



Project: ID00063620 Skills for Employment Program (Skills for Agriculture)
Output ID: 00086728 Skills for Agriculture ((VET-SDC))
INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS
FOR PERIOD 1 JANUARY 2015 TO 31 DECEMBER 2015

UNITED NATIONS DEVELOPMENT PROGRAMME

Project ID: 00063620

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

Output ID: 00086728 (VET-SDC)

INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS

FOR PERIOD 1 JANUARY 2015 TO 31 DECEMBER 2015



CONTENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY	4
INDEPENDENT AUDITOR'S REPORT	5
STATEMENT OF EXPENDITURE	9
STATEMENT OF ASSETSAND EQUIPMENT	15
STATEMENT OF CASH POSITION	18
Project description	23
Accounting policies	24
Review of project progress	24
Assessment of internal control	24
Findings and Recommendations.....	26



AUDIT REPORT

FORTHE YEAR ENDED 31 DECEMBER 2015



STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Project Management (hereafter "Management") of the UNDP Project: ID 00063620 **Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia** Output ID: **00086728 (VET-SDC)** (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 (*not applicable for the Output #00086728 (VET-SDC) of the Project #00063620*)

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 Output #00086728 VET-SDC within the project #00063620 is covered by the Requests for Direct Payment.

The management acknowledges its responsibilities in fair presentation of the special purpose financial statements. In this context the management is require 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.



INDEPENDENT AUDITOR'S REPORT

To: Ms. Irina Tserodze

(the Head of Vocational Education Department, Ministry of Education and Science)

Mr. Shombi Sharp

UNDP Deputy 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 Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia, Output # 00086728 VET-SDC** for the period covered 1 January 2015 to 31 December 2015.

Management is responsible for the preparation of the statement for the UNDP **Project # 00063620 Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia, Output # 00086728 VET-SDC** for the period 1 January 2015 to 31 December 2015 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, article 89, the audit scope should not extend to cover expenses incurred by UNDP as direct Country Office support. Such scope limitation is not affected the audit opinion.

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 **USD 1,193,162.87** incurred by the UNDP Project # 00063620 Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia, Output # **00086728 VET-SDC**, including expenditures of **USD 1,066,083.27** incurred by Output# 00086728 for the period 1 January 2015 to 31 December 2015 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

31 March 2016

Date of the auditor's report

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

Auditor's address





II. Certification of Statement of Assets and Equipment

We have audited the accompanying Statements of Assets and Equipment (“the statement”) of the UNDP Project # 00063620 **Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia, Output # 00086728 VET-SDC** for the period covered 1 January 2015 to 31 December 2015.

Management is responsible for the preparation of the statement for the UNDP Project #00063620, Output # 00086728 VET-SDC for the period 1 January 2015 to 31 December 2015 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, Output # 00086728 VET-SDC amounting to USD 25,425.28 (assets over 1500US\$) and USD 12,923.66 (below 1500\$) as at 31 December 2015 in accordance with UNDP accounting policies.

Temuri Partskhaladze

Auditor’s Name and Signature

31 March 2016

Date of the auditor’s report

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

Auditor’s address





III. Certification of Statement of Cash Position

Certification of the Statement of Cash Position is not applicable for the Project #00063620, Output # 00086728 VET-SDC, because output 00086728 operates through the Requests for Direct Payment.

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

Date of issuance

31 March 2016

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



STATEMENT OF EXPENDITURE



UN Development Programme
 Report ID: unglcdrp

Combined Delivery Report By Project

Page 1 of 6
 Run Time: 22-02-2016 13:0

Selection Criteria :

Business Unit : GEO10
 Period : Jan-Dec (2015)
 Selected Project Id : 00063620
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : ALL

Project id : 00063620 Skills for Employment Program	Period :	Jan-Dec (2015)
Output # : 00086728 Skills for Agriculture-SDC	Impl. Partner :	01296 GOVERNMENT
	Location :	
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

Dept: 55001 (Georgia - Central)

