

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP BANGLADESH**

**ACTIVATING VILLAGE COURTS IN BANGLADESH**  
**(Directly Implemented Project, Output No. 59635)**

**Report No. 1389**

**Issue Date: 16 September 2014**

**Report on the audit of UNDP Bangladesh  
Activating Village Courts in Bangladesh (Output No. 59635)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 2 to 20 June 2014, through Moore Stephens LLP (the audit firm), conducted an audit of Activating Village Courts in Bangladesh, Output No. 59635 (the Project), which is directly implemented and managed by the UNDP Country Office in Bangladesh (the Office). The last audit of the Office was conducted by OAI in 2011.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2013 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2013. The audit did not include activities and expenses incurred or undertaken at the "responsible party" level, or expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters), or where supporting documentation was not retained at the UNDP Country Office level. The audit did not cover the Statement of Assets as no assets were purchased by the Project. In addition, the audit did not cover the Statement of Cash Position as of 31 December 2013 as no separate bank account was established and maintained for the Project.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

**Audit results**

Based on the audit report and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

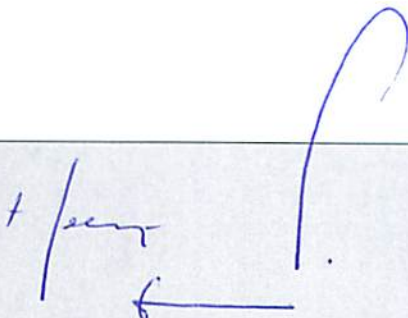
Project Expenditure*		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
2,474*	Unqualified	N/A	N/A

\*Expenditures recorded in the Combined Delivery Report were \$2,793,001. Excluded from the audit scope were expenditures incurred or undertaken at the "responsible party" level (\$204,674) and expenditures not processed or approved at the Office level (\$114,554). The expenditures incurred by the "responsible party" have been subject to a separate audit with total expenditures of \$ 204,000. The audit was unqualified.

The audit firm issued an unqualified opinion on the Funds Utilization statement.

<sup>1</sup> The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

The audit did not result in any recommendations.

A handwritten signature in blue ink, appearing to read 'H. Osttveiten', with a large, looping flourish extending upwards and to the right.

Helge S. Osttveiten  
Director  
Office of Audit and Investigations

**UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)  
AUDIT REPORT**

**14 August 2014**

**FINANCIAL AUDIT OF THE UNDP DIRECTLY IMPLEMENTED (DIM)  
PROJECT  
'ACTIVATING VILLAGE COURTS IN BANGLADESH'**

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Project name:	Activating Village Courts in Bangladesh
UNDP Country Office:	Bangladesh
Atlas Project number:	00041978
Atlas Output number:	00059635
Auditor:	Moore Stephens LLP
Period subject to audit:	1 January to 31 December 2013

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**Table of Contents**

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**EXECUTIVE SUMMARY** ..... 3

**THE AUDIT ENGAGEMENT** ..... 4

**AUDIT OPINIONS** ..... 5

    STATEMENT OF EXPENDITURE ..... 5

    STATEMENT OF FIXED ASSETS ..... 6

    STATEMENT OF CASH POSITION ..... 7

**MANAGEMENT LETTER** ..... 8

**ANNEXES** ..... 9

    ANNEX 1: COMBINED DELIVERY REPORT ..... 9

    ANNEX 2: AUDIT FINDING PRIORITY RATINGS ..... 14

## EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of 'Activating Village Courts in Bangladesh' (Project ID 00041978 and Output 00059635) (the project), directly implemented by UNDP Bangladesh for the year ended 31 December 2013. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI). We have issued audit opinions as summarised in the table below and as detailed in the next section:

We have issued audit opinions as summarised in the table below and as detailed in the next section:

<b>Statement of Expenditure</b>	Unqualified
<b>Statement of Fixed Assets</b>	Not applicable
<b>Statement of Cash Position</b>	Not applicable

We have not raised any findings as a result of our audit.



