

UNITED NATIONS DEVELOPMENT PROGRAMME
UN-REDD MONGOLIA NATIONAL PROGRAMME

UPDATED ACTION PLANS FOR PRIOR YEAR AUDIT OBSERVATIONS AND RECOMMENDATIONS

No.	Observation	Recommendation	Output No.: MON/15/301			Opinion Type			
			Audit area	Risk	Mngt Comments	Action planned	Traget Impl. Date	Action unit	Person Responsible for Action
1	<p>Social insurance charges not paid within the stipulated period</p> <p>Social insurance charges for the first six months of the year 2018 were paid but delayed than the time period stipulated in the law. For example, social insurance charge for January 2018 shall be paid within that month or before January 31, 2018. However, that social insurance charge was paid on March 15, 2018.</p> <p>According to our estimation, penalty on undue payment of the social insurance charges for the year is approximately amounts of 1.9 million togrogs.</p>	<p>As said in Article 16 of Social Insurance Law of Mongolia, the monthly social insurance charges shall be paid within that month. In addition, penalty is estimated by 0.3% per delayed day on the unpaid or undue social insurance charges according to Article 20 of Social Insurance Law of Mongolia.</p> <p>Therefore, the Project shall estimate and pay the social insurance charges within the time period stipulated in the law.</p>	<p>Finance</p> <p>Low</p> <p>The recommendations were accepted and will be adhered in the future.</p>	<p>Social insurance charges will be applied as per the recommendation throughout the year.</p>	<p>Dec 31, 2019</p>	<p>Project Mngt</p>	<p>Naran-tsatsraït</p>	<p>Implemented</p>	<p>Apr 01, 2019</p>
2	<p>Rental payments of the equipment</p> <p>The Project rents translation equipment and headphone from individual M.Odgerel. As said in the Rental agreement of the equipment, personal income tax was withheld from the rental fee by 10%. Personal income taxes total amounts of 337,500 togrogs were withheld and paid during the year 2018.</p> <p>Therefore, the Project is not responsible for deducting the taxes from the rental payments.</p>	<p>As said in Article 19.1.1 of the Personal Income Tax Law of Mongolia, individual, who earns rental income, shall himself determine its taxable income as deducting the related cost of rents from the rental income. In addition, the individual shall pay 10% tax on that taxable income and shall submit to the tax office in accordance with Article 23.2.4 and 27.2 of the law.</p> <p>Therefore, the Project is not responsible for deducting the taxes from the rental payments.</p>	<p>Finance</p> <p>Low</p> <p>According to the contract established with M.Odgerel, it was agreed that income tax of 10% should be deducted from total payment. The contractor had an option to have operational expenses to be deducted from his taxable income in the contract.</p> <p>The Article 18 of the Personal Income Tax Law of Mongolia states "when Determining taxable income from activities, if deductible expenses are not documented they shall not be deducted from taxable income". As M. Odgerel, did not provide documents for deductible expenses, 10% was deducted from his total payment.</p>	<p>Recommendation regarding the rental payment application will be followed throughout the year when using the rentals.</p>	<p>May 31, 2019</p>	<p>Project Mngt</p>	<p>Naran-tsatsraït</p>	<p>Implemented</p>	<p>Apr 01, 2019</p>

UNITED NATIONS DEVELOPMENT PROGRAMME
UN-REDD MONGOLIA NATIONAL PROGRAMME

	<p>18.2. If expenses specified in paragraph 18.1 are not documented, not related to the activities, or are expended for personal use of a taxpayer, they shall not be deducted from taxable income.</p> <p>We will adhere the recommendation in the future when concluding similar contracts.</p>	
<p>3 Physical counting of fixed assets</p> <p>We have conducted the physical counting of fixed assets on March 01, 2019 in order to check the physical existence of the assets and assess the quality condition of them within the scope of auditing. As a result of the counting, we have revealed that one chair that put into usage on December 28, 2015 and with historical cost amounts of 87 69 US Dollars was not physically existed, other 7 assets were broken out and remaining 131 assets were in normal quality condition from total 139 assets recorded. These 8 assets were shown below:</p> <ol style="list-style-type: none"> 1. One chair – not existed 2. Color printer - broken 3. Remote control - broken 4. Camera - broken 5. Coffee boiler - broken 6. Headphone - broken 7. Portable hard drive – broken 8. Binder tool – broken 	<p>Finance Low</p> <p>The missing chair with serial number 15/34 was a chair that was broken when used by Programme Officer Biguun. As the chair was broken, it was placed in the meeting room and Biguun used one of the chairs from the meeting room instead.</p> <p>The meeting room was quite often used by the ministry staff for meeting purposes as there is limited spaces in the ministry premise, and they used to bring different chairs from their rooms as there were lack of chairs.</p> <p>It was not possible to monitor every single entry to the meeting room; we are not in position to be able to give comments about the missing chair.</p> <p>We checked with logistics officer of the Ministry and could not see it in their warehouse. It is not clear who shall compensate the chair.</p> <p>Other broken items were damaged while we were using them normally.</p>	<p>Physical counting of the fixed assets will be conducted regularly as per the recommendation and requirements.</p> <p>May 31, 2019</p> <p>Project Mngt</p> <p>Narantsaikal</p> <p>Implemented</p> <p>May 31, 2019</p>
<p>Implementing partner National Project Director B.Oyunsanaa Signature: Date:</p>	<p>UNDP Country office UNDP Resident Representative Ms. Elaine Conkievich Signature: Date:</p>	<p>SEВИЛЛИА АУДИТ ХХК</p> <p>Sevillia Audit LLC General Director Ch. Davasuren Signature: Date:</p>

