



Project: ID 00063620 Skills for Employment Program (Skills for Agriculture)
Output ID: 00080612 Output ID: 00086728 Output ID: 00090632
INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS
FOR PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

UNITED NATIONS DEVELOPMENT PROGRAMME

Project ID: 00063620

Project Title: Skills for Employment Program (Skills for Agriculture)

Output ID: 00080612 Output ID: 00086728 Output ID: 00090632

INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS

FOR PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014



CONTENTS

Statement of Management's Responsibility.....	4
Auditor's report.....	5
STATEMENT OF EXPENDITURE	10
Statement of Assets	16
Statement of Cash Position	20
Project description.....	30
Accounting policies.....	32
Review of project progress	32
Assessment of internal control	33
Findings and Recommendations.....	35



Project: ID 00063620 Skills for Employment Program (Skills for Agriculture)
Output ID: 00080612 Output ID: 00086728 Output ID: 00090632
INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS
FOR PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

AUDIT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Georgian Audit & Consulting Company
Member Crowe Horwath International
2015



STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Project Management (hereafter "Management") of the UNDP Project: ID 00063620 Skills for Employment Program (Skills for Agriculture) Output ID: 00080612 Output ID: 00086728 Output ID: 00090632 (the "Project"), is responsible for the preparation/verification of the special purpose project financial statements including:

1. Statement of Expenditure (CDR)
2. Statement of Assets and Equipment
3. Statement of Cash Position

The program is implemented by the Implementing Partner – the Ministry of Education and Science. As per Project Document Responsible Parties are: vocational colleges of Kachreti, Telavi, Akhaltsikhe, Ambrolauri, Kutaisi, Marneuli, Mtskheta Municipality, Zugdidi University, Poti and UNDP.

Expenses incurred during implementing of the project are covered by the Requests for Direct Payment (UNDP Expenses) and through disbursements made from Special Bank Accounts – opened at the vocational colleges. The disbursements made through the Special Bank Accounts are monitored by the project management (UNDP project unit).

The management acknowledges its responsibilities in fair presentation of the special purpose financial statements. In this context the management is required to ensure that:

- Requested payment has not been previously made;
- Requested payment is in accordance with the Project Document and Annual Working Plan;
- Requested payment is covered by funds available in the project budget;
- Requested payment is for goods and services that have been delivered to the satisfaction of the requesting agency;
- Originals of invoices, contracts, acts of delivery of goods and services and other supporting documentation are available for audit verification.

The management is responsible for keeping proper records of the transactions, which disclose with reasonable accuracy the financial position of the Project. It has a general responsibility for taking such steps as reasonably open to them to safeguard the assets of the project and to prevent and detect fraud and other irregularities.



საქართველოს აუდიტორული და საკონსულტაციო კომპანია
Georgian Audit & Consulting Company

Member of Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

To: Ms. Ketevan Natriashvili

(First Deputy Minister of Education and Science)

Mr. Niels Scott

UNDP Resident Representative

I. Certification of Statement of Expenditure - Combined Delivery Report (CDR)

We have audited the accompanying Statement of Expenditure ("the Statement") of UNDP Project #00063620 Skills for Employment Program (Skills for Agriculture) for the period covered 1 January 2014 to 31 December 2014.

Management is responsible for the preparation of the statement for the 00063620 Skills for Employment Program (Skills for Agriculture) for the period 1 January 2014 to 31 December 2014 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.

As stated in Reference for audits of NGO and NIM Projects, section E. Audit Services, the scope of audit is "limited to the implementing partner expenses, which are defined as including: (1) all disbursements listed in the quarterly financial reports submitted by the implementing partners; and (2) the direct payments processed by UNDP at the request of the implementing partner". The audit opinion is not modified due to this limitation of scope. Total amount excluded from audited



represents expenses such as Gain/Loss Disposal Fixed Assets, Gain/Loss Disposal Intangible Assets, Unrealized gain/losses, depreciation and amortization, and other similar expenses.

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

(Unmodified)

In our opinion, the attached statement of expenditure presents fairly, in all material respects, the expenditure of USD1,288,860.09 incurred by the project #00063620 Skills for Employment Program (Skills for Agriculture) for the period 1 January 2014 to 31 December 2014 in accordance with agreed upon accounting policies and were:

- (i) In conformity with the approved projects' budgets;
- (ii) For the approved purposes of the projects;
- (iii) In compliance with the relevant UNDP regulations and rules, policies and procedures; and
- (iv) Supported by properly approved vouchers and other supporting documents.

Temuri Partskhaladze

Auditor's Name and Signature

15 April 2015

Date of the auditor's report

2. D. Gamrekeli str., Tbilisi 0160, Georgia
Auditor's address



*Georgian Audit
& Consulting Company*



საქართველოს აუდიტორული და საკონსულტაციო კომპანია
Georgian Audit & Consulting Company

Member of Crowe Horwath International

II. Certification of Statement of Assets and Equipment

We have audited the accompanying Statements of Assets and Equipment ("the statement") of UNDP Project #00063620 Skills for Employment Program (Skills for Agriculture) for the period covered 1 January 2014 to 31 December 2014.

Management is responsible for the preparation of the statement for the UNDP Project #00063620 Skills for Employment Program (Skills for Agriculture) for the period 1 January 2014 to 31 December 2014 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.

(Unmodified)

In our opinion, the attached statement of assets presents fairly, in all material respects, the balance of inventory of the UNDP Project #00063620 amounting to 21,591.13USD (assets over 1500US\$) and 16,006.47USD (below 1500\$) as at 31 December 2014 in accordance with UNDP accounting policies.

Temuri Partskhaladze

Auditor's Name and Signature

15 April 2015

Date of the auditor's report



*Georgian Audit
& Consulting Company*

2. D. Gamrekeli str., Tbilisi 0160, Georgia



III. Certification of Statement of Cash Position

We have audited the accompanying statement of cash position ("the statement") of the UNDP Project #00063620 Skills for Employment Program (Skills for Agriculture) as at 31 December 2014.

Management of the Project #00063620 Skills for Employment Program is responsible for the preparation of the statement the 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 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.

Due to the reason that there were several Special Bank Accounts opened at each vocational college, the Statements of Cash Position are presented separately for each particular college. Aggregated amount of cash balances as per the whole project is amounted at 0.00USD. The statements of cash position of following implementing entities are included in current report:

Implementing Agents:

LEPL VOCATIONAL COLLEGE ERKVANI - Ambrolauri, 004240

LEPL VOCATIONAL COLLEGE VET PRESTIGE - Telavi, 004245

LEPL VOCATIONAL COLLEGE OPIZARI - Akhaltsikhe, 004241

S.MESKHIA STATE TEACHING UNIVERSITY - Zugdidi, 005512

LEPL SAZOGADOEBRIVI KOLEJI AISI - Kachreti, 004246

VET COLLEGE PASISI - Poti,



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

Unmodified

In our opinion, the attached Statement of Cash Position presents fairly, in all material respects, the cash and bank balances on the UNDP Project #00063620 Skills for Employment Program (Skills for Agriculture) 0.00USD as at 31 December 2014 in accordance with UNDP accounting policies.

