



AUDIT

OF

UNDP PAKISTAN

EARLY RECOVERY – REHABILITATION OF GOVERNMENT BUILDINGS
(Directly Implemented Project No. 79054)

Report No. 1202
Issue Date: 29 November 2013

**Report on the audit of UNDP Pakistan
Early Recovery– Rehabilitation of Government Buildings (Project No. 79054)
Executive Summary**

From 23 September to 25 October 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through M. Yousuf Adil Saleem & Co. (the audit firm), conducted an audit of Early Recovery – Rehabilitation of Government Buildings, Project No. 79054 (the Project), which is directly implemented and managed by the UNDP Country Office in Pakistan (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 Office was conducted by OAI in 2013.

The Project reported expenditure totalling \$3.9 million during the period from 1 January to 31 December 2012. The project was funded by the European Union.

Audit scope and objectives

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 Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2012 and the Statement of Assets as of 31 December 2013.


Audit results

Based on the audit report submitted by the audit firm, the results are summarized in the table below:

Project Expenditure		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$'000)	Opinion
3,855	Unqualified	10	Unqualified

Key issues and recommendations

The audit did not raise any reportable issues.



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

AUDIT REPORT ON
EARLY RECOVERY – REHABILITATION OF GOVERNMENT
BUILDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012
AWARD ID 00061843
PROJECT ID – 00079054



Deloitte.

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United Nations
Development
Programme
(UNDP)



Dated:
November 26, 2013

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**UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) - DIM PROJECT AUDIT
EARLY RECOVERY – REHABILITATION OF GOVERNMENT BUILDINGS**

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1. EXECUTIVE SUMMARY

UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) - DIM PROJECT AUDIT EARLY RECOVERY – REHABILITATION OF GOVERNMENT BUILDINGS

1.1. PROGRAMME BACKGROUND

In the aftermath of the devastating floods of 2010, UNDP launched a comprehensive programme in support of early recovery and restoration of the flood-affected communities.

The Early Recovery Programme (ERP) was implemented in close collaboration with the disaster management partners within the UN System and authorities at federal, provincial and district levels, local government institutions, affected communities and the private sector.

The programme was aimed at restoring safe and enabling environment for flood-affected communities in 29 severely affected districts to recover from the impact of the floods.

Early Recovery – Rehabilitation of Government buildings (Award ID: 00061843, Project ID 00079054) was part of overall Early Recovery Programme (ERP) and this project was initiated to undertake the activities to achieve the output 1 (Capacities of local institutions and flood affected communities restored for recovery and protection of rights).

The project was initially designed for an eighteen months period, March 2011 - August 2012 with a funding of European Union and it was later extended for another six months to complete the rehabilitation and reconstruction work already initiated on the Government buildings. The reconstruction of Government's buildings concluded in early 2013. Reconstruction/rehabilitation work was outsourced to construction companies and contractors.

The project supported the rehabilitation of 120 public buildings across four provinces as per the following details:

S. No.	Province	No. of Buildings
1	Khyber Pakhtunkhwa (KPK)	26
2	Punjab	34
3	Sindh	53
4	Baluchistan	7

1.2. PROGRAMME OBJECTIVES AND EXPECTED OUTPUTS

The project aimed at rehabilitation of 120 government buildings across Pakistan in four provinces and the provision of furniture and computer equipment for rehabilitated buildings. Project was successful in rehabilitating 120 buildings and provision of furniture and computer equipment. Project ended in February 2013.

Output 1: Capacities of local institutions and flood affected communities restored for recovery and protection of rights.

Output 2: Livelihoods of vulnerable flood-affected people stabilized and restored.

Output 3: Basic and critical community infrastructure and services.

1.3. TERMS OF REFERENCE

We have been appointed by the United Nations Development Programme (UNDP) to conduct the audit of the EARLY RECOVERY- REHABILITATION OF GOVERNMENT BUILDINGS for the period from January 01, 2012 to December 31, 2012.

