



AUDIT

OF

UNDP INDIA

IMPROVING EFFICIENCY OF VACCINATION SYSTEMS IN MULTIPLE STATES OF INDIA
(Directly Implemented Project No. 78163, Output No. 88568)

Report No. 1958

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Report on the Audit of UNDP India
Improving Efficiency of Vaccination Systems in Multiple States of India
(Project No. 78163, Output No. 88568)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 30 April to 18 May 2018, conducted an audit of Improving Efficiency of Vaccination Systems in Multiple States of India (Project No. 78163, Output No. 88568) (the Project), which is directly implemented and managed by the UNDP Country Office in India (the Office). The last audit of the Project was conducted by OAI through Deloitte Haskins & Sells LLP in 2017 and covered project expenses from 1 January to 31 December 2016.

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 expenses for the period from 1 January to 31 December 2017 and the accompanying Funds Utilization statement¹ as of 31 December 2017 as well as Statement of Assets as of 31 December 2017. The audit did not include expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters). 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 Expenses*			Project Assets	
Amount (in \$ '000)	Opinion	NFM** (in \$ '000)	Amount (in \$ '000)	Opinion
10,935	Qualified	1,216	13	Unmodified***

*Expenses recorded in the Combined Delivery Report were \$10,937,746. Excluded from the audit scope were expenses processed and approved by other UNDP offices outside of the country (\$3,040).

**NFM= Net Financial Misstatement

*** Unmodified = unqualified or clean opinion

The audit firm qualified its opinion on project expenses due to: (i) incorrect recording of prepayments to a contractor; and (ii) payments made not in accordance with contract terms.

Key recommendations: Total = 2, high priority = 2

The audit firm made two recommendations and assessed them as medium (important) priority. However, the two audit issues identified resulted in a qualification of the audit firm's opinion on the Combined Delivery Report

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated 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.

and a Net Financial Misstatement totalling \$1.2 million. Therefore, OAI assessed the corresponding recommendations as high (critical) priority.

The two recommendations aim to ensure the reliability and integrity of financial and operational information, and compliance with legislative mandates, regulations and rules, policies and procedures.

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. Both high (critical) priority recommendations are presented below:

Incorrect recording of prepayments (Issue 1)

The Office made advance payments to a software company totalling \$1,082,436 but reported the payments as expenses in the Combined Delivery Report for 2017.

Recommendation: The Office should ensure that only amounts that have been liquidated are recorded as expenses in the Combined Delivery Report.

Payments made in excess of contract terms (Issue 2)

The Office signed a contract with a supplier of laboratory equipment. However, the Office made payments to the supplier before the training services were provided, which was not in accordance with the contract terms and which resulted in over-reporting of expenses amounting to \$133,813.

Recommendation: The Office should ensure that payments are made in accordance with the terms and conditions of the contract. The Office should also take measures to recover the excess amount paid to the supplier.

The previous audit (Report No. 1848, issued on 22 August 2017) did not result in any recommendations.

Management comments and action plan

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

Management comments and/or additional information provided have been incorporated into the report, where appropriate.



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