Temuri Partskhaladze

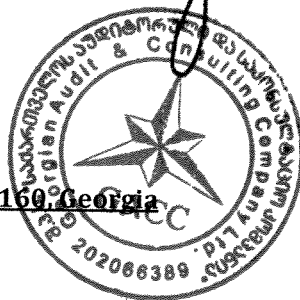
Auditor's Name and Signature

14 March 2014

Date of the auditor's report

2, D. Gamrekeli str., Tbilisi 0160, Georgia

Auditor's address



Georgian Audit & Consulting Company

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

Date of issuance

15 April 2015

AUDITOR'S NAME:

Temuri Partskhaladze,
GACC Director Partner

AUDITOR'S SIGNATURE:

STAMP OF AUDIT FIRM:



AUDIT FIRM ADDRESS:

Axis Business Center, 4th floor
 2 D. Gamrekeli str., Tbilisi 0160, Georgia
 Georgian Audit & Consulting Company

AUDIT FIRM TEL.NO.

+995 (32) 2904522



Project: ID 00063620 Skills for Employment Program (Skills for Agriculture)
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 FOR PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014



UN Development Programme
 Report ID: unglcdpr

Combined Delivery Report By Project

Page 2 of 6
 Run Time: 10-03-2015 10:03:19

Project ID : 00063620 Skills for Employment Program Output # : 00086728 Skills for Agriculture-SDC	Period : Jan-Dec (2014)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
62315 - Contrib. to medical, social in	0.00	92.40	0.00	92.40
62320 - Mobility, Hardship, Non-remova	0.00	2,676.83	0.00	2,676.83
62340 - Annual Leave Expense - IP	0.00	1,094.95	0.00	1,094.95
63335 - Home Leave Trvl & Allow-IP Stf	0.00	924.99	0.00	924.99
63530 - Contribution to EOS Benefits	0.00	1,575.31	0.00	1,575.31
63535 - Contribution to Security	0.00	1,890.37	0.00	1,890.37
63540 - Contribution to Training	0.00	379.40	0.00	379.40
63545 - Contribution to ICT	0.00	630.14	0.00	630.14
63550 - Contributions to MAIP	0.00	210.08	0.00	210.08
63555 - Contribution to UN JFA	0.00	966.19	0.00	966.19
63560 - Contributions to Appendix D	0.00	126.06	0.00	126.06
64306 - Appointment-Ticket Costs	0.00	862.11	0.00	862.11
64307 - Appointment-Subsistence Allow	0.00	5,430.00	0.00	5,430.00
64308 - Appointments-Lump Sum	0.00	9,505.94	0.00	9,505.94
64309 - Appointment-Shipments	0.00	10,000.00	0.00	10,000.00
65115 - Contributions to ASHI Reserve	0.00	3,360.68	0.00	3,360.68
65135 - Payroll Mgt Cost Recovery ATLA	0.00	260.38	0.00	260.38
71205 - Intl Consultants-Sht Term-Tech	0.00	79,398.21	0.00	79,398.21
71305 - Local Consult.-Sht Term-Tech	0.00	18,768.32	0.00	18,768.32
71405 - Service Contracts-Individuals	61,846.13	98,379.36	0.00	160,225.49
71410 - MAIP Premium SC	0.00	424.87	0.00	424.87
71415 - Contribution to Security SC	0.00	3,824.59	0.00	3,824.59
71605 - Travel Tickets-International	0.00	3,699.86	0.00	3,699.86
71615 - Daily Subsistence Allow-Intl	0.00	10,971.52	0.00	10,971.52
71620 - Daily Subsistence Allow-Local	0.00	8,192.16	0.00	8,192.16
71625 - Daily Subsist Allow-Mtg Partic	0.00	10,469.80	0.00	10,469.80
71635 - Travel - Other	0.00	253.88	0.00	253.88
72105 - Svc Co-Construction & Engineer	1,429.39	262,278.72	0.00	263,708.11
72120 - Svc Co-Trade and Business Serv	0.00	5,857.68	0.00	5,857.68
72125 - Svc Co-Studies & Research Serv	0.00	1,280.05	0.00	1,280.05
72130 - Svc Co-Transportation Services	13,950.40	4,125.94	0.00	18,076.34
72135 - Svc Co-Communications Service	0.00	18,300.00	0.00	18,300.00
72145 - Svc Co-Training and Educ Serv	0.00	529.93	0.00	529.93
72160 - Svc Co-Education & Health Serv	0.00	358.43	0.00	358.43
72205 - Office Machinery	12,498.13	0.00	0.00	12,498.13
72210 - Machinery and Equipment	268,025.91	4,353.90	0.00	272,379.81
72220 - Furniture	1,374.29	3,876.75	0.00	5,251.04
72311 - Fuel, petroleum and other oils	0.00	8,577.60	0.00	8,577.60
72420 - Land Telephone Charges	0.00	615.62	0.00	615.62
72425 - Mobile Telephone Charges	0.00	1,428.58	0.00	1,428.58
72430 - Postage and Pouch	0.00	313.18	0.00	313.18
72435 - E-mail-Subscription	0.00	915.00	0.00	915.00
72440 - Connectivity Charges	0.00	693.89	0.00	693.89
72505 - Stationery & other Office Supp	4,781.72	2,384.06	0.00	7,145.78
72510 - Publications	0.00	210.00	0.00	210.00
72805 - Acquis of Computer Hardware	0.00	3,443.54	0.00	3,443.54
72810 - Acquis of Computer Software	0.00	2,826.02	0.00	2,826.02
72966 - Licenses and other	0.00	907.50	0.00	907.50
73104 - Leased Building	0.00	22,927.99	0.00	22,927.99
73105 - Rent	4,232.89	0.00	0.00	4,232.89
73107 - Rent - Meeting Rooms	0.00	3,232.19	0.00	3,232.19
73110 - Custodial & Cleaning Services	0.00	257.64	0.00	257.64
73115 - Moving Expenses	0.00	595.56	0.00	595.56
73120 - Utilities	0.00	2,482.42	0.00	2,482.42



UN Development Programme
 Report ID: unglcdrp

Combined Delivery Report By Project

Page 3 of 6
 Run Time: 10-03-2015 10:03:19

Project ID : 00063620 Skills for Employment Program	Period : Jan-Dec (2014)
Output # : 00086728 Skills for Agriculture-SDC	Impl. Partner : 01296 GOVERNMENT
	Location : Georgia, Republic of
	Govt Exp UNDP Exp UN Agencies Exp Total Exp

