

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
Resilient nations.*

AUDIT

OF

UNDP BOSNIA AND HERZEGOVINA

UN RESPONSE TO BIH FLOODS 2014

(Directly Implemented Project No. 81239, Output Nos. 90579, 90943, 91517 and 92158)

Report No. 1485

Issue Date: 15 July 2015

**Report on the audit of UNDP Bosnia and Herzegovina
UN Response to BIH Floods 2014 (Project No. 81239, Output Nos. 90579, 90943, 91517 and 92158)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 4 to 15 May 2015, through Deloitte Audit s.r.o. (the audit firm), conducted an audit of UN Response to BIH Floods 2014 (Project No. 81239, Output Nos. 90579, 90943, 91517, and 92158) (the Project), which is directly implemented and managed by the UNDP Country Office in Bosnia and Herzegovina (the Office). This was the first audit of the Project.

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 2014 and the accompanying Funds Utilization statement¹ as of 31 December 2014. 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 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*		
Output No.	Amount (in \$ '000)	Opinion
90579	2,952	Unqualified
90943	3,117	Unqualified
91517	20,012	Unqualified
92158	31	Unqualified
Total	26,112	

*Expenditures recorded in the Combined Delivery Report were \$28.9 million.

Excluded from the audit scope were transactions that relate to expenditures of other United Nations agencies (\$1.6 million). Also excluded were expenditures incurred at the "responsible party" level (\$1.2 million), which were subject to a separate audit conducted by external auditors that resulted in an unqualified opinion.

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

Key recommendation: Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, which means, "Action is required to ensure that UNDP is not exposed to risks that are

¹ 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.

considered moderate. Failure to take action could contribute to negative consequences for UNDP." The recommendation includes actions to address the lack of documentation to support the evaluation process for the selection of small and medium enterprise who were grant recipients.

Management comments and action plan

The UNDP Resident Representative accepted the recommendation and is in the process of implementing it. Comments and/or additional information provided have been incorporated into the report, where appropriate.



Antoine Khoury
Office-in-Charge
Office of Audit and Investigations



Auditor's Report

From financial audit of 4 outputs under project
“UN response to BIH floods 2014” implemented
by UNDP in Bosnia and Herzegovina

15 June 2015

CONTENT

1.	PART I - EXECUTIVE SUMMARY.....	3
1.1.	Purpose and scope of this report	3
1.2.	Projects Identification Data.....	3
1.3.	Background Information about Project	5
1.3.1.	Output 90579 - UN Response to BIH floods 2014	5
1.3.2.	Output 90943 - UN Recovery from floods	6
1.3.3.	Output 91517 - EU Flood Recovery programme.....	7
1.3.4.	Output 92158 - UN Resilience to floods.....	8
1.4.	Work Done	8
1.4.1.	Expenditures verified	8
1.4.2.	On-the-spot audit	9
1.5.	Conclusions	9
2.	PART II – AUDIT REPORT WITH OPINION	10
2.1.	Opinion on the CDR for output 90579.....	10
2.2.	Opinion on the CDR for output 90943.....	13
2.3.	Opinion on the CDR for output 91517.....	16
2.4.	Opinion on the CDR for output 92158.....	19
2.5.	Signed CDR.....	22
3.	PART III - MANAGEMENT LETTER	34
3.1.	Medium priority findings for output 90943	35
3.1.1.	Lack of documentation to support the evaluation process of SME grants .	35

1. PART I - EXECUTIVE SUMMARY

1.1. Purpose and scope of this report

Following our appointment we have performed an audit of 4 outputs under one development project implemented by UNDP in Bosnia and Herzegovina named "UN response to BIH floods 2014" for the financial year 2014.

The objective of the financial audit was:

1. To express an opinion on the project's financial statements and particularly to express an opinion on whether the statement of expenditure presents fairly the expenditure incurred by the project over the specified period in accordance with UNDP accounting policies and that the expenditures 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.
2. To express an opinion on whether the statement of assets and equipment presents fairly the balance of inventory of the UNDP project as at 31 December 2014. This statement must include all assets and equipment available as at 31 December 2014 and not only those purchased in a given period. In cases where the project does not have any assets or equipment, it was not necessary to express such an opinion.
3. To express an opinion on whether the statement of cash position held by the project presents fairly the cash and bank balance of UNDP project as at 31 December 2014. Our Firm was required to express an opinion on the Statement of Cash Position 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 was not required.

UNDP Office in Bosnia and Herzegovina prepared statement of expenditure (Combined Delivery Report) for the project during the year under review. We provided Auditor's opinion on this statement. There was no Statement of Fixed Assets as the project did not procure assets. Furthermore, in accordance with the Terms of Reference for the audit, we did not issue an opinion on the Statement of Cash Position as there was no separate bank account for the project under review. Therefore our scope was only to express an opinion on the project's financial statements.

1.2. Projects Identification Data

The following table summarizes the amount of expenditures (in USD) under our examination:

**Auditor's Report from audit of 4 outputs under project "UN response to BIH floods 2014"
implemented by UNDP in Bosnia and Herzegovina**

Table 1

Project number	Output number	Project name	Implementing partner	Total expenses as per CDR (in USD)	Total amount under our scope (in USD)
81239	90579	UN Response to BIH floods 2014	UNDP	3,202,842.49 ¹	2,951,568.07
81239	90943	UN Recovery from floods	UNDP	4,466,328.62 ²	3,116,902.62
81239	91517	EU Flood Recovery programme	UNDP	21,258,072.05 ³	20,012,125.05
81239	92158	UN Resilience to floods	UNDP	30,596.77	30,596.77

¹ Expenditures exclude the amount of USD 251,274.42 (under "Gov Disb" column in the CDR) implemented by government (Implementing Agent 617) which were outside the scope of our audit.

² Expenditures exclude the amounts of USD 971,227 implemented by government and USD 378,199 implemented by UNFPA (Implementing Agent 1995) not under the scope of this audit.

³ Expenditures exclude the amount of USD 577,822 implemented by IOM (Implementing Agent 794, under UN agencies column in the CDR) and USD 668,125 implemented by UNICEF (Implementing Agent 6223) not under the scope of this audit.

1.3. Background Information about Project

1.3.1. *Output 90579 - UN Response to BiH floods 2014*

During the third week of May 2014 heavy rains fell over Bosnia and Herzegovina (BiH) and caused sudden and extreme flooding of several rivers (rivers Bosna, Drina, Una, Sava, Sana, Vrbas and their tributaries), as well as around 3,000 landslides. The consequences of the extraordinary rainfall (more than 250 and in some areas up to 300 liters of rain per square meter) were aggravated by pre-existing environmental degradation factors such as deforestation, erosion of riverbeds and construction in hazardous risk exposed areas.

