



AUDIT

OF

UNDP UKRAINE

**EARLY RECOVERY OF SOCIAL SERVICES AND PEACEBUILDING
IN DONETSK AND LUGANSK OBLASTS
(Directly Implemented Project No. 84715, Output No. 92607)**

Report No. 1640

Issue Date: 14 July 2016

Report on the Audit of UNDP Ukraine
Early Recovery of Social Services and Peacebuilding in Donetsk and Lugansk Oblasts
(Project No. 84715, Output No. 92607)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 2 to 13 May 2016, conducted an audit of Early Recovery of Social Services and Peacebuilding in Donetsk and Lugansk Oblasts (Project No. 84715, Output No. 92607) (the Project), which is directly implemented and managed by the UNDP Country Office in Ukraine (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 2015, and the accompanying Funds Utilization statement¹ as of 31 December 2015 as well as Statement of Assets as of 31 December 2015. 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). 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*			Project Assets	
Amount (in \$ '000)	Opinion	NFI** (in \$ '000)	Amount (in \$ '000)	Opinion
4,302	Qualified	139	3	Unqualified

*Expenditures recorded in the Combined Delivery Report were \$4,316,318. Excluded from the audit scope were transactions that relate to expenditures processed by other United Nations agencies (\$14,004).

** Net financial impact

The audit firm qualified its opinion on project expenditure due to financial findings totalling \$139,286 that represented amounts included in the Combined Delivery Report and Funds Utilization statement, which were not in compliance with the relevant regulations, rules, policies and procedures of UNDP. One amount (\$138,454) pertaining to recoverable VAT was presented as a project expense instead of being recovered, and another amount (\$832) was recorded inclusive of a Value Added Tax (VAT). These findings represent 3.2 percent of the total expenditure reported, and are therefore considered material in the context of the audit.

Key recommendations Total = 2, high priority = 1

The two recommendations aim to ensure the reliability and integrity of financial and operational information.

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.

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. The high (critical) priority recommendation is presented below:

Recoverable VAT amounts claimed as project expenses (Issue 1)

The audit noted that the majority of construction companies in the Country charge VAT, which the Office has the right to reclaim from the Government. In most cases, the VAT was being recovered. However, the project transaction listing contained 23 transactions for which VAT had not yet been reclaimed and which were charged to the project as expenses, amounting to \$138,454.

The VAT is recovered in the majority of cases and there was no evidence that the VAT will not be reimbursed by the relevant authorities. Consequently, the above amount should not have been recorded as an expense but as a receivable.

Recommendation: The Office should not record VAT on construction invoices as a project expense unless there is a conclusive written response from the Government that the amount will not be refunded. Where the Office subsequently recovers VAT, the VAT reinstatement entry previously made should be reversed. Where possible, the Office should work with vendors that do not charge VAT.

Management comments and action plan

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



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

**UNITED NATIONS DEVELOPMENT PROGRAMME
(UNDP)**

AUDIT REPORT

30 June 2016

**FINANCIAL AUDIT OF THE UNDP DIRECTLY
IMPLEMENTED (DIM) PROJECT**

**Early Recovery of Social Services and Peacebuilding in
Donetsk and Lugansk Oblasts**

UNDP Country Office:	Ukraine
Atlas Project ID:	84715
Atlas Output number:	92607
Auditor:	Moore Stephens LLP
Period subject to audit:	1 January to 31 December 2015

Table of Contents

EXECUTIVE SUMMARY	3
THE AUDIT ENGAGEMENT	4
AUDIT OPINIONS	5
STATEMENT OF EXPENDITURE	5
STATEMENT OF ASSETS AND EQUIPMENT	7
STATEMENT OF CASH POSITION	8
MANAGEMENT LETTER	9
ANNEXES	13
ANNEX 1: COMBINED DELIVERY REPORT	13
ANNEX 2: STATEMENT OF ASSETS AND EQUIPMENT	18
ANNEX 3: AUDIT FINDING PRIORITY RATINGS	20

EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of Early Recovery of Social Services and Peacebuilding in Donetsk and Lugansk Oblasts (Project ID 84715 and Output 92607) (the project), directly implemented by UNDP Ukraine (the Office) for the year ended 31 December 2015. 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:

Statement of Expenditure	Qualified
Statement of Fixed Assets	Unqualified
Statement of Cash Position	Not applicable

As a result of our audit, we have raised two audit findings with a net financial impact totalling \$139,286.42 as summarised below:

No.	Description	Priority	Net financial impact \$
1	Recoverable VAT claimed as project expense	High	138,454.12
2	Transactions recorded at VAT inclusive amount	Medium	832.30
Total			139,286.42



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

30 June 2016

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 2015 and the funds utilization as at 31 December 2015 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 2015. This statement must include all assets available as at 31 December 2015 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 2015.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 January and 31 December 2015. 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 - Early Recovery of Social Services and Peacebuilding in Donetsk and Lugansk Oblasts

Statement of Expenditure

Qualified Opinion

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization statement totalling \$4,316,317.80 ("the statement") of the UNDP project 84715 'Early Recovery of Social Services and Peacebuilding in Donetsk and Lugansk Oblasts' for the period from 1 January to 31 December 2015. CDR expenditure totalling \$14,004.25 not processed or approved by the Office was not within the scope of our audit.

Management is responsible for the preparation of the statement 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.

Qualified opinion due to a material misstatement of expenditure

Basis for Qualified Opinion

We have made financial findings totalling \$139,286.42 as set out in the Management Letter section of our report, which represent amounts included in the Combined Delivery Report (CDR) and Funds Utilization statement presented to us for audit which, in our opinion, were (i) not in conformity with the approved budget; (ii) not for the approved purposes of the project; (iii) not in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) not supported by properly approved vouchers and other supporting documents. These findings represent 3.2 percent of the total expenditure amount reported and are therefore considered material in the context of our audit.

Qualified Opinion

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization statement, except for the matter described in the Basis for Qualified Opinion paragraph above, presents fairly in all material respects the expenditure of \$4,302,313.55 incurred by the project 'Early Recovery of Social Services and Peacebuilding in Donetsk and Lugansk Oblasts' for the period 1 January to 31 December 2015 in accordance with UNDP accounting policies.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

30 June 2016

MOORE STEPHENS

Independent Auditor's Report to UNDP - Early Recovery of Social Services and Peacebuilding in Donetsk and Lugansk Oblasts

Statement of Assets and Equipment

Unqualified Opinion

We have audited the accompanying Statement of Fixed Assets ('the statement') of the UNDP project 84715 'Early Recovery of Social Services and Peacebuilding in Donetsk and Lugansk Oblasts' as at 31 December 2015.

Management is responsible for the preparation of the statement' 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 schedule 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 Statement of Assets presents fairly, in all material respects, the balance of inventory of the UNDP project 'Early Recovery of Social Services and Peacebuilding in Donetsk and Lugansk Oblasts' amounting to \$3,238.53 as at 31 December 2015 in accordance with UNDP accounting policies.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

30 June 2016

MOORE STEPHENS

Independent Auditor's Report to UNDP - Early Recovery of Social Services and Peacebuilding in Donetsk and Lugansk Oblasts

Statement of Cash Position

We noted that the UNDP project Early Recovery of Social Services and Peacebuilding in Donetsk and Lugansk Oblasts 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

The findings related to the audit of the financial statements are discussed in our management letter below:

Finding n°: 1	Title: Recoverable VAT claimed as project expense
----------------------	--

Observation:

In accordance with the Host Agreement between UN and the Government of Ukraine, the United Nations Office in Ukraine is exempt from the payment of VAT on goods and services on its purchases. Accordingly, the UNDP accounting procedures state that all project expenses should be recorded at the VAT exclusive amount.

We noted that the majority of construction companies charge VAT, which UNDP has the right to reclaim from the Government. In most cases, the VAT was eventually recovered. However, it was explained to us that the Office was unable to recover VAT on a number of construction works vendor invoices. In these cases, VAT was claimed as a project expense.