73125 - Common Services-Premises	0.00	11,014.31	0.00	11,014.31
73305 - Maint & Licensing of Hardware	0.00	1,991.81	0.00	1,991.81
73310 - Maint & Licencing of Software	0.00	279.76	0.00	279.76
73405 - Rental & Maint-Other Office Eq	0.00	697.89	0.00	697.89
73410 - Maint, Oper of Transport Equip	0.00	4,289.90	0.00	4,289.90
74110 - Audit Fees	0.00	2,455.00	0.00	2,455.00
74205 - Audio Visual Productions	2,639.12	0.00	0.00	2,639.12
74210 - Printing and Publications	0.00	2,893.00	0.00	2,893.00
74215 - Promotional Materials and Dist	0.00	106.46	0.00	106.46
74220 - Translation Costs	0.00	6,897.87	0.00	6,897.87
74225 - Other Media Costs	0.00	17.38	0.00	17.38
74525 - Sundry	0.00	194.84	0.00	194.84
74599 - UNDP cost recovery chrgs-Bills	0.00	1,073.96	0.00	1,073.96
75115 - Facilities & Admin - OH & Ind	0.00	83,837.86	0.00	83,837.86
75705 - Learning costs	0.00	738.42	0.00	738.42
75706 - Learning - ticket costs	0.00	1,042.56	0.00	1,042.56
75708 - Learning - subcontracts	0.00	20,966.84	0.00	20,966.84
75709 - Learning - training of counter	0.00	8,843.97	0.00	8,843.97
76120 - Unrealized Loss	0.00	15,959.97	0.00	15,959.97
76125 - Realized Loss	0.00	0.65	0.00	0.65
76130 - Unrealized Gain	0.00	-1,185.70	0.00	-1,185.70
76135 - Realized Gain	0.00	-4,595.90	0.00	-4,595.90
77360 - Med Exams(incl Pre-empl)-TA	0.00	449.44	0.00	449.44
Total for Fund 30000	370,777.98	840,277.44	0.00	1,211,055.42
Total for Dept : 55001	370,777.98	840,477.44	0.00	1,211,255.42
Total for Output : 00086728	370,777.98	840,477.44	0.00	1,211,255.42

Output # : 00090632 Skills for Employment-phase2	Impl. Partner : 01296 GOVERNMENT
	Location : Georgia, Republic of
Dept: 55001 (Georgia - Central)	

Fund : 04000 (Core Programme, UNU Centre)

71205 - Intl Consultants-Sht Term-Tech	0.00	19,332.00	0.00	19,332.00
71305 - Local Consult-Sht Term-Tech	0.00	3,287.24	0.00	3,287.24
71405 - Service Contracts-Individuals	7,998.02	13,768.26	0.00	21,766.28
71410 - MAIP Premium SC	0.00	24.16	0.00	24.16
71415 - Contribution to Security SC	0.00	217.40	0.00	217.40
71620 - Daily Subsistence Allow-Local	0.00	656.08	0.00	656.08
72105 - Svc Co-Construction & Engineer	0.00	11,040.00	0.00	11,040.00
72125 - Svc Co-Studies & Research Serv	0.00	4,161.35	0.00	4,161.35
72805 - Acquis of Computer Hardware	0.00	1,757.91	0.00	1,757.91
72810 - Acquis of Computer Software	0.00	628.85	0.00	628.85
73105 - Rent	27.48	0.00	0.00	27.48
73410 - Maint, Oper of Transport Equip	0.00	2,457.78	0.00	2,457.78
74220 - Translation Costs	0.00	260.05	0.00	260.05
74525 - Sundry	0.00	34.93	0.00	34.93

Combined Delivery Report By Project

Project Id : 00063620 Skills for Employment Program	Period : Jan-Dec (2014)			
Output # : 00090632 Skills for Employment-phase2	Impl. Partner : 01296 GOVERNMENT			
	Location : Georgia, Republic of			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
76120 - Unrealized Loss	0.00	0.01	0.00	0.01
76135 - Realized Gain	0.00	- 1.51	0.00	- 1.51
Total for Fund 04000	8,025.50	57,624.51	0.00	65,650.01
Total for Dept : 55001	8,025.50	57,624.51	0.00	65,650.01
Total for Output : 00090632	8,025.50	57,624.51	0.00	65,650.01
Project Total :	378,803.48	910,056.61	0.00	1,288,860.09

Signed By : Shombi Sharp, Deputy Resident Representative Date : 16.04.2015

Signed By : Tamar Kitiashvili Date : 16.04.2015

Head of VET Department
Ministry of Education + Science

N. Telugladze
Auditor, Partner

Georgian Audit & Consulting Company





Combined Delivery Report By Project

UN Development Programme
 Report ID: unjcdpr

Page 5 of 6
 Run Time: 10-03-2015 10:03:20

Selection Criteria :

Business Unit : GEO10
 Period : Jan-Dec (2014)
 Selected Project Id : 00063620
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : ALL

Project Id : ALL	Period : Jan-Dec (2014)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
55001 - Georgia - Central	378,803.48	910,056.61	0.00	1,288,860.09



UN Development Programme
 Report ID: unglcdrp

Combined Delivery Report By Project

Page 6 of 6
 Run Time: 10-03-2015 10:03:45

Funds Utilization

Selection Criteria :

Business Unit : GEO10
 Period : Jan-Dec (2014)
 Selected Project id : 00063620
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : ALL

Project/Award: 00063620 Skills for Employment Program Period : As at Dec 31, 2014

Output #	Impl. Partner	UNDP AMOUNT
00086728	:01296 GOVERNMENT	
	Outstanding NEX advances	0.00
	Undepreciated Fixed Assets	0.00
	Inventory	0.00
	Prepayments	0.00
	Commitments	0.00

Output #	Impl. Partner	UNDP AMOUNT
00090632	:01296 GOVERNMENT	
	Outstanding NEX advances	0.00
	Undepreciated Fixed Assets	0.00
	Inventory	0.00
	Prepayments	0.00
	Commitments	0.00



Project: ID 00063620 Skills for Employment Program (Skills for Agriculture)
 Output ID: 00080612 Output ID: 00086728 Output ID: 00090632
 INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS
 FOR PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

STATEMENT OF ASSETS AND EQUIPMENT

Statement of Assets and Equipment
 as of 31 December 2014



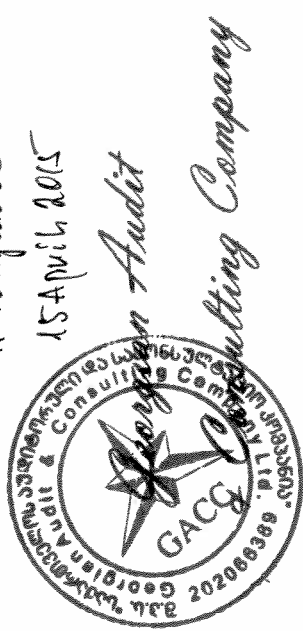
UNDP Country Office: Georgia
 Project title: "Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia"
 Award ID: 00083620
 Project ID: 00086728
 Period covered from inception of project: 01/Jan/2013 to 31/Dec/2014

TAG NO.	ACQUISITION DATE	ITEM DESCRIPTION (make and model)	PROJECT No.	FUND	CONDITION	RESPONS. PERSONNEL	ITEM LOCATION	MANUFACTURER	USS VALUE	SERIAL NO.	REMARKS	
7.000-AG-0001-001	12.10.2009	Tractor Tractor Mitsubishi Tractor Mitsubishi Tractor Professional CP122500	00003	30003	in use	in use	400 Shovelias str., Tbilisi	MANUFACTURER	20,000.00	UNDP		
	05.10.15		00028	30003	in use	in use	400 Shovelias str., Tbilisi		21,851.13	UNDP		
TOTAL VALUE									\$	21,851.13		