This was the most serious natural disaster in BiH in the past 120 years, affecting a quarter of the territory of Bosnia and Herzegovina and approximately one million people, which is approximately 27% of the country's population of 3.8 million. The most damaged areas were northern, central and eastern Bosnia. Throughout the country about 2,000 houses were destroyed and about 43,000 were damaged. The floods resulted in 25 casualties and around 90,000 people displaced as their houses were affected, either destroyed or damaged; 40,000 individuals were evacuated, and over 20,500 were accommodated in 25 collective centres and 4 military barracks in the immediacy of the floods.

The natural disaster left behind huge volumes of debris, such as rubble from destroyed and damaged homes and public buildings, local roads, animal carcasses, clay and mud etc. The debris was blocking roads and key transport infrastructure, and therefore access to affected towns and cities, in particular more remote settlements, thereby hobbling the delivery of critical humanitarian assistance. In some areas the debris contained mines and unexploded ordnances (UXOs) left over from the war, which have now been moved by flood waters.

To protect the lives of people affected by the floods and enable their return, the international community and local authorities determined that four areas required an immediate response:

1. Ensuring safe access to water and sanitation and preventing spreading of infectious diseases;
2. Provision of emergency shelter and assistance to displaced/evacuated populations;
3. Mine risk-assessment and mine clearance to prevent deaths and injuries and to enable debris removal;
4. Debris management and clearance to enable safe return.

Several most affected locations were selected, namely municipalities of Maglaj, Samac, Zepce and Doboј for debris cleaning and municipalities of Maglaj, Odzak, Samac, Orasje, Zepce, Doboј and Bijeljina for 'Cash for Work' programme.

1.3.2. *Output 90943 - UN Recovery from floods*

The Recovery Needs Assessment (RNA) report developed by national and local governments and supported by the European Union, the United Nations, and the World Bank estimates the destruction impact of the floods in terms of damages in the amount of approximately \$1.67 billion, while the economic losses exceed \$1.04 billion. The RNA also found that the damages are not uniform across various sectors and localities, considering the different origin of flood- inflicted impact – i.e. landslides, floods or erosion, as well as its intensity.

According to the RNA, more than 43,000 homes have been listed as damaged or destroyed, leading to more than 40,000 persons taking refuge in alternative accommodation, both public and private. Vulnerable groups that have been temporarily displaced as a result of the disaster (such as elderly, Roma, disabled, single-parent households) are of particular concern, as their ability to self-recover affected dwellings is limited due to either physical or financial considerations.

A number of priority local infrastructure facilities, vital to freedom of movement and commerce, have been damaged or destroyed in the flooding and landslides. Therefore, rehabilitation of small-scale community infrastructure, such as roads and bridges, is also among the needs within affected local governments. Numerous landslides affected directly infrastructure, houses, facilities and businesses and still represent a safety hazard for many communities in flood-affected areas.

Local businesses suffered extreme devastation of equipment and stock with more than 70,000 jobs assessed as at risk. The agriculture sector has witnessed extreme devastation of more than 70,000 hectares of arable and planted land with 25,000 households now suffering substantial reductions in income as a result. Effects on productive capacity vary, with a large impact particularly in the enterprise and agriculture sector, affecting livelihoods and future food supply. Many crops have been completely destroyed and livestock has been greatly affected, thus threatening the livelihood of farmers in the short and medium term.

The key vulnerable groups affected by the natural disaster are people whose dwellings and livelihoods have been fully wiped out, women, children, elderly, people with disabilities and ethnic minorities, such as Roma. This is not an exhaustive list of vulnerable groups affected by the disaster, but it includes those in most urgent need of assistance. It is estimated that some 66,000 children (age 0-5 years) were affected by the flooding and that approximately 52% of the affected population are women.

The principal recovery sector being addressed will be revived livelihood, improved WASH facilities, safety of the landslides and the weakness of the health sector within the selected communities. These will address the most affected population, with particular focus on unemployed, women, returnees and older, as well as the vulnerable ones such as families with small children.

1.3.3. *Output 91517 - EU Flood Recovery programme*

Vulnerable groups that have been temporarily displaced as a result of the disaster were of particular concern as their ability to self-recover affected dwellings is limited due to either physical or financial considerations. The program therefore targeted these groups and assist in their speedy recovery.

Local businesses suffered extreme devastation of equipment and stock with more than 70,000 jobs assessed as at risk. The program seeks out no fewer than 20 employers from this category and provide tailored assistance aimed at recovering their productive capacity and retaining as well as creating new jobs. The agriculture sector has witnessed extreme devastation of more than 70,000 hectares of arable and planted land with 25,000 households now suffering substantial reductions in income as a result. The program attempt to revitalize local agricultural producers and restore regional value chains in order to maximize impact and provide for indirect benefits to the local economy. Vulnerable groups are targeted in particular as their reliance on own revenues only increase due to the diminishing ability of public institutions to provide welfare subsidies.

The floods also disrupted the provision of all public services in the majority of affected municipalities, with a number suffering near-total devastation of service infrastructure and facilities. 121 schools and preschool facilities have been assessed as damaged with four major healthcare facilities also compromised in their ability to effectively deliver services. In addition, three municipal administrations suffered major devastation of primary service infrastructure. A total of 210,000 citizens were affected by the partial or complete suspension of public services with 50,000 of the most vulnerable deprived of welfare support provided by a network of municipal social service facilities. The recovery needs assessment estimates the number of children affected at 60,000. The program delivers rapid assistance to help restore disrupted critical services in local communities in order to enable the gradual normalization of life in those localities.

Specifically, in the period of 16 months the programme aims to:

1. Rehabilitate 4,000 priority dwellings for socially and economically vulnerable households;
2. Restore critical local services and community infrastructure in no fewer than 50 affected localities;
3. Retain and create up to 2000 jobs in agriculture and local businesses in affected areas.

The main program results are as follows:

1. A comprehensive Housing Risk Assessment survey is completed;
2. 4,000 dwellings for approximately 14,000 people are rehabilitated in accordance with relevant housing standards;
3. 90 educational institutions (to include pre-school facilities) in flood-affected areas are rehabilitated and refurbished;
4. Seven public administration and welfare facilities in flood-affected localities are reconstructed;
5. Four healthcare facilities within flood-affected areas are rehabilitated;

6. Ten critical water and sanitation facilities in flood-affected areas are reconstructed;
7. 100 local roads and bridges in flood-affected areas are rehabilitated; and
8. 2,000 jobs are created or retained through direct support to 700 farmers/agricultural households and 20 enterprises.

1.3.4. *Output 92158 - UN Resilience to floods*

Based on post-disaster review and assessment of governments and agencies at all levels this activity will tackle identified gaps and challenges in preparedness and response to landslides. End result will be to enable the competent institutions for protection and rescue at local level an insight into the best practices in the field of design, structure and mode of functioning of a mechanism that will ensure efficient and rapid response of all responsible stakeholders in response to landslide interventions. This will include transparent, unified and clear exchange of information and planning of operations on preparedness, response and recovery.