Fund : 04000 (Core Programme, UNU Centre)

71305 - Local Consult.-Sht Term-Tech	0.00	435.44	0.00	435.44
71610 - Travel Tickets-Local	0.00	68.40	0.00	68.40
71615 - Daily Subsistence Allow-Intl	0.00	3,259.16	0.00	3,259.16
71620 - Daily Subsistence Allow-Local	0.00	233.96	0.00	233.96
71625 - Daily Subsist Allow-Mtg Partic	0.00	472.52	0.00	472.52
71635 - Travel - Other	0.00	47.23	0.00	47.23
72105 - Svc Co-Construction & Engineer	0.00	1,336.77	0.00	1,336.77
72120 - Svc Co-Trade and Business Serv	0.00	3,679.58	0.00	3,679.58
72130 - Svc Co-Transportation Services	0.00	1,595.25	0.00	1,595.25
72145 - Svc Co-Training and Educ Serv	0.00	2,925.16	0.00	2,925.16
72210 - Machinery and Equipment	0.00	1,101.53	0.00	1,101.53
72220 - Furniture	0.00	3,054.74	0.00	3,054.74
72420 - Land Telephone Charges	0.00	23.88	0.00	23.88
72430 - Postage and Pouch	0.00	707.35	0.00	707.35
72505 - Stationery & other Office Supp	0.00	1,466.40	0.00	1,466.40
72805 - Acquis of Computer Hardware	0.00	2,383.83	0.00	2,383.83
72810 - Acquis of Computer Software	0.00	545.30	0.00	545.30
72815 - Inform Technology Supplies	0.00	377.27	0.00	377.27
73104 - Leased Building	0.00	15,134.32	0.00	15,134.32
73107 - Rent - Meeting Rooms	0.00	2,654.54	0.00	2,654.54
73120 - Utilities	0.00	379.16	0.00	379.16
73305 - Maint & Licencing of Hardware	0.00	70.03	0.00	70.03
73310 - Maint & Licencing of Software	0.00	105.01	0.00	105.01
73410 - Maint, Oper of Transport Equip	0.00	1,170.36	0.00	1,170.36
74120 - Capacity Assessment	0.00	1,750.03	0.00	1,750.03
74205 - Audio Visual Productions	0.00	635.45	0.00	635.45
74210 - Printing and Publications	0.00	4,978.47	0.00	4,978.47
74220 - Translation Costs	0.00	2,874.58	0.00	2,874.58
75705 - Learning costs	0.00	116.98	0.00	116.98
75706 - Learning - ticket costs	0.00	1,197.60	0.00	1,197.60
75708 - Learning - subcontracts	0.00	608.50	0.00	608.50
76125 - Realized Loss	0.00	4.07	0.00	4.07
76135 - Realized Gain	0.00	0.00	0.00	0.00
77630 - Dep Exp Owned - ITC	0.00	239.64	0.00	239.64
Total for Fund 04000	0.00	55,632.51	0.00	55,632.51
Fund : 30000 (PROGRAMME COST SHARING)				
33003 - IPSAS adj for Fixed Assets	0.00	-9,583.32	0.00	-9,583.32
61105 - Salaries - NP Staff	0.00	10,172.79	0.00	10,172.79
61305 - Salaries - IP Staff	0.00	81,847.36	0.00	81,847.36
61310 - Post Adjustment - IP Staff	0.00	29,648.38	0.00	29,648.38
62110 - Contrib Joint Staff Pension-NP	0.00	2,049.40	0.00	2,049.40



Project ID: 00063620 Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia Output ID: 00086728 VET-SDC
INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS
FOR PERIOD 1 JANUARY 2015 TO 31 DECEMBER 2015



