

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
Resilient nations.*

AUDIT

OF

UNDP BOSNIA AND HERZEGOVINA

MUNICIPAL ENVIRONMENTAL AND ECONOMIC GOVERNANCE
(Directly Implemented Project No. 80522, Output No. 90162)

Report No. 1635

Issue Date: 5 July 2016

**Report on the Audit of UNDP Bosnia and Herzegovina
Municipal Environmental and Economic Governance
(Project No. 80522, Output No. 90162)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Deloitte LLP (the audit firm), from 9 May to 20 May 2016, conducted an audit of Municipal Environmental and Economic Governance (Project No. 80522, Output No. 90162) (the Project), which is directly implemented and managed by the UNDP Country Office in Bosnia and Herzegovina (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 2015 and the accompanying Funds Utilization statement¹ as of 31 December 2015. 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). 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 balance was recorded in the dedicated project bank account as of 31 December 2015.

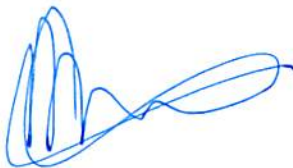
The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

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	
Amount (in \$ '000)	Opinion
443	Unqualified

The audit did not result in any recommendations.



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.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT FOR
THE OUTPUT PROJECT NO. 00090162
"MUNICIPAL ENVIRONMENTAL AND ECONOMIC
GOVERNANCE (MEG)"
FOR THE YEAR ENDED 31 DECEMBER 2015**

**Implementing partner:
United Nations Development Programme**

CONTENTS:

Part 1: Executive summary	
1.1. Project information	1
1.2. Objective and scope of the financial audit	2
1.3. Work performed	3
1.4. Summary of audit results	4
Part 2: Audit report with opinion	5
2.1. Independent auditors' Report	6
2.2. Signed combined Delivery Report and the accompanying Funds Utilization statement	8
Part 3: Management letter	13

Part I - Executive Summary of the Output Project no. 00090162 – Municipal Governance and Economic Governance (MEG)

(All amounts are expressed in USD, unless otherwise stated)

1. EXECUTIVE SUMMARY

1.1. Project information

Municipal Environmental and Economic Governance (MEG) Project (hereinafter “the Project”) is a new intervention financed by the Swiss Federal Department of Foreign Affairs, acting through the Embassy of Switzerland in Bosnia and Herzegovina/Swiss Agency for Development and Cooperation (SDC) (hereinafter “the SDC”) and implemented by United Nations Development Programme (hereinafter “UNDP”) country office in Bosnia and Herzegovina (“the Office”). The Project aims to contribute to assigning local governments with appropriate competences and finances, so as to improve their democratic governance and provide public services in an inclusive, effective and efficient manner, particularly those related to economic and environmental sectors. It is envisaged as a 12-year initiative that will be implemented in three phases. The preparatory phase was completed by the end of 2015 while the first Project phase is expected to start in 2016. The total preliminary budget for the Project preparatory and first phase amounts to approximately CHF 12 million. Against its broader objective, the Project envisages to work in the following intervention areas:

- Democratic public policy and sound management processes within partner local governments: future activities in this area will be focused on reinforcing efficient and accountable municipal policy delivery systems that are characterised by sound and transparent decision-making and effective administrations.
- Provision of high quality public services within the economic and environmental sectors that are responsive to citizens’ needs: activities within this area will help translate public priorities into tangible results by advancing capacities of service providers, investing in economic and environmental infrastructure, and enhancing business environments within target localities.
- Regulatory frameworks at higher government levels enable effective public service delivery. Activities to be implemented within this area will ensure vertical linkage between local governments’ and higher governments’ policy and regulatory frameworks, as well as will aim at introducing changes at a systemic level.

In the preparatory phase, UNDP together with all relevant stakeholders, developed a fully-fledged project document for the first projects phase. During that period, relevant baseline studies were conducted within potential 31 partner local governments so as to analyse in depth the current situation and needs in terms of economic development and environmental management.

Specifically related to the business environment assessment, analyses were conducted in 31 potential partner local governments, which will (i) review the economic situation in each target locality against key macro-economic and private sector indicators; (ii) systematically review (based on inputs from the private sector and local governments) and assess all key aspects pre-determining the quality and effectiveness of business environment in each target locality, thus giving an in-depth overview of the business-related governance framework (against the standardised set of business-friendly environment assessment criteria and indicators applied by the Business Friendly Certification in South-East Europe Programme); (iii) provide feasible and contextualised recommendations for improvement of the business environment – both from the viewpoint of municipal governance, as well as strategic directions and necessary steps to increase competitiveness of the private sector for each target locality.