Disaster Risk Reduction Initiative in Bosnia and Herzegovina Project will work to build resilience of local communities that are most directly affected by disaster and climate risks by reducing vulnerabilities and strengthening capacities of communities and public administrations (at the municipal level). Activities of this output will be linked and integrated with activities of ongoing development and security initiatives at local level that will ensure consistency, maximize benefits and synergy – linking integration of improved plans and preparedness within Integrated Local Development plans (ILDPs) and community safety mechanisms (aligned to Climate Change and Energy and Environment activities, linked to Global Fund activities at the local level).

1.4. Work Done

1.4.1. *Expenditures verified*

The following table shows total reported expenses as per CDRs and total amount of transaction tested during our audit:

Table 2

Output	Year	No. of samples	Total amount under our scope (in USD)	Total amount tested	Amount tested in % of amount under scope
90579	2014	75	2,951,568.07	2,051,183.39	70%
90943	2014	105	3,116,902.62	2,820,435.55	91%
91517	2014	91	20,012,125.05	11,093,154.74	55%
92158	2014	19	30,596.77	30,596.77	100%

1.4.2. *On-the-spot audit*

We performed part of fieldwork directly on-the-spot in the UNDP Bosnia and Herzegovina Office premises in Sarajevo during the period May 4 - 15, 2015. The fieldwork was completed in Deloitte office in Bratislava.

Overall Audit timeline was as follows:

Table 3

Audit Phase	Timeline
Planning	April 20 - 30, 2015
Fieldwork	May 4 – June 5, 2015
- Of which on the spot audit	May 4 – 15, 2015
Reporting	June 8 – 15, 2015

1.5. Conclusions

We identified one finding with medium priority related to lack of documentation to support the evaluation process of grants for small and medium enterprises (SME) within the output 90943.

Our opinion on respective parts of the CDR together with signed CDR is included in the Chapter 2 of this report.

We have presented more details about our finding and recommendations in the Chapter 3 of this report.



Marián Hudák
Country Leading Partner and Principal Auditor
Deloitte Audit s.r.o.

2. PART II – AUDIT REPORT WITH OPINION

2.1. Opinion on the CDR for output 90579

REPORT OF THE INDEPENDENT AUDITOR TO UNDP ON OUTPUT NO. 90579 “UN RESPONSE TO BIH FLOODS 2014”

To: Director
UNDP Office of Audit and Investigations
Daily News Building, 23rd Floor
220 East 42nd Street
New York, NY 10017, USA

Report on the Project Financial Statement

We have audited the accompanying Combined Delivery Report (“the statement”) of the UNDP Directly Implemented Project, output number 90579, named “UN Response to BIH floods 2014” for the period 1.1.2014 – 31.12.2014.

Management Responsibility

Management is responsible for the preparation of the statement for output 90579 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing applicable for this engagement. 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.

Unmodified opinion

In our opinion, the attached Combined Delivery Report (excluding the amount of USD 251,274.42 under "Gov Disb" column in the CDR implemented by government (Implementing Agent 617) which was outside the scope of our audit) presents fairly, in all material respects, the expenses incurred by the project "UN Response to BIH floods 2014" in the amount of USD 3,202,842.49 for the period 1.1.2014 – 31.12.2014 in accordance with UNDP accounting policies and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Bratislava, 15 June 2015

A handwritten signature in blue ink, appearing to read 'MH', is positioned above the printed name of the Principal Auditor.

Marián Hudák, CA, FCCA
Principal Auditor

2.2. Opinion on the CDR for output 90943

REPORT OF THE INDEPENDENT AUDITOR TO UNDP ON OUTPUT NO. 90943 “UN RECOVERY FROM FLOODS”

To: Director
UNDP Office of Audit and Investigations
Daily News Building, 23rd Floor
220 East 42nd Street
New York, NY 10017, USA

Report on the Project Financial Statement

We have audited the accompanying Combined Delivery Report (“the statement”) of the UNDP Directly Implemented Project, output number 90943, named “UN Recovery from floods” for the period 1.1.2014 – 31.12.2014.

Management Responsibility

Management is responsible for the preparation of the statement for output 90943 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing applicable for this engagement. 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.

Unmodified opinion

In our opinion, the attached Combined Delivery Report (excluding the amounts of USD 971,227 implemented by government and USD 378,199 implemented by UNFPA (Implementing Agent 1995) not under the scope of this audit) presents fairly, in all material respects, the expenses incurred by the project “UN Recovery from floods” in the amount of USD 4,466,328.62 for the period 1.1.2014 – 31.12.2014 in accordance with UNDP accounting policies and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Bratislava, 15 June 2015

A handwritten signature in blue ink, appearing to read 'M. Hudák', with a stylized, cursive script.

Marián Hudák, CA, FCCA
Principal Auditor

2.3. Opinion on the CDR for output 91517

REPORT OF THE INDEPENDENT AUDITOR TO UNDP ON OUTPUT NO. 91517 “EU FLOOD RECOVERY PROGRAMME”

To: Director
UNDP Office of Audit and Investigations
Daily News Building, 23rd Floor
220 East 42nd Street
New York, NY 10017, USA

Report on the Project Financial Statement

We have audited the accompanying Combined Delivery Report (“the statement”) of the UNDP Directly Implemented Project, output number 91517, named “EU Flood Recovery programme” for the period 1.1.2014 – 31.12.2014.

Management Responsibility

Management is responsible for the preparation of the statement for output 91517 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing applicable for this engagement. 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.

Unmodified opinion

In our opinion, the attached Combined Delivery Report (excluding the amounts of USD 577,822 implemented by IOM (Implementing Agent 794, under UN agencies column in the CDR) and USD 668,125 implemented by UNICEF (Implementing Agent 6223) not under the scope of this audit) presents fairly, in all material respects, the expenses of incurred by the project “EU Flood Recovery programme” in the amount of USD 21,258,072.05 for the period 1.1.2014 – 31.12.2014 in accordance with UNDP accounting policies and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Bratislava, 15 June 2015

A handwritten signature in blue ink, appearing to read 'MH', is positioned above the printed name of the Principal Auditor.

Marián Hudák, CA, FCCA
Principal Auditor

2.4. Opinion on the CDR for output 92158

REPORT OF THE INDEPENDENT AUDITOR TO UNDP ON OUTPUT NO. 92158 “UN RESILIENCE TO FLOODS”

To: Director
UNDP Office of Audit and Investigations
Daily News Building, 23rd Floor
220 East 42nd Street
New York, NY 10017, USA

Report on the Project Financial Statement

We have audited the accompanying Combined Delivery Report (“the statement”) of the UNDP Directly Implemented Project, output number 92158, named “UN Resilience to floods” for the period 1.1.2014 – 31.12.2014.

Management Responsibility

Management is responsible for the preparation of the statement for output 92158 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing applicable for this engagement. 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.

