

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP BANGLADESH

POLICE REFORM PROGRAMME II
(Directly Implemented Project, Output No. 72355)

Report No. 1390

Issue Date: 16 September 2014

**Report on the audit of UNDP Bangladesh
Police Reform Programme II (Output No. 72355)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 2 to 20 June 2014, through Moore Stephens LLP (the audit firm), conducted an audit of Police Reform Programme II, Output No. 72355 (the Project), which is directly implemented and managed by the UNDP Country Office in Bangladesh (the Office). The last audit of the Office was conducted by OAI in 2011.

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. 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 UNDP Regional Centres and UNDP Headquarters), or where supporting documentation was not retained at the UNDP Country Office level. 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:

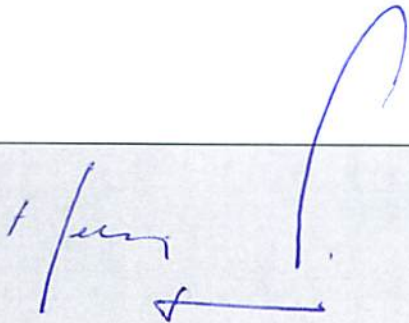
Project Expenditure		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
1,527*	Unqualified	N/A	N/A

*Expenditures recorded in the Combined Delivery Report were \$4,973,950. Excluded from the audit scope were transactions that relate to expenditures incurred or undertaken at the "responsible party" level (\$1,388,392), expenditures not processed or approved at the Office level (\$1,047,588) and expenditures incurred by implementing partners (\$1,010,694). The expenditures incurred by the "responsible party" have been subject to a separate audit with total expenditures of \$2.4 million. The audit was unqualified.

The audit firm issued an unqualified opinion on the Funds Utilization statement.

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 audit did not result in any recommendations.



Helge S. Ostveiten
Director
Office of Audit and Investigations

**UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)
AUDIT REPORT**

14 August 2014

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

POLICE REFORM PROGRAMME II

Project name:	Police Reform Programme II
UNDP Country Office:	Bangladesh
Atlas Project number:	00058288
Atlas Output number:	00072355
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 Police Reform Programme II (Project ID 00058288 and Output 00072355) (the project), directly implemented by UNDP Bangladesh 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
Statement of Cash Position	Not applicable

We have not raised any findings as a result of our audit.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

14 August 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 and rules, policies and 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.
- Expressing an opinion on whether the statement of cash held by the project presents fairly the cash and bank balance of UNDP project as at 31 December 2013. Disbursements made against a DIM project are usually financed from the regular country office bank accounts. Exceptionally, a dedicated bank account may be opened and used solely for the cash transactions of a DIM project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash only where a dedicated bank account for the DIM project has been established. In cases where the cash transactions of the audited DIM project are made through the country office bank accounts, this type of opinion is not required.

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 - Police Reform Programme II

Statement of Expenditure

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization statement totalling \$ 4,973,950 ("the statement") of the UNDP project 00058288 'Police Reform Programme II' for the period from 1 January to 31 December 2013. CDR expenditure totalling \$ 3,446,674, comprised of government expenditure of \$1,388,392, expenditure not processed or approved by UNDP Country Office Bangladesh of \$ 1,047,588 and requests for direct payments on behalf of implementing partners of \$ 1,010,694 were not within the scope of our audit.

Management is responsible for the preparation of the statement for the 'Police Reform Programme II' 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 Statement of Expenditure presents fairly, in all material respects, the expenses of \$ 1,527,276 incurred by the project Police Reform Programme II 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 - Police Reform Programme II
Statement of Fixed Assets

We noted that the UNDP project Police Reform Programme II had no assets or equipment and accordingly a Statement of Fixed Assets was not produced.

Independent Auditor's Report to UNDP - Police Reform Programme II

Statement of Cash Position

We noted that the UNDP project Police Reform Programme II did not have a dedicated bank account for DIM project activities subject to audit and accordingly a Statement of Cash Position was not produced.

MANAGEMENT LETTER

We have not raised any findings as a result of our audit.

A handwritten signature in blue ink, appearing to read 'Mark Henderson', with a small blue dot to the right.

Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

14 August 2014

Annexes

Annex 1: Combined Delivery Report

Combined Delivery Report By Project



UN Development Programme
Report ID: unglcdrp

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Selection Criteria :

Business Unit : BGD10
Period : Jan-Dec (2013)
Selected Project Id : 00058288
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

Project Id : 00058288	Police Reform Programme Phase	Period :	Jan-Dec (2013)
Output # : 00072355	Police Reform Programme II	Impl. Partner :	00256 National Execution
		Location :	Bangladesh Country Office Gen.

