



**AUDIT**

**OF**

**UNDP UKRAINE**

**LOCAL COMMUNITIES CAPACITY**  
**(Directly Implemented Project No. 79107)**

**Report No. 1198**  
**Issue Date: 27 November 2013**

## Report on the audit of UNDP Ukraine Local Communities Capacity (Project No.79107) Executive Summary

From 28 August to 30 September 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Deloitte Audit s.r.o. (the audit firm), conducted an audit of Local Communities Capacity, Project No. 79107 (the Project), which is directly implemented and managed by the UNDP Country Office in Ukraine (the Office). The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*. The last audit of the Office was conducted by OAI in 2008.

The Project reported expenditure totalling \$6.5 million during the period from 1 January to 31 December 2012. The following donors contributed to the Project: the European Commission 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 2012.

### 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		Cash	
Amount (in \$ '000)	Opinion	Amount (in \$'000)	Opinion	Amount (in \$'000)	Opinion
6,472	Unqualified	-	N/A (*)	-	N/A (**)

(\*) No assets and no equipment were held by the project

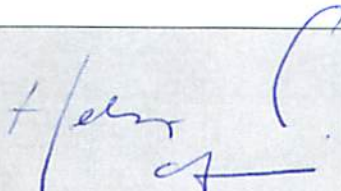
(\*\*) No separate bank account and/or petty cash was held by the project.

### Key issues and recommendations

The audit raised two issues and resulted in two recommendations, both ranked medium (important) priority, 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." These recommendations include actions for ensuring that lists of participants for community-based trainings are signed, and that grant agreements include all required signatures.

### Management's comments

The Resident Representative accepted both recommendations and is in the process of implementing them.

A handwritten signature in blue ink, appearing to read 'Helge S. Osttveiten', is positioned above the printed name.

Helge S. Osttveiten  
Director  
Office of Audit and Investigations