Unmodified opinion

In our opinion, the attached Combined Delivery Report presents fairly, in all material respects, the expenses incurred by the project “UN Resilience to floods” in the amount of USD 30,596.77 for the period 1.1.2014 – 31.12.2014 in accordance with UNDP accounting policies and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Bratislava, 15 June 2015



Marián Hudák, CA, FCCA
Principal Auditor

2.5. Signed CDR



Report ID: unqlcdrp

Combined Delivery Report By Project



Page 82 of 108
Run Time: 27-02-2015 11:02:30

Project Id : 00081239 UN response to BIH floods 2014	Period :	Jan-Dec (2014)
Output # : 00090579 UN Response to BIH floods 2014	Impl. Partner :	99999 UNDP
	Location :	Bosnia-Herzgovina

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
--	----------	----------	-----------------	-----------

Output # :	00090579 UN Response to BIH floods 2014	Impl. Partner :	99999 UNDP	
		Location :	Bosnia-Herzgovina	
Dept:	54003 (Belarus - Crisis Prev & Rcvry)			
Fund :	30000 (PROGRAMME COST SHARING)			
	76130 - Unrealized Gain	0.00	0.00	0.00
Total for Fund 30000		0.00	0.00	0.00
Total for Dept :	54003	0.00	0.00	0.00
Dept:	54201 (Bosnia&Herz-Central)			
Fund :	04120 (TRAC3 - Response)			
	74525 - Sundry	0.00	0.00	0.00
Total for Fund 04120		0.00	0.00	0.00
Fund :	11999 (Development Advisory Services)			
	74525 - Sundry	0.00	0.00	0.00
	76125 - Realized Loss	0.00	0.00	0.00
Total for Fund 11999		0.00	0.00	0.00
Fund :	30000 (PROGRAMME COST SHARING)			
	72105 - Svc Co-Construction & Engineer	0.00	452.02	0.00
	72115 - Svc Co-Natural Resources & Env	0.00	3,915.41	0.00
	72210 - Machinery and Equipment	0.00	5,000.00	0.00
	72399 - Other Materials and Goods	0.00	389.43	0.00
	76135 - Realized Gain	0.00	0.00	0.00
Total for Fund 30000		0.00	9,756.86	0.00
Total for Dept :	54201	0.00	9,756.86	0.00
Dept:	54203 (Bosnia&Herz-Crisis Prev & Rcvry)			
Fund :	04120 (TRAC3 - Response)			
	71205 - Intl Consultants-Sht Term-Tech	0.00	10,815.00	0.00
	71305 - Local Consult.-Sht Term-Tech	0.00	59,843.52	0.00
	71605 - Travel Tickets-International	0.00	1,327.13	0.00
	71615 - Daily Subsistence Allow-Intl	0.00	1,351.36	0.00
	71620 - Daily Subsistence Allow-Local	0.00	7,169.67	0.00
	71635 - Travel - Other	0.00	4,730.45	0.00
	72145 - Svc Co-Training and Educ Serv	0.00	612.99	0.00

Auditor's Report from audit of 4 outputs under project "UN response to BIH floods 2014" implemented by UNDP in Bosnia and Herzegovina



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project



Page 83 of 108
Run Time: 27-02-2015 11:02:30

Project Id : 00081239 UN response to BIH floods 2014		Period :	Jan-Dec (2014)	
Output # : 00090579 UN Response to BIH floods 2014		Impl. Partner :	99999 UNDP	
		Location :	Bosnia-Herzegovina	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72311 - Fuel, petroleum and other oils	0.00	344.05	0.00	344.05
72420 - Land Telephone Charges	0.00	71.90	0.00	71.90
72505 - Stationery & other Office Supp	0.00	23.77	0.00	23.77
73105 - Rent	0.00	55.59	0.00	55.59
73505 - Reimb to UNDP for Supp Srvs	0.00	242.94	0.00	242.94
74220 - Translation Costs	0.00	7,943.69	0.00	7,943.69
74225 - Other Media Costs	0.00	1,019.80	0.00	1,019.80
74525 - Sundry	0.00	4,554.46	0.00	4,554.46
76125 - Realized Loss	0.00	0.02	0.00	0.02
76135 - Realized Gain	0.00	- 106.31	0.00	- 106.31
Total for Fund 04120	0.00	100,000.03	0.00	100,000.03
Fund : 11999 (Development Advisory Services)				
71620 - Daily Subsistence Allow-Local	0.00	0.00	0.00	0.00
71635 - Travel - Other	0.00	0.00	0.00	0.00
72105 - Svc Co-Construction & Engineer	0.00	0.00	0.00	0.00
72505 - Stationery & other Office Supp	0.00	0.00	0.00	0.00
72615 - Micro Capital Grants-Other	0.00	0.00	0.00	0.00
74225 - Other Media Costs	0.00	0.00	0.00	0.00
75710 - Participation of counterparts	0.00	0.00	0.00	0.00
76135 - Realized Gain	0.00	0.00	0.00	0.00
Total for Fund 11999	0.00	0.00	0.00	0.00
Fund : 30000 (PROGRAMME COST SHARING)				
71305 - Local Consult.-Sht Term-Tech	230,156.81	226.52	0.00	230,383.33
71620 - Daily Subsistence Allow-Local	0.00	1,280.00	0.00	1,280.00
71630 - Shipment	0.00	122.04	0.00	122.04
71635 - Travel - Other	21,117.61	7,241.16	0.00	28,358.77
72105 - Svc Co-Construction & Engineer	0.00	342,558.85	0.00	342,558.85
72110 - Svc Co-Agricultural Management	0.00	10,000.00	0.00	10,000.00
72130 - Svc Co-Transportation Services	0.00	2,708.25	0.00	2,708.25
72160 - Svc Co-Education & Health Serv	0.00	1,538.72	0.00	1,538.72
72210 - Machinery and Equipment	0.00	671,593.44	0.00	671,593.44
72215 - Transportation Equipment	0.00	5,445.02	0.00	5,445.02
72305 - Agri & Forestry Products	0.00	581,960.25	0.00	581,960.25
72311 - Fuel, petroleum and other oils	0.00	0.00	0.00	0.00
72315 - Food & Textile Products	0.00	37,297.50	0.00	37,297.50
72320 - Wood & Paper Products	0.00	4,495.94	0.00	4,495.94
72330 - Medical Products	0.00	43,683.02	0.00	43,683.02
72350 - Medical Kits	0.00	41,130.73	0.00	41,130.73
72399 - Other Materials and Goods	0.00	38,505.84	0.00	38,505.84
72405 - Acquisition of Communic Equip	0.00	23,356.88	0.00	23,356.88
72505 - Stationery & other Office Supp	0.00	3,024.67	0.00	3,024.67
73110 - Custodial & Cleaning Services	0.00	96,635.37	0.00	96,635.37
73410 - Maint, Oper of Transport Equip	0.00	1,419.47	0.00	1,419.47
74210 - Printing and Publications	0.00	3,818.96	0.00	3,818.96
74215 - Promotional Materials and Dist	0.00	441.58	0.00	441.58
74225 - Other Media Costs	0.00	1,309.29	0.00	1,309.29
74510 - Bank Charges	0.00	1,608.69	0.00	1,608.69
74525 - Sundry	0.00	54,538.04	0.00	54,538.04