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Dept: 39201 (Bangladesh - Central)				
Fund : 04000 (Core Programme, UNU Centre)				
71405 - Service Contracts-Individuals	0.00	0.00	0.00	0.00
Total for Fund 04000	0.00	0.00	0.00	0.00
Total for Dept : 39201	0.00	0.00	0.00	0.00
Dept: 39204 (Bangladesh - Dem. Governance)				
Fund : 04000 (Core Programme, UNU Centre)				
61305 - Salaries - IP Staff	0.00	257,365.45	0.00	257,365.45
61310 - Post Adjustment - IP Staff	0.00	109,554.57	0.00	109,554.57
62305 - Dependency Allowances-IP Staff	0.00	4,912.55	0.00	4,912.55
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	81,805.53	0.00	81,805.53
62315 - Contrib. to medical, social in	0.00	2,474.34	0.00	2,474.34
62320 - Mobility, Hardship, Non-remova	0.00	45,106.66	0.00	45,106.66
62330 - Rental Supplements - IP Staff	0.00	965.08	0.00	965.08
62340 - Annual Leave Expense - IP	0.00	7,807.40	0.00	7,807.40
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	12,357.85	0.00	12,357.85
63335 - Home Leave Trvl & Allow-IP Stf	0.00	14,183.28	0.00	14,183.28
63530 - Contribution to EOS Benefits	0.00	13,759.54	0.00	13,759.54
63535 - Contribution to Security	0.00	14,676.80	0.00	14,676.80
63540 - Contribution to Training	0.00	3,669.16	0.00	3,669.16
63545 - Contribution to ICT	0.00	5,503.81	0.00	5,503.81
63550 - Contributions to MAIP	0.00	733.87	0.00	733.87
63555 - Contribution to UN JFA	0.00	6,604.57	0.00	6,604.57
63560 - Contributions to Appendix D	0.00	1,100.74	0.00	1,100.74
64306 - Appointment-Ticket Costs	0.00	96.00	0.00	96.00
64307 - Appointment-Subsistence Allow	0.00	3,809.00	0.00	3,809.00
65115 - Contributions to ASHI Reserve	0.00	29,353.58	0.00	29,353.58
65135 - Payroll Mgt Cost Recovery ATLA	0.00	2,317.68	0.00	2,317.68
71305 - Local Consult.-Sht Term-Tech	0.00	7,007.26	0.00	7,007.26
71405 - Service Contracts-Individuals	0.00	449,598.07	0.00	449,598.07
71410 - MAIP Premium SC	0.00	1,899.28	0.00	1,899.28
72105 - Svc Co-Construction & Engineer	0.00	411,618.20	0.00	411,618.20
72220 - Furniture	0.00	84,545.84	0.00	84,545.84
72405 - Acquisition of Communic Equip	0.00	- 27.05	0.00	- 27.05
72415 - Courier Charges	0.00	266.42	0.00	266.42
72435 - E-mail-Subscription	0.00	1,568.00	0.00	1,568.00
72440 - Connectivity Charges	0.00	75.00	0.00	75.00
72515 - Print Media	0.00	772.09	0.00	772.09
74210 - Printing and Publications	0.00	2,330.10	0.00	2,330.10
74325 - Contrib.To CO Common Security	0.00	7,461.00	0.00	7,461.00

Md. Mokhlesur Rahman
Addl. IGP (CID) BP
and NPD, PRP

Combined Delivery Report By Project



UNDP UN Development Programme
Report ID: unglcdrp

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Project Id : 00058288 Police Reform Programme Phase	Period :	Jan-Dec (2013)		
Output # : 00072355 Police Reform Programme II	Impl. Partner :	00256 National Execution		
	Location :	Bangladesh Country Office Gen.		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74525 - Sundry	3,026.43	3,619.92	0.00	6,646.35
74705 - Port Operation	0.00	214.95	0.00	214.95
75705 - Learning costs	0.00	0.00	0.00	0.00
76120 - Unrealized Loss	0.00	1,506.13	0.00	1,506.13
76125 - Realized Loss	0.00	1,520.34	0.00	1,520.34
76130 - Unrealized Gain	0.00	-4,296.43	0.00	-4,296.43
76135 - Realized Gain	0.00	-205.03	0.00	-205.03
Total for Fund 04000	3,026.43	1,587,631.55	0.00	1,590,657.98

F : 30000 (PROGRAMME COST SHARING)