UN Development Programme
 Report ID: unglcdrp

Combined Delivery Report By Project

Page 2 of 6
 Run Time: 22-02-2016 13:0

Project id : 00063620 Skills for Employment Program	Period :	Jan-Dec (2015)		
Output # : 00086728 Skills for Agriculture-SDC	Impl. Partner :	01296 GOVERNMENT		
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
62115 - Contrib to Med.SocIns-NP Staff	0.00	315.36	0.00	315.36
62140 - Annual Leave Expense - NO	0.00	949.20	0.00	949.20
62305 - Dependency Allowances-IP Staff	0.00	1,069.72	0.00	1,069.72
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	25,578.64	0.00	25,578.64
62315 - Contrib. to medical, social in	0.00	280.80	0.00	280.80
62320 - Mobility, Hardship, Non-remova	0.00	9,669.96	0.00	9,669.96
62340 - Annual Leave Expense - IP	0.00	6,343.30	0.00	6,343.30
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	16,430.00	0.00	16,430.00
63335 - Home Leave Trvl & Allow-IP Stf	0.00	3,699.96	0.00	3,699.96
63530 - Contribution to EOS Benefits	0.00	4,562.54	0.00	4,562.54
63535 - Contribution to Security	0.00	5,475.07	0.00	5,475.07
63540 - Contribution to Training	0.00	1,337.94	0.00	1,337.94
63545 - Contribution to ICT	0.00	1,825.03	0.00	1,825.03
63550 - Contributions to MAIP	0.00	486.68	0.00	486.68
63555 - Contribution to UN JFA	0.00	3,650.06	0.00	3,650.06
63560 - Contributions to Appendix D	0.00	365.02	0.00	365.02
64306 - Appointment-Ticket Costs	0.00	1,256.83	0.00	1,256.83
64307 - Appointment-Subsistence Allow	0.00	8,865.00	0.00	8,865.00
64309 - Appointment-Shipments	0.00	5,000.00	0.00	5,000.00
65115 - Contributions to ASHI Reserve	0.00	9,733.47	0.00	9,733.47
65135 - Payroll Mgt Cost Recovery ATLA	0.00	839.76	0.00	839.76
71205 - Intl Consultants-Sht Term-Tech	0.00	36,123.74	0.00	36,123.74
71305 - Local Consult.-Sht Term-Tech	0.00	61,856.28	0.00	61,856.28
71405 - Service Contracts-Individuals	0.00	97,227.19	0.00	97,227.19
71410 - MAIP Premium SC	0.00	314.81	0.00	314.81
71415 - Contribution to Security SC	0.00	3,541.91	0.00	3,541.91
71605 - Travel Tickets-International	0.00	30,102.51	0.00	30,102.51
71610 - Travel Tickets-Local	0.00	467.74	0.00	467.74
71615 - Daily Subsistence Allow-Intl	0.00	15,961.08	0.00	15,961.08
71620 - Daily Subsistence Allow-Local	0.00	10,307.19	0.00	10,307.19
71625 - Daily Subsist Allow-Mtg Partic	0.00	51,645.17	0.00	51,645.17
71635 - Travel - Other	0.00	1,446.38	0.00	1,446.38
72105 - Svc Co-Construction & Engineer	0.00	122,165.23	0.00	122,165.23
72120 - Svc Co-Trade and Business Serv	0.00	21,890.59	0.00	21,890.59
72130 - Svc Co-Transportation Services	0.00	5,212.39	0.00	5,212.39
72135 - Svc Co-Communications Service	0.00	10,420.00	0.00	10,420.00
72145 - Svc Co-Training and Educ Serv	0.00	27.48	0.00	27.48
72160 - Svc Co-Education & Health Serv	0.00	687.40	0.00	687.40
72205 - Office Machinery	0.00	272.73	0.00	272.73
72210 - Machinery and Equipment	0.00	1,291.43	0.00	1,291.43
72220 - Furniture	0.00	1,142.75	0.00	1,142.75
72405 - Acquisition of Communic Equip	0.00	0.00	0.00	0.00
72420 - Land Telephone Charges	0.00	412.05	0.00	412.05
72425 - Mobile Telephone Charges	0.00	1,664.44	0.00	1,664.44
72430 - Postage and Pouch	0.00	10.38	0.00	10.38
72435 - E-mail-Subscription	0.00	774.00	0.00	774.00
72440 - Connectivity Charges	0.00	1,144.05	0.00	1,144.05
72505 - Stationery & other Office Supp	0.00	11,522.81	0.00	11,522.81
72510 - Publications	0.00	199.38	0.00	199.38
72615 - Micro Capital Grants-Other	0.00	77,031.25	0.00	77,031.25
73104 - Leased Building	0.00	10,028.00	0.00	10,028.00
73120 - Utilities	0.00	1,742.45	0.00	1,742.45
73305 - Maint & Licensing of Hardware	0.00	2,111.81	0.00	2,111.81
73410 - Maint, Oper of Transport Equip	0.00	3,726.45	0.00	3,726.45