Auditor's Report from audit of 4 outputs under project "UN response to BIH floods 2014" implemented by UNDP in Bosnia and Herzegovina



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project



Page 84 of 108
Run Time: 27-02-2015 11:02:30

Project Id : 00081239 UN response to BIH floods 2014		Period :	Jan-Dec (2014)	
Output # : 00090579 UN Response to BIH floods 2014		Impl. Partner :	99999 UNDP	
		Location :	Bosnia-Herzgovina	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

74725 - Other L.T.S.H.	0.00	188,399.47	0.00	188,399.47
75105 - Facilities & Admin - Implement	0.00	223,654.99	0.00	223,654.99
76120 - Unrealized Loss	0.00	17,542.09	0.00	17,542.09
76125 - Realized Loss	0.00	0.21	0.00	0.21
76130 - Unrealized Gain	0.00	- 0.41	0.00	- 0.41
76135 - Realized Gain	0.00	- 831.29	0.00	- 831.29

Total for Fund 30000 251,274.42 2,404,705.29 0.00 2,655,979.71

Total for Dept : 54203 251,274.42 2,504,705.32 0.00 2,755,979.74

Dept: 54208 (Bosnia&Herz-Poverty Reduction)

Fund : 30000 (PROGRAMME COST SHARING)

72105 - Svc Co-Construction & Engineer	0.00	102,981.52	0.00	102,981.52
72305 - Agri & Forestry Products	0.00	166,756.43	0.00	166,756.43
72330 - Medical Products	0.00	167,367.93	0.00	167,367.93
76125 - Realized Loss	0.00	0.01	0.00	0.01

Total for Fund 30000 0.00 437,105.89 0.00 437,105.89

Total for Dept : 54208 0.00 437,105.89 0.00 437,105.89

Total for Output : 00090579 251,274.42 2,951,568.07 0.00 3,202,842.49

Output # : 00090943 UN Recovery from floods	Impl. Partner : 99999 UNDP
	Location : Bosnia-Herzegovina

Dept: 54203 (Bosnia&Herz-Crisis Prev & Rcvry)

Fund : 11999 (Development Advisory Services)

75115 - Facilities & Admin - OH & Ind	0.00	24,742.00	0.00	24,742.00
---------------------------------------	------	-----------	------	-----------

Total for Fund 11999 0.00 24,742.00 0.00 24,742.00

Fund : 30000 (PROGRAMME COST SHARING)

61105 - Salaries - NP Staff	0.00	20,686.46	0.00	20,686.46
61205 - Salaries - GS Staff	0.00	4,007.49	0.00	4,007.49
62110 - Contrib Joint Staff Pension-NP	0.00	4,122.30	0.00	4,122.30
62115 - Contrib to Med,SocIns-NP Staff	0.00	595.51	0.00	595.51
62140 - Annual Leave Expense - NO	0.00	2,974.91	0.00	2,974.91
62210 - Contrib to Jt Staff Pens Fd-GS	0.00	787.81	0.00	787.81
62240 - Annual Leave Expense - GS	0.00	275.38	0.00	275.38
63150 - Reimb For Med Costs (LNO)	0.00	77.97	0.00	77.97
63530 - Contribution to EOS Benefits	0.00	926.06	0.00	926.06
63535 - Contribution to Security	0.00	1,111.22	0.00	1,111.22
63545 - Contribution to ICT	0.00	370.40	0.00	370.40

Auditor's Report from audit of 4 outputs under project "UN response to BIH floods 2014" implemented by UNDP in Bosnia and Herzegovina



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project



Page 85 of 108
Run Time: 27-02-2015 11:02:30

Project Id : 00081239 UN response to BIH floods 2014		Period : Jan-Dec (2014)		
Output # : 00090943 UN Recovery from floods		Impl. Partner : 99999 UNDP		
		Location : Bosnia-Herzgovina		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
63550 - Contributions to MAIP	0.00	123.47	0.00	123.47
63555 - Contribution to UN JFA	0.00	567.95	0.00	567.95
63560 - Contributions to Appendix D	0.00	74.09	0.00	74.09
65115 - Contributions to ASHI Reserve	0.00	1,975.49	0.00	1,975.49
65135 - Payroll Mgt Cost Recovery ATLA	0.00	193.12	0.00	193.12
71305 - Local Consult.-Sht Term-Tech	44,239.06	19,662.02	0.00	63,901.08
71405 - Service Contracts-Individuals	0.00	9,122.87	0.00	9,122.87
71410 - MAIP Premium SC	0.00	40.11	0.00	40.11
71415 - Contribution to Security SC	0.00	361.01	0.00	361.01
71505 - UN Volunteers-Stipend & Allow	0.00	611.21	0.00	611.21
71520 - UNV-Language Allowance	0.00	46.77	0.00	46.77
71535 - UNV-Medical Insurance	0.00	36.41	0.00	36.41
71540 - UNV-Global Charges	0.00	37.88	0.00	37.88
71541 - UNVs-Contribution to security	0.00	27.50	0.00	27.50
71550 - UNV-Resettlement Allowance	0.00	50.93	0.00	50.93
71565 - UNV-Natl Appoint/Sep incl Trvl	0.00	38.02	0.00	38.02
71590 - UNV Development Effectiveness	0.00	82.12	0.00	82.12
71605 - Travel Tickets-International	0.00	641.71	0.00	641.71
71615 - Daily Subsistence Allow-Intl	0.00	812.00	0.00	812.00
71620 - Daily Subsistence Allow-Local	0.00	14,666.08	0.00	14,666.08
71635 - Travel - Other	0.00	24,469.99	0.00	24,469.99
72105 - Svc Co-Construction & Engineer	0.00	789,580.65	0.00	789,580.65
72138 - Service Co - Business Analysis	0.00	534.76	0.00	534.76
72145 - Svc Co-Training and Educ Serv	0.00	31,208.16	0.00	31,208.16
72210 - Machinery and Equipment	0.00	285,886.13	0.00	285,886.13
72215 - Transporation Equipment	0.00	287,617.47	0.00	287,617.47
72220 - Furniture	0.00	696.25	0.00	696.25
72305 - Agri & Forestry Products	0.00	247,831.71	0.00	247,831.71
72311 - Fuel, petroleum and other oils	0.00	1,517.96	0.00	1,517.96
72315 - Food & Textile Products	0.00	366.54	0.00	366.54
72320 - Wood & Paper Products	0.00	0.00	0.00	0.00
72399 - Other Materials and Goods	0.00	437,345.10	0.00	437,345.10
72405 - Acquisition of Communic Equip	0.00	34,539.30	0.00	34,539.30
72420 - Land Telephone Charges	0.00	894.35	0.00	894.35
72425 - Mobile Telephone Charges	0.00	598.91	0.00	598.91
72430 - Postage and Pouch	0.00	26.05	0.00	26.05
72440 - Connectivity Charges	0.00	55.02	0.00	55.02
72505 - Stationery & other Office Supp	0.00	9,027.57	0.00	9,027.57
72615 - Micro Capital Grants-Other	0.00	175,338.67	0.00	175,338.67
72810 - Acquis of Computer Software	0.00	18,493.42	0.00	18,493.42
72815 - Inform Technology Supplies	0.00	6,090.59	0.00	6,090.59
73105 - Rent	0.00	22,130.86	0.00	22,130.86
73405 - Rental & Maint-Other Office Eq	0.00	8,796.72	0.00	8,796.72
73410 - Maint, Oper of Transport Equip	0.00	44,797.61	0.00	44,797.61
74210 - Printing and Publications	0.00	3,611.73	0.00	3,611.73
74215 - Promotional Materials and Dist	0.00	63.34	0.00	63.34
74220 - Translation Costs	0.00	565.93	0.00	565.93
74225 - Other Media Costs	0.00	20,113.89	0.00	20,113.89
74325 - Contrib.To CO Common Security	0.00	305.74	0.00	305.74
74510 - Bank Charges	0.00	3,249.08	0.00	3,249.08
74525 - Sundry	0.00	43,802.57	0.00	43,802.57
75105 - Facilities & Admin - Implement	0.00	210,261.85	0.00	210,261.85
75710 - Participation of counterparts	0.00	157.32	0.00	157.32
76120 - Unrealized Loss	0.00	770.12	0.00	770.12