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

14 August 2014

## THE AUDIT ENGAGEMENT

### **Audit Objectives and Scope**

The objective of the financial audit was to express an opinion on the DIM project's financial statements which include:

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2013 and the funds utilization as at 31 December 2013 are fairly presented in accordance with UNDP accounting policies and that the expenses incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.
- Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP project as at 31 December 2013. This statement must include all assets available as at 31 December 2013 and not only those purchased in a given period. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.
- Expressing an opinion on whether the statement of cash held by the project presents fairly the cash and bank balance of UNDP project as at 31 December 2013. Disbursements made against a DIM project are usually financed from the regular country office bank accounts. Exceptionally, a dedicated bank account may be opened and used solely for the cash transactions of a DIM project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash only where a dedicated bank account for the DIM project has been established. In cases where the cash transactions of the audited DIM project are made through the country office bank accounts, this type of opinion is not required.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 January and 31 December 2013. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of "responsible parties", unless the inclusion of these expenses is specifically required in the request for proposal; and
- Expenses processed and approved in locations outside the country such as UNDP Regional Centres and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.

## AUDIT OPINIONS

### Independent Auditor's Report to UNDP - Activating Village Courts in Bangladesh

#### Statement of Expenditure

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization statement totalling \$ 2,793,001 ("the statement") of the UNDP project 00041978 'Activating Village Courts in Bangladesh' for the period from 1 January to 31 December 2013. CDR expenditure totalling \$ 319,228, comprised of government expenditure of \$ 204,674 and expenditure not processed or approved by UNDP Country Office Bangladesh of \$ 114,554, was not within the scope of our audit.

Management is responsible for the preparation of the statement for the Activating Village Courts in Bangladesh project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

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

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

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

#### **Unqualified Opinion**

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization statement presents fairly, in all material respects, the expenses of \$ 2,473,773 incurred by the UNDP project Activating Village Courts in Bangladesh for the period 1 January to 31 December 2013 in accordance with UNDP accounting policies and were i) in conformity with the approved budget; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.



Independent Auditor's Report to UNDP - Activating Village Courts in  
Bangladesh

Statement of Fixed Assets

We noted that the UNDP project Activating Village Courts in Bangladesh had no assets or equipment and accordingly a Statement of Fixed Assets was not produced.

Independent Auditor's Report to UNDP - Activating Village Courts in  
Bangladesh

Statement of Cash Position

We noted that the UNDP project Activating Village Courts in Bangladesh did not have a dedicated bank account for DIM project activities subject to audit and accordingly a Statement of Cash Position was not produced.

**MANAGEMENT LETTER**

We have not raised any findings as a result of our audit.



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

14 August 2014

## **Annexes**

### **Annex 1: Combined Delivery Report**

Combined Delivery Report By Project

Development Programme

Country: Bangladesh

Unit: BGD10  
Period: Jan-Dec (2013)  
Project Id: 00041978  
Fund Code: ALL  
Dept. IDs: ALL  
Outputs: 00059635

Project Id: 00041978 Promoting Access to Justice an	Period:	Jan-Dec (2013)
Output #: 00059635 Activating Village Courts	Impl. Partner:	00256 National Execution
	Location:	
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

Dept: 39204 (Bangladesh - Dem. Governance)

Unit: 04000 (Core Programme, UNU Centre)

