

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP BANGLADESH

**RURAL EMPLOYMENT OPPORTUNITIES FOR PUBLIC ASSETS – CAPACITY
STRENGTHENING TEAM**
(Directly Implemented Project No. 55143)

Report No. 1029
Issue Date: 17 May 2013

Report on the audit of UNDP Bangladesh Rural Employment Opportunities for Public Assets – Capacity Strengthening Team (Project No. 55143) Executive Summary

From 26 November 2012 to 31 January 2013 the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through KPMG/Rahman Rahman Huq (the audit firm), conducted an audit of Rural Employment Opportunities for Public Assets – Capacity Strengthening Team (Project No. 55143) (the Project), which is directly implemented and managed by the UNDP Country Office in Bangladesh (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 Project was conducted by S.F. Ahmed & Co in 2010.

The Project reported expenditure totalling \$3.9 million during the period from 1 January to 31 December 2011. The following donors contributed to the Project: European Commission and UNDP.

Audit scope and objectives

The audit work covered financial transactions as well as internal controls and systems for the purpose of expressing an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations, as well as assess compliance with UNDP regulations, rules, policies and procedures and donor agreements. The audit covered the Project's Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2011. It also reviewed the relevant systems, procedures and practices in place as they relate to the Project, in the areas of: organization and staffing, project management, human resources management, financial and cash management, procurement, asset management, information systems and general administration.

Follow-up on previous audit: The audit also verified the implementation status of recommendations from the previous audit report on this Project issued on 28 April 2010. One out of four recommendations was noted to be fully implemented.

Audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, OAI assessed the management of the Project as **satisfactory**, which means "Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity." The details of the audit results are presented in Figures 1 and 2.

Figure 1: Summary results of the financial audit

| Project Expenditure | | Project Assets* | |
|------------------------|-------------|-----------------------|----------------|
| Amount (in \$ '000) | Opinion | Amount (in \$'000) | Opinion |
| 3,897 | Unqualified | - | Not applicable |

* The Project had already transferred all the assets to the district offices

Figure 2: Internal controls and systems audit ratings summary


| Audit Areas | Not Assessed/ Not Applicable | Unsatisfactory | Partially Satisfactory | Satisfactory |
|----------------------------------|---------------------------------|----------------|---------------------------|--------------|
| 1. Organization and staffing | Satisfactory | | | |
| 2. Project management | Satisfactory | | | |
| 3. Human resources management | Satisfactory | | | |
| 4. Financial and cash management | Satisfactory | | | |
| 5. Procurement | Satisfactory | | | |
| 6. Asset Management | Satisfactory | | | |
| 7. Information systems | Satisfactory | | | |
| 8. General administration | Satisfactory | | | |

Key issues and recommendation

The audit raised one issue and resulted in one recommendation, 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." The recommendation includes actions to address unavailability of monthly time sheets and leave related documents

Management's comments

The Resident Representative accepted the recommendation and is in the process of implementing it.



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



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**Rural Employment Opportunities for Public
Assets - Capacity Strengthening Team**
Award number 00046354
Project number 00055143

**Report for the period from
1 January 2011 to 31 December 2011**



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Part I

Executive Summary

We have been engaged by the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) to conduct audit of the project Rural Employment Opportunities for Public Assets – Capacity Strengthening Team having award number 00046354 and project number 00055143 (the Project) for the period from 1 January 2011 to 31 December 2011 directly implemented by UNDP Bangladesh. The audit was conducted from 26 November 2012 to 31 January 2013.

The audit included a combined financial audit and audit of internal controls and systems to express an opinion on whether the financial statements present fairly in all material aspects, the result of the Project's operations, as well as assess compliance with UNDP regulations, rules, policies and procedures, and donor agreements. The audit covered the review of the Project's statement of expenditure (combined delivery report) for the period 1 January 2011 to 31 December 2011. We also reviewed the relevant systems, procedures and practices in place as they relate to the Project, in the areas of organisation and staffing, project management, human resources management, financial and cash management, procurement, asset management and general administration.