Auditor's Report from audit of 4 outputs under project "UN response to BIH floods 2014" implemented by UNDP in Bosnia and Herzegovina



UNDP UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project



Page 86 of 108
Run Time: 27-02-2015 11:02:30

Project Id : 00081239 UN response to BIH floods 2014	Period :		Jan-Dec (2014)	
Output # : 00090943 UN Recovery from floods	Impl. Partner :		99999 UNDP	
	Location :		Bosnia-Herzegovina	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
76125 - Realized Loss	0.00	7.08	0.00	7.08
76135 - Realized Gain	0.00	- 59.60	0.00	- 59.60
Total for Fund 30000	44,239.06	2,795,799.11	0.00	2,840,038.17
Fund : 30071 (Programme Cost Sharing GOV1)				
76110 - Foreign Exch Translation Loss	0.00	3,731.21	0.00	3,731.21
Total for Fund 30071	0.00	3,731.21	0.00	3,731.21
Fund : 30079 (EUROPEAN COMMISSION)				
71305 - Local Consult.-Sht Term-Tech	396,567.36	908.00	0.00	397,475.36
71505 - UN Volunteers-Stipend & Allow	0.00	2,512.25	0.00	2,512.25
71520 - UNV-Language Allowance	0.00	188.33	0.00	188.33
71535 - UNV-Medical Insurance	0.00	145.64	0.00	145.64
71540 - UNV-Global Charges	0.00	152.55	0.00	152.55
71541 - UNVs-Contribution to security	0.00	113.15	0.00	113.15
71550 - UNV-Resettlement Allowance	0.00	209.36	0.00	209.36
71565 - UNV-Natl Appoint/Sep incl Trvl	0.00	33.67	0.00	33.67
71590 - UNV Development Effectiveness	0.00	324.18	0.00	324.18
71620 - Daily Subsistence Allow-Local	0.00	17,768.09	0.00	17,768.09
71635 - Travel - Other	0.00	9,516.52	0.00	9,516.52
72105 - Svc Co-Construction & Engineer	0.00	77,021.14	0.00	77,021.14
72205 - Office Machinery	0.00	1,027.89	0.00	1,027.89
72210 - Machinery and Equipment	0.00	214,615.88	0.00	214,615.88
72215 - Transporation Equipment	0.00	95,934.00	0.00	95,934.00
72220 - Furniture	0.00	32,129.24	0.00	32,129.24
72305 - Agri & Forestry Products	0.00	107,239.74	0.00	107,239.74
72311 - Fuel, petroleum and other oils	0.00	240.00	0.00	240.00
72320 - Wood & Paper Products	0.00	444.15	0.00	444.15
72330 - Medical Products	0.00	133,449.00	0.00	133,449.00
72399 - Other Materials and Goods	0.00	57,765.82	0.00	57,765.82
72410 - Acquisition of Audio Visual Eq	0.00	3,882.00	0.00	3,882.00
72420 - Land Telephone Charges	0.00	1,116.33	0.00	1,116.33
72430 - Postage and Pouch	0.00	12.79	0.00	12.79
72440 - Connectivity Charges	0.00	38.98	0.00	38.98
72505 - Stationery & other Office Supp	0.00	1,964.40	0.00	1,964.40
72615 - Micro Capital Grants-Other	0.00	234,011.05	0.00	234,011.05
72810 - Acquis of Computer Software	0.00	454.00	0.00	454.00
73405 - Rental & Maint-Other Office Eq	0.00	1,327.78	0.00	1,327.78
73420 - Leased Vehicles	0.00	660.00	0.00	660.00
74215 - Promotional Materials and Dist	0.00	1,949.32	0.00	1,949.32
74220 - Translation Costs	0.00	117.00	0.00	117.00
74325 - Contrib.To CO Common Security	0.00	72.98	0.00	72.98
74505 - Insurance	0.00	126.00	0.00	126.00
74525 - Sundry	0.00	11,631.83	0.00	11,631.83
74696 - PP&E Expensed Items	0.00	6,658.68	0.00	6,658.68
74710 - Land Transport	0.00	11,351.00	0.00	11,351.00
75105 - Facilities & Admin - Implement	0.00	101,332.96	0.00	101,332.96
75710 - Participation of counterparts	0.00	67,118.00	0.00	67,118.00
76110 - Foreign Exch Translation Loss	0.00	2,732.00	0.00	2,732.00
76120 - Unrealized Loss	0.00	7,556.24	0.00	7,556.24

Auditor's Report from audit of 4 outputs under project "UN response to BIH floods 2014" implemented by UNDP in Bosnia and Herzegovina



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project



Page 87 of 108
Run Time: 27-02-2015 11:02:30

Project Id : 00081239 UN response to BIH floods 2014		Period :	Jan-Dec (2014)	
Output # : 00090943 UN Recovery from floods		Impl. Partner :	99999 UNDP	
		Location :	Bosnia-Herzgovina	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

76125 - Realized Loss	0.00	0.05	0.00	0.05
76135 - Realized Gain	0.00	- 4,602.11	0.00	- 4,602.11
Total for Fund 30079	396,567.36	1,201,249.88	0.00	1,597,817.24
Total for Dept : 54203	440,806.42	4,025,522.20	0.00	4,466,328.62
Total for Output : 00090943	440,806.42	4,025,522.20	0.00	4,466,328.62

Output # : 00091517 EU Flood Recovery programme	Impl. Partner : 99999 UNDP
	Location : Bosnia-Herzgovina

Dept: 54201 (Bosnia&Herz-Central)

