

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
Resilient nations.*

AUDIT

OF

UNDP INDIA

**Improving Efficiency of Health Care Systems in Multiple States
(Directly Implemented Project No. 73182, Output Nos. 86136 and 86879)**

Report No. 1469

Issue Date: 30 June 2015

Report on the audit of UNDP India
Improving Efficiency of Health Care Systems in Multiple States
(Project No. 73182, Output Nos. 86136 and 86879)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), from 11 to 19 May 2015, through Moore Stephens (the audit firm), conducted an audit of Improving Efficiency of Health Care Systems in Multiple States (Project No. 73182, Output Nos. 86136 and 86879) (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 in 2014 and covered project expenditure from 1 January to 31 December 2013.

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 2014 and the accompanying Funds Utilization statement¹ as well as Statement of Assets as of 31 December 2014. The audit did not include expenses processed and approved in locations outside of the country (such as UNDP Headquarters), or where supporting documentation was not retained at the UNDP Country Office level. 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 submitted by the audit firm, the results are summarized in the table below:

Project Expenditure*		Project Assets	
Amount (in \$)	Opinion	Amount (in \$)	Opinion
6,991,782*	Unqualified	4,899	Unqualified

* Expenditures recorded in the Combined Delivery Report were \$8,056,373. Expenditures processed and approved by other UNDP offices outside of the country (\$1,064,591) were excluded from the audit scope.

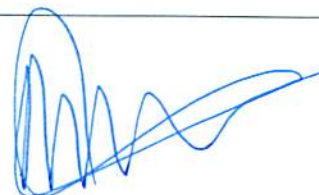
The audit did not result in any recommendations.

Implementation status of previous OAI audit recommendations: Report No. 1380, 7 August 2014.

Total recommendations: 1
Implementation rate: 0%

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 pending recommendation pertains to the need for the Office to obtain from one of its donors a waiver of the contractual obligation to repay interest earned by UNDP on the contributions received.



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

UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

AUDIT REPORT

23 June 2015

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

**IMPROVING EFFICIENCY OF HEALTH CARE SYSTEMS IN
MULTIPLE STATES**

Project name:	Improving efficiency of health care systems in multiple states
UNDP Country Office:	India
Atlas Project ID:	73182
Atlas Output numbers:	86136 and 86879
Auditor:	Moore Stephens LLP
Period subject to audit:	1 January to 31 December 2014

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EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of 'Improving efficiency of health-care systems in multiple states' (Project ID 73182 and Outputs 86136 and 86879) (the project), directly implemented by UNDP India for the year ended 31 December 2014. 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	Unqualified

As a result of our audit, we have raised no audit findings.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

23 June 2015

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 2014 and the funds utilization as at 31 December 2014 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 2014. This statement must include all assets available as at 31 December 2014 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 2014. 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

Improving Efficiency of Health Care Systems in Multiple States

Statement of Expenditure

Unqualified Opinion

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization statement totalling \$ 8,056,373.36 ('the statement') of the UNDP project 73182 'Improving efficiency of health-care systems in multiple states' ('the project') for the period from 1 January to 31 December 2014. CDR expenditure totalling \$ 1,064,590.93, representing expenditure not processed or approved by UNDP Country Office, was not within the scope of our audit.

Management is responsible for the preparation of the statement for the 'Improving efficiency of health-care systems in multiple states (West Bengal and Haryana)' 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 and Funds Utilization statement presents fairly, in all material respects, the expenses of \$ 6,991,782.43 incurred by the project 'Improving efficiency of health-care systems in multiple states' for the period 1 January to 31 December 2014 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.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB
23 June 2015

Independent Auditor's Report to UNDP

Improving Efficiency of Health Care Systems in Multiple States

Statement of Fixed Assets

Unqualified Opinion

We have audited the accompanying Statement of Assets ('the Statement') of the UNDP project 73182 'Improving efficiency of health-care systems in multiple states' ('the project') as at 31 December 2014.

Management is responsible for the preparation of the statement for 'Improving efficiency of health-care systems in multiple states' 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 schedule 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 attached Statement of Assets presents fairly, in all material respects, the balance of inventory of the UNDP project 'Improving efficiency of health-care systems in multiple states' amounting to \$ 4,898.94 as at 31 December 2014 in accordance with UNDP accounting policies.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

23 June 2015

MANAGEMENT LETTER

As a result of our audit, we have raised no audit findings



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

23 June 2015

Annexes

Annex 1: Combined Delivery Report



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 1 of 4
Run Time: 17-03-2015 06:03:26

Selection Criteria :

Business Unit : IND10
Period : Jan-Dec (2014)
Selected Project Id : 00073182
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00086136,00086879

Project Id : 00073182 Administrative efficiency in i	Period :	Jan-Dec (2014)		
Output # : 00086136 Improving health care systems	Impl. Partner :	03836 Direct Implementation		
	Location :	Main		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 40601 (India - Central)

Fund : 04000 (Core Programme, UNU Centre)

71620 - Daily Subsistence Allow-Local	0.00	22,976.24	0.00	22,976.24
77630 - Dep Exp Owned - ITC	0.00	612.36	0.00	612.36
Total for Fund 04000	0.00	23,588.60	0.00	23,588.60

Total for Dept : 40601 **0.00** **23,588.60** **0.00** **23,588.60**

Dept: 40604 (India - Dem. Governance)

Fund : 30071 (Programme Cost Sharing GOV1)