During our audit it was identified that the VAT on one such transaction relating to the vendor ID 16168 (transaction total \$11,837.80) was subsequently reclaimed from the Government and therefore should not have been charged to the project. Details of the transaction are as follows:

Accounting date	Transaction ID	Description	Vendor ID	Amount UAH	Amount \$
18/12/15	UKR10-00142402-2-1-ACCR-DST	VAT Entries Reversal	16168	262,799.16	11,837.80

The project transaction listing contains 23 more transactions for which VAT has not yet been reclaimed and which have been charged to the project. We noted that the Office sent several letters to the Ministry of Foreign Affairs of Ukraine asking to confirm the status of VAT reimbursement and to date has not received a conclusive reply.

Given the fact that VAT is recovered in the majority of cases, and having received no evidence that they will not be able to recover VAT on the remaining vendors, we consider the whole amount of VAT which has been charged and has either been recovered or which, we believe, is likely to be recovered to not be an eligible project cost (total VAT claimed \$138,454.12). The details of the transactions are as follows:

Sample No.	Accounting date	Transaction ID	Vendor ID	Amount UAH	Amount \$
1	23/12/15	UKR10-00142747-1-1-ACCR-DST	17167	382,868.79	17,246.34
2	18/12/15	UKR10-00142401-2-1-ACCR-DST	16891	322,297.25	14,517.89
3	18/12/15	UKR10-00142403-2-1-ACCR-DST	17167	319,266.41	14,381.37
4	18/12/15	UKR10-00142402-2-1-ACCR-DST	16168	262,799.16	11,837.80
5	4/12/15	UKR10-00141526-2-1-ACCR-DST	16469	239,784.28	10,801.09
6	17/12/15	UKR10-00142245-2-1-ACCR-DST	16168	211,348.66	9,520.21
7	9/12/15	UKR10-00141825-2-1-ACCR-DST	16168	200,914.89	9,050.22
8	18/12/15	UKR10-00142404-2-1-ACCR-DST	16649	176,877.07	7,967.44
9	18/12/15	UKR10-00142405-2-1-ACCR-DST	16168	138,627.23	6,244.47
10	18/12/15	UKR10-00142382-2-1-ACCR-DST	16168	107,315.35	4,834.02

11	18/12/15	UKR10-00142397-2-1-ACCR-DST	16292	95,398.72	4,297.24
12	23/12/15	UKR10-00142745-1-1-ACCR-DST	16469	83,614.82	3,766.43
13	29/12/15	UKR10-00142852-2-1-ACCR-DST	16719	76,462.30	3,444.25
14	29/12/15	UKR10-00142851-2-1-ACCR-DST	16648	76,362.23	3,439.74
15	18/12/15	UKR10-00142381-2-1-ACCR-DST	16251	76,352.50	3,439.30
16	9/12/15	UKR10-00141824-2-1-ACCR-DST	16648	69,921.16	3,149.60
17	18/12/15	UKR10-00142388-2-1-ACCR-DST	16292	65,943.51	2,970.43
18	18/12/15	UKR10-00142390-2-1-ACCR-DST	16168	43,643.81	1,965.94
19	18/12/15	UKR10-00142386-2-1-ACCR-DST	15940	37,385.40	1,684.03
20	18/12/15	UKR10-00142398-2-1-ACCR-DST	16292	28,513.26	1,284.38
21	18/12/15	UKR10-00142391-2-1-ACCR-DST	16168	22,183.79	999.27
22	29/12/15	UKR10-00142850-2-1-ACCR-DST	16405	21,021.36	946.91
23	18/12/15	UKR10-00142389-2-1-ACCR-DST	16292	10,518.93	473.83
24	17/12/15	UKR10-00142251-2-1-ACCR-DST	6422	4,260.69	191.92
Total				3,073,681.57	138,454.12

Priority: High

Recommendation:

We recommend that the Office does not claim VAT on construction invoices as a project expense unless there is a conclusive written response from the Government that it will not refund it. Where the Office subsequently recovers VAT, the VAT reinstatement entry previously made should be reversed.