Fund : 11999 (Development Advisory Services)

72105 - Svc Co-Construction & Engineer	0.00	0.00	37,801.00	37,801.00
Total for Fund 11999	0.00	0.00	37,801.00	37,801.00

Fund : 30079 (EUROPEAN COMMISSION)

72105 - Svc Co-Construction & Engineer	0.00	0.00	540,021.00	540,021.00
Total for Fund 30079	0.00	0.00	540,021.00	540,021.00

Total for Dept : 54201	0.00	0.00	577,822.00	577,822.00
-------------------------------	-------------	-------------	-------------------	-------------------

Dept: 54203 (Bosnia&Herz-Crisis Prev & Rcvry)

Fund : 04000 (Core Programme, UNU Centre)

61105 - Salaries - NP Staff	0.00	8,050.92	0.00	8,050.92
61205 - Salaries - GS Staff	0.00	7,071.00	0.00	7,071.00
62110 - Contrib Joint Staff Pension-NP	0.00	1,594.82	0.00	1,594.82
62140 - Annual Leave Expense - NO	0.00	1,486.82	0.00	1,486.82
62210 - Contrib to Jt Staff Pens Fd-GS	0.00	1,390.04	0.00	1,390.04
62240 - Annual Leave Expense - GS	0.00	357.54	0.00	357.54
63530 - Contribution to EOS Benefits	0.00	567.12	0.00	567.12
63535 - Contribution to Security	0.00	680.47	0.00	680.47
63545 - Contribution to ICT	0.00	226.80	0.00	226.80
63550 - Contributions to MAIP	0.00	75.59	0.00	75.59
63555 - Contribution to UN JFA	0.00	347.78	0.00	347.78
63560 - Contributions to Appendix D	0.00	45.37	0.00	45.37
64398 - Direct Project Cost-Staff	0.00	21,658.02	0.00	21,658.02
65115 - Contributions to ASHI Reserve	0.00	1,209.75	0.00	1,209.75
65135 - Payroll Mgt Cost Recovery ATLA	0.00	126.65	0.00	126.65
71305 - Local Consult.-Sht Term-Tech	0.00	25,379.62	0.00	25,379.62
71405 - Service Contracts-Individuals	0.00	51,224.89	0.00	51,224.89

Auditor's Report from audit of 4 outputs under project "UN response to BIH floods 2014" implemented by UNDP in Bosnia and Herzegovina



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project



Page 88 of 108
Run Time: 27-02-2015 11:02:31

Project Id : 00081239 UN response to BIH floods 2014		Period :	Jan-Dec (2014)	
Output # : 00091517 EU Flood Recovery programme		Impl. Partner :	99999 UNDP	
		Location :	Bosnia-Herzgovina	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Total for Fund 04000	0.00	121,493.20	0.00	121,493.20
Fund : 11888 (Country Co-Financing CS)				
64398 - Direct Project Cost-Staff	0.00	0.00	0.00	0.00
Total for Fund 11888	0.00	0.00	0.00	0.00
Fund : 11999 (Development Advisory Services)				
64398 - Direct Project Cost-Staff	0.00	75,968.06	0.00	75,968.06
75115 - Facilities & Admin - OH & Ind	0.00	43,709.00	0.00	43,709.00
Total for Fund 11999	0.00	119,677.06	0.00	119,677.06
Fund : 30071 (Programme Cost Sharing GOV1)				
72105 - Svc Co-Construction & Engineer	0.00	24,753.23	0.00	24,753.23
75105 - Facilities & Admin - Implement	0.00	1,237.66	0.00	1,237.66
Total for Fund 30071	0.00	25,990.89	0.00	25,990.89
Fund : 30079 (EUROPEAN COMMISSION)				
61105 - Salaries - NP Staff	0.00	19,756.94	0.00	19,756.94
61205 - Salaries - GS Staff	0.00	8,810.77	0.00	8,810.77
62110 - Contrib Joint Staff Pension-NP	0.00	3,942.08	0.00	3,942.08
62115 - Contrib to Med,SocIns-NP Staff	0.00	634.29	0.00	634.29
62140 - Annual Leave Expense - NO	0.00	2,277.73	0.00	2,277.73
63150 - Reimb For Med Costs (LNO)	0.00	82.08	0.00	82.08
63530 - Contribution to EOS Benefits	0.00	740.87	0.00	740.87
63535 - Contribution to Security	0.00	889.06	0.00	889.06
63545 - Contribution to ICT	0.00	296.35	0.00	296.35
63550 - Contributions to MAIP	0.00	98.77	0.00	98.77
63555 - Contribution to UN JFA	0.00	454.42	0.00	454.42
63560 - Contributions to Appendix D	0.00	59.28	0.00	59.28
64398 - Direct Project Cost-Staff	0.00	7,219.25	0.00	7,219.25
65115 - Contributions to ASHI Reserve	0.00	1,580.55	0.00	1,580.55
65135 - Payroll Mgt Cost Recovery ATLA	0.00	131.82	0.00	131.82
71305 - Local Consult.-Sht Term-Tech	0.00	13,823.87	0.00	13,823.87
71405 - Service Contracts-Individuals	0.00	218,048.70	0.00	218,048.70
71410 - MAIP Premium SC	0.00	972.11	0.00	972.11
71415 - Contribution to Security SC	0.00	8,749.08	0.00	8,749.08
71620 - Daily Subsistence Allow-Local	0.00	3,833.52	0.00	3,833.52
71635 - Travel - Other	0.00	6,994.97	0.00	6,994.97
72105 - Svc Co-Construction & Engineer	0.00	16,644,980.66	0.00	16,644,980.66
72210 - Machinery and Equipment	0.00	139,415.25	0.00	139,415.25
72220 - Furniture	0.00	619,448.00	0.00	619,448.00
72305 - Agri & Forestry Products	0.00	487,959.44	0.00	487,959.44
72310 - Minerals,Mining & Metal Prdcts	0.00	38,022.12	0.00	38,022.12
72315 - Food & Textile Products	0.00	177,439.79	0.00	177,439.79
72399 - Other Materials and Goods	0.00	612,424.36	0.00	612,424.36
73405 - Rental & Maint-Other Office Eq	0.00	259.91	0.00	259.91

Auditor's Report from audit of 4 outputs under project "UN response to BIH floods 2014" implemented by UNDP in Bosnia and Herzegovina



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Deloitte.
Signed For Identification

