



**AUDIT**

**OF**

**UNDP BANGLADESH**

**Promotion of Development and Confidence Building in the Chittagong Hill Tracts  
(Directly Implemented Project No. 11503, Output Nos. 63953, 80119, 87092 and  
88730)**

**Report No. 1473**

**Issue Date: 10 September 2015**

**Report on the Audit of UNDP Bangladesh**  
**Promotion of Development and Confidence Building in the Chittagong Hill Tracts**  
**(Project No. 11503, Output Nos. 63953, 80119, 87092 and 88730)**  
**Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 29 June to 9 July 2015, through Moore Stephens LLP (the audit firm), conducted an audit of Promotion of Development and Confidence Building in the Chittagong Hill Tracts (Project No. 11503, Output Nos. 63953, 80119, 87092 and 88730) (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 2014 and covered project expenditures from 1 January to 31 December 2013.

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 2014 and the accompanying Funds Utilization statement<sup>1</sup> as well as Statement of Assets and Statement of Cash Position as of 31 December 2014. 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 submitted by the audit firm, the results are summarized in the table below:

Project Expenditure*		Project Assets		Project Cash	
Amount (in \$'000)	Opinion	Amount (in \$'000)	Opinion	Amount (in \$'000)	Opinion
8,720*	Unqualified	41	Unqualified	23	Unqualified

\*Expenditures recorded in the Combined Delivery Report were \$12.6 million. Expenditures totalling \$3.9 million comprised of expenditures incurred by the Government (\$0.3 million) and expenditures not processed or approved by the Office (\$3.6 million) were excluded from the audit scope. The expenditures incurred by the Government over the period January to December 2014 were subject to a separate audit conducted by external auditors. This audit identified a lack of supporting documents for payments amounting to \$54,389 which OAI considered being an overstatement of expenditure by the same amount.

The audit did not result in any recommendations.

<sup>1</sup> 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 recommendations

The previous audit (Report No. 1387, issued on 16 September 2014), did not result in any recommendations.

A handwritten signature in blue ink, enclosed within a rectangular box. The signature is stylized and appears to read 'Antoine Khoury'.

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