Signed by: *[Signature]*
 Name: Ruediger Henning
 Title: Project Manager
 Date: 30.05.2015

Signed by: *[Signature]*
 Name: Nika Sotchi
 Title: UNDP Georgia RR
 Date: 01.04.2015

[Signature]
 N. Teligladze
 15 April 2015



2015 Georgian Audit & Consulting Company
 Member Crowe Horwath International
 2015



Project: ID 00063620 Skills for Employment Program (Skills for Agriculture)
 Output ID: 00080612 Output ID: 00086728 Output ID: 00090632
 INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS
 FOR PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

Statement of Assets and Equipment

as of 31 December 2014



UNDP Country Office: Georgia	
Project title: "Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia"	
Award ID:	00063620
Project ID:	00086728
Period covered from inception of project: 01/Jan/2013 to 31/Dec/2014	

TAG NO.	ACQUISITION DATE	ITEM DESCRIPTION (make and model)	PROJECT No.	FUND CONDITION	RESPOND. PERSON/ENTITY	ITEM LOCATION	US\$ VALUE	SERIAL NO.	REMARKS
MET-002 GA0754	16-Sep-13	Notebook HP ProBook 4540S	00086728	30000 In Use	E. Mikaberidze	#6 Strosha str., Tbilisi	\$ 747.87	2CE242YV4	
MET-003 GA0743	16-Sep-13	Notebook HP ProBook 4540S	00086728	30000 In Use	T. Samkizze	#6 Strosha str., Tbilisi	\$ 747.87	2CE242YV3	
MET-006 GA0779	19-Nov-13	Projector Epson 1120	00086728	30000 In Use	R. Mering	#6 Strosha str., Tbilisi	\$ 908.64	FFC838AAA-AAA-0214	
MET-001 GA0746	16-Sep-13	Notebook HP ProBook 4540S	00086728	30000 In Use	R. Mikaberidze	#17 Palashvili str., Tbilisi	\$ 747.87	2CE242YV2	
MET-005 GA0745	20-Oct-10	Printer HP Laser Jet P2035	00086728	30000 In Use	R. Mikaberidze	#17 Palashvili str., Tbilisi	\$ 207.00	2CE242YV1	
MET-004 GA0747	25-Mar-10	Printer C-7100 HP	00086728	30000 In Use	R. Mikaberidze	#17 Palashvili str., Tbilisi	\$ 481.80	2CE242YV0	
MET-009 GA0777	20/10/2010	Notebook HP ProBook 4520s	86728	30000 In Use	E. Mikaberidze	#6 Strosha str., Tbilisi	\$ 1,192.80	2CE242YV5	
		HP Laser Jet 800							
		(22780 10 23R02 HSPA PC							
		DAT 15AAA)	86728	30000 In Use	R. Sakvarelidze	#17 Palashvili str., Tbilisi	\$ 1,200.00	54584770001746	CRC03PAW
		Notebook HP Elite Book Folio 1040							
		GI	86728	30000 In Use	R. Mering	#6 Strosha str., Tbilisi	\$ 1,446.66	8CC44101CA	
		Chest of drawers, cherry	00086728	30000 In Use	R. Mering	#6 Strosha str., Tbilisi	\$ 120.00	N/A	
		Phone device Panasonic KO-							
		TS2250UAB	00086728	30000 In Use	R. Mering	#6 Strosha str., Tbilisi	\$ 11.31	4EBK124481	

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Project: ID 00063620 Skills for Employment Program (Skills for Agriculture)
 Output ID: 00080612 Output ID: 00086728 Output ID: 00090632
 INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS
 FOR PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

Account Code	Account Name	Account Type	Account Description	Account Balance	Account Type	Account Description	Account Balance
000	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
001	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
002	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
003	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
004	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
005	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
006	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
007	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
008	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
009	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
010	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
011	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
012	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
013	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
014	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
015	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
016	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
017	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
018	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
019	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
020	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
021	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
022	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
023	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
024	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
025	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
026	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
027	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
028	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
029	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
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031	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
032	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
033	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
034	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
035	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
036	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
037	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
038	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
039	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
040	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
041	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
042	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
043	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
044	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
045	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
046	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131
047	UNDP	0000000000	UNDP	1131	0000000000	UNDP	1131



**STATEMENT OF CASH POSITION - LEPL VOCATIONAL COLLEGE ERKVANI
 AMBROLAURI (004240)**

**Statement of Cash Position
 as of 31 December 2014**

Country Office: Georgia
Project title: "Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia"
Output No: 00086728
Period covered: 2014
Implementing partner: Vocational College "Erqvani" (Ambrolauri)

	Amount	
	Local currency	US\$
A Opening Fund Balance		
Cash in hand	0	0
Bank	0	0
Sub Total	0	0
B Advance Received from UNDP during 2014 (I part)	-	
Advance Received from UNDP during 2014 (II part)	55 500,00	\$ 30 507,92
C Total Funds Available(A+B) for 2014	55 500,00	\$ 30 507,92
D Payments/Expenditure for 2014	55 500,00	\$ 30 507,92
E Exchange Gain/(Loss)	N/A	
F Closing Fund Balance (C-D)	0	0
G Closing Balance represented by:		
Cash in hand	0	0
Bank	0	0
Total	0	0

Signed by: *[Signature]*
 Name: Ruediger Heining
 Title: Project Manager, UNDP
 Date: 3-04-2015

Signed by: *[Signature]*
 Name: Pridon Buadze
 Title: Director, Vocational College „Erqvani“
 Date:

Certified by: *[Signature]*
 Name: N. Teligladze
 Title: Senior Partner
 Name of the Audit Firm: *[Signature]*
 Date: 15 April 2015

Signed by: *[Signature]*
 Name:
 Title: UNDP RR/Country Director/Programme Officer





STATEMENT OF CASH POSITION - LEPL VOCATIONAL COLLEGE PRESTIGE TELAVI (004245)

**Statement of Cash Position
 as of 31 December 2014**

Country Office: Georgia
 Project title: "Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia"
 Output No: 00086728
 Period covered: 2014
 Implementing partner: Vocational College "Prestige" (Telavi)

	Amount	
	Local currency	US\$
A Opening Fund Balance		
Cash in hand	0	0
Bank	0	0
Sub Total	0	0
B Advance Received from UNDP during 2014 (I part)	20,000.00	\$ 10,993.84
Advance Received from UNDP during 2014 (II part)	70,000.00	\$ 38,478.45
C Total Funds Available(A+B) for 2014	90,000.00	\$ 49,472.30
D Payments/Expenditure for 2014	90,000.00	\$ 49,472.30
E Exchange Gain/(Loss)	N/A	
F Closing Fund Balance (C-D)	0	0
G Closing Balance represented by:		
Cash in hand	0	0
Bank	0	0
Total	0	0