71205 - Intl Consultants-Sht Term-Tech	0.00	18,000.00	0.00	18,000.00
71305 - Local Consult.-Sht Term-Tech	2,861.90	0.00	0.00	2,861.90
71620 - Daily Subsistence Allow-Local	0.00	687.85	0.00	687.85
72105 - Svc Co-Construction & Engineer	0.00	100,394.56	0.00	100,394.56
72125 - Svc Co-Studies & Research Serv	0.00	773,526.58	0.00	773,526.58
72515 - Print Media	0.00	787.81	0.00	787.81
73105 - Rent	0.00	26,830.85	0.00	26,830.85
73110 - Custodial & Cleaning Services	0.00	846.14	0.00	846.14
73410 - Maint, Oper of Transport Equip	0.00	2,124.37	0.00	2,124.37
74205 - Audio Visual Productions	52,646.50	0.00	0.00	52,646.50
74210 - Printing and Publications	18,083.83	0.00	0.00	18,083.83
74525 - Sundry	0.00	18.67	0.00	18.67
75705 - Learning costs	5,282.13	5,236.09	0.00	10,518.22
76120 - Unrealized Loss	0.00	66.91	0.00	66.91
76125 - Realized Loss	0.00	11.90	0.00	11.90
76130 - Unrealized Gain	0.00	-1,586.04	0.00	-1,586.04

Total for Fund 04000

78,874.36      926,945.69      0.00      1,005,820.05

Unit: 42211 (EEC BGDACTVILLCRT)

71205 - Intl Consultants-Sht Term-Tech	0.00	53,101.27	0.00	53,101.27
71305 - Local Consult.-Sht Term-Tech	905.07	9,985.44	0.00	10,890.51
71405 - Service Contracts-Individuals	0.00	263,686.71	0.00	263,686.71
71410 - MAIP Premium SC	0.00	1,128.52	0.00	1,128.52
71605 - Travel Tickets-International	0.00	4.50	0.00	4.50
71610 - Travel Tickets-Local	0.00	2,721.22	0.00	2,721.22
71620 - Daily Subsistence Allow-Local	0.00	8,779.85	0.00	8,779.85
71635 - Travel - Other	1,699.01	0.00	0.00	1,699.01
72125 - Svc Co-Studies & Research Serv	0.00	1,056,807.59	0.00	1,056,807.59
72220 - Furniture	0.00	13,799.17	0.00	13,799.17
72405 - Acquisition of Communic Equip	-50.48	0.00	0.00	-50.48
72415 - Courier Charges	4,474.55	0.00	0.00	4,474.55
72420 - Land Telephone Charges	289.30	5.39	0.00	294.69
72425 - Mobile Telephone Charges	393.06	2,101.48	0.00	2,494.54
72430 - Postage and Pouch	45.63	0.00	0.00	45.63
72440 - Connectivity Charges	0.00	2,487.37	0.00	2,487.37
72505 - Stationery & other Office Supp	4,775.65	659.77	0.00	5,435.42
72515 - Print Media	0.00	4,684.89	0.00	4,684.89
72810 - Acquis of Computer Software	0.00	1,763.33	0.00	1,763.33
73105 - Rent	0.00	50,461.74	0.00	50,461.74
73110 - Custodial & Cleaning Services	3,940.29	8,415.16	0.00	12,355.45
73120 - Utilities	8,596.11	0.00	0.00	8,596.11
73125 - Common Services-Premises	291.62	0.00	0.00	291.62

Combined Delivery Report By Project

UN Development Programme  
 Project ID: unglodrp

Page 2 of 4  
 Run Time: 10-03-2014 09:03:38

Project ID: 30041978 Promoting Access to Justice an	Period: Jan-Dec (2013)
Output ID: 00059635 Activating Village Courts	Impl. Partner: 00256 National Execution
	Location:

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
73310 - Maint & Licencing of Software	141.10	0.00	0.00	141.10
73405 - Rental & Maint-Other Office Eq	518.16	0.00	0.00	518.16
73410 - Maint, Oper of Transport Equip	9,479.02	10,361.19	0.00	19,840.21
74205 - Audio Visual Productions	2,328.59	138.83	0.00	2,467.42
74210 - Printing and Publications	10,485.70	21,963.00	0.00	32,448.70
74325 - Contrib.To CO Common Security	0.00	3,411.00	0.00	3,411.00
74525 - Sundry	1,170.66	1,537.65	0.00	2,708.31
75105 - Facilities & Admin - Implement	0.00	116,366.27	0.00	116,366.27
75705 - Learning costs	76,316.55	16,596.90	0.00	92,913.45
75706 - Learning - ticket costs	0.00	153.35	0.00	153.35
75707 - Learning - subsistence allowan	0.00	1,819.97	0.00	1,819.97
76125 - Realized Loss	0.00	80.05	0.00	80.05
76135 - Realized Gain	0.00	-385.04	0.00	-385.04
<b>Total for Fund 42211</b>	<b>125,799.59</b>	<b>1,652,636.57</b>	<b>0.00</b>	<b>1,778,436.16</b>
<b>Total for Dept: 39204</b>	<b>204,673.95</b>	<b>2,579,582.26</b>	<b>0.00</b>	<b>2,784,256.21</b>
Dept: 39208 (Bangladesh - Poverty Reduction)				
Fund: 42211 (EEC BGDACTVILLCRT)				
71205 - Intl Consultants-Shr Term-Tech	0.00	8,172.41	0.00	8,172.41
75105 - Facilities & Admin - Implement	0.00	572.07	0.00	572.07
<b>Total for Fund 42211</b>	<b>0.00</b>	<b>8,744.48</b>	<b>0.00</b>	<b>8,744.48</b>
<b>Total for Dept: 39208</b>	<b>0.00</b>	<b>8,744.48</b>	<b>0.00</b>	<b>8,744.48</b>
<b>Total for Output: 00059635</b>	<b>204,673.95</b>	<b>2,588,326.74</b>	<b>0.00</b>	<b>2,793,000.69</b>
<b>Project Total:</b>	<b>204,673.95</b>	<b>2,588,326.74</b>	<b>0.00</b>	<b>2,793,000.69</b>

*verified NEX position only.*  
 (Kumar Beni)  
 18/03/2014  
 Md. Shuzzad HUSSAIN  
 Audit & Accounts Officer  
 Foreign Affairs Project  
 Audit Director's Office  
 Segunbagicha, Dhaka

*Mark Henderson*  
 Mark Henderson  
 Partner  
 Moore Stephens LLP  
 14 August 2014

Signed By: *Pauline Tamesis* Date: *14/8/2014*  
 Signed By: **Pauline Tamesis** Date: \_\_\_\_\_  
**Country Director**  
**UNDP-Bangladesh**

*adm*



Combined Delivery Report By Project

Page 3 of 4  
Run Time: 10-03-2014 09:03:39

Development Programme  
UNDP

Search Criteria

Download Unit : BGD10  
Period : Jan-Dec (2013)  
Selected Project Id : 00041978  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00059635

Project # : ALL	Period : Jan-Dec (2013)
Output # : ALL	Impl. Partner :
	Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
39204 - Bangladesh - Dem. Governance	204,673.95	2,579,582.26	0.00	2,784,256.21
39208 - Bangladesh - Poverty Reduction	0.00	8,744.48	0.00	8,744.48

*adms*



Combined Delivery Report By Project

UN Development Programme  
Report ID: unglcdrp

Page 4 of 4  
Run Time: 10-03-2014 09:03:40

Funds Utilization

Selection Criteria :

Business Unit : BGD10  
Period : Jan-Dec (2013)  
Selected Project Id : 00041978  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00059635

Project/Award: 00041978 Promoting Access to Justice an

Period : As at Dec 31, 2013

Output #	00059635	Impl. Partner :00256 National Execution	UNDP AMOUNT
Outstanding NEX advances			36,786.02
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			31,864.87

*alms*

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Mark Henderson  
Partner  
Moore Stephens LLP  
14 August 2014



## Annex 2: Audit finding priority ratings

The following categories of priorities are used:

- High (Critical)** Action is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues.
- Medium (Important)** Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
- Low** Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the Auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. **Therefore, low priority recommendations are not included in the audit report.**