31006 - Transfers to/from resources	0.00	709,319.05	0.00	709,319.05
64398 - Direct Project Cost-Staff	0.00	510.75	0.00	510.75
72115 - Svc Co-Natural Resources & Env	0.00	3,658.13	0.00	3,658.13
72210 - Machinery and Equipment	0.00	6,191,707.97	0.00	6,191,707.97
72330 - Medical Products	0.00	279,717.65	0.00	279,717.65
72445 - Common Services-Communications	0.00	976.77	0.00	976.77
72505 - Stationery & other Office Supp	0.00	1,464.47	0.00	1,464.47
73406 - Maintenance of Equipment	0.00	9,833.18	0.00	9,833.18
74510 - Bank Charges	0.00	24,899.47	0.00	24,899.47
75115 - Facilities & Admin - OH & Ind	0.00	260,546.29	0.00	260,546.29
75705 - Learning costs	0.00	6.58	0.00	6.58
75709 - Learning - training of counter	0.00	612.16	0.00	612.16
75710 - Participation of counterparts	0.00	672.13	0.00	672.13
76125 - Realized Loss	0.00	1,981.57	0.00	1,981.57
76135 - Realized Gain	0.00	-3,395.81	0.00	-3,395.81
Total for Fund 30071	0.00	7,482,510.36	0.00	7,482,510.36

Total for Dept : 40604 **0.00** **7,482,510.36** **0.00** **7,482,510.36**

Total for Output : 00086136 **0.00** **7,506,098.96** **0.00** **7,506,098.96**

Output # : 00086879 Improving health care services	Impl. Partner : 03836 Direct Implementation
	Location :

Dept: 40604 (India - Dem. Governance)

Fund : 30000 (PROGRAMME COST SHARING)



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 17-03-2015 06:03:26

Project Id : 00073182 Administrative efficiency in i		Period :	Jan-Dec (2014)	
Output # : 00086879 Improving health care services		Impl. Partner :	03836 Direct Implementation	
		Location :	Main	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
31006 - Transfers to/from resources	0.00	354,659.52	0.00	354,659.52
72210 - Machinery and Equipment	0.00	138,840.04	0.00	138,840.04
72330 - Medical Products	0.00	2,861.25	0.00	2,861.25
72401 - Prefab structure/other buildin	0.00	44,697.41	0.00	44,697.41
72405 - Acquisition of Communic Equip	0.00	- 98.83	0.00	- 98.83
75115 - Facilities & Admin - OH & Ind	0.00	9,315.00	0.00	9,315.00
76125 - Realized Loss	0.00	0.01	0.00	0.01
Total for Fund 30000	0.00	550,274.40	0.00	550,274.40
Total for Dept : 40604	0.00	550,274.40	0.00	550,274.40
Total for Output : 00086879	0.00	550,274.40	0.00	550,274.40
Project Total :	0.00	8,056,373.36	0.00	8,056,373.36

(Signature)
(DEEPAK GERA)

(Signature)
(J. S. CHANDHARY)


(Signature)
Irene Dabare
Deputy Country Director
(Operations)

Signed By : _____ Date : _____

Signed By : _____ Date : _____

(Signature)

Mark Henderson
Partner
Moore Stephens LLP

23 June 2015



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 3 of 4
Run Time: 17-03-2015 06:03:27

Selection Criteria :

Business Unit : IND10
Period : Jan-Dec (2014)
Selected Project Id : 00073182
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00086136,00086879

Project Id : ALL	Period : Jan-Dec (2014)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
40601 - India - Central	0.00	23,588.60	0.00	23,588.60
40604 - India - Dem. Governance	0.00	8,032,784.76	0.00	8,032,784.76



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Funds Utilization

Selection Criteria :

Business Unit : IND10
Period : Jan-Dec (2014)
Selected Project Id : 00073182
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00086136,00086879

Project/Award: 00073182 Administrative efficiency in i

Period : As at Dec 31, 2014

Output #	00086136	Impl. Partner :03836 Direct Implementation	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			4,286.59
Inventory			0.00
Prepayments			0.00
Commitments			1,621,552.14

Output #	00086879	Impl. Partner :03836 Direct Implementation	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			270,833.70

Annex 2: Statement of Assets and Equipment

Statement on Fixed Assets as on 31st Dec 2014
Project ID#86136 (Improving Efficiency of Health Care Services in Multiple States)

Business unit	Operating Unit	Asset ID	Profile ID	Description	TAG Number	Serial Number	Location	Acquisition Date	In Service Date	Cost,USD	Net Book Value	Quantity	Department	Impl Agency	Donor	Project	Fund code
IND10	IND	765	ITC1	A Notebook computers	INDITC232	PK0YBAC	INDLODB015	01/08/2014	01/08/2014	1,632.98	1,428.86	1	40601	1981	12	86136	4000
IND10	IND	768	ITC1	A Notebook computers	INDITC235	PK1C4ZZ	INDLODB015	01/08/2014	01/08/2014	1,632.98	1,428.86	1	40601	1981	12	86136	4000
IND10	IND	776	ITC1	A Notebook computers	INDITC243	PK0YBAP	INDLODB015	01/08/2014	01/08/2014	1,632.98	1,428.86	1	40601	1981	12	86136	4000


Deepak Gera
 (Finance Associate)


JS Choudhary
 (P&SCM Specialist)


Irene Dabare
 (Deputy Country Director/Operations)





Mark Henderson
 Partner
 Moore Stephens LLP

23 June 2015

Annex 3: 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.