Signed by: *[Signature]*
 Name: Ruediger Heining
 Title: Project Manager, UNDP
 Date: 03-04-2015

Signed by: *[Signature]*
 Name: Konstantine Dolidze
 Title: Vocational College "Prestige"
 Director

Certified by: *[Signature]*
 Name: N. Telegladze
 Title: Senior Partner
 Name of the Audit Firm: Auditmanapv,
 Date: 15 April 2015 Partner

Signed by:
 Name:
 Title: UNDP RR/Country Director/Programme Officer





**STATEMENT OF CASH POSITION - LEPL VOCATIONAL COLLEGE OPIZARI
 AKHALTSIKHE (004241)**

**Statement of Cash Position
 as of 31 December 2014**

Country Office: Georgia

Project title: "Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia"

Output No: 00086728

Period covered: 2014

Implementing partner: Vocational College "Opizari" (Akhaltzikhe)

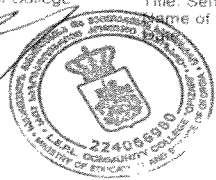
	Amount	
	Local currency	US\$
A Opening Fund Balance		
Cash in hand	0	0
Bank	0	0
Sub Total	0	0
B Advance Received from UNDP during 2014 (I part)	26,000.00	\$ 14,292.00
Advance Received from UNDP during 2014 (II part)	105,700.00	\$ 58,102.46
C Total Funds Available(A+B) for 2014	131,700.00	\$ 72,394.46
D Payments/Expenditure for 2014	131,700.00	\$ 72,394.46
E Exchange Gain/(Loss)	N/A	
F Closing Fund Balance (C-D)	0	0
G Closing Balance represented by:		
Cash in hand	0	0
Bank	0	0
Total	0	0

Signed by *[Signature]*
 Name: Ruediger Henning
 Title: Project Manager, UNDP
 Date: 3-04-2015

Signed by *[Signature]*
 Name: Bela Avilashvili
 Title: Director, Vocational College, Opizari

Certified by: *N. Teliqladze*
 Name: N. Teliqladze
 Title: Senior Partner
 Name of the Audit Firm: *Audit manager, Partner*

Signed by
 Name
 Title: UNDP RR/Country Director/Programme Officer



Georgian Audit & Consulting Company





**STATEMENT OF CASH POSITION - S. MESKHIA STATE TEACHING UNIVERSITY
 ZUGDIDI (005512)**

**Statement of Cash Position
 as of 31 December 2014**

Country Office: Georgia
Project title: "Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia"
Output No: 00086728
Period covered: 2014
Implementing partner: Zugdidi State University (Senaki branch)

	Amount Local currency	Amount US\$
A Opening Fund Balance		
Cash in hand	0	0
Bank	0	0
Sub Total	0	0
B Advance Received from UNDP during 2014 (I part)	35 000,00	\$ 19 239,23
Advance Received from UNDP during 2014 (II part)	112 975,00	\$ 62 101,47
C Total Funds Available(A+B) for 2014	147 975,00	\$ 81 340,70
D Payments/Expenditure for 2014	147 975,00	\$ 81 340,70
E Exchange Gain/(Loss)	N/A	
F Closing Fund Balance (C-D)	0	0
G Closing Balance represented by:		
Cash in hand	0	0
Bank	0	0
Total	0	0

Signed by: *[Signature]*
 Name: Ruediger Heining
 Title: Project Manager, UNDP
 Date: 03-04-2015

Signed by:
 Name: Teona Khupenia
 Title: Rector, Zugdidi University
 Date:

Certified by: *N. Teligladze*
 Name:
 Title: Senior Partner
 Name of the Audit Firm: *Audit manager*
 Date: 15 April 2015 *Partnee*

Signed by:
 Name:
 Title: UNDP RR/Country Director/Programme Officer



Georgian Audit & Consulting Company





STATEMENT OF CASH POSITION - LEPL COLLEGE AISI - KACHRETI (004246)

Statement of Cash Position
 as of 31 December 2014

Country Office: Georgia
 Project title: "Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia"
 Output No: 00086728
 Period covered: 2014
 Implementing partner: Community College "Aisi" (Kachreti)

	Amount	
	Local currency	US\$
A Opening Fund Balance		
Cash in hand		
Bank	0	0
Sub Total	0	0
B Advance Received from UNDP during 2014 (I part)		
Advance Received from UNDP during 2014 (I part)	54 500,00	\$ 29 958,22
C Total Funds Available(A+B) for 2014		
Advance Received from UNDP during 2014 (II part)	172 000,00	\$ 94 547,05
Total Funds Available(A+B) for 2014	226 500,00	\$ 124 505,28
D Payments/Expenditure for 2014		
Payments/Expenditure for 2014	226 500,00	\$ 124 505,28
E Exchange Gain/(Loss)	N/A	
F Closing Fund Balance (C-D)	0	0
G Closing Balance represented by:		
Cash in hand	0	0
Bank	0	0
Total	0	0

Signed by: *[Signature]*
 Name: Ruediger Heining
 Title: Project Manager, UNDP
 Date: 03-04-2015

Signed by: *[Signature]*
 Name: Natela Papunashvili
 Title: Director, Community College
 "Aisi"
 Date: 6 April 2015

Certified by: *[Signature]*
 Name: N. Teligladze, audit manager, Partner
 Title: Senior Partner
 Name of the Audit Firm: Georgian Audit & Consulting Company
 Date: 15 April 2015

Signed by:
 Name:
 Title: UNDP RR/Country Director/Programme Officer



Georgian Audit & Consulting Company





STATEMENT OF CASH POSITION - LEPL VOCATIONAL COLLEGE PAZISI (POTI) 5741

Statement of Cash Position
 as of 31 December 2014

Country Office: Georgia
Project title: Skills for Employment Program - phase 2
Output No: 00090632
Period covered: 2014
Implementing partner: Vocational College "Pazisi" (Poti) - #5741

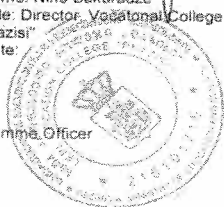
	Amount	
	Local currency	US\$
A Opening Fund Balance		
Cash in hand	0	0
Bank	0	0
Sub Total	0	0
B Advance Received from UNDP during 2014	14,600.00	\$ 8,025.51
C Total Funds Available(A+B) for 2014	14,600.00	\$ 8,025.51
D Payments/Expenditure for 2014	14,600.00	\$ 8,025.51
E Exchange Gain/(Loss)	N/A	
F Closing Fund Balance (C-D)	0	0
G Closing Balance represented by:		
Cash in hand	0	0
Bank	0	0
Total	0	0

Signed by: *h. Sakvarelidze*
 Name: Revaz Sakvarelidze
 Title: Project Manager, UNDP
 Date:

Signed by: *N. Bakuradze*
 Name: Nino Bakuradze
 Title: Director, Vocational College
 "Pazisi"
 Date:

Certified by: *N. Teligladze*
 Name:
 Title: Senior Partner
 Name of the Audit Firm: *audit manager,*
 Date: *15 April 2015 Partnev*

Signed by:
 Name:
 Title: UNDP RR/Country Director/Programma Officer



Georgian Audit & Consulting Company

UNITED NATIONS DEVELOPMENT PROGRAMME

Project ID: 00063620

Skills for Employment Program (Skills for Agriculture)

Output ID: 00080612 Output ID: 00086728 Output ID: 00090632

LETTER TO MANAGEMENT

ON THE RESULTS OF THE AUDIT OF SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014



საქართველოს აუდიტორული და საკონსულტაციო კომპანია
Georgian Audit & Consulting Company

Member of Crowe Horwath International

15 April 2015

To: **Ms. Ketevan Natriashvili**
(First Deputy Minister of Education and Science)

Mr. Niels Scott
UNDP Resident Representative

Dear Sirs,

We completed the audit of the Statement of Expenditure, Statements of Assets, and the Statement of Cash Position of UNDP Project #00063620 Skills for Employment Program (Skills for Agriculture) Output ID: 00080612 Output ID: 00086728 Output ID: 00090632 for the period for period from 1 January 2014 to 31 December 2014.

The objective of our audit was to obtain reasonable assurance that expenses incurred by the Award through direct payments made by the UNDP are free of material misstatement.

The audit was conducted in conformity with the provisions of International Standards on Auditing.

The audit accordingly included such tests of accounting records, internal controls and other procedures as were considered essential for due performance of this audit. Discussions on management and accountability were held with UNDP and the project's staff.

Please note that this letter does not necessarily disclose all weaknesses and inefficiencies in Project's systems of internal control and accounting. The primary objective of the audit is to express an opinion on the expenses incurred by the Award through direct payments made by the UNDP. To meet this objective we reviewed the Project's systems of internal control to establish the extent to which we can rely on these systems in designing our audit procedures.

The enclosed observations, implications and recommendations are provided in a constructive manner to assist the Project in ensuring timeliness in relation to progress milestones and the planned completion date, safeguarding their assets and resources, and optimizing financial reporting. Each implication has been categorized by risk severity as follows:



MANAGEMENT LETTER

on of special purpose financial statements for the period 1 January 2014 to 31 December 2014

High risks: Action that is considered imperative to ensure that UNDP is not exposed to high risk
(i.e. failure to take action could result in major consequences and issues)

Medium: Action that is considered necessary to avoid exposure to significant risks (i.e. failure to take action could result in significant consequences)

Low: Action that is considered desirable and should result in enhanced control or better value for money

In addition, where applicable, we have provided comments on the implementation status of recommendations made in the management letter for the previous audit, and good practices developed by the Project's management, replication of which could benefit other projects as well.

This letter is prepared solely for the information of UNDP and Project's management and is not intended for any other purpose.

We would like to take this opportunity to thank UNDP and Project's staff for the cooperation and assistance we have received during the course of our audit.

Yours Sincerely,

Temuri Partskhaladze,

Georgian Audit & Consulting Company

Director





MANAGEMENT LETTER

on of special purpose financial statements for the period 1 January 2014 to 31 December 2014

TABLE OF CONTENTS

Project description.....	30
Accounting policies.....	32
Review of project progress.....	32
Assessment of internal control	33
Findings and Recommendations	35



MANAGEMENT LETTER

on of special purpose financial statements for the period 1 January 2014 to 31 December 2014

PROJECT DESCRIPTION

The Project Document of Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia had been agreed between the following parties: The Ministry of Education & Science (signed by, The Ministry of Agriculture of Georgia and UNDP. The framework documents had been signed in July 2013. Implementing Partner of the program is the Ministry of Education & Science. Responsible partners are the vocational colleges of Kachreti, Telavi, Akhaltsikhe, Ambrolauri, Kutaisi, Marneuli, Mtskheta Municipality, Zugdidi University, Poti VET College and UNDP (project unit). As per Project Document duration of the program is from 1 June 2013 till 31 December 2018. The program funded by SDC in total amount of 5,800,000 USD.

The project should be started on 1 June 2013, however the Project Document was signed on 1 July 2013, and actually, financing started from 1 August 2013. The activities had been started from June 1, and expenses incurred before August were recovered from other projects. Later reversal entries were made in ATLAS and accounting journals. The project obtained approval from UNDP for recovering of the costs incurred before financing had been received.

The project aims to contribute to the development of a system of the high quality vocational training and extension services in agriculture that will result in improved livelihoods of the rural population.

Implementing Agents of the project are following colleges in the regions of Georgia:

LEPL VOCATIONAL COLLEGE ERKVANI – Ambrolauri, 004240

LEPL VOCATIONAL COLLEGE PRESTIGE – Telavi, 004245

LEPL VOCATIONAL COLLEGE OPIZARI – Akhaltsikhe, 004241

S.MESKHIA STATE TEACHING UNIVERSITY – Zugdidi, 005512

LEPL SAZOGADOEBRIVI KOLEJI AISI – Kachreti, 004246

SSIP PROFESIULI KOLEDJI PAZISI – Poti, 005741

The tasks and objectives of the project had been described in Standard Letter of Agreement (LOA) signed between the colleges and United Nations Development Programme. The LOA includes reporting requirements, and other terms and conditions related to implementing process of the programme.

In 2014 the agreements between UNDP and the colleges were amended. The amendments are properly documented, and authorized by the colleges directors and UNDP Deputy Resident Representative. The changes reflected two reasons:

- 1) UNDP carried out piloting of selected modules at the colleges, and monitored the process of the implementation of the pivot programs. These programmes are authorized by the National Center for Educational Quality Enhancement (NCEQE). The decision was made at the Project Board Meeting to provide assistance to the Ministry of Education and Science (MoES) during the nation-wide

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MANAGEMENT LETTER

on of special purpose financial statements for the period 1 January 2014 to 31 December 2014

application of the full programmes in the colleges which have received official authorization of the new modular programmes.

- 2) The full pivoting of the programmes requires improvement of the learning environment as per minimal standards.

In accordance with the amendments signed with colleges, the contract is extended until December 31, 2014, and the budgets are increased.

Increased budgets are following:

Name	Location	Implementing Agent's Code	Amended Budget (in USD)
LEPL VOCATIONAL COLLEGE "PRESTIGE"	Telavi	004245	40,575.01
LEPL VOCATIONAL COLLEGE "OPIZARI"	Akhaltsikhe	004241	60,286.26
LEPL COMMUNITY COLLEGE "AISI"	Kachreti	004246	99,698.59
S.MESKHIA STATE TEACHING UNIVERSITY	Zugdidi	005512	65,485.16

In 2014 the project document reflecting phase II of the project #00063620 Skills for Employment Program (Skills for Agriculture) had been signed, Output 00090623 Skills for Employment Program-phase 2. This programme responds to the needs of of developing primary non-agriculture Vocational Education and Training (VET) system in Georgia and employment policy. The overall objective of this phase is to contribute to incorporating /formalizing the VET re-training system into the formal VET system as an additional impetus for improving employability of the labor force.