The project life was 2 years and it is currently in its conclusion phase. Expenses incurred during the audit period (Jan-12 to Dec-12) were USD 3,855,352.99 which represents 55% of total budget. The project follows the guidance provided in the UNDP Program and Operations Policies and Procedures (POPPs).

1.4. AUDIT OBJECTIVE AND ITS SCOPE

The objective of the financial audit was to express an opinion on a project's financial statements' which include:

- Expressing an opinion on whether the financial expenses incurred by the project over a specified period and the funds utilization as at the end of a specified period are fairly presented in accordance with UNDP accounting policies and that the expenses incurred were: (i) in conformity with the approved project budgets; (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. The Combined Delivery Report (CDR) and the accompanying Funds Utilization' statement are the mandatory and official statements upon which the audit opinion should be expressed.
- Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP project as at a given date. This statement must include all assets available as at 1 January 2012 to 31 December 2012 and not only those purchased in a given period.

The scope of the audit relates only to the transactions concluded and recorded against the UNDP-DIM project Early Recovery and Restoration of Flood Affected Communities in Pakistan over the audit period. Our audit covers

- The expenses incurred and recorded in the CDR of the project during the period from January 1, 2012 to December 31, 2012.
- The value and existence of the fixed assets held by the project as at December 31, 2012.



M. Yousuf Adil Saleem

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Member of Deloitte Touche Tohmatsu

2. AUDITORS' REPORTS

2.1. Certification of Statement of Expenses

**REPORT OF THE INDEPENDENT AUDITORS TO UNDP
EARLY RECOVERY - REHABILITATION OF GOVERNMENT BUILDINGS
(AWARD ID: 00061843, PROJECT ID. 00079054)**

Certification of Statement of Expenses

We have audited the accompanying Combined Delivery Report (the "CDR" or "statement") of the UNDP project "Early Recovery - Rehabilitation of Government Buildings" (Award ID: 00061843, Project No. 00079054) for the period from January 01, 2012 to December 31, 2012.


Management is responsible for the preparation of statement for Early Recovery - Rehabilitation of Government Buildings project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statements 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 made by management, as well as evaluating the presentation of the statement.

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

In our opinion, the accompanying Combined Delivery Report (CDR), presents fairly in all material respects the expenses of USD 3,855,352.99 incurred by the project "Early Recovery - Rehabilitation of Government Buildings" (Award ID: 00061843, Project No. 00079054) for the period from January 01, 2012 to December 31, 2012 in accordance with UNDP accounting policies and were: (i) in conformity with the approved project budgets; (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.