61305 - Salaries - IP Staff	0.00	137,984.64	0.00	137,984.64
61310 - Post Adjustment - IP Staff	0.00	58,458.98	0.00	58,458.98
62305 - Dependency Allowances-IP Staff	0.00	13,435.80	0.00	13,435.80
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	43,457.48	0.00	43,457.48
62315 - Contrib. to medical, social in	0.00	2,412.95	0.00	2,412.95
62320 - Mobility, Hardship, Non-remova	0.00	30,292.55	0.00	30,292.55
62330 - Rental Supplements - IP Staff	0.00	10,599.73	0.00	10,599.73
62340 - Annual Leave Expense - IP	0.00	-1,788.78	0.00	-1,788.78
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	33,619.22	0.00	33,619.22
63335 - Home Leave Trvl & Allow-IP Stf	0.00	18,191.59	0.00	18,191.59
63530 - Contribution to EOS Benefits	0.00	7,366.62	0.00	7,366.62
63535 - Contribution to Security	0.00	7,857.73	0.00	7,857.73
63540 - Contribution to Training	0.00	1,964.41	0.00	1,964.41
63545 - Contribution to ICT	0.00	2,946.67	0.00	2,946.67
63550 - Contributions to MAIP	0.00	392.89	0.00	392.89
63555 - Contribution to UN JFA	0.00	3,536.00	0.00	3,536.00
63560 - Contributions to Appendix D	0.00	589.33	0.00	589.33
64308 - Appointments-Lump Sum	0.00	8,336.82	0.00	8,336.82
65115 - Contributions to ASHI Reserve	0.00	15,715.50	0.00	15,715.50
65135 - Payroll Mgt Cost Recovery ATLA	0.00	1,351.98	0.00	1,351.98
71205 - Intl Consultants-Sht Term-Tech	0.00	54,793.82	0.00	54,793.82
71210 - Intl Consultants-Sht Term-Supp	0.00	1,500.00	0.00	1,500.00
71305 - Local Consult.-Sht Term-Tech	0.00	36,800.51	0.00	36,800.51
71310 - Local Consult.-Short Term-Supp	4,582.14	0.00	0.00	4,582.14
71605 - Travel Tickets-International	0.00	24,208.49	0.00	24,208.49
71610 - Travel Tickets-Local	6,609.05	0.00	0.00	6,609.05
71615 - Daily Subsistence Allow-Intl	0.00	15,183.32	0.00	15,183.32
71620 - Daily Subsistence Allow-Local	36,496.73	2,100.00	0.00	38,596.73
71630 - Shipment	0.00	5,922.00	0.00	5,922.00
71635 - Travel - Other	0.00	5,614.58	0.00	5,614.58
72105 - Svc Co-Construction & Engineer	13,115.64	551,732.29	0.00	564,847.93
72205 - Office Machinery	83,680.12	22,755.70	0.00	106,435.82
72210 - Machinery and Equipment	42,099.38	0.00	0.00	42,099.38
72220 - Furniture	246,183.70	14,072.06	0.00	260,255.76
72350 - Medical Kits	15,864.44	0.00	0.00	15,864.44
72370 - Security related goods and mat	0.00	204,827.04	0.00	204,827.04
72405 - Acquisition of Communic Equip	13,067.58	74,841.00	0.00	87,908.58
72410 - Acquisition of Audio Visual Eq	0.00	27,690.43	0.00	27,690.43
72415 - Courier Charges	288.69	1,688.61	0.00	1,977.30
72425 - Mobile Telephone Charges	5,393.76	0.00	0.00	5,393.76
72435 - E-mail-Subscription	0.00	3,408.00	0.00	3,408.00
72440 - Connectivity Charges	11,777.51	5,337.06	0.00	17,114.57

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Md. Mokhlesur Rahman
Addl. IGP (CID) BP
and NPD, PRP