Project ID: 00063620 Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia Output ID: 00086728 VET-SDC
INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS
FOR PERIOD 1 JANUARY 2015 TO 31 DECEMBER 2015



UN Development Programme
 Report ID: unglcdrp

Combined Delivery Report By Project

Page 3 of 6
 Run Time: 22-02-2016 13:01

Project ID : 00063620 Skills for Employment Program		Period :		Jan-Dec (2015)
Output # : 00086728 Skills for Agriculture-SDC		Impl. Partner :		01296 GOVERNMENT
		Location :		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74110 - Audit Fees	0.00	4,111.65	0.00	4,111.65
74205 - Audio Visual Productions	0.00	150.00	0.00	150.00
74210 - Printing and Publications	0.00	13,322.51	0.00	13,322.51
74215 - Promotional Materials and Dist	0.00	192.11	0.00	192.11
74220 - Translation Costs	0.00	6,364.82	0.00	6,364.82
74225 - Other Media Costs	0.00	26.40	0.00	26.40
74505 - Insurance	0.00	34.23	0.00	34.23
74510 - Bank Charges	0.00	8.16	0.00	8.16
74525 - Sundry	0.00	889.69	0.00	889.69
74599 - UNDP cost recovery chrgs-Bills	0.00	1,962.60	0.00	1,962.60
74725 - Other L.T.S.H.	0.00	3,429.60	0.00	3,429.60
75105 - Facilities & Admin - Implement	0.00	66,731.31	0.00	66,731.31
75705 - Learning costs	0.00	84,614.91	0.00	84,614.91
75706 - Learning - ticket costs	0.00	1,759.84	0.00	1,759.84
75707 - Learning - subsistence allowan	0.00	1,277.89	0.00	1,277.89
75708 - Learning - subcontracts	0.00	4,947.16	0.00	4,947.16
75709 - Learning - training of counter	0.00	14,456.26	0.00	14,456.26
76125 - Realized Loss	0.00	2.24	0.00	2.24
76135 - Realized Gain	0.00	- 3.33	0.00	- 3.33
77630 - Dep Exp Owned - ITC	0.00	166.03	0.00	166.03
77660 - Dep Exp Owned -Vehicle	0.00	1,666.66	0.00	1,666.66
Total for Fund 30000	0.00	1,010,450.76	0.00	1,010,450.76
Total for Dept : 55001	0.00	1,066,083.27	0.00	1,066,083.27
Total for Output : 00086728	0.00	1,066,083.27	0.00	1,066,083.27