Part I - Executive Summary of the Output Project no. 00090162 – Municipal Governance and Economic Governance (MEG)

(All amounts are expressed in USD, unless otherwise stated)

1. EXECUTIVE SUMMARY (CONTINUED)

1.1. Project information (continued)

For the first Project phase, approximately 18 local governments (Krajina – Prijedor region and Tuzla – Dobož region) will be selected to take part in the Project implementation. The Project will further build on and expand previous achievements in the domain of local governance and local development, while at the same time it will seek strategic synergies with other relevant and ongoing UNDP implemented interventions.

1.2. Objective and scope of the financial audit

Following our Contract for Professional Services (hereinafter “the Contract”) we have performed an audit in accordance with the International Standards of Auditing.

The objective of the financial audit is to express an opinion on the Project’s financial statements which include:

1. 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. Other forms of statement of expenses that may be prepared by a project office are not accepted.

2. Expressing an opinion on whether the statement of fixed assets presents fairly the balance of fixed assets of the UNDP project as at a given date. This statement must include all assets available as at 31 December 2015 and not only those purchased in a given period. Where a Directly Implemented project (hereinafter “DIM project”) does not have any assets or equipment, it will not be necessary to express such an opinion.

3. 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 a given date. 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 Office bank accounts, this type of opinion is not required.

UNITED NATIONS DEVELOPMENT PROGRAMME

Part I - Executive Summary of the Output Project no. 00090162 – Municipal Governance and Economic Governance (MEG)

(All amounts are expressed in USD, unless otherwise stated)

1. EXECUTIVE SUMMARY (CONTINUED)

1.2. Objective and scope of the financial audit (continued)

The scope of the audit related only to transactions concluded and recorded against the UNDP DIM project over a given period. The scope of the audit did not include:

1. 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
2. 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.

1.3. Work performed

The following table summarizes total reported expenses and total amount of transactions under our examination:

Output Project number	Output number	Output Project name	Total expenses as per CDR (in USD)	Total expenses as per CDR (in CHF)	Total amount under our scope (in USD)	Total amount under our scope (in CHF)	Total amount tested (in USD)	Total amount tested (in CHF)	Amount tested in % of amount under scope
00080522	00090162	Municipal Environmental and Economic Governance (MEG)	442,907	437,115	442,907	437,115	388,545	385,048	88%

Specifically, the audit covered the following:

- a) The expenses incurred and recorded in the Combined Delivery Reports (CDR) of the Project during the period from 1 January to 31 December 2015 and the Funds Utilization statement as at 31 December 2015 as reported by the Office in Bosnia and Herzegovina;
- b) The value and existence of the fixed assets held by the Output Project as at 31 December 2015; and
- c) The value and existence of cash held by the Project as at 31 December 2015, either as cash at hand or in the bank account (Statement of Cash is required only if there is separate bank account for the DIM project under review).

As reported in the table above, sampling procedures on population tested were performed by us using Excel Analytics Toolbar in accordance to Deloitte's internal methodologies, guides and risk assessment. Precisely, samples tested are chosen using statistical method - Monetary Unit Sampling technique, a type of value-weighted selection.

Fieldwork performed directly on-the-spot in the UNDP Bosnia and Herzegovina Office premises in Sarajevo was organized during the period May 9 - 20, 2016. Overall audit timeline was as follows:

Audit phase	Timeline
Planning	May 2 – 6, 2016
Fieldwork	May 9 – 20, 2016
Reporting	May 23 – 27, 2016

Part I - Executive Summary of the Output Project no. 00090162 – Municipal Governance and Economic Governance (MEG)

(All amounts are expressed in USD, unless otherwise stated)

1. EXECUTIVE SUMMARY (CONTINUED)

1.4. Summary of audit results

Combined Delivery Report:

Our opinion on respective parts of the Combined Delivery Report is included in part 2 of this report. For reporting purposes all expenses of the Project are expressed in USD and CHF. Conversion into CHF has been performed on transaction level using the applicable exchange rate on the accounting date of transaction from the United Nations Operational Rates of Exchange list.

Statement of fixed assets

We did not provide opinion on whether the Statement of fixed assets presents fairly the balance of assets of the project, as the Project did not hold any assets or equipment as at 31 December 2015.

Statement of cash

UNDP has established a dedicated bank account as per the Mandate contract for Output Project implementation purposes. As of 31 December 2015 no cash transactions have been performed via this account as UNDP has no defined official operating procedure for managing the account. We have obtained written confirmation of the local bank stating no balance is recorded on this account as of 31 December 2015 and no transactions have been performed up to 31 December 2015.

We did not provide an opinion on whether the Statement of cash presents fairly the balance of cash of the project as of 31 December 2015, as no balance has been recorded on the dedicated bank account as of 31 December 2015.

Internal controls

We have obtained an understanding of the design of relevant control policies and procedures and determined whether they have been implemented. We have assessed the control risk in order to determine the level of our substantive procedures for the purpose of expressing our opinion on the Project financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Deloitte d.o.o. Sarajevo

Sead Bahtanović, director and licensed auditor



Sabina Softić, partner and licensed auditor



Sarajevo, Bosnia and Herzegovina

22 June 2016

UNITED NATIONS DEVELOPMENT PROGRAMME

Part II - Auditor report with opinion

(All amounts are expressed in USD, unless otherwise stated)

2. AUDIT REPORT WITH OPINION

2.1. Independent auditors' report

REPORT OF THE INDEPENDENT AUDITOR TO UNDP ON THE STATEMENT OF EXPENSES OF THE OUTPUT PROJECT NO. 00090162 "MUNICIPAL ENVIRONMENTAL AND ECONOMIC GOVERNANCE (MEG)"

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization statement ("the statement") of the UNDP output project 00090162, "Municipal Environmental and Economic Governance (MEG)" for the period 1 January to 31 December 2015.

Management's responsibility for the financial report

Management is responsible for the preparation of the statement for "Municipal Environmental and Economic Governance" output 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.

The auditor's responsibility

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 statements are 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.

Unmodified opinion

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization statement present fairly, in all material respects, the expenses incurred by the output project "Municipal Environmental and Economic Governance" in the amount of \$442,907 (equivalent to CHF 437,115) for the period from 1 January to 31 December 2015 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.

Deloitte d.o.o.

Sead Bahtanović, director and licenced auditor



Sabina Softić, partner and licenced auditor



Sarajevo, Bosnia and Herzegovina

22 June 2016

UNITED NATIONS DEVELOPMENT PROGRAMME

Part II - Auditor report with opinion

(All amounts are expressed in USD, unless otherwise stated)

2. AUDIT REPORT WITH OPINION (CONTINUED)

2.2. Signed Combined Delivery Report and the accompanying Funds Utilization statement



UN Development Programme
Report ID: ungidrp

Combined Delivery Report By Project

Page 59 of 126
Run Time: 07-02-2016 19:02:35

Project id : 00080622 Municipal Governance	Period : Jan-Dec (2015)
Output # : 00090182 Municipal Governance	Impl. Partner : 99999 UNDP
	Location : Bosnia-Herzgovina
	Govt Exp UNDP Exp UN Agencies Exp Total Exp

Output # : 00090162 Municipal Governance	Impl. Partner : 99999 UNDP
	Location : Bosnia-Herzgovina

Dept: 54208 (Bosnia&Herz-Povarty Reduction)

Fund : 30000 (PROGRAMME COST SHARING)

64398 - Direct Project Cost-Staff	0.00	43,548.82	0.00	43,548.82
71205 - Int Consultants-Sht Term-Tech	0.00	24,290.14	0.00	24,290.14
71305 - Local Consult. Sht Term-Tech	0.00	27,322.30	0.00	27,322.30
71405 - Service Contracts-Individuals	0.00	8,679.18	0.00	8,679.18
71620 - Daily Subsistence Allow-Local	0.00	965.77	0.00	965.77
71635 - Travel - Other	0.00	1,460.95	0.00	1,460.95
72105 - Svc Co-Construction & Engineer	0.00	299,369.81	0.00	299,369.81
72145 - Svc Co-Training and Educ Serv	0.00	1,934.43	0.00	1,934.43
74220 - Transition Costs	0.00	225.70	0.00	225.70
74225 - Other Media Costs	0.00	208.84	0.00	208.84
74510 - Bank Charges	0.00	182.78	0.00	182.78
74525 - Sundry	0.00	413.15	0.00	413.15
75105 - Facilities & Admin - Implement	0.00	32,688.13	0.00	32,688.13
76125 - Realized Loss	0.00	0.02	0.00	0.02
76135 - Realized Gain	0.00	-4.97	0.00	-4.97
Total for Fund 30000	0.00	441,284.85	0.00	441,284.85

Total for Dept : 54208

0.00 441,284.85

0.00

441,284.85

Dept: 54209 (Bosnia&Herz-Service Center)

Fund : 30000 (PROGRAMME COST SHARING)

74225 - Other Media Costs	0.00	1,502.01	0.00	1,502.01
75105 - Facilities & Admin - Implement	0.00	120.16	0.00	120.16
76135 - Realized Gain	0.00	-0.02	0.00	-0.02