Where possible we recommend using vendors which do not charge VAT.

Management comments:

The CO acknowledges the audit recommendation. The unreconciled VAT balances will be rectified via the proper account in ATLAS. The response so far from the State Fiscal Services has been provided along with informal translation. The CO is continuously negotiating VAT reimbursement status with the State Fiscal Services, Ministry of Foreign Affairs and the Cabinet of Ministers. The project donor is aware of the situation and takes an active part in negotiations. Unfortunately, there are no vendors in the local market who would agree under contractual agreement that initially excludes VAT.

Finding n°: 2	Title: Transactions recorded at VAT inclusive amount
----------------------	---

Observation:

Part 1 - Expenditure

In line with the UNDP accounting procedures, all project expenses are recorded at the VAT exclusive amount. Where the Office believes VAT cannot be recovered, a VAT reinstatement entry is made (please refer to Finding 1 for details of the process).

It was noted that on one construction works invoice, the amount recorded in Atlas was VAT inclusive, which is not in line with the Office procedures. The details of the transactions are as follows:

Accounting date	30 November 2015
Transaction ID	UKR10-00141216-1-1-ACCR-DST
Payment ID	2015120081
Description	S) URBAN DEVELOPMENT SERVICES
Vendor ID	16269
Invoice value excl. VAT UAH	92,389.00
VAT UAH	18,477.80
Invoice value incl. VAT UAH	110,866.80
Invoice value incl. VAT US\$	4,994.00
VAT US\$	832.30

VAT was subsequently recovered on this invoice. Therefore, the VAT amount of \$832.30 claimed as a project expense does not represent incurred expenditure.

Part 2 - Commitment

Additionally, an error was noted on the commitments balance on the Funds Utilization Statement for a commitment balance on PO UKR10-0000030383. This was due to the commitment being recorded at the VAT inclusive amount. This is not in line with the Office's procedures, according to which the commitments balance is recorded at the VAT exclusive amount. This resulted in the commitments balance at 31 December 2015 being \$64,900.51 instead of the correct \$54,083.74. Therefore there is an overstatement on the commitments balance of \$10,816.77.

We verified that the related project expenditure was claimed at the VAT exclusive amount, therefore there is no financial impact on the expenditure recorded in the CDR.

Priority: Medium

Recommendation:

Part 1 - Expenditure and Part 2 - Commitment

We recommend that the Office ensure sufficient training is provided to all relevant staff to ensure they are aware of the procedures relating to the recording of VAT in Atlas. If possible, a systems control should be introduced to detect instances where transactions have been recorded inclusive of VAT.

Management comments:

The CO acknowledges the audit observation and will put in place a system to prevent similar human errors in the future. The VAT originally charged to the project has been reconciled, thus there is no outstanding issue.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

30 June 2016

MOORE STEPHENS

Annexes

Annex 1: Combined Delivery Report

UN
DP

UN Development Programme

Report ID: unglcdrp

Combined Delivery Report By Project

Page 1 of 4

Run Time: 15-02-2016 11:02:10

Selection Criteria :

Business Unit : UKR10
 Period : Jan-Dec (2015)
 Selected Project Id : 00084715
 Selected Fund Code : 30000
 Selected Dept. IDs : ALL
 Selected Outputs : 00092607

Project Id : 00084715 Recovery of Social Services an	Period :	Jan-Dec (2015)
Output # : 00092607 Infrastructure Rehabilitation	Impl. Partner :	99999 UNDP
	Location :	Ukraine
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

Dept: 58208 (Ukraine - Poverty Reduction)

Fund : 30000 (PROGRAMME COST SHARING)

63360 - Medical Exams(incl Pre-empl)	0.00	944.31	0.00	944.31
64398 - Direct Project Cost-Staff	0.00	9,000.00	0.00	9,000.00
66105 - Overtime & Night Differential	0.00	38.02	0.00	38.02
71305 - Local Consult.-Sht Term-Tech	0.00	218,673.52	0.00	218,673.52
71405 - Service Contracts-Individuals	0.00	231,439.35	0.00	231,439.35
71410 - MAIP Premium SC	0.00	804.19	0.00	804.19
71415 - Contribution to Security SC	0.00	9,293.59	0.00	9,293.59
71610 - Travel Tickets-Local	0.00	2,249.12	0.00	2,249.12
71620 - Daily Subsistence Allow-Local	0.00	20,498.26	0.00	20,498.26
71635 - Travel - Other	0.00	5,540.71	0.00	5,540.71
72105 - Svc Co-Construction & Engineer	0.00	965,422.89	0.00	965,422.89
72125 - Svc Co-Studies & Research Serv	0.00	500.88	0.00	500.88
72135 - Svc Co-Communications Service	0.00	11,577.16	0.00	11,577.16
72145 - Svc Co-Training and Educ Serv	0.00	170,078.02	0.00	170,078.02
72165 - Svc Co-Social Svcs, Social Sci	0.00	733.41	0.00	733.41
72175 - Svc Co-Urban, Rural & Regional	0.00	1,648,140.99	0.00	1,648,140.99
72205 - Office Machinery	0.00	458.25	0.00	458.25
72210 - Machinery and Equipment	0.00	25,130.59	0.00	25,130.59
72220 - Furniture	0.00	441.29	0.00	441.29
72311 - Fuel, petroleum and other oils	0.00	5,875.95	0.00	5,875.95
72315 - Food & Textile Products	0.00	4,258.84	0.00	4,258.84
72350 - Medical Kits	0.00	260.00	0.00	260.00
72370 - Security related goods and mat	0.00	361.93	0.00	361.93
72399 - Other Materials and Goods	0.00	457,683.16	0.00	457,683.16
72405 - Acquisition of Communic Equip	0.00	9,342.17	0.00	9,342.17
72415 - Courier Charges	0.00	71.71	0.00	71.71
72420 - Land Telephone Charges	0.00	49.81	0.00	49.81
72425 - Mobile Telephone Charges	0.00	194.59	0.00	194.59
72435 - E-mail-Subscription	0.00	70.00	0.00	70.00
72440 - Connectivity Charges	0.00	86.46	0.00	86.46
72505 - Stationery & other Office Supp	0.00	3,138.88	0.00	3,138.88
72510 - Publications	0.00	217.68	0.00	217.68
72605 - Grants to Instit & other Benef	0.00	57,417.66	0.00	57,417.66
72810 - Acquis of Computer Software	0.00	1,743.27	0.00	1,743.27
72815 - Inform Technology Supplies	0.00	4,887.94	0.00	4,887.94
73104 - Leased Building	0.00	2,802.28	0.00	2,802.28
73105 - Rent	0.00	3,775.99	0.00	3,775.99
73110 - Custodial & Cleaning Services	0.00	109.50	0.00	109.50
73120 - Utilities	0.00	332.24	0.00	332.24
73406 - Maintenance of Equipment	0.00	65.15	0.00	65.15
73410 - Maint, Oper of Transport Equip	0.00	3.62	0.00	3.62
73420 - Leased Vehicles	0.00	62.08	0.00	62.08
74205 - Audio Visual Productions	0.00	445.08	0.00	445.08
74215 - Promotional Materials and Dist	0.00	1,951.33	0.00	1,951.33



Project Id : 00084715 Recovery of Social Services an		Period :	Jan-Dec (2015)	
Output # : 00092607 Infrastructure Rehabilitation		Impl. Partner :	99999 UNDP	
		Location :	Ukraine	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74220 - Translation Costs	0.00	442.28	0.00	442.28
74225 - Other Media Costs	0.00	0.00	0.00	0.00
74505 - Insurance	0.00	95.03	0.00	95.03
74525 - Sundry	0.00	3,129.71	0.00	3,129.71
74598 - Direct Project Costs - GOE	0.00	35,450.54	0.00	35,450.54
74599 - UNDP cost recovery chrgs-Bills	0.00	27,310.57	0.00	27,310.57
74615 - Prepaid Miscellaneous Expense	0.00	- 5,641.59	0.00	- 5,641.59
74696 - PP&E Expensed Items	0.00	11,704.77	0.00	11,704.77
74710 - Land Transport	0.00	10.87	0.00	10.87
74725 - Other L.T.S.H.	0.00	5,909.05	0.00	5,909.05
74910 - Gain/Loss Disposal Fixed Asset	0.00	7,496.60	0.00	7,496.60
75105 - Facilities & Admin - Implement	0.00	319,738.49	0.00	319,738.49
75705 - Learning costs	0.00	30,745.12	0.00	30,745.12
76125 - Realized Loss	0.00	1,081.73	0.00	1,081.73
76135 - Realized Gain	0.00	- 1,233.49	0.00	- 1,233.49
77630 - Dep Exp Owned - ITC	0.00	509.05	0.00	509.05
77660 - Dep Exp Owned -Vehicle	0.00	3,397.20	0.00	3,397.20
Total for Fund 30000	0.00	4,316,317.80	0.00	4,316,317.80
Total for Dept : 58208	0.00	4,316,317.80	0.00	4,316,317.80
Total for Output : 00092607	0.00	4,316,317.80	0.00	4,316,317.80
Project Total :	0.00	4,316,317.80	0.00	4,316,317.80

Signed By :

Date :

Signed By :

Date :

Project Manager

Y. SAVCO

15/02/2016

23/2/2016



Selection Criteria :

Business Unit : UKR10
Period : Jan-Dec (2015)
Selected Project Id : 00084715
Selected Fund Code : 30000
Selected Dept. IDs : ALL
Selected Outputs : 00092607

Project Id : ALL	Period : Jan-Dec (2015)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
58208 - Ukraine - Poverty Reduction	0.00	4,316,317.80	0.00	4,316,317.80



Funds Utilization

Selection Criteria :

Business Unit : UKR10
Period : Jan-Dec (2015)
Selected Project Id : 00084715
Selected Fund Code : 30000
Selected Dept. IDs : ALL
Selected Outputs : 00092607

Project/Award: 00084715 Recovery of Social Services an

Period : As at Dec 31, 2015

Output #	00092607	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			3,238.53
Inventory			0.00
Prepayments			0.00
Commitments			509,663.18

Annex 2: Statement of Assets and Equipment



Empowered lives.
Resilient nations.

Statement on Fixed Assets as of the 31st December 2015
Project ID 00092607 (Early Recovery of Social Services and Peacebuilding in Donetsk and Luhansk Oblasts)

Business unit	Operating Unit	Asset ID	Profile ID	Description	TAG Number	Serial Number	Location	Acquisition Date	In Service Date	Cost, USD	Net Book Value	Quantity	Department	Impl Agency	Donor	Project	Fund code
UKR10	UKR	000000001862	ITC14	Network Hubs	UKRINST-28	FCW1843A647	UKRINST-28	17.04.2015	17.04.2015	1,025.31	986.86	0,333	58208	001981	00141	00092607	30000
UKR10	UKR	000000001863	ITC4	Computer Printers	000000001863	3327728184	UKRINST-28	08.04.2015	08.04.2015	831.15	768.81	0,333	58208	001981	00141	00092607	30000
UKR10	UKR	000000001867	ITC1	Dell Latitude E7240	000000001819	4DK7L12	UKRINST-28	10.07.2015	10.07.2015	1,581.72	1,482.86	1	58208	001981	00141	00092607	30000
										3,438.18							

Mr. Yuriy Savko,
Project Manager

Mr. Kunal Dhar,
Recovery and Stabilization Advisor,
Head of UNDP Project Office in Kramatorsk

Ms. Andra Brige
Deputy Country Director (Operations), UNDP Ukraine

Mark Henderson
Partner
Moore Stephens LLP

30 June 2016

MOORE STEPHENS

Annex 3: 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.