During the period under the audit, the Project recorded expenditures totalling \$ 3,896,620.60.

Audit rating on the test of operating effectiveness of control

Audit assessed the Project as satisfactory, which means that "internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity."

Key issues and recommendations

The audit raised one issue which was mainly caused by inadequate supervision at country office level. To address this issue one recommendation was made.

Results of financial audit

Audit opinion on combined delivery report

Audit expressed an unmodified audit opinion on the combined delivery report (the "CDR") for the period from 1 January 2011 to 31 December 2011.



Rahman Rahman Huq
Chartered Accountants

Acknowledgement

We wish to place on record our thanks and appreciation to the management of the Project, UNDP Country Office in Bangladesh and the Regional Audit Centre for Asia and the Pacific, OAI for the cooperation extended to us during the audit.

Dhaka, 14 March 2013

A handwritten signature in blue ink, which appears to read 'Rahman Rahman Huq'. The signature is stylized and cursive.



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Part II

Independent Auditor's Report **Rural Employment Opportunities for Public Assets – Capacity Strengthening Team** **Award number 00046354 and project number 00055143**

We have audited the accompanying combined delivery report (the “CDR”) of the UNDP project Rural Employment Opportunities for Public Assets – Capacity Strengthening Team award number 00046354 and project number 00055143 (the “Project”) for the period from 1 January 2011 to 31 December 2011.

Management's Responsibility for the Combined Delivery Report

Management is responsible for the preparation of the CDR for the UNDP project Rural Employment Opportunities for Public Assets – Capacity Strengthening Team having award number 00046354 and project number 00055143 in accordance with UNDP accounting policies and for such internal control as management determines is necessary to enable the preparation of the CDR that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the CDR based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the CDR is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the CDR. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the CDR, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Project's preparation of the CDR in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the CDR.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying CDR presents fairly, in all material respects, the expenditure of \$3,896,620.60 incurred by the Project for the period from 1 January 2011 to 31 December 2011 in accordance with UNDP accounting policies and were: (i) in conformity with the approved Project budget; (ii) for the approved purposes of the Project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Dhaka, 14 March 2013

Combined Delivery Report By Project

UN Development Programme
Report ID: ungl143p

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Selection Criteria :

Business Unit : BGD10
Period : Jan-Dec (2011)
Selected Award Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Projects : 00055143

| | |
|--|----------------------------|
| Award Id : 00046354 Capacity Strengthening Team of | Period : Jan-Dec (2011) |
| Project # : 00055143 REOPA-CST | Impl. Partner : 99999 UNDP |
| | Location : Bangladesh |

| | Govt Disb | UNDP Disb | UN Agencies | Encumbrance | Total Exp |
|------------------------------------|-----------|-----------|-------------|-------------|-----------|
| Dept: 39201 (Bangladesh - Central) | | | | | |
| Fund : 42209 (EEC REOPA-CSC) | | | | | |
| 72415 - Courier Charges | 0.00 | 2.74 | 0.00 | 0.00 | 2.74 |
| Total for Fund 42209 | 0.00 | 2.74 | 0.00 | 0.00 | 2.74 |
| Total for Dept : 39201 | 0.00 | 2.74 | 0.00 | 0.00 | 2.74 |

Dept: 708 (Bangladesh - Poverty Reduction)
Fund : 04000 (TRAC (Lines 1.1.1 and 1.1.2))

| | | | | | |
|---|------|------------|------|-----------|------------|
| 61305 - Salaries - IP Staff | 0.00 | 11,459.34 | 0.00 | 0.00 | 11,459.34 |
| 61310 - Post Adjustment - IP Staff | 0.00 | 3,907.64 | 0.00 | 0.00 | 3,907.64 |
| 62305 - Dependency Allowances-IP Staff | 0.00 | 1,871.66 | 0.00 | 0.00 | 1,871.66 |
| 62310 - Contrib to Jt Staff Pens Fd-IP | 0.00 | 3,408.98 | 0.00 | 0.00 | 3,408.98 |
| 62315 - Contrib. to medical, social in | 0.00 | 370.04 | 0.00 | 0.00 | 370.04 |
| 62320 - Mobility, Hardship, Non-remova | 0.00 | 2,051.66 | 0.00 | 0.00 | 2,051.66 |
| 63530 - Contribution to Separations | 0.00 | 384.18 | 0.00 | 0.00 | 384.18 |
| 63535 - Contribution to Security | 0.00 | 614.68 | 0.00 | 0.00 | 614.68 |
| 63540 - Contribution to Training | 0.00 | 384.18 | 0.00 | 0.00 | 384.18 |
| 65115 - Contributions to ASHI Reserve | 0.00 | 768.34 | 0.00 | 0.00 | 768.34 |
| 65135 - Payroll Mgt Cost Recovery ATLA | 0.00 | 110.66 | 0.00 | 0.00 | 110.66 |
| 71205 - Int'l Consultants-Sht Term-Tech | 0.00 | 93,000.00 | 0.00 | 0.00 | 93,000.00 |
| 71305 - Local Consult.-Sht Term-Tech | 0.00 | 35,950.69 | 0.00 | -2,931.32 | 33,019.37 |
| 71310 - Local Consult.-Short Term-Supp | 0.00 | 12,126.01 | 0.00 | 98.81 | 12,224.82 |
| 71405 - Service Contracts-Individuals | 0.00 | 84,109.59 | 0.00 | 0.00 | 84,109.59 |
| 71605 - Travel Tickets-International | 0.00 | 1,500.00 | 0.00 | 0.00 | 1,500.00 |
| 71610 - Travel Tickets-Local | 0.00 | 1,039.10 | 0.00 | 0.00 | 1,039.10 |
| 71620 - Daily Subsistence Allow-Local | 0.00 | 15,972.39 | 0.00 | 0.00 | 15,972.39 |
| 71635 - Travel - Other | 0.00 | 3,665.02 | 0.00 | 0.00 | 3,665.02 |
| 72105 - Svc Co-Construction & Engineer | 0.00 | 0.00 | 0.00 | -8,096.01 | -8,096.01 |
| 72115 - Svc Co-Natural Resources & Env | 0.00 | 11,852.03 | 0.00 | 0.00 | 11,852.03 |
| 72120 - Svc Co-Trade and Business Serv | 0.00 | 3,941.14 | 0.00 | -4,835.95 | -894.81 |
| 72405 - Acquisition of Communic Equip | 0.00 | 3,930.74 | 0.00 | 0.00 | 3,930.74 |
| 72410 - Acquisition of Audio Visual Eq | 0.00 | -81.33 | 0.00 | 0.00 | -81.33 |
| 72415 - Courier Charges | 0.00 | 424.80 | 0.00 | 0.00 | 424.80 |
| 72420 - Land Telephone Charges | 0.00 | 941.20 | 0.00 | 0.00 | 941.20 |
| 72425 - Mobile Telephone Charges | 0.00 | 1,938.81 | 0.00 | 0.00 | 1,938.81 |
| 72440 - Connectivity Charges | 0.00 | 1,768.76 | 0.00 | 0.00 | 1,768.76 |
| 72505 - Stationery & other Office Supp | 0.00 | 2,880.04 | 0.00 | 0.00 | 2,880.04 |
| 72515 - Print Media | 0.00 | 23.47 | 0.00 | 0.00 | 23.47 |
| 72605 - Grants to Instit & other Benef | 0.00 | 125,080.18 | 0.00 | 868.05 | 125,948.23 |
| 72805 - Acquis of Computer Hardware | 0.00 | 261.23 | 0.00 | 0.00 | 261.23 |
| 72810 - Acquis of Computer Software | 0.00 | 3,000.00 | 0.00 | 0.00 | 3,000.00 |
| 72815 - Inform Technology Supplies | 0.00 | 83.88 | 0.00 | 0.00 | 83.88 |
| 73105 - Rent | 0.00 | 37,118.06 | 0.00 | 0.00 | 37,118.06 |
| 73110 - Custodial & Cleaning Services | 0.00 | 32,879.53 | 0.00 | 2,667.32 | 35,546.85 |
| 73120 - Utilities | 0.00 | 3,634.38 | 0.00 | 0.00 | 3,634.38 |
| 73125 - Common Services-Premises | 0.00 | 3,077.36 | 0.00 | 0.00 | 3,077.36 |
| 73405 - Rental & Maint-Other Office Eq | 0.00 | 1,747.76 | 0.00 | 0.00 | 1,747.76 |
| 73406 - Maintenance of Equipment | 0.00 | 166.78 | 0.00 | 0.00 | 166.78 |
| 73410 - Maint, Oper of Transport Equip | 0.00 | 3,423.14 | 0.00 | 0.00 | 3,423.14 |

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Combined Delivery Report By Project

UN Development Programme
Report ID: ungl143p

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| | | |
|--|-----------------|----------------|
| Award Id : 00046354 Capacity Strengthening Team of | Period : | Jan-Dec (2011) |
| Project # : 00055143 REOPA-CST | Impl. Partner : | 99999 UNDP |
| | Location : | Bangladesh |

| | Govt Disb | UNDP Disb | UN Agencies | Encumbrance | Total Exp |
|---|-------------|---------------------|-------------|-------------------|---------------------|
| 73510 - Reimb to UN for Supp Svcs | 0.00 | 183.82 | 0.00 | 0.00 | 183.82 |
| 74205 - Audio Visual Productions | 0.00 | 694.19 | 0.00 | 0.00 | 694.19 |
| 74210 - Printing and Publications | 0.00 | 843.34 | 0.00 | 0.00 | 843.34 |
| 74215 - Promotional Materials and Dist | 0.00 | 3,631.87 | 0.00 | 0.00 | 3,631.87 |
| 74510 - Bank Charges | 0.00 | 4.35 | 0.00 | 0.00 | 4.35 |
| 74525 - Sundry | 0.00 | 324.67 | 0.00 | 0.00 | 324.67 |
| 74705 - Port Operation | 0.00 | 27.42 | 0.00 | 0.00 | 27.42 |
| 75705 - Learning costs | 0.00 | 14,588.00 | 0.00 | 0.00 | 14,588.00 |
| 75707 - Learning - subsistence allowan | 0.00 | 2,971.14 | 0.00 | 0.00 | 2,971.14 |
| 75708 - Learning - subcontracts | 0.00 | 969.71 | 0.00 | 0.00 | 969.71 |
| 75709 - Learning - training of counter | 0.00 | 6,375.64 | 0.00 | 0.00 | 6,375.64 |
| 76125 - Realized Loss | 0.00 | 47.08 | 0.00 | 0.00 | 47.08 |
| 76135 - Realized Gain | 0.00 | -114.01 | 0.00 | 0.00 | -114.01 |
| Total for Fund 04000 | 0.00 | 541,333.34 | 0.00 | -12,229.10 | 529,104.24 |
| Fund : 42209 (EEC REOPA-CSC) | | | | | |
| 71205 - Int'l Consultants-Sht Term-Tech | 0.00 | 86,459.00 | 0.00 | 0.00 | 86,459.00 |
| 71305 - Local Consult.-Sht Term-Tech | 0.00 | 3,319.41 | 0.00 | -3,069.90 | 249.51 |
| 71405 - Service Contracts-Individuals | 0.00 | 101,058.15 | 0.00 | 0.00 | 101,058.15 |
| 71610 - Travel Tickets-Local | 0.00 | 363.78 | 0.00 | 0.00 | 363.78 |
| 71620 - Daily Subsistence Allow-Local | 0.00 | 8,867.83 | 0.00 | 0.00 | 8,867.83 |
| 71635 - Travel - Other | 0.00 | 2,053.85 | 0.00 | 0.00 | 2,053.85 |
| 72105 - Svc Co-Construction & Engineer | 0.00 | 0.00 | 0.00 | 7,006.54 | 7,006.54 |
| 72415 - Courier Charges | 0.00 | 542.06 | 0.00 | 0.00 | 542.06 |
| 72420 - Land Telephone Charges | 0.00 | 1,571.61 | 0.00 | 0.00 | 1,571.61 |
| 72425 - Mobile Telephone Charges | 0.00 | 1,073.55 | 0.00 | 0.00 | 1,073.55 |
| 72435 - E-mail-Subscription | 0.00 | 2,014.38 | 0.00 | 0.00 | 2,014.38 |
| 72440 - Connectivity Charges | 0.00 | 431.88 | 0.00 | 0.00 | 431.88 |
| 72505 - Stationery & other Office Supp | 0.00 | 4,212.38 | 0.00 | 0.00 | 4,212.38 |
| 72605 - Grants to Instit & other Benef | 0.00 | 3,040,066.38 | 0.00 | -74,179.74 | 2,965,886.64 |
| 72805 - Acquis of Computer Hardware | 0.00 | 139.03 | 0.00 | 0.00 | 139.03 |
| 73110 - Custodial & Cleaning Services | 0.00 | 11,407.41 | 0.00 | -6,164.14 | 5,243.27 |
| 73120 - Utilities | 0.00 | 236.38 | 0.00 | 0.00 | 236.38 |
| 73125 - Common Services-Premises | 0.00 | 46.99 | 0.00 | 0.00 | 46.99 |
| 73405 - Rental & Maint-Other Office Eq | 0.00 | 266.56 | 0.00 | 0.00 | 266.56 |
| 73410 - Maint, Oper of Transport Equip | 0.00 | 3,180.61 | 0.00 | 0.00 | 3,180.61 |
| 74210 - Printing and Publications | 0.00 | 3,504.88 | 0.00 | 0.00 | 3,504.88 |
| 74215 - Promotional Materials and Dist | 0.00 | 1,321.41 | 0.00 | 0.00 | 1,321.41 |
| 74220 - Translation Costs | 0.00 | 0.00 | 0.00 | -14.27 | -14.27 |
| 74525 - Sundry | 0.00 | 74.89 | 0.00 | 0.00 | 74.89 |
| 75105 - Facilities & Admin - Implement | 0.00 | 80,231.83 | 0.00 | 0.00 | 80,231.83 |
| 75115 - Facilities & Admin - OH & Ind | 0.00 | 81,227.31 | 0.00 | 0.00 | 81,227.31 |
| 75705 - Learning costs | 0.00 | 2,242.71 | 0.00 | 0.00 | 2,242.71 |
| 75707 - Learning - subsistence allowan | 0.00 | 1,072.63 | 0.00 | 0.00 | 1,072.63 |
| 75708 - Learning - subcontracts | 0.00 | 6,165.78 | 0.00 | 0.00 | 6,165.78 |
| 75709 - Learning - training of counter | 0.00 | 1,075.44 | 0.00 | 0.00 | 1,075.44 |
| 76125 - Realized Loss | 0.00 | 0.33 | 0.00 | 0.00 | 0.33 |
| 76135 - Realized Gain | 0.00 | -293.32 | 0.00 | 0.00 | -293.32 |
| Total for Fund 42209 | 0.00 | 3,443,935.13 | 0.00 | -76,421.51 | 3,367,513.62 |
| Total for Dept : 39208 | 0.00 | 3,985,268.47 | 0.00 | -88,650.61 | 3,896,617.86 |
| Total for Project : 00055143 | 0.00 | 3,985,271.21 | 0.00 | 0.00 | 3,896,620.60 |

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Combined Delivery Report By Project

| | | |
|--|-----------------|----------------|
| Award Id : 00046354 Capacity Strengthening Team of | Period : | Jan-Dec (2011) |
| Project # : 00055143 REOPA-CST | Impl. Partner : | 99999 UNDP |
| | Location : | Bangladesh |

| | Govt Disb | UNDP Disb | UN Agencies | Encumbrance | Total Exp |
|---------------|-----------|--------------|-------------|-------------|--------------|
| Award Total : | 0.00 | 3,985,271.21 | 0.00 | 0.00 | 3,896,620.60 |



✓ Johan Jonsson

Mafeedat

Signed By :

[Signature]
Resident Representative a.i.

Date :

05/04/2012

[Signature]



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Part III

Management Letter
Rural Employment Opportunities for Public Assets – Capacity Strengthening Team
Award number 00046354 and project number 00055143
For the period from 1 January 2011 to 31 December 2011

Audit objectives

We have been engaged by the Regional Audit Centre for Asia and the Pacific, Office of Audit & Investigation, United Nations Development Programme (UNDP), to carry out an audit of Rural Employment Opportunities for Public Assets – Capacity Strengthening Team, award number 00046354 and project number 00055143 (the “Project”/ “REOPA”) for the period from 1 January 2011 to 31 December 2011. The terms of reference of the audit services include:

- Express an opinion on whether the combined delivery report for the period from 1 January 2011 to 31 December 2011 presents fairly, in all material respects, the expenditures incurred by the Project in accordance with UNDP accounting policies and that the expenditures incurred were: (i) in conformity with the approved Project budget; (ii) for the approved purposes of the Project, (iii) incurred in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents. The combined delivery report is the mandatory and official statement of expenditure to be audited and other forms of statement of expenditure that may be prepared by the Project office are not accepted.
- Express an opinion on whether the Project’s statement of assets and equipment as at 31 December 2011 presents fairly, in all material respects, the balance of assets and equipment of the Projects. This statement must include all assets and equipment available as at 31 December 2011 and not only those acquired in 2011. The Project did not have any assets and equipment as at 31 December 2011. All the assets and equipments of the Project were transferred to relevant authorities before 31 December 2011. As such expressing an opinion on the Project’s assets and equipment balance as at December 2011 was excluded from the scope of the audit.
- Express an opinion on whether the statement of cash position held by the Project presents fairly the cash and bank balance of the Project as at 31 December 2011. As a dedicated bank account for the Project had not been established, expressing an opinion on the cash position as at 31 December 2011 was excluded from the scope of the audit.
- Provide an overall assessment of the operational and internal control systems that are in place for the management of the Project.

Scope of the audit

A. Financial audit

The financial statement audit was conducted in accordance with the International Standards of Auditing (the "ISA") covering the following:

- (a) The expenditure incurred and recorded in the combined delivery report (the "CDR") of the Project during the period from 1 January to 31 December 2011;
- (b) The value and existence of the assets and equipment held by the Project as at 31 December 2011. This was excluded from the scope as the Project had transferred all its assets and equipments to relevant authorities before 31 December 2011.
- (c) Expressing an opinion on whether the statement of cash position held by the Project presents fairly the cash and bank balance of the Project as at 31 December 2011. As a dedicated bank account for the Project had not been established, expressing an opinion on the cash position as at 31 December 2011 was excluded from the scope of the audit.

B. Test of operating effectiveness of control

We have conducted the test of operating effectiveness of control in accordance with the Guidance for Audit Firms-Audit of Internal Control and Systems in a Direct Implementation (DIM) Project and the International Standards of Auditing covering the following areas:

- i. Organisation and staffing
- ii. Project management
- iii. Human resources
- iv. Financial and cash management
- v. Procurement
- vi. Assets management
- vii. General administration
- viii. Follow up on previous audits

Each area audited was found to be satisfactory as no high or medium rated issues were identified, except for Human Resources where one medium rated issue was identified.

Project background

The objective of the Project were supporting employment of rural poor people, especially poor women, in public work schemes, benefiting poor households and the rural communities. The main channel for implementing this intervention was through the Union Parishads (UP), with funds channelled to UP bank accounts by UNDP. The Project had been developed on the best practices and lessons learnt from the Rural Maintenance Programme (RMP) and Sirajganj Local Governance Development Fund Project (SLGDFF). The Project was implemented in six districts: Sirajganj, Narsingdi, Habiganj, Feni, Satkhira and Barguna covering totally 388 Union Parishads.

REOPA had three components for the purpose of supporting rural poor households with separate UP accounts:

- a) **Road Maintenance:** Round-the-year employment creation for destitute and vulnerable women, mainly widowed, divorced and abandoned.
- b) **Creation and Rehabilitation of Public Assets through Block Grants:** Creation of seasonal employment for the poor casual labourers.
- c) **Basic Service Delivery through Block Grants:** Improvement of particular service delivery mechanisms at UP level (agriculture and veterinary services, etc).

Follow up on prior Period audit recommendations

The implementation status of the prior period audit recommendation is as follows:

| Sl. No | Previous auditor's observation | Follow up |
|--------|---|---|
| 1 | "There is an adverse variance between budgeted employees and actual employees by 3 more staffs". | Implemented. |
| 2 | "We reviewed attendance and leave recording and found that attendance recording was not done properly. In the case of 5/6 national staff at the project office attendance was maintained by security officer in the form of Kachcha register. Leave recording file was maintained without page number. Page number was needed for attention of missing of any documents form recording file." | Monthly time sheets of project staffs of REOPA-CST were not available to the KPMG audit team. In relation to leave related documents, out of three cases sampled, documents were made available for only one case. Consequently, leave records could not be reconciled with timesheet/ leave reports. |
| 3 | "Petty cash at district and project offices are not insured against loss or theft." | There was no insurance for covering loss of theft of cash in 2011 in REOPA project as well as district offices. |
| 4 | "Registration documents of a microbus used in REOPA project office and 2 motorcycles in district offices were not found as all of those vehicles were in the process of registration" | The registration document of the microbus was found and reviewed by us. As the motorcycles were already transferred to the district offices we were not able to check for the same. |

Audit Observation

Observation No: 1
Audit area: Human Resources
Issue title: Unavailability of monthly time sheet and leave related documents

Observation

Monthly time sheets of project staffs of REOPA-CST were not available to the audit team. In relation to leave related documents, out of three cases sampled, documents were made available for only one case. Consequently, leave records could not be reconciled with timesheet/ leave report.

Risk

The calculation of accrued paid annual leave might not have been done properly. Also the above indicates non-compliance with UNDP policies and procedures.

Priority

Medium.

Recommendation

We are aware that the Project has already ended. However for existing and future projects concerned management may consider maintaining timesheet and leave related documents in accordance with UNDP policies and procedures.

Management comments

The management take note of the observation and agree with the observation raised by the audit team and will ensure time-sheets are maintained in all future projects. It is also to be noted that UNDP is already implementing the recommendation on all other projects.

Dhaka, 14 March 2013



Annexure I

Definition of Standard Audit Ratings

Standard Rating

Definition

Satisfactory

Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the Project.

Partially satisfactory

Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the Project.

Unsatisfactory

Internal controls, governance and risk management processes were either not established or not functioning well. The issues identified were such that on the achievement of the overall objectives of the Project could be seriously compromised.

Annexure II

Categorisation of Audit Recommendations

Priority

Definition

High (Critical)

Action is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues.

Medium (Important)

Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.

Low

Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the Audit Team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this Report.