



AUDIT

OF

UNCDF PROJECT IN MYANMAR

**Support to Savings-Led Microfinance Market Leaders to Enter Myanmar
(Project No. 71190, Output No. 84819)**

Report No. 1630

Issue Date: 11 August 2016

**Report on the Audit of UNCDF Project in Myanmar
Support to Savings-Led Microfinance Market Leaders to Enter Myanmar
(Project No. 71190, Output No. 84819)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP, from 7 to 15 June 2016, (the audit firm), conducted an audit of the UNCDF project Support to Savings-Led Microfinance Market Leaders to Enter Myanmar (Project No. 71190, Output No. 84819) (the Project), which is directly implemented and managed by the UNCDF Office in Myanmar (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 expenditure for the period from 1 January 2014 to 31 December 2015 and the accompanying Funds Utilization statement¹ as of 31 December 2015. 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 UNCDF Headquarters), or where supporting documentation was not retained at the UNCDF Office level. The audit did not cover the Statement of Assets as no assets were purchased for 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 and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenditure*	
Amount (in \$ millions)	Opinion
3.6	Unqualified

* Expenditures recorded in the Combined Delivery Report were \$4.1 million. Excluded from the audit scope were transactions that relate to expenditures not processed or approved at the Office level amounting to \$0.5 million.

Key recommendation: Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, which means, "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." The recommendation includes actions to conduct 'spot checks' during project site visits. This should include reconciling figures between detailed listings and quarterly reports, and reviewing a sample of clients' supporting documentation.

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.

The recommendation aims to improve the reliability and accuracy of key performance indicators that are reported by partners and ultimately, to ensure the reliability and integrity of financial and operational information.

Management comments and action plan

UNCDF management in Myanmar accepted the recommendation and is in the process of implementing it. Comments and/or additional information provided have been incorporated into the report, where appropriate.

A handwritten signature in blue ink, appearing to read 'Antoine Khoury', is positioned above the printed name and title.

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