Budget of the project #00063620 Skills for Employment Program (Skills for Agriculture) had been revised in September 2014 and December 2014. General revision #2 dated 22 September 2014 reflected redistributing funds among budget lines of implementing partners (VET centers) in 2014 under output 86728. Total budgets remain unchanged.

General Revision #2 dated 11 December 2014 reflected adding implementing partner vocational college "Pazisi" to reflect newly signed Letter of Agreement with this entity (years 2014 and 2015).



MANAGEMENT LETTER

on of special purpose financial statements for the period 1 January 2014 to 31 December 2014

ACCOUNTING POLICIES

The accounts are maintained in accordance with the UNDP accounting requirements. The accounts are summarized in the Combined Delivery Report (the CDR) using Enterprise Resource Planning software - Atlas. The items in the CDR are presented at United States Dollars (USD).

Expenses incurred under activities implemented by the colleges and the university are accounted for in accordance with the regulations required by the Government of Georgia for budgetary organizations. These regulations are not contradictory with those required by UNDP Operations Policies and Procedures (POPP).

Expenses incurred at the colleges are reported quarterly in form of Funding Authorization and Certification of Expenditures (FACE). The FACE reports are supported by the bank statements and other documents with detailed information regarding expenditures, as well as cumulative figures of totals as per budget lines. FACE reports are prepared in Georgian Lari, which is functioning currency for the colleges. The FACEs reports are under control from the project management.

The Combined Delivery Report is prepared in conformity with the UNDP requirements. Expenses are recognized when posted onto Atlas, which is the accounting date or budget post date.

For reporting and presentation purposes, expenses incurred in Georgian Lari (GEL) are consequently translated into USD using the official UN operational exchange rate prevailing at the time of recognition of expenses by UNDP (on the accounting date). Differences arising between the exchange rates at the date when an expense is recognized and at the date when the actual payment is made are reflected in the CDR as exchange rate gain or loss.

REVIEW OF PROJECT PROGRESS

Review of annual and quarterly work plans, monthly progress reports, and requests for direct payments

1. Funding Authorization and Certificate of Expenditures (FACE) and requests for direct payments are in compliance with relevant project's documents, budget revisions, and the annual working plans (AWP).
2. FACE reports are prepared by implementing agents (the colleges and university) and submitted to UNDP. The project manager reviews the reports, and supports the colleges in preparation of the financial reports.
3. FACE reports are prepared in compliance with Governmental regulations for budgetary organizations and UNDP guidelines – Programme Operations Policies and Procedures (POPP).
4. Expenses incurred through the Requests for Direct Payment are supported by the primary documents (contracts, invoices, reports, and other documents).



MANAGEMENT LETTER

on of special purpose financial statements for the period 1 January 2014 to 31 December 2014

ASSESSMENT OF INTERNAL CONTROL

During the course of audit, we assess internal control procedures. Interviews with the project management and the staff have been conducted. Conclusions presented in the notes below describe procedures of operation activities in areas: Human Resources, Finance, and Procurement.

We had visited the colleges in the regions of Georgia. We did perform verification of expenditures and related supporting documents at places where the costs were originated. We did not discover the discrepancies, mistakes or errors to be reported to the UNDP.

General Controls

1. Expenditures are in accordance with Project Document, LOA and revised budget.
2. The Project's internal control structures include appropriate and cost-effective control practices.
3. Means of continually monitoring the operation of the Project's internal control practices are established.
4. The Implementing Partner as well as Implementing Agents (the colleges and the university) has met their responsibilities for monitoring described in the Project Document.
5. The segregation of duties is developed preventing one individual from controlling all key aspects of computer and manual related operations.
6. Transactions recorded in ATLAS are supported by the primary documents. Copies of supporting documents are kept in the project files.

Human Resources

1. The competitiveness, transparency and effectiveness of the recruitment and hiring of personnel are in line with UNDP requirements.
2. Calculation of salaries and entitlements is done correctly.
3. Payroll preparation and payment are maintained promptly.
4. Staff evaluation procedures are in place.
5. The project had hired the consultants through International tenders (for example, the consultant Yochka Tsakova Anastasova). The process of hiring through international tender is supported by sufficient documents required by UNDP for open international tender procedures.
6. In 2014 the project manager had been re-placed. International tender was announced for vacancy. The procedures required for hiring the project key manager was followed.

Finance

1. The requests for direct payments are in compliance with the project documents and the AWP.
2. All receipts and disbursements are authorized.



MANAGEMENT LETTER

on of special purpose financial statements for the period 1 January 2014 to 31 December 2014

3. Transactions are recorded in expenditure reports.
4. Copies of the supporting documents are kept in the project files.
5. Payments performed by colleges are supported by adequate documents: timesheets, travel reports, invoices, and other documents.

Procurement

The procurement activities are performed by the project in accordance with UNDP procurement guidelines. In particular:

1. Number of selected suppliers for each bid set at least to 3 entities. Exceptions are properly justified.
2. There are announcements of tender and form for submission to Contracts, minutes of the evaluation of bids for contracts that are valued less than USD 100,000. All necessary documents are presented (Supplier Registration Form, Invitation for Prequalification, Short listing for Goods/Services).
3. The process of "best value for money" is implemented for items cost less than 100,000USD, as well as the process of "Effective Competition" is implemented (meaning that provide all eligible prospective suppliers with timely and adequate notification of UNDP's requirements and an equal opportunity to tender for the required goods, civil works and service).
4. There are receiving and inspection procedures to determine the conformity of equipment with the agreed specifications.

Asset Management

1. The Project maintained the Statement of Assets that represented assets and equipment held by the Project till the project end. The items included in the statement of assets were also verified and agreed with the supporting documents by the representatives of UNDP. The statement includes the special purpose equipment used in agriculture processes and located in the regions of Georgia. The colleges are responsible for proper safeguarding and use of the equipment.

The list includes the unique code of the equipment, location, date of purchases, custodian name, acquisition date and other information. During the site visits we have performed verification of physical existence of the equipment at the location (the colleges).

2. There are established procedures for purchase, receipt, storage and disposal of assets and equipment.

Cash Management

Expenses incurred at the colleges and paid out from cash advances issued by UNDP, are properly recorded in colleges accounting journals. Cash balances as at 31 December 2014, reconcile with those presented in the bank statement, which are attached to the FACE reports for the period ended December 2014, and presented in the Statements of Cash Position of current report.



MANAGEMENT LETTER

on of special purpose financial statements for the period 1 January 2014 to 31 December 2014

General Administration

1. The project has the vehicle, which is used by the project in Tbilisi. The project maintains the Driver's Log. Control on fuel coupons requested and disbursed is sufficient.
2. Control on office communications exists. There are limits on reimbursement for mobile phones established based on UNDP polices (around 25 – 30 GEL per month).

Information System

1. There are controls on purchasing and installing only licensed software. The Project maintains only licensed software.
2. The main data files are properly back-up on flash drive.

FINDINGS AND RECOMMENDATIONS

No Action Plan from prior year, because there were no recommendations from 2013 .

