

Management of Promoting Autonomous Adaptation at the Community level project is responsible for the preparation of the statement for project and for such internal control as management determines is necessary to enable the preparation of a schedule that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Clean Opinion

In our opinion, the attached Statement of cash, presents fairly, in all material respects, the cash and bank balance of the UNDP project Promoting Autonomous Adaptation at the Community level amounting to USD 9,397.92 as at 31 December 2015 in accordance with the UNDP accounting policies.

This report is intended solely for the information and use of UNDP and the Government of Ethiopia.



Signature _____

(TMS plus)



TMS *plus*
Chartered Certified Accounts (UK)
Authorized Auditors (ETH)
11 March 2016

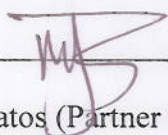
Bole Sub City, Kebele 06 House No. 305
TEL. No. +251 - 1 - 6 18 06 38, +251 9 11 22 94 25

**STATEMENT OF CASH POSITION
AS AT DECEMBER 31, 2015**

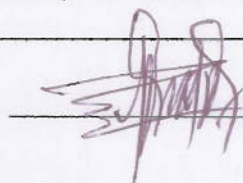
Country Office: Ethiopia
Project Title: Promoting Autonomous Adaptation
Project Output No.: 00081746
Project ID: 00065106
Period Covered: 2015

Description	Amount in Birr
Opening Fund Balance January 1, 2015	830,008.06
Cash On Hand	4,600.10
Cash At Bank	87,749.12
Advances	758,271.36
Payables	(20,612.52)
Sub total	830,008.06
Advance Received from UNDP during 2015	23,594,748.77
Total Funds Available for 2015	24,424,756.83
Payments/Expenditure for 2015	24,225,756.83
Fund Balance 31 December 2015	199,000.00
Closing Balance represented by:	
Cash in hand	2,345.78
Bank	77,411.62
Advance	153,520.08
Payables	(34,277.48)
Closing Fund Balance 31 December 2015(ETB)	199,000.00
Closing Fund Balance 31 December 2015 (in USD rated 1USD = 21.1749 ETB)	9,397.92

Signature _____



Tafesse Freminatos (Partner manager)
TMS PLUS
 Chartered Certified Accounts (UK)
 Authorized Auditors (ETH)
 Addis Ababa
 11 March 2016

Tesfaye Woldeyes
 Project Manager
 MoEFCC




Sinkenesh Beyene
 Team Leader
 CRGG Unit,
 UNDP



10. Management Letter

10.1 Introduction

In accordance with our appointment as auditors, we have audited the books and accounts of Promoting Autonomous Adaptation at the Community level of the Output Number 00081746 and Project ID 0065106 for the period 01 January 2015 to 31 December 2015.

We now have pleasure in presenting our report covering our audit findings and recommendation on certain aspects of the accounting and internal control systems and other matters that came to our attention in the course of our audit. We would like to point out that this report is not a comprehensive statement of all weaknesses that exist or all improvements, which may be made. It documents only those matters that came to our notice as a result of our audit procedures, which were designed primarily with a view to expressing our opinion on the Combined Delivery Report, Statement of Cash Position and Statement of Assets and Equipment as a whole.

10.2 Review of Project Progress

The quarterly work plans, financial reports, request and execution of direct payments are timely and in compliance with the project documents. Annual project reports submitted by the implementing partners are also in compliance with UNDP guidelines and were adequately monitored. The rate of program delivery is according to work plan and the overall pace of the project progress is adequate (99.8%).

10.3 Assessment of Internal Control

An appropriate financial management structure, internal controls and record keeping systems were maintained by the programme management. The programme disbursements are valid and supported by adequate documentation. The disbursements have been made in accordance with the programme support document, AWP and budgets; and are in compliance with the UNDP User Guide on Results Management and financial rules, regulations, practice and procedures of the Government.

We have no findings in respect of the management structure of the monitoring, evaluation and reporting. The system of internal control over transactions and over accounting and reporting is satisfactory. The system of internal controls over non-expendable equipment is also adequate.

Overall, our assessment of internal control indicates that it is sound and satisfactory.



Conclusion

We would like to express our appreciation for the assistance and cooperation accorded to us by the management and staff members of the organization in the course of our audit.

We shall be pleased to give you additional information and explanations that might be required in connection with this report.

During our audit work, we didn't find any reportable material internal control weaknesses and therefore Promoting Autonomous Adaptation at the Community Level's internal control is satisfactory.

This report is intended solely for the information and use of UNDP and the Government of Ethiopia.

Sincerely yours,

TMS plus



TMS PLUS
Chartered Certified Accountants (IUK) and
Authorized Auditors (ETH)

11 March 2016


STAMP AND SEAL OF AUDIT FIRM:
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11. ANNEXES

11.1 ACTION PLANS FOR PRIOR YEAR AUDIT OBSERVATION AND RECOMMENDATIONS

Obs No.	Output No. 00081746	Recommendation	Project ID 00065106		Opinion Type: qualified				Action impl. date	Description of Status update
			Audit Area	Risk Severity	Project/Co Management Comments	Actions plan	Target Impl. Date	Action unit		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



Signature 
 Tafesse Freminatos (Partner Manager)
TMS PLUS
 Chartered Certified Accountants (UK)
 Authorized Auditors (ETH)
 Addis Ababa
 23 March 2016



Tesfaye Woldeyes
 Project Manager
 MoEFCC



Sinkenesh Beyene
 Team Leader
 CRGG Unit,
 UNDP



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11.2 Audit Data and Observations

Table 1: Report on the Audit of the UNDP CDR

UNDP Combined Delivery Report (CDR) For the period 1 January 2015 to 31 December 2015.		Amount audited and certified (USD)	Audit Opinion	Total Amount of qualification of audit opinion	Total amount of net financial impact (NFI) of qualification of audit opinion	Reason(s) for qualification	Observation that have implications of audit opinion
Output No.	Project ID						
1	00081746	00065106	1,180,595.82	Unqualified	None	None	N/A

Signature TMS plus



TMS PLUS
Chartered Certified Accountants (IUK) and
Authorized Auditors (ETH)

11 March 2016

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Table 2: Report on the Audit of the Statement of Cash Position

Statement of Cash as at 31 December 2015		Value of cash Position Statement as at 31 December 2015 (USD)	Audit Opinion Statement of cash position	Total amount of qualification – Statement of Cash Position (USD)
Output No.	Project ID			
00081746	00065106	9,397.92	Unqualified	None

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Table 3: Report on the Audit of the Statement of Assets & Equipment

Annex IV

Statement of asset and equipment as at 31 December 2015		Value of assets and equipment as at 31 December 2015 (USD)	Audit Opinion Statement of assets and equipment	Total amount of qualification on the statement of assets and equipments (USD)
Output No.	Project ID			
00081746	00065106	458,254.38	Unqualified	None

Tms Plus
Signature

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Chartered Certified Accountants (IUK) and
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11 March 2016

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Table 4: Report on the Current Year Audit Observation and Recommendation

Annex V

Output No.	Project ID	Observation No.	Audit Observation	Recommendation	Audit Area	Audit Cause	Risk Severity	Project/Co Management Comments
00081746	00065106	None	None	None	None	None	None	None

Tms plus

TMS PLUS
Chartered Certified Accountants (IUK) and
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11 March 2016

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