

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
Resilient nations.*

AUDIT

OF

UNDP BANGLADESH

INCEPTION PHASE - NATIONAL URBAN POVERTY REDUCTION PROGRAMME
(Project No. 84928, Output No. 92722)

Report No. 2103
Issue Date: 28 June 2019

**Report on the Audit of UNDP Bangladesh
Inception Phase - National Urban Poverty Reduction Programme
(Project No. 84928, Output No. 92722)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG SA (the audit firm), from 6 to 24 May 2019, conducted an audit of Inception Phase - National Urban Poverty Reduction Programme (Project No. 84928, Output No. 92722) (the Project), which is nationally implemented¹ with direct support services provided by the UNDP Country Office in Bangladesh (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 expenses for the period from 1 January to 31 December 2018 and the accompanying Funds Utilization statement² as of 31 December 2018. The audit did not include activities and expenses incurred or undertaken by the Government, or expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters). The audit did not cover the Statement of Assets as no assets were held 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 submitted by the audit firm, the results are summarized in the table below:

Project Expenses*	
Amount (in \$ '000)	Opinion
1,952	Unmodified

*Expenses recorded in the Combined Delivery Report were \$5,130,542.89. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$423,065.59). Also excluded were expenses incurred by the Government (\$2,755,635.32).

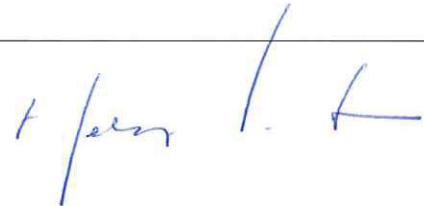
The audit did not result in any recommendations.

¹ Nationally implemented projects, or NIM projects, are audited by the responsible unit in UNDP. However, this NIM project was audited by OAI due to the significant involvement of the Country Office in its implementation, and the subsequent materiality of the amount expensed by UNDP.

² The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated 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.

Management comments and action plan

Comments and/or additional information provided have been incorporated into the report, where appropriate.

A handwritten signature in blue ink, which appears to read 'Helge S. Osttveiten', is enclosed within a black rectangular box.

Helge S. Osttveiten
Director
Office of Audit and Investigations



**United Nations Development Programme
(UNDP)**

Report of the Independent Auditor on
the United Nations Development Programme (UNDP)
Directly Implemented (DIM) Project ID 00084928 “Inception
Phase - National Urban Poverty Reduction Programme” –
Output no. 00092722
Dhaka, Bangladesh
For the period from 1 January to 31 December 2018



TABLE OF CONTENTS

Executive Summary	2
Audit Objectives and Scope	3
Independent Auditors’ Report:	
Financial Position	4
Annex :	
Annex 1: Combined Delivery Report and Funds Utilization Statement – Output no. 00092722 (USD)	6



KPMG SA
Audit Western Switzerland
111 Rue de Lyon
CH-1203 Geneva

PO Box 347
CH-1211 Geneva 13

T +41 58 249 25 15
E infogeneva@kpmg.com
kpmg.ch

Executive Summary

KPMG Geneva conducted the financial audit of UNDP Project ID 00084928 “Inception Phase - National Urban Poverty Reduction Programme” – Output no. 00092722, directly implemented by UNDP Bangladesh for the period from 1 January to 31 December 2018. The audit was undertaken on behalf of the Office of Audit and Investigations (OAI) United Nations Development Programme (UNDP).

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

Financial Position	Unmodified
Statement of Fixed Assets	Not Applicable because UNDP country office did not have assets on this project.
Statement of Cash	Not Applicable because UNDP country office did not maintain a separate bank account.

There were no reportable findings with a medium or high priority rating consequently we do not issue a management letter. The project ID 00084928 “Inception Phase - National Urban Poverty Reduction Programme” – Output no. 00092722 was not audited in the prior year and therefore no recommendations to follow up on.

KPMG SA



Pierre-Henri Pingeon
Partner



Henri Mwaniki
Senior Manager

Geneva, 24 June 2019



Audit Objectives and Scope

The objective of the financial audit was to express an opinion on the project financial position which includes:

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2018 as well as the Fund Utilization statement, the accounts receivable and the accounts payable as at 31 December 2018 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. The Combined Delivery Report (CDR) and the accompanying Funds Utilization statement are the mandatory and official Statements. Other forms of Statements of expenses that may be prepared by a project office are not accepted.
- Expressing an opinion on whether the Statement of Fixed Assets, at Net Book Value, presents fairly the balance of depreciated assets of the UNDP project as at 31 December 2018. This Statement must include all assets available as at 31 December 2018 and not only those purchased in a given period. The opinion is rendered on the Net Book value balance of the Assets. 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 the project as at 31 December 2018. Disbursements made against a DIM project are usually financed from regular country office bank accounts. Exceptionally, a dedicated 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.
- As may be applicable, provide the progress made in implementing the recommendations raised in a previous year audit report.

The Financial Audit was conducted in accordance with the International Standards of Auditing (ISA), the 700 series.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project, between 1 January and 31 December 2018. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of “responsible parties” or other UN agencies, 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.



KPMG SA
Audit Western Switzerland
111 Rue de Lyon
CH-1203 Geneva

PO Box 347
CH-1211 Geneva 13

T +41 58 249 25 15
E infogeneva@kpmg.com
kpmg.ch

Independent Auditors' Report

Opinion on Financial Position

To: The Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme (UNDP)

We have audited the financial position of the UNDP project ID 00084928 – Output no. 00092722 “Inception Phase - National Urban Poverty Reduction Programme (NUPRP)” for the period from 1 January to 31 December 2018 which includes: (a) the accompanying Combined Delivery Report (CDR); (b) the Funds Utilization Statement (“The Statement”); and (c) the project related accounts receivable and accounts payable.

The CDR expenditure totaling USD 5,130,542.89 is comprised of expenditure directly incurred by the UNDP Country Office in Bangladesh for an amount of USD 1,951,841.98 and expenditure incurred by entities other than the Country Office for an amount of USD 3,178,700.91. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Bangladesh of USD 1,951,841.98.

Unmodified Opinion

In our opinion, the attached CDR and the Funds Utilization statement present fairly, in all material respects, the expenses of USD 1,951,841.98 directly incurred by the UNDP Country Office in Bangladesh and charged to the project for the period from 1 January to 31 December 2018 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.

Basis for unmodified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor’s responsibilities for the audit of the CDR and Funds Utilization section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management responsibilities

Management is responsible for the preparation of the CDR and the Funds Utilization statement of the project, and for such internal control as management determines is necessary to enable the preparation of a CDR and Funds Utilization statement that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the CDR and the Funds Utilization statement are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the CDR and Funds Utilization statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG SA



Pierre-Henri Pingeon
Partner



Henri Mwaniki
Senior Manager

Geneva, 24 June 2019

Annex:

Annex 1: Combined Delivery Report and Funds Utilization Statement – Output no. 00092722 (USD)



Selection Criteria :

Business Unit : BGD10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00092722

Project Id : 00084928 IP-National Urban Poverty Redu		Period :	Jan-Dec (2018)	
Output # : 00092722 National Urban Poverty Reduc		Impl. Partner :	00281 Local Government Division	
		Location :	Bangladesh	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 39201 (Bangladesh - Central)

Fund : 30000 (PROGRAMME COST SHARING)

71610 - Travel Tickets-Local	0.00	16.62	0.00	16.62
75105 - Facilities & Admin - Implement	0.00	1.33	0.00	1.33
Total for Fund 30000	0.00	17.95	0.00	17.95

Total for Dept : 39201 0.00 17.95 0.00 17.95

Dept: 39208 (Bangladesh - Poverty Reduction)

Fund : 04000 (Core Programme, UNU Centre)

64397 - Services to projects -CO staff	0.00	15,028.59	0.00	15,028.59
71405 - Service Contracts-Individuals	0.00	4,729.21	0.00	4,729.21
71410 - MAIP Premium SC	0.00	4.28	0.00	4.28
71415 - Contribution to Security SC	0.00	182.04	0.00	182.04
72165 - Svc Co-Social Svcs, Social Sci	0.00	28,990.02	0.00	28,990.02
72805 - Acquis of Computer Hardware	0.00	2,652.70	0.00	2,652.70
72815 - Inform Technology Supplies	0.00	713.08	0.00	713.08
73120 - Utilities	0.00	4,022.76	0.00	4,022.76
73125 - Common Services-Premises	0.00	45,000.00	0.00	45,000.00
74596 - Services to projects -GOE	0.00	20,070.00	0.00	20,070.00
75706 - Learning - ticket costs	0.00	255.33	0.00	255.33
75707 - Learning - subsistence allowan	0.00	1,092.00	0.00	1,092.00
76125 - Realized Loss	0.00	128.36	0.00	128.36
76135 - Realized Gain	0.00	- 35.37	0.00	- 35.37
Total for Fund 04000	0.00	122,833.00	0.00	122,833.00

Fund : 30000 (PROGRAMME COST SHARING)

61305 - Salaries - IP Staff	0.00	162,022.41	0.00	162,022.41
61310 - Post Adjustment - IP Staff	0.00	54,850.08	0.00	54,850.08
62305 - Dependency Allowances-IP Staff	0.00	21,799.37	0.00	21,799.37
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	53,886.48	0.00	53,886.48
62315 - Contrib. to medical, social in	0.00	5,123.19	0.00	5,123.19
62320 - Mobility, Hardship, Non-remova	0.00	23,250.00	0.00	23,250.00
62330 - Rental Supplements - IP Staff	0.00	15,418.30	0.00	15,418.30
62340 - Annual Leave Expense - IP	0.00	- 8,717.10	0.00	- 8,717.10
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	23,376.00	0.00	23,376.00
63335 - Home Leave Trvl & Allow-IP Stf	0.00	6,474.96	0.00	6,474.96
63350 - Reimb of Income Tax-IP Staff	0.00	10,887.00	0.00	10,887.00
63530 - Contribution to EOS Benefits	0.00	8,132.71	0.00	8,132.71
63535 - Contribution to Security	0.00	9,217.14	0.00	9,217.14

KPMG
INITIALED FOR IDENTIFICATION
PURPOSES ONLY



Project Id : 00084928 IP-National Urban Poverty Redu	Period :	Jan-Dec (2018)
Output # : 00092722 National Urban Poverty Reduc	Impl. Partner :	00281 Local Government Division
	Location :	Bangladesh
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp


63540 - Contribution to Training	0.00	867.49	0.00	867.49
63545 - Contribution to ICT	0.00	3,253.07	0.00	3,253.07
63550 - Contributions to MAIP	0.00	216.89	0.00	216.89
63555 - Contribution to UN JFA	0.00	7,048.33	0.00	7,048.33
63560 - Contributions to Appendix D	0.00	542.19	0.00	542.19
64310 - Separations - IP Staff	0.00	3,036.25	0.00	3,036.25
64397 - Services to projects -CO staff	0.00	31,220.00	0.00	31,220.00
65115 - Contributions to ASHI Reserve	0.00	21,036.62	0.00	21,036.62
65135 - Payroll Mgt Cost Recovery ATLA	0.00	1,545.12	0.00	1,545.12
71205 - Intl Consultants-Sht Term-Tech	0.00	9,163.37	0.00	9,163.37
71305 - Local Consult.-Sht Term-Tech	0.00	10,879.08	0.00	10,879.08
71360 - Local Consult-Security	0.00	160.67	0.00	160.67
71405 - Service Contracts-Individuals	0.00	865,745.56	0.00	865,745.56
71410 - MAIP Premium SC	0.00	758.59	0.00	758.59
71415 - Contribution to Security SC	0.00	32,234.76	0.00	32,234.76
71610 - Travel Tickets-Local	0.00	2,964.12	0.00	2,964.12
71620 - Daily Subsistence Allow-Local	0.00	19,549.00	0.00	19,549.00
71635 - Travel - Other	0.00	1,151.36	0.00	1,151.36
72105 - Svc Co-Construction & Engineer	0.00	6,374.72	0.00	6,374.72
72115 - Svc Co-Natural Resources & Env	0.00	37,512.86	0.00	37,512.86
72145 - Svc Co-Training and Educ Serv	0.00	2,517,052.93	0.00	2,517,052.93
72165 - Svc Co Social Svcs, Social Sci	0.00	153,864.03	0.00	153,864.03
72175 - Svc Co-Urban, Rural & Regional	0.00	7,537.22	0.00	7,537.22
72215 - Transporation Equipment	0.00	27,321.44	0.00	27,321.44
72220 - Furniture	0.00	19,600.11	0.00	19,600.11
72311 - Fuel, petroleum and other oils	0.00	2,013.53	0.00	2,013.53
72315 - Food & Textile Products	0.00	183.58	0.00	183.58
72370 - Security related goods and mat	0.00	108.32	0.00	108.32
72399 - Other Materials and Goods	0.00	240,890.45	0.00	240,890.45
72405 - Acquisition of Communic Equip	0.00	5,474.72	0.00	5,474.72
72410 - Acquisition of Audio Visual Eq	0.00	5,832.08	0.00	5,832.08
72415 - Courier Charges	0.00	349.80	0.00	349.80
72425 - Mobile Telephone Charges	0.00	7,792.56	0.00	7,792.56
72440 - Connectivity Charges	0.00	4,946.50	0.00	4,946.50
72445 - Common Services-Communications	0.00	1,500.00	0.00	1,500.00
72505 - Stationery & other Office Supp	0.00	7,658.79	0.00	7,658.79
72515 - Print Media	0.00	1,915.69	0.00	1,915.69
72605 - Grants to Instit & other Benef	2,754,512.98	-2,754,512.98	0.00	0.00
72705 - Hospitality-Special Events	0.00	56.00	0.00	56.00
72805 - Acquis of Computer Hardware	0.00	142.94	0.00	142.94
72815 - Inform Technology Supplies	0.00	1,067.10	0.00	1,067.10
73110 - Custodial & Cleaning Services	0.00	9,776.91	0.00	9,776.91
73115 - Moving Expenses	0.00	2,358.14	0.00	2,358.14
73120 - Utilities	0.00	222.19	0.00	222.19
73125 - Common Services-Premises	0.00	31,740.73	0.00	31,740.73
73205 - Premises Alternations	0.00	1,481.43	0.00	1,481.43
73406 - Maintenance of Equipment	0.00	715.03	0.00	715.03
73410 - Maint, Oper of Transport Equip	0.00	2,834.33	0.00	2,834.33
74110 - Audit Fees	0.00	69.78	0.00	69.78
74210 - Printing and Publications	0.00	42,073.00	0.00	42,073.00
74325 - Contrib.To CO Common Security	0.00	8,126.42	0.00	8,126.42
74510 - Bank Charges	1,134.13	0.00	0.00	1,134.13
74520 - Storage	0.00	8,063.48	0.00	8,063.48
74596 - Services to projects -GOE	0.00	13,380.00	0.00	13,380.00


KPMG

INITIALED FOR IDENTIFICATION
PURPOSES ONLY



Project Id : 00084928 IP-National Urban Poverty Redu		Period :	Jan-Dec (2018)	
Output # : 00092722 National Urban Poverty Reduc		Impl. Partner :	00281 Local Government Division	
		Location :	Bangladesh	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
75105 - Facilities & Admin - Implement	0.00	370,962.74	0.00	370,962.74
75705 - Learning costs	0.00	68,699.26	0.00	68,699.26
75708 - Learning - subcontracts	0.00	71.68	0.00	71.68
76110 - Foreign Exch Translation Loss	0.00	108.50	0.00	108.50
76125 - Realized Loss	0.00	297.47	0.00	297.47
76130 - Unrealized Gain	0.00	- 11.79	0.00	- 11.79
76135 - Realized Gain	0.00	- 699.87	0.00	- 699.87
Total for Fund 30000	2,755,647.11	2,252,044.83	0.00	5,007,691.94
Total for Dept : 39208	2,755,647.11	2,374,877.83	0.00	5,130,524.94
Total for Output : 00092722	2,755,647.11	2,374,895.78	0.00	5,130,542.89
Project Total :	2,755,647.11	2,374,895.78	0.00	5,130,542.89



Pierre-Henri Pingeon, Partner
KPMG SA, Geneva
24 June 2019


Henri Mwaniki, Senior Manager
KPMG SA, Geneva
24 June 2019


INITIALED FOR IDENTIFICATION
PURPOSES ONLY

Signed By :  (SUDIPTO MUKERJEE) Date : _____

Signed By : _____ Date : _____


Sudipto Mukerjee
Resident Representative a.i.
UNDP-Bangladesh

Rabirdranath Barman
National Project Director
Livelihoods Improvement of
Urban Poor Communities Project



Selection Criteria :

Business Unit : BGD10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00092722

Project Id : ALL		Period : Jan-Dec (2018)		
Output # : ALL		Impl. Partner : Location :		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
39201 - Bangladesh - Central	0.00	17.95	0.00	17.95
39208 - Bangladesh - Poverty Reduction	2,755,647.11	2,374,877.83	0.00	5,130,524.94

KPMG

INITIALED FOR IDENTIFICATION
PURPOSES ONLY



Funds Utilization


Selection Criteria :


Business Unit : BGD10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00092722


Project/Award: 00084928 IP-National Urban Poverty Redu


Period : As at Dec 31, 2018

Output #	Impl. Partner :00281 Local Government Division	UNDP AMOUNT
Outstanding NEX advances		62,215.77
Undepreciated Fixed Assets		0.00
Unamortized Intangible Assets		0.00
Inventory		0.00
Prepayments		0.00
Commitments		5,173.03


SUDIPTO MUKERJEE
Sudipto Mukerjee
Resident Representative a.i.
UNDP-Bangladesh


Rabir Dranath Barman
National Project Director
Livelihoods Improvement of
Urban Poor Communities Project


Pierre-Henri Pigeon, Partner
KPMG SA, Geneva
24 June 2019


Henri Mwaniki, Senior Manager
KPMG SA, Geneva
24 June 2019


INITIALED FOR IDENTIFICATION
PURPOSES ONLY