Chartered Accountants
Engagement Partner: Mohammad Saleem

Islamabad

Dated: 26 NOV 2013

2.2. Combined Delivery Report



UN

DP

UN Development Programme

Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 10-09-2013 07:09:05

Project Id : 00061843 Early Recov & Restoration of F	Period :	Jan-Dec (2012)		
Output # : 00079054 Rehabilitation Govt building	Impl. Partner :	02373 UNDP (Direct Execution)		
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72615 - Micro Capital Grants-Other	0.00	117,344.21	0.00	117,344.21
72715 - Hospitality Catering	0.00	78.84	0.00	78.84
73104 - Leased Building	0.00	66,630.50	0.00	66,630.50
73105 - Rent	0.00	7,100.79	0.00	7,100.79
73106 - Leased premises alterations	0.00	8,396.20	0.00	8,396.20
73107 - Rent - Meeting Rooms	0.00	743.80	0.00	743.80
73110 - Custodial & Cleaning Services	0.00	147.67	0.00	147.67
73120 - Utilities	0.00	20,836.17	0.00	20,836.17
73125 - Common Services-Premises	0.00	58,778.69	0.00	58,778.69
73405 - Rental & Maint-Other Office Eq	0.00	2,572.92	0.00	2,572.92
73406 - Maintenance of Equipment	0.00	612.41	0.00	612.41
73410 - Maint, Oper of Transport Equip	0.00	27,088.92	0.00	27,088.92
74210 - Printing and Publications	0.00	4,345.57	0.00	4,345.57
74225 - Other Media Costs	0.00	6,990.85	0.00	6,990.85
74520 - Storage	0.00	0.00	0.00	0.00
74525 - Sundry	0.00	8,289.78	0.00	8,289.78
74965 - Low value equipment	0.00	1,872.24	0.00	1,872.24
75105 - Facilities & Admin - Implement	0.00	226,213.49	0.00	226,213.49
75705 - Learning costs	0.00	425.00	0.00	425.00
75709 - Learning - training of counter	0.00	1,979.16	0.00	1,979.16
76125 - Realized Loss	0.00	16.24	0.00	16.24
76135 - Realized Gain	0.00	-1,944.71	0.00	-1,944.71
77105 - Salaries - NP Staff-TA	0.00	12,692.64	0.00	12,692.64
77110 - Contrib to UNSSPF-NP-TA	0.00	2,549.51	0.00	2,549.51
77115 - Contrib-Med,SocIncs-NP Staff-TA	0.00	1,021.16	0.00	1,021.16
77120 - Repat Grt/Comm Annual Lv-NP-TA	0.00	693.51	0.00	693.51
77145 - Dependency Allow-NP Staff-TA	0.00	287.09	0.00	287.09
77165 - Hazard Duty Stat Allow-NP-TA	0.00	90.01	0.00	90.01
77195 - MAIP Premium TA/NO	0.00	25.39	0.00	25.39
77197 - Appendix D TA/NO	0.00	38.08	0.00	38.08
77205 - Salaries - GS Staff-TA	0.00	32,698.37	0.00	32,698.37
77210 - Contrib to UNJSPF-GS-TA	0.00	5,636.14	0.00	5,636.14
77215 - Contrib-Med,SocIncs-GS Staff-TA	0.00	1,893.62	0.00	1,893.62
77245 - Dependency Allow - GS Staff-TA	0.00	1,167.22	0.00	1,167.22
77260 - Other payroll costs GS-TA	0.00	1,271.85	0.00	1,271.85
77265 - Hazard Duty Stat Allow-GS-TA	0.00	809.08	0.00	809.08
77270 - Overtime & Night Diff-GS-TA	0.00	227.39	0.00	227.39
77295 - MAIP Premium TA/GS	0.00	58.30	0.00	58.30
77297 - Appendix D TA/GS	0.00	87.41	0.00	87.41
77305 - Salaries - IP Staff-TA	0.00	39,445.14	0.00	39,445.14
77306 - Appoint-Tk cost-IP Staff-TA	0.00	3,875.66	0.00	3,875.66
77307 - Appoint-Sub Allow-IP Staff-TA	0.00	3,180.00	0.00	3,180.00
77309 - Appoint-shipment-IP Staff-TA	0.00	1,200.00	0.00	1,200.00
77310 - Post Adjustment - IP Staff-TA	0.00	14,797.68	0.00	14,797.68
77315 - Contrib-Med,SocIncs-IP Staff-TA	0.00	839.32	0.00	839.32
77320 - Assg hardship & mob allow-TA	0.00	11,840.83	0.00	11,840.83
77335 - Hazard Duty Stat Allow-IP-TA	0.00	6,548.00	0.00	6,548.00
77345 - Dep Allowances-IP Staff-TA	0.00	1,952.66	0.00	1,952.66
77357 - Repat. Grt/Comm Ann Lv-IP-TA	0.00	3,973.07	0.00	3,973.07
77360 - Med Exams(incl Pre-empl)-TA	0.00	250.00	0.00	250.00
77365 - Spec Oper Living Allow-IP-TA	0.00	7,774.00	0.00	7,774.00
77375 - Contrib-Jt Staff Pens Fd-IP-TA	0.00	12,464.98	0.00	12,464.98
77385 - Contribution to Security	0.00	3,843.37	0.00	3,843.37
77386 - Contribution to ICT_TA	0.00	1,441.23	0.00	1,441.23






