

**UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations**



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**AUDIT
OF
UNDP BANGLADESH**

**SUPPORTING LOCAL DEVELOPMENT IN THE CHITTAGONG HILL TRACTS
(Directly Implemented Project, Output No. 80119)**

**Report No. 1387
Issue Date: 16 September 2014**

**Report on the audit of UNDP Bangladesh
Supporting Local Development in the Chittagong Hill Tracts (Output No. 80119)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 2 to 20 June 2014, through Moore Stephens LLP (the audit firm), conducted an audit of Supporting Local Development in the Chittagong Hill Tracts, Output No. 80119 (the Project), which is directly implemented and managed by the UNDP Country Office in Bangladesh (the Office). The last audit of the Project was conducted by OAI in 2012.

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 2013 and the accompanying Funds Utilization statement¹ as of 31 December 2013 as well as Statement of Assets and Statement of Cash Position as of 31 December 2013. 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 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		Cash	
Amount (in \$ '000)	Opinion	Amount (in \$'000)	Opinion	Amount (in \$'000)	Opinion
5,232	Unqualified	80	Unqualified	49	Unqualified

*Expenditures recorded in the Combined Delivery Report were \$10,289,356. Excluded from the audit scope were expenditures of other United Nations agencies (\$198,273), transactions that relate to expenditures incurred or undertaken at the "responsible party" level (\$3,416,129) and expenditures not processed or approved at the Office level (\$1,443,247). The expenditures incurred by the "responsible party" have been subject to a separate audit with total expenditures of \$ 3.4 million. The audit was qualified (\$ 164,000) due to unsupported expenses.

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

The audit did not result in any recommendations.

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.

Implementation status of previous OAI audit recommendations: Report No. 1028, 17 May 2013

Total recommendations: 1

Implementation status: 100%