Page 89 of 108
Run Time: 27-02-2015 11:02:31

Project Id : 00081239 UN response to BIH floods 2014		Period :	Jan-Dec (2014)	
Output # : 00091517 EU Flood Recovery programme		Impl. Partner :	99999 UNDP	
		Location :	Bosnia-Herzgovina	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74210 - Printing and Publications	0.00	9,354.53	0.00	9,354.53
74215 - Promotional Materials and Dist	0.00	681.87	0.00	681.87
74220 - Translation Costs	0.00	1,034.32	0.00	1,034.32
74225 - Other Media Costs	0.00	3,510.24	0.00	3,510.24
74510 - Bank Charges	0.00	10,501.55	0.00	10,501.55
74525 - Sundry	0.00	3,790.58	0.00	3,790.58
75105 - Facilities & Admin - Implement	0.00	1,370,764.21	0.00	1,370,764.21
76125 - Realized Loss	0.00	9.40	0.00	9.40
76135 - Realized Gain	0.00	- 11,268.28	0.00	- 11,268.28
Total for Fund 30079	0.00	20,407,724.46	0.00	20,407,724.46
Total for Dept : 54203	0.00	20,674,885.61	0.00	20,674,885.61
Dept: 54208 (Bosnia&Herz-Poverty Reduction)				
Fund : 30079 (EUROPEAN COMMISSION)				
71405 - Service Contracts-Individuals	0.00	5,125.09	0.00	5,125.09
71410 - MAIP Premium SC	0.00	23.94	0.00	23.94
71415 - Contribution to Security SC	0.00	215.41	0.00	215.41
Total for Fund 30079	0.00	5,364.44	0.00	5,364.44
Total for Dept : 54208	0.00	5,364.44	0.00	5,364.44
Total for Output : 00091517	0.00	20,680,250.05	577,822.00	21,258,072.05
Output # : 00092158 UN Resilience to floods		Impl. Partner :	99999 UNDP	
		Location :	Bosnia-Herzgovina	
Dept: 54203 (Bosnia&Herz-Crisis Prev &Rcvry)				
Fund : 26931 (CPR TTF - Disaster)				
71635 - Travel - Other	0.00	228.14	0.00	228.14
72105 - Svc Co-Construction & Engineer	0.00	30,345.82	0.00	30,345.82
74510 - Bank Charges	0.00	22.81	0.00	22.81
Total for Fund 26931	0.00	30,596.77	0.00	30,596.77
Total for Dept : 54203	0.00	30,596.77	0.00	30,596.77
Total for Output : 00092158	0.00	30,596.77	0.00	30,596.77

**Auditor's Report from audit of 4 outputs under project "UN response to BIH floods 2014"
implemented by UNDP in Bosnia and Herzegovina**



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Deloitte.
Signed For Identification

Page 90 of 108
Run Time: 27-02-2015 11:02:31

Project Id : 00081239 UN response to BIH floods 2014		Period :	Jan-Dec (2014)	
Output # : 00092139 Via Dinarica: A platform		Impl. Partner :	99999 UNDP	
		Location :	Bosnia-Herzegovina	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Project Total :	692,080.84	27,687,937.09	577,822.00	28,957,839.93
-----------------	------------	---------------	------------	---------------



CERTIFIED FOR AMOUNT 00081239
AMOUNT OF ~~21,225,501.31~~ 27,687,937.09
AUDITOR: ATRA KRAJCEK
AUDIT FIRM: MERFI d.o.o. SARAJEVO
SARAJEVO, 24.03.2015.

Signed By: EDIS ARIFAGIC Date: 19/03/2015
~~PROGRAMME MANAGER, UNDP (AS IMPLEMENTING CP)~~
Signed By: Hadze Elmira Date: 16.03.2015
ELMINA HADZIC
HEAD OF FINANCE
UNDP

**Auditor's Report from audit of 4 outputs under project "UN response to BIH floods 2014"
implemented by UNDP in Bosnia and Herzegovina**



UN Development Programme
Report ID: unglodrp

Combined Delivery Report By Project

Deloitte.
Signed For Identification

Page 107 of 108
Run Time: 27-02-2015 11:02:12

Funds Utilization

Output #	00090164	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00

Project/Award: 00081239 UN response to BIH floods 2014 Period : As at Dec 31, 2014

Output #	00090579	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00

Output #	00090943	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			22.97
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00

Output #	00091517	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00



CERTIFIED CASH POSITION FOR
OUTPUT PROJECT 00090943
IN THE AMOUNT OF \$ 22,97
AUDITOR: KRAJAC KRAJCEK
AUDIT FIRM: MERFI d.o.o. SARAJEVO
SARAJEVO, 24.03.2015.

Auditor's Report from audit of 4 outputs under project "UN response to BIH floods 2014" implemented by UNDP in Bosnia and Herzegovina



UNDP UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project



Page 108 of 108
Run Time: 27-02-2015 11:02:12

Funds Utilization

Undepreciated Fixed Assets	0.00
Inventory	0.00
Prepayments	0.00
Commitments	0.00

3. PART III - MANAGEMENT LETTER

We enclose a letter that documents our observations and provide recommendations on certain matters identified during the performance of our financial audit of four outputs described in the previous chapters.

It should be noted that these findings do not result from a specifically targeted review engagement but are only those that came to our attention during the course of our audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial 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 entity's internal control.

UNDP Bosnia and Herzegovina Office Management is responsible for the design, implementation and maintenance of the internal control system over the projects. To execute this obligation, the UNDP Bosnia and Herzegovina Office Management is required to assess the expected risks and rewards of the policies and procedures for management control.

The objectives of the internal control system are, to provide UNDP Directors and Management sufficient assurance that the project assets are protected from loss resulting from unauthorized use or manipulation, and that the project operations are performed in accordance with the policies adopted and are recorded properly in order to allow the timely preparation of reliable accounting information in accordance with the applicable accounting principles.

We would like to thank the UNDP Bosnia and Herzegovina Office Management for their comments on individual management letter points, which we have considered in completing this letter.

Yours faithfully,



Marián Hudák
Country Leading Partner and Principal Auditor
Deloitte Audit s.r.o.

3.1. Medium priority findings for output 90943

3.1.1. *Lack of documentation to support the evaluation process of SME grants*

Priority

Medium

Observation

From the documentation disclosed to us by UNDP Sarajevo office during the fieldwork it is unclear how the selection of SME grant recipients was made. According to initial evaluation performed by the evaluation committee it appears that grants were given to beneficiaries who were rated not as good as some others who did not receive the grant.

In the evaluation sheet there is no comment explaining exclusion of particular applicants. Evaluation committee considered some applications as eligible and went on with the following steps of the evaluation process. In the end, however, the committee decided that these same applications did not meet the eligibility criteria and therefore excluded them. If these applications did not meet the basic criteria set in the call for application they should not have been evaluated. The approach of the evaluation committee was not consistent in evaluating the applications.

Recommendation

We recommend the Office to adopt a clear written procedure describing evaluation process of SME grants. Also we recommend to properly document decisions taken during evaluation processes and prove transparency.

Management Comments

UNDP BiH acknowledges the observation. Management has reviewed the case and notes that an omission has been made by not properly documenting all steps of evaluation and decision making processes.

Management commits to creating an adequate SOP for such processes, which will be applicable as early as the second phase of SME grant activity. Proper assurance mechanisms will be included in the SOP in order to avoid omissions of this kind in the future.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/sk/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 200,000 professionals are committed to becoming the standard of excellence.