Findings and recommendations in 2014

Finding 1 Contacts' date vs. Act of Delivery of Goods dates (COMMUNITY COLLEGE "AISI" , Kachreti)

Condition – we have discovered that in certain cases the contracts are signed after the goods are delivered and payment is complete. On 21 November and 11 December 2014 the payments were performed for small equipment to Ltd CTE, Ltd HANI, Ltd Agro Invest in amount of 7990GEL, 4085GEL, and 4514.7GEL respectively. However, the contracts were signed on following dates:

Contract #27/3, 25 November 2014 (paid 21 November 2014, Act of Delivery 25 November 2014) - Ltd CTE

Contract #26/3, 25 November 2014 (paid 21 November 2014, Act of Delivery 25 November 2014) - Ltd HANI

Contract #32/3, 19 December 2014 (paid 11December 2014, Act of Delivery 11December 2014) - Ltd Agro Invest

Criteria – template of the contract used in the college includes the paragraph stated that payment shall be performed during 5 working days **AFTER** the goods will be delivered and accepted by the college.

Effect, potential impact or risk – there is the risk that goods delivered to the college will not satisfy the requirements, or are incomplete/or damaged; and therefore the payments shall be claimed back which is complicated procedure. In addition, there is the risk that the goods provider (seller) will argue the claims and the project may lose money. Risk level – Low. Risk Area – internal control, lack supervision from the LEPL management.



MANAGEMENT LETTER

on of special purpose financial statements for the period 1 January 2014 to 31 December 2014

Recommendation – we recommend that the management follow the requirement of the contract and perform actual payment only in accordance with the contract terms and conditions. *If there is a need of advance payment, this shall be included in the Contract as special financial condition. Anyway, the Contract shall not be signed later that goods are received and invoices are paid.*

Management Response:

To address the auditor's recommendation, UNDP CO requested explanation from the administration of the Community College "Aisi" and found out that in fact the contracts were made before the actual purchase. However, the registration of the contract was conducted later and the wrong date was put by the staff member who is responsible for filing of documents. In this case internal communication did not work properly in the college, which they also explain by hectic workload in the end of the year and delay of internal paper flow.

The College was strongly advised by UNDP CO to improve the internal communication between relevant task forces and/or teams and ensure proper, timely and synchronized paper flow and procedures.



Project: ID 00063620 Skills for Employment Program (Skills for Agriculture)
 Output ID: 00080612 Output ID: 00086728 Output ID: 00090632

TABLES 1 – 4
on the results of audit of special purpose financial statements for the period 1 January 2014 to 31 December 2014

Table 1 – Report on the audit of the UNDP CDR

UNDP Combined Delivery Report (CDR)							
As at 31 December 2014							
No.	Project No.	Output No.	Amount audited and certified (US\$)	Audit Opinion	Total amount of qualification of audit opinion (if qualified)	Reason(s) for qualification of audit opinion and breakdown of NFI (US\$)	Observation (s) that had impact on qualification of audit opinion (list observation number (s) and page of audit report/management letter)
	00063620	00086728	USD1,288,860.09	unqualified	N/A	N/A	N/A
		00080612					
		00090632					

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TABLES 1 – 4

on the results of audit of special purpose financial statements for the period 1 January 2014 to 31 December 2014

Table 2 – Report on the audit of the statement of cash position

Statement of Cash Position as at 31 December 2014				
Project No.	Output No.	Value of Cash position Statement as at 31 December 2014	Audit Opinion Statement of Cash Position	Total amount of qualification - Statement of Cash Position (US\$)
00063620	00086728	USD0.00	unqualified	none
	00080612			
	00090632			



Project: ID 00063620 Skills for Employment Program (Skills for Agriculture)
Output ID: 00080612 Output ID: 00086728 Output ID: 00090632

TABLES 1 – 4

on the results of audit of special purpose financial statements for the period 1 January 2014 to 31 December 2014

Table 3 – Report on the audit of the of assets and equipment

Statement of assets and equipment				
Project No.	Output No.	Value of Assets and Equipment as at 31 December 2014 (cumulative from project start date) (US\$)	Audit Opinion Statement of Assets and Equipment	Total amount of qualification on the Statement of Assets and Equipment (US\$)
00063620	00086728	USD21,591.13 – over USD 1500	unqualified	
	00080612	16,006.47 – below USD 1500		
	00090632			

TABLES 1 – 4

on the results of audit of special purpose financial statements for the period 1 January 2014 to 31 December 2014

Table 4 – Current year audit observations and recommendations

Project No.	Output No.	Obser. No.	Observation	Recommendation	Audit Area	Risk Severity	Project/CO Mngmt. Comments
00063620	00086728 (College "AISI Kachret)	1	<p>Observation – we have discovered that in certain cases the contracts are signed after the goods are delivered and payment is complete. On 21 November and 11 December 2014 the payments were performed for small equipment to Ltd CTE, Ltd HANI, Ltd Agro Invest in amount of 7990GEL, 4085GEL, and 4514.7GEL respectively. However, the contracts were signed on following dates:</p> <p>Contract #27/3, 25 November 2014 (paid 21 November 2014, Act of Delivery 25 November 2014) - Ltd CTE</p> <p>Contract #26/3, 25 November 2014 (paid 21 November 2014, Act of Delivery 25 November 2014) - Ltd HANI</p> <p>Contract #32/3, 19 December 2014 (paid 11 December 2014, Act of Delivery 11 December 2014) - Ltd Agro Invest</p> <p>Criteria - template of the contract used in the college includes the paragraph stated that payment shall be performed during 5 working days AFTER the goods will be delivered and accepted by the</p>	<p>Recommendation – we recommend that the management follow the requirement of the contract and perform actual payment only in accordance with the contract terms and conditions. <i>If there is a need of advance payment, this terms shall be included in the Contract as special financial provision.</i></p>	Lack management supervision (Partner's level)	Low	<p>To address the auditor's recommendation, UNDP CO requested explanation from the administration of the Community College "Aisi" and found out that in fact the contracts were made before the actual purchase. However, the registration of the contract was conducted later and the wrong date was put by the staff member who is responsible for filing of documents. In this case internal communication did not work properly in the college, which they also explain by hectic workload in the end of the year and delay of internal paper flow. The College was strongly advised by UNDP CO to improve</p>

Project: ID 00063620 Skills for Employment Program (Skills for Agriculture)
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TABLES 1 - 4
 on the results of audit of special purpose financial statements for the period 1 January 2014 to 31 December 2014

			college. Effect, potential impact or risk - there is the risk that goods delivered to the college will not satisfy the requirements, or are incomplete/or damaged; and therefore the payments shall be claimed back which is complicated procedure. In addition, there is the risk that the goods provider (seller) will argue the claims and the project may lose money.				the internal communication between relevant task forces and/or teams and ensure proper, timely and synchronized paper flow and procedures.
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Name of position of Auditor: GACC Audit Manager, Partner

Signature of Auditor: N. Taleghani

Date: 15 April 2015



Name and Stamp of Audit Firm: Gorgan Audit & Consulting Company