Combined Delivery Report By Project




UN Development Programme
Report ID: unglcdrp

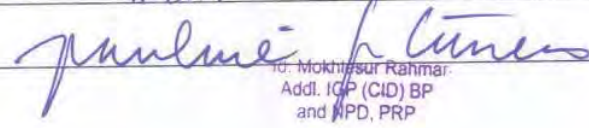
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Project Id : 00058288 Police Reform Programme Phase	Period : Jan-Dec (2013)			Total Exp
Output # : 00072355 Police Reform Programme II	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72505 - Stationery & other Office Supp	20,634.84	1,285.62	0.00	21,920.46
72510 - Publications	447.18	0.00	0.00	447.18
72515 - Print Media	26,483.52	5,120.16	0.00	31,603.68
72805 - Acquis of Computer Hardware	138,998.07	36,737.86	0.00	175,735.93
72810 - Acquis of Computer Software	15,471.85	294,234.59	0.00	309,706.44
72815 - Inform Technology Supplies	306.70	1,266.86	0.00	1,573.56
73110 - Custodial & Cleaning Services	0.00	5,283.48	0.00	5,283.48
73125 - Common Services-Premises	1,630.94	0.00	0.00	1,630.94
73205 - Premises Alternations	7,131.97	0.00	0.00	7,131.97
73305 - Maint & Licensing of Hardware	0.00	501.61	0.00	501.61
73405 - Rental & Maint-Other Office Eq	968.99	6,849.99	0.00	7,818.98
73410 - Maint, Oper of Transport Equip	30,646.93	12,048.36	0.00	42,695.29
74210 - Printing and Publications	107,787.32	16,137.35	0.00	123,924.67
74215 - Promotional Materials and Dist	0.00	3,891.26	0.00	3,891.26
74220 - Translation Costs	861.72	6,293.70	0.00	7,155.42
74230 - Audio & Visual Equipment	0.00	0.00	0.00	0.00
74505 - Insurance	2,712.43	0.00	0.00	2,712.43
74525 - Sundry	3,493.58	1,800.39	0.00	5,293.97
74705 - Port Operation	0.00	3,644.63	0.00	3,644.63
75105 - Facilities & Admin - Implement	0.00	140,972.18	0.00	140,972.18
75705 - Learning costs	548,630.45	7,773.77	0.00	556,404.22
76125 - Realized Loss	0.00	863.94	0.00	863.94
76135 - Realized Gain	0.00	-171.00	0.00	-171.00
Total for Fund 30000	1,385,365.23	1,993,731.77	0.00	3,379,097.00
Total for Dept : 39204	1,388,391.66	3,581,363.32	0.00	4,969,754.98
Dept: 39209 (Bangladesh - Service Center)				
Fund : 30000 (PROGRAMME COST SHARING)				
75105 - Facilities & Admin - Implement	0.00	274.43	0.00	274.43
75705 - Learning costs	0.00	3,920.40	0.00	3,920.40
Total for Fund 30000	0.00	4,194.83	0.00	4,194.83
Total for Dept : 39209	0.00	4,194.83	0.00	4,194.83
Total for Output : 00072355	1,388,391.66	3,585,558.15	0.00	4,973,949.81
Project Total :	1,388,391.66	3,585,558.15	0.00	4,973,949.81

NDA

Mark Henderson
Partner
Moore Stephens LLP
14 August 2014

Signed By:  *11. 6. 14* **NPD PRP**

Signed By:  **M. Mokhtesur Rahmar**
Addl. ICP (CID) BP
and NPD, PRP

Date: _____
Date: *20. 08. 14*

Combined Delivery Report By Project



UNDP UN Development Programme
Report ID: unglcdrp

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Selection Criteria :

Business Unit : BGD10
Period : Jan-Dec (2013)
Selected Project Id : 00058288
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
39201 - Bangladesh - Central	0.00	0.00	0.00	0.00
39204 - Bangladesh - Dem. Governance	1,388,391.66	3,581,363.32	0.00	4,969,754.98
39209 - Bangladesh - Service Center	0.00	4,194.83	0.00	4,194.83

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Mark Henderson
Partner
Moore Stephens LLP
14 August 2014

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- 11.6.14

NPD PRP

Md. Mokhlesur Rahman
Addl. IGP (CID) BP
and NPD PRP

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Combined Delivery Report By Project



UN
DP UN Development Programme
Report ID: unglcdrp

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Funds Utilization


Selection Criteria :

Business Unit : BGD10
Period : Jan-Dec (2013)
Selected Project Id : 00058288
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

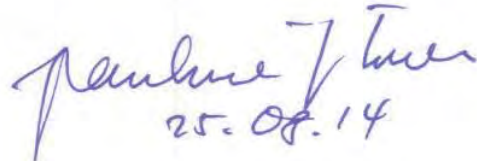
Project/Award: 00058288 Police Reform Programme Phase

Period : As at Dec 31, 2013

Output #	00072355	Impl. Partner :00256 National Execution	UNDP AMOUNT
Outstanding NEX advances			4,910.63
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			1,469.85


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NPD PRP

Md. Mokhlesur Rahman
Addl. IGP (CID) BP
and NPD PRP


25.08.14


Mark Henderson
Partner
Moore Stephens LLP
14 August 2014

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. |