Combined Delivery Report By Project

Project Id : 00061843 Early Recov & Restoration of F	Period :	Jan-Dec (2012)
Output # : 00079054 Rehabilitation Govt building	Impl. Partner :	02373 UNDP (Direct Execution)
	Location :	

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
77395 - MAIP Premium TA/IP	0.00	108.50	0.00	108.50
77396 - PAYROLL MGT COST RECOVERY	0.00	1,044.52	0.00	1,044.52
77397 - Appendix D TA/IP	0.00	162.74	0.00	162.74
77670 - Dep Exp-Hvy Mac & Equip	0.00	241.68	0.00	241.68
Total for Fund 30079	0.00	3,832,899.50	0.00	3,832,899.50
Total for Dept : 42403	0.00	3,832,899.50	0.00	3,832,899.50
Dept: 42404 (Pakistan - Dem. Governance)				
Fund : 30079 (EUROPEAN COMMISSION)				
71305 - Local Consult.-Sht Term-Tech	0.00	9,914.09	0.00	9,914.09
71610 - Travel Tickets-Local	0.00	372.47	0.00	372.47
71620 - Daily Subsistence Allow-Local	0.00	709.79	0.00	709.79
71635 - Travel - Other	0.00	152.00	0.00	152.00
75105 - Facilities & Admin - Implement	0.00	780.38	0.00	780.38
Total for Fund 30079	0.00	11,928.73	0.00	11,928.73
Total for Dept : 42404	0.00	11,928.73	0.00	11,928.73
Dept: 42405 (Pakistan - Energy & Envirnmnt)				
Fund : 30079 (EUROPEAN COMMISSION)				
71620 - Daily Subsistence Allow-Local	0.00	5,236.77	0.00	5,236.77
72420 - Land Telephone Charges	0.00	174.43	0.00	174.43
72425 - Mobile Telephone Charges	0.00	140.51	0.00	140.51
72505 - Stationery & other Office Supp	0.00	299.77	0.00	299.77
73110 - Custodial & Cleaning Services	0.00	32.22	0.00	32.22
73120 - Utilities	0.00	165.92	0.00	165.92
73410 - Maint, Oper of Transport Equip	0.00	3,561.49	0.00	3,561.49
75105 - Facilities & Admin - Implement	0.00	672.78	0.00	672.78
Total for Fund 30079	0.00	10,283.89	0.00	10,283.89
Total for Dept : 42405	0.00	10,283.89	0.00	10,283.89
Total for Output : 00079054	0.00	3,855,352.99	0.00	3,855,352.99
Project Total :	0.00	3,855,352.99	0.00	3,855,352.99



Signed By: Rabia Khattak, ACD, CPRU  Date: 12/09/13

Signed By: Tracy Vienings, DCS (P), CPRU  Date: 12/9/13



Selection Criteria :

Business Unit : PAK10
Period : Jan-Dec (2012)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00079054

Project Id : ALL	Period :	Jan-Dec (2012)		
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

42401 - Pakistan - Central	0.00	240.86	0.00	240.86
42403 - Pakistan - Crisis Prev & Rcvry	0.00	3,832,899.50	0.00	3,832,899.50
42404 - Pakistan - Dem. Governance	0.00	11,928.73	0.00	11,928.73
42405 - Pakistan - Energy & Envirnmt	0.00	10,283.89	0.00	10,283.89





Funds Utilization

Selection Criteria :

Business Unit : PAK10
 Period : Jan-Dec (2012)
 Selected Project Id : ALL
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : 00079054

Project/Award: 00061843 Early Recov & Restoration of F

Period : As at Dec 31, 2012

Output #	00079054	Impl. Partner :02373 UNDP (Direct Execution)	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			9,425.52
Inventory			0.00
Prepayments			9.00
Commilments			330,924.67





Schedule to Combined Delivery Report
IPSAS Adjustments as at 1 January 2012

Selection Criteria :

Business Unit : PAK10
Selected Project(s) : ALL
Selected Fund Code : ALL
Selected Output(s) : 00079054

