

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP INDIA

HCFC PHASE OUT MANAGEMENT PLAN (HPMP, STAGE I)
(Directly Implemented Project, Output Nos. 85031 and 85155)

Report No. 1381

Issue Date: 7 August 2014

**Report on the audit of UNDP India
HCFC Phase Out Management Plan (HPMP, Stage I)
(Output Nos. 85031 and 85155)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 12 to 21 May 2014, through Moore Stephens (the audit firm), conducted an audit of HCFC Phase Out Management Plan (HPMP, Stage I), Output Nos. 85031 and 85155 (the Project), which is directly implemented and managed by the UNDP Country Office in India (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 to 31 December 2013 and the accompanying Funds Utilization statement¹ as of 31 December 2013 as well as Statement of Assets as of 31 December 2013. The audit did not include expenses processed and approved in locations outside of the country, such as in UNDP Regional Centres and UNDP Headquarters. The audit did not cover the Statement of Assets as no assets were purchased by 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		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
5,103*	Unqualified	-	Not Applicable

*Expenditure recorded in the Combined Delivery Report was \$5,193,130, however, the audit excluded expenses amounting to \$90,000, comprising of transactions not processed or approved by the Office.

The audit resulted in one low priority recommendation.



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

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.

UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

AUDIT REPORT

FINAL REPORT

22 JULY 2014

**FINANCIAL AUDIT OF THE UNDP DIRECTLY IMPLEMENTED (DIM)
PROJECT**

HCFC PHASE OUT MANAGEMENT PLAN (HPMP, STAGE I)

Project name:	HCFC Phase out Management Plan (HPMP, Stage I)
UNDP Country Office:	India
ATLAS Project number:	71718
ATLAS Output numbers:	85031 and 85155
Auditor:	Moore Stephens LLP
Period subject to audit:	1 January to 31 December 2013

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EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of HCFC Phase out Management Plan (HPMP, Stage I) (Project ID 71718 and Outputs 85031 and 85155) (the project), directly implemented by UNDP India for the year ended 31 December 2013. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI). We have issued audit opinions as summarised in the table below and as detailed in the next section:

Statement of Expenditure	Unqualified
Statement of Fixed Assets	Not applicable

As a result of our audit, we raised one audit finding but have rated it as low priority. In accordance with Annex 2, this finding is therefore not included in this audit report.



Mark Henderson
Partner
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

22 July 2014

THE AUDIT ENGAGEMENT

Audit Objectives and Scope

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

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2013 and the funds utilization as at 31 December 2013 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, rules, policies & procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.
- Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP project as at 31 December 2013. This statement must include all assets available as at 31 December 2013 and not only those purchased in a given period. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 January and 31 December 2013. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of "responsible parties", unless the inclusion of these expenses is specifically required in the request for proposal; and
- Expenses processed and approved in locations outside the country such as UNDP Regional Centres and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.

AUDIT OPINIONS

Independent Auditor's Report to UNDP - project "HCFC Phase out Management Plan (HPMP, Stage I)"

Statement of Expenditure

We have audited the accompanying Combined Delivery Report and Funds Utilization statement totalling \$ 5,193,130 ('the statement') of UNDP project 71718 'HCFC Phase out Management Plan (HPMP, Stage I)' ('the project') for the period from 1 January to 31 December 2013. CDR expenditure totalling \$ 90,000 comprising expenditure not processed or approved by UNDP Country Office India was not within the scope of our audit.

Management is responsible for the preparation of the statement for the HCFC Phase out Management Plan 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 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.

Unqualified Opinion

In our opinion, the accompanying Combined Delivery Report (CDR) and Funds Utilization statement presents fairly, in all material respects, the expenses of \$ 5,103,130 incurred by the project 'HCFC Phase out Management Plan (HPMP, Stage I)' for the period 1 January to 31 December 2013 in accordance with UNDP accounting policies and were i) in conformity with the approved 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.

**Independent Auditor's Report to UNDP - project "HCFC Phase out
Management Plan (HPMP, Stage I)"**

Statement of Fixed Assets

We noted that the UNDP project titled 'HCFC Phase out Management Plan (HPMP, Stage I)' did not have assets or equipment and accordingly an opinion on Statement of Fixed Assets was not applicable.

MANAGEMENT LETTER

As a result of our audit, we raised one audit finding but have rated it as low priority. In accordance with Annex 2, this finding is therefore not included in this audit report.



Mark Henderson
Partner
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

22 July 2014

Annex 1: Combined Delivery Report



UN Development Programme
Report ID: UNGL143

Combined Delivery Report

Page 1 of 1
Run Time: 18-02-2014 06:02:53

Selection Criteria :

Business Unit : IND10
Period : Jan-Dec (2013)
Selected Award Id : 00071718
Selected Fund Code : 63030

Award Id : 00071718 Hydrochlorofluorocarbon (HCFC)	Period :	Jan-Dec (2013)		
Project # : 00085031 HCFC - Phase-out Management	Impl. Partner :	99999 UNDP		
	Location :	Main		
	Govt Disb	UNDP Disb	UN Agencies	Total Disb

Fund : 63030 (MP Prog Res Gen Prog)				
71205 - Intl Consultants-Shr Term-Tech	0.00	90,000.00	0.00	90,000.00
71405 - Service Contracts-Individuals	0.00	18,197.98	0.00	18,197.98
71410 - MAIP Premium SC	0.00	76.65	0.00	76.65
72445 - Common Services-Communications	0.00	1,000.00	0.00	1,000.00
Total for Fund 63030	0.00	109,274.63	0.00	109,274.63
Total for Project : 00085031	0.00	109,274.63	0.00	109,274.63

Project # : 00085155 HCFC Phase-out Management	Impl. Partner :	99999 UNDP		
	Location :			

Fund : 63030 (MP Prog Res Gen Prog)				
72105 - Svc Co-Construction & Engineer	0.00	4,673,840.42	0.00	4,673,840.42
72115 - Svc Co-Natural Resources & Env	0.00	410,015.03	0.00	410,015.03
Total for Fund 63030	0.00	5,083,855.45	0.00	5,083,855.45
Total for Project : 00085155	0.00	5,083,855.45	0.00	5,083,855.45

Award Total :	0.00	5,193,130.08	0.00	5,193,130.08
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Mark Henderson
Partner
Moore Stephens LLP
22 July 2014

Signed By :

Date :

19/2/2014

Sunil Arora
Programme Officer
Energy and Environment Unit



UN Development Programme
Report ID: unglodrb

Combined Delivery Report by Activity

Page 2 of 3
Run Time: 21-03-2014 05:03:31

Selection Criteria :

Business Unit : IND10
Period : Jan-Dec (2013)
Selected Project Id : 00071718
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

Project Id : ALL	Period : Jan-Dec (2013)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
08401 - BDP/Montreal Protocol	0.00	90,000.00	0.00	90,000.00
40805 - India - Energy & Envimmnt	0.00	5,103,130.08	0.00	5,103,130.08



UN Development Programme
Report ID: unglodrb

Combined Delivery Report by Activity

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Run Time: 21-03-2014 05:03:20

Funds Utilization

Selection Criteria :

Business Unit : IND10
Period : Jan-Dec (2013)
Selected Project Id : 00071718
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

Project/Award: 00071718 Hydrochlorofluorocarbon (HCFC)	Period : As Of Dec31,2013
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Output # 00085031	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances		0.00
Undepreciated Fixed Assets		0.00
Inventory		0.00
Prepayments		0.00
Commitments		10,000.00

Annex 2: Audit finding priority ratings

The following categories of priorities are used:

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 Auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in the audit report.