Output # : 00090632 Skills for Employment-phase2		Impl. Partner :		01296 GOVERNMENT
		Location :		
Dept: 55001 (Georgia - Central)				
Fund : 04000 (Core Programme, UNU Centre)				
33003 - IPSAS adj for Fixed Assets	0.00	- 16,684.71	0.00	- 16,684.71
71205 - Intl Consultants-Sht Term-Tech	0.00	13,814.36	0.00	13,814.36
71305 - Local Consult.-Sht Term-Tech	0.00	4,375.81	0.00	4,375.81
71405 - Service Contracts-Individuals	0.00	27,347.07	0.00	27,347.07
71410 - MAIP Premium SC	0.00	96.41	0.00	96.41
71415 - Contribution to Security SC	0.00	1,084.81	0.00	1,084.81
71620 - Daily Subsistence Allow-Local	148.05	3,568.87	0.00	3,716.92
71635 - Travel - Other	418.10	0.00	0.00	418.10
71810 - Contractual Svcs-indiv ImpPtr	44,753.68	0.00	0.00	44,753.68
72105 - Svc Co-Construction & Engineer	0.00	21,383.50	0.00	21,383.50
72205 - Office Machinery	3,794.17	0.00	0.00	3,794.17
72210 - Machinery and Equipment	830.91	1,420.21	0.00	2,251.12
72220 - Furniture	0.00	1,979.03	0.00	1,979.03
72425 - Mobile Telephone Charges	0.00	290.82	0.00	290.82
72430 - Postage and Pouch	0.00	71.09	0.00	71.09
72435 - E-mail-Subscription	0.00	129.00	0.00	129.00



Project ID: 00063620 Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia Output ID: 00086728 VET-SDC
INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS
FOR PERIOD 1 JANUARY 2015 TO 31 DECEMBER 2015



UN Development Programme
 Report ID: unglcdrp

Combined Delivery Report By Project

Page 4 of 6
 Run Time: 22-02-2016 13:11

Project ID : 00063620 Skills for Employment Program	Period : Jan-Dec (2015)			
Output # : 00090632 Skills for Employment-phase2	Impl. Partner : 01296 GOVERNMENT			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72440 - Connectivity Charges	0.00	732.86	0.00	732.86
72505 - Stationery & other Office Supp	0.00	488.48	0.00	488.48
72805 - Acquis of Computer Hardware	0.00	1,230.55	0.00	1,230.55
73104 - Leased Building	0.00	5,472.63	0.00	5,472.63
73105 - Rent	1,082.27	0.00	0.00	1,082.27
73110 - Custodial & Cleaning Services	0.00	59.85	0.00	59.85
73120 - Utilities	0.00	296.67	0.00	296.67
73125 - Common Services-Premises	78.49	0.00	0.00	78.49
73410 - Maint, Oper of Transport Equip	0.00	2,319.33	0.00	2,319.33
74120 - Capacity Assessment	0.00	384.07	0.00	384.07
74205 - Audio Visual Productions	90.90	0.00	0.00	90.90
74220 - Translation Costs	0.00	379.75	0.00	379.75
74599 - UNDP cost recovery chrgs-Bills	0.00	1,778.00	0.00	1,778.00
76120 - Unrealized Loss	0.00	1,963.41	0.00	1,963.41
76130 - Unrealized Gain	0.00	-90.02	0.00	-90.02
76135 - Realized Gain	0.00	-0.37	0.00	-0.37
77660 - Dep Exp Owned -Vehicle	0.00	2,441.66	0.00	2,441.66
Total for Fund 04000	51,196.57	76,333.14	0.00	127,529.71
Total for Dept : 55001	51,196.57	76,333.14	0.00	127,529.71
Total for Output : 00090632	51,196.57	76,333.14	0.00	127,529.71
Project Total :	51,196.57	1,142,416.41	0.00	1,193,612.98

Signed By : F Tseredze - Head of VET department Date : 01/03/2016
 Signed By : Shombi Sharp, Deputy Resident Representative Date : 01.03.2016

Natela Teligladze
 Audit manager, Partner
 GACC
 31 March 2016





Project ID: 00063620 Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia Output ID: 00086728 VET-SDC
INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS
FOR PERIOD 1 JANUARY 2015 TO 31 DECEMBER 2015



UNDP UN Development Programme
 Report ID: unglcdrp

Combined Delivery Report By Project

Page 5 of 6
 Run Time: 22-02-2016 13:0

Selection Criteria :

Business Unit : GEO10
 Period : Jan-Dec (2015)
 Selected Project id : 00063620
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : ALL

	Period : Jan-Dec (2015)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
55001 - Georgia - Central	51,196.57	1,142,416.41	0.00	1,193,612.98



UN Development Programme
 Report ID: unglcdrp

Combined Delivery Report By Project

Page 6 of 6
 Run Time: 22-02-2016 13:0

Funds Utilization

Selection Criteria :

Business Unit : GEO10
 Period : Jan-Dec (2015)
 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, 2015**

Output #	00086728	Impl. Partner :01296 GOVERNMENT	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			13,156.38
Inventory			0.00
Prepayments			0.00
Commitments			0.00

Output #	00090632	Impl. Partner :01296 GOVERNMENT	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			14,243.05
Inventory			0.00
Prepayments			0.00
Commitments			0.00

STATEMENT OF ASSETS AND EQUIPMENT

**Statement of Assets and Equipment
as at 31 December 2015**



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 June 2013 to 31 December 2015

For asset value of a minimum of 1500\$ per item

TAG NO.	ACQUISITION DATE	ITEM DESCRIPTION (make and model)	PROJECT No.	FUND	CONDITION	RESPONS. PERSON/entity	ITEM LOCATION	MANUFACTURER	US\$ VALUE	SERIAL NO.	REMARKS
77091-UNDP61 GA0823	17.10.2008	Hyundai Tucson	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	Hyundai	\$ 20,000.00	WTW 558	
GA0830	5-Feb-15	HP Color LaserJet Professional CP5225dn	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	HP	\$ 1,591.13	CNGTG6M09X	
GA0825	22-Jul-15	HP Elite Book Folio 1040 G2	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	HP	\$ 1,917.08	8CG524211N	
GA0826	22-Jul-15	HP Elite Book Folio 1040 G2	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	HP	\$ 1,917.08	8CG5241CMW	
TOTAL VALUE									\$ 25,425.28		

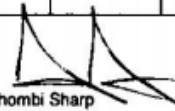
Signed by:
Name: Mr. Ruediger Heining
Title: Project Manager
Date:

Marden,
2016



Signed by:
Name: Mr. Shombi Sharp
Title: UNDP DRR

01.03.16



Certified by:
Name:
Title: Senior Partner
Name of the Audit Firm:
Date:

Felip
Natasha Teligladze
Audit manager, Partner
CACC
31 March 2016

Georgian Audit & Consulting Company
Member Crowe Horwath International

Statement of Assets and Equipment

as at 31 December 2015

UNDP Country Office: Georgia		
Project title: Modernization of the Vocational Education and Training and Extension Systems Related to Agriculture in Georgia		
Project No:	00063620	
Output No:	00086728	
Period covered from inception of project: 01 June 2013 to 31 December 2015		

TAG NO.	ACQUISITION DATE	ITEM DESCRIPTION (make and model)	PROJECT No.	FUND	CONDITION	RESPONS. PERSON/ENTITY	ITEM LOCATION	US\$ VALUE	SERIAL NO.	REMARKS
007	30-Jul-14	Drawer, 40X50X61, 3 drawers, cherry	00086728	30000	in use	R.Heining	#17 Palashvili str., Tbilisi	\$ 107.15	N/A	
EGP-F033	28-Mar-05	Chest of drawers, cherry	00086728	30000	in use	R.Heining	#17 Palashvili str., Tbilisi	\$ 109.89	N/A	
003	30-Jul-14	Table, 140X70X75, cherry	00086728	30000	in use	R.Heining	#17 Palashvili str., Tbilisi	\$ 111.80	N/A	
63847-EC-28	20-Oct-10	Printer HP Laser Jet P2035	00086728	30000	in use	R.Heining	#17 Palashvili str., Tbilisi	\$ 267.00	CNCK502943	
63847-EC-03	25-Mar-10	Printer CLJ CM1312n6 MFP	00086728	30000	in use	R.Heining	#17 Palashvili str., Tbilisi	\$ 481.40	CNF89DXRRG	
MET-001 GA0746	16-Sep-13	Notebook HP ProBook 4540S	00086728	30000	in use	R.Heining	#17 Palashvili str., Tbilisi	\$ 747.87	2CE247ZYXY	
MET-005 GA0777	4-Dec-13	HP Elite Pad 900 (Z2760 10 2GB/32 HSPA PC D4T 16AA)	00086728	30000	in use	R.Heining	#17 Palashvili str., Tbilisi	\$ 1,250.00	545947770001746 C6OCSPA W	
036	3-Nov-14	Drawer, 40X50X61, 3 drawers, cherry	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$ 107.15	N/A	
037	3-Nov-14	Drawer, 40X50X61, 3 drawers, cherry	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$ 107.15	N/A	
007	30-Jul-14	Drawer, 40X50X61, 3 drawers, cherry	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$ 110.19	N/A	
008	30-Jul-14	Drawer, 40X50X61, 3 drawers, cherry	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$ 110.19	N/A	
003	30-Jul-14	Table, 140X70X75, cherry	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$ 114.98	N/A	
006	30-Jul-14	Table, 140X70X75, cherry	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$ 114.98	N/A	
009	30-Jul-14	Shelves, 80X40X193	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$ 129.35	N/A	
010	30-Jul-14	Shelves, 80X40X193	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$ 129.35	N/A	
011	30-Jul-14	Shelves, 80X40X193	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$ 129.35	N/A	