Project Id : 00061843 Early Recov & Restoration of F Output # : 00079054 Rehabilitation Govt building Impl. Partner : 02373 UNDP (Direct Execution)				
Description	Account	Fund	Donor	Amount
Prepaid Voucher Modality	16065	30079-EC	00280-EU	99,298.00
Unliquidated Obligations	21015	30079-EC	00280-EU	74,758.16
Total for Output : 00079054				174,056.16
Project Total :				174,056.16



NOTES :

UNDP adopted IPSAS on 1 January 2012 which recognizes an expense based on goods received and/or services rendered. Consequently, expenses related to some IPSAS opening balance would be duplicated in the 2012 CDRs because of the following:

1. Goods received or services rendered in 2012 on non-fixed asset open purchase orders raised prior to 2012 would be recognized as an expense in 2012. These were ULOs in 2011
2. 2012 Inventory opening balances would be expensed in 2012 when goods are consumed or delivered
3. 2012 Prepaid opening balances would be expensed in 2012 when goods are received or services rendered

2.3. Certification of Statement of Fixed Assets

**REPORT OF THE INDEPENDENT AUDITORS TO UNDP
EARLY RECOVERY - REHABILITATION OF GOVERNMENT BUILDINGS
(AWARD ID: 00061843, PROJECT ID. 00079054)**

Certification of Statement of Fixed Assets

We have audited the accompanying statement of Fixed Assets ("the statement") of the UNDP project "Early Recovery - Rehabilitation of Government Buildings" (Award ID: 00061843, Project No. 00079054) as at December 31, 2012.

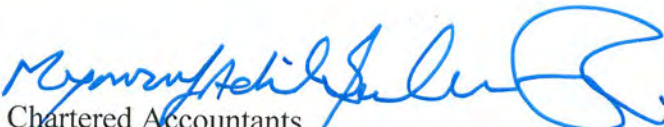
Management is responsible for the preparation of the statement for "Early Recovery - Rehabilitation of Government Buildings" project and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement 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 made by management, as well as evaluating the presentation of the statement.

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

In our opinion, the accompanying statement of Fixed Assets presents fairly, in all material respects, the balance of fixed assets of the UNDP project "Early Recovery - Rehabilitation of Government Buildings" amounting to USD 9,667.19 as at December 31, 2012 in accordance with UNDP accounting policies.


Chartered Accountants
Engagement Partner: Mohammad Saleem

Islamabad

Dated: 26 NOV 2013

2.4. Statement of Fixed Assets

Statement of Assets and Equipment
as at 31 December 2012



UNDP Country Office: Pakistan	
Project title: Rehabilitation Govt building	
Award ID:	61843
Project ID:	79054
Period covered from inception of project: (day/mo/year) 01 January 2012 to 31 December 2012	

For asset value of a minimum of 1000\$ per item

TAG NO.	ACQUISITION DATE	ITEM DESCRIPTION (make and model)	PROJECT No.	FUND	CONDITION	RESPONS. PERSON/entity	ITEM LOCATION	MANUFACTURER	US\$ VALUE	SERIAL NO.	REMARKS
N/A	25-Sep-12	Blast Doors for Hub Office	79054	30079	Hub Office Peshawar	Hub Office Peshawar	Hub Office Peshawar	N/A	3,222.39	N/A	N/A
N/A	25-Sep-12	Blast Doors for Hub Office	79054	30079	Hub Office Peshawar	Hub Office Peshawar	Hub Office Peshawar	N/A	3,222.40	N/A	N/A
N/A	25-Sep-12	Blast Doors for Hub Office	79054	30079	Hub Office Peshawar	Hub Office Peshawar	Hub Office Peshawar	N/A	3,222.40	N/A	N/A
									TOTAL VALUE	9,667.19	

Signed by:
Name: Rabia Khan
Title: ACD CPRU
Date:

Signed by:
Name: Tracy Vierings
Title: UNDP DCD (F)

Certified by: signature
Name:
Title: Senior Partner
Name of the Audit Firm:
Date:

