



**AUDIT**

**OF**

**UNDP UKRAINE**

**SUSTAINABLE DEVELOPMENT PROGRAMME OF LUGANSK OBLAST**  
**(Directly Implemented Project No. 60297)**

**Report No. 1126**  
**Issue Date: 5 February 2013**

**Report on the audit of UNDP Ukraine - Sustainable Development Programme of Lugansk Oblast (Project ID 60297)**  
**Executive Summary**

From 1 to 5 October 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme, through KPMG, Slovakia (the audit firm), conducted an audit of Sustainable Development Programme of Lugansk Oblast, Project ID 60297 (the Project), which is directly implemented and managed by the UNDP Country Office in Ukraine (the Office). The audit firm was under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The Project reported expenditure totalling \$0.1 million during the period from 1 January to 31 December 2011. The following donors contributed to the Project: Nadra Luganschiny, Ukraine and UNDP.

**Audit scope and objectives**

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 Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2011 and Statement of Assets as of 31 December 2011.

**Audit results**

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

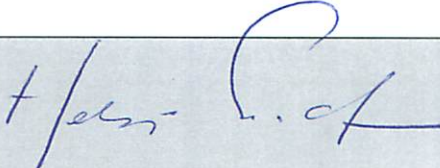
Project Expenditure		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
137	Unqualified	267	Unqualified

**Key issues and recommendations**

The audit raised one issue and resulted in one medium (important) priority recommendation, meaning "Action is required to ensure that UNDP is not exposed to significant risks. Failure to take action could result in negative consequences for UNDP." This recommendation includes actions to address incorrect accounts used for accounting entries.

**Management's comments**

The Resident Representative accepted the recommendation and is in the process of implementing it.



Helge S. Osttveiten  
Director  
Office of Audit and Investigations