VET-SDC

INDEPENDENT AUDITORS' REPORT and SPECIAL-PURPOSE FINANCIAL STATEMENTS FOR PERIOD 1 JANUARY 2015 TO 31 DECEMBER 2015

044	7-Nov-14	HP W2072s LCD monitor	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	134.12	693178/001
043	7-Nov-14	HP ultraslim docking station B9C87AA	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	137.42	CNU435ZJHN
033	19-Aug-14	Vacuum cleaner Siemens VS06G2080	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	137.58	E-Nr VS06G2080/09
	22-Jul-15	HP Monitor W2072s	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	148.46	
049	29-Jan-15	File cabinet	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	148.46	
050	29-Jan-15	File cabinet	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	153.73	N/A
031	29-Jul-14	Printer HP LJ Pro M1536dnf	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	153.73	N/A
032	29-Jul-14	Printer HP LJ Pro M1536dnf	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	270.22	CNG8G580134
062	25-Mar-10	HP LaserJet Pro MFP M 225dn (Duplex,ADF,LAN)	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	270.22	GNG8G1H883
MET-004	29-Jul-14	Printer HP LJ Pro M1536dnf	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	285.00	CN89H6Y1NM
		Projector W303 WXGA 3200 Lumen Full 3D DLP (serial number NPQ6422AAAAA0929)	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	270.22	CNFBF4V8L5
035	25-Aug-14	Projector W303 WXGA 3200 Lumen Full 3D DLP (serial number NPQ6422AAAAA0929)	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	732.55	NPQ6422AAAAA0929
MET-002 GA0754	16-Sep-13	Notebook HP ProBook 4540S	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	747.87	2CE2472YY4
MET-003 GA0747	16-Sep-13	Notebook HP ProBook 4540S	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	747.87	2CE2472YY5
MET-006 GA0779	18-Nov-13	Projector Optoma H100	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	909.84	FPQ6338AAAAA0214
015	30-Jul-14	Conference table, 280X150X75, oval	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	910.27	N/A
63847-EC-27	20-Oct-10	Notebook HP Probook 4520s	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	1,192.80	2CE0320WMY
042	7-Nov-14	Notebook HP Elite Book Folio 1040 G1	00086728	30000	in use	R.Heining	#7 Mtskheta str., Tbilisi	\$	1,445.69	8CG4410LC4
TOTAL VALUE:								\$	12,923.66	

Signed by:
Name: Mr. Ruediger Heining
Title: Project Manager
Date:

November 2016

Signed by:
Name: Mr. Shombi Sharp
Title: UNDP DRR

01.03.16

Certified by:
Name:
Title: Senior Partner
Name of the Audit Firm
Date:

Helip
Natalia Teligladze
Audit manager, Partner
GACC
31 March 2016

STATEMENT OF CASH POSITION

**Not applicable for the project 00063620 Modernization of the Vocational
Education and Training and Extension Systems related to Agriculture in
Georgia, Output ID: 00086728 VET-SDC**

UNITED NATIONS DEVELOPMENT PROGRAMME

Project ID: 00063620

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

Output ID: 00086728 (VET-SDC)

LETTER TO MANAGEMENT

ON THE RESULTS OF THE AUDIT OF SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015



31 March 2016

To: Ms. Irina Tserodze

(the Head of Vocational Education Department, Ministry of Education and Science)

Mr. Shombi Sharp

UNDP Deputy Resident Representative

Dear Sir, Madam

We completed the audit of the Statement of Expenditure and Statements of Assets, of the UNDP Project # 00063620 Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia Output ID: 00086728 VET-SDC the period for period from 1 January 2015 to 31 December 2015.

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 2015 to 31 December 2015

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



TABLE OF CONTENTS

Project description.....	23
Accounting policies.....	24
Review of project progress	24
Assessment of internal control.....	24
Findings and Recommendations.....	26



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).

UNDP and SDC had assisted the Government of Georgia in establishing a coherent re-training system throughout the country coupled with farmer advisory services and business counselling. In accordance with the current project's tasks and objectives, this support will now expand. The project aims to contribute to the development of a system of high quality of innovation and extension services in agriculture that will result in improved livelihoods of the rural population.

The project contribute to the development of such a system in 3 areas:

1. 8 VET colleges and 7 state information Consultancy Centers will be assisted in the development and delivery in innovative, relevant and effective training programmes and advisory services. At least 10,000 farmers will have access to these systems.
2. Systems to produce qualified human resources (multipliers) that can offer variations types of trainings and services to farmers and capacitate them with knowledge and practical skills will be set up in close collaboration with national partners and other SDC projects.
3. By bringing by strengths of the private and public sectors together the project will facilitate the setting up a public private cooperation and partnership model for coordination and provision of VET and extension services in agriculture. Public and private stakeholders' capacities will be strengthened, and cooperate under a national level platform.

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.

In 2015, there were following budget revisions:

- General Revision #4, dated 2 October 2015 was to add Activity 5: Employment Conference and redistribute 50,000 USD to this activity under VET-SDC project (output 00086728);
- General Revision #5, dated 20 November 2015 was made to adjust 2015 budget per workplan and re-phase uncommitted resources (1,177,177.50USD/SDC) to 2016



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).

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 work plans, progress reports, and requests for direct payments

1. Annual workplans are reviewed by the management, and are adjusted when needed. There were two budget revisions in 2015, which affected the workplan. Each Revision is supported by the updated workplan.
2. Expenses incurred through the Requests for Direct Payment are supported by the primary documents (contracts, invoices, reports, and other documents).
3. There were no delays or principle changes in the activities. However, the purchases of VET mobile Clinic had been postponed till 2016. The reason was that the management of the project decided that instead of one, two mobile VET Clinics should be purchased.

ASSESSMENT OF INTERNAL CONTROL

During the course of audit, we asses 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.

General Controls

1. Expenditures are in accordance with Project Document, revised budget, and the workplan.
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 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. The process of hiring through international tender is supported by sufficient documents required by UNDP for open international tender procedures.

Finance

1. The requests for direct payments are in compliance with the project documents and the AWP's.
2. All receipts and disbursements are authorized.
3. Transactions are recorded in expenditure reports.
4. Copies of the supporting documents are kept in the project files.

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.
2. The list includes the unique code of the equipment, location, date of purchases, custodian name, acquisition date and other information.
3. There are established procedures for purchase, receipt, storage and disposal of assets and equipment.

Cash Management

The project #00063620 in the part related to output 00086728 VET-SDC does not have a Bank Account, and operates only through the Request for Direct Payments.

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 policies (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 external server.

FINDINGS AND RECOMMENDATIONS

No Action Plan from prior year, because there were no recommendations from 2014.

No Findings for the year ended 31 December 2015.