Total for Fund 30000

0.00 1,622.15

0.00

1,622.15

Total for Dept : 54209

0.00 1,622.15

0.00

1,622.15

Total for Output : 00090162

0.00 442,907.00

0.00

442,907.00

Project Total :	0.00	442,907.00	0.00	442,907.00
-----------------	------	------------	------	------------

Signed By: Adela Bader-Čurčić Date: 02/03/2016
 Signed By: Lamija Kulubić, LANA KURAT Date: 10/02/16
 HEAD OF POS




UNITED NATIONS DEVELOPMENT PROGRAMME

Part II - Auditor report with opinion

(All amounts are expressed in USD, unless otherwise stated)

2. AUDIT REPORT WITH OPINION (CONTINUED)

2.2. Signed Combined Delivery Report and the accompanying Funds Utilization statement (continued)

		Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
 <p style="text-align: center;">UN Development Programme</p>					
Project Id: 00080522 Municipal Governance Output #: 00090162 Municipal Governance		Period: Jan-Dec (2015) Impl. Partner: 99999 UNDP Location: Bosnia-Herzegovina			
Combined Delivery Report by Activity In CHF					
Activity: ACTIVITY2.1.1 (2.1.1. PQA and SG)					
Fund: 30000 (PROGRAMME COST SHARING)					
	64398 - Direct Project Cost-Staff	0.00	12,990.01	0.00	12,990.01
	75105 - Facilities & Admin - Implement	0.00	1,039.20	0.00	1,039.20
Total for Fund 30000		0.00	14,029.21	0.00	14,029.21
Total for Activity ACTIVITY2.1.1		0.00	14,029.21	0.00	14,029.21
Activity: ACTIVITY2.1.2 (2.1.2. EMA)					
Fund: 30000 (PROGRAMME COST SHARING)					
	64398 - Direct Project Cost-Staff	0.00	5,620.68	0.00	5,620.68
	75105 - Facilities & Admin - Implement	0.00	449.66	0.00	449.66
Total for Fund 30000		0.00	6,070.34	0.00	6,070.34
Total for Activity ACTIVITY2.1.2		0.00	6,070.34	0.00	6,070.34
Activity: ACTIVITY2.1.3 (2.1.3. POS)					
Fund: 30000 (PROGRAMME COST SHARING)					
	64398 - Direct Project Cost-Staff	0.00	5,595.69	0.00	5,595.69
	75105 - Facilities & Admin - Implement	0.00	447.65	0.00	447.65
Total for Fund 30000		0.00	6,043.34	0.00	6,043.34
Total for Activity ACTIVITY2.1.3		0.00	6,043.34	0.00	6,043.34
Activity: ACTIVITY2.1.4 (2.1.4 M&E)					
Fund: 30000 (PROGRAMME COST SHARING)					
	64398 - Direct Project Cost-Staff	0.00	4,796.31	0.00	4,796.31
	75105 - Facilities & Admin - Implement	0.00	389.70	0.00	389.70
Total for Fund 30000		0.00	5,180.01	0.00	5,180.01
Total for Activity ACTIVITY2.1.4		0.00	5,180.01	0.00	5,180.01
Activity: ACTIVITY2.1.5 (2.1.5. AA)					
Fund: 30000 (PROGRAMME COST SHARING)					
	64398 - Direct Project Cost-Staff	0.00	13,849.35	0.00	13,849.35
	75105 - Facilities & Admin - Implement	0.00	1,107.94	0.00	1,107.94
Total for Fund 30000		0.00	14,957.29	0.00	14,957.29
Total for Activity ACTIVITY2.1.5		0.00	14,957.29	0.00	14,957.29
Activity: ACTIVITY2.1.6 (2.1.6. RFO)					
Fund: 30000 (PROGRAMME COST SHARING)					
	71305 - Local Consult. Sht Term-Tech	0.00	452.78	0.00	452.78




UNITED NATIONS DEVELOPMENT PROGRAMME


Part II - Auditor report with opinion

(All amounts are expressed in USD, unless otherwise stated)

2. AUDIT REPORT WITH OPINION (CONTINUED)

2.2. Signed Combined Delivery Report and the accompanying Funds Utilization statement (continued)

Combined Delivery Report by Activity
in CHF



UN Development Programme

Project id: 00080522 Municipal Governance		Period: Jan-Dec (2015)		
Output #: 00090162 Municipal Governance		Impl. Partner: 99999 UNDP		
		Location: Bosnia-Herzegovina		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71405 - Service Contracts-Individuals	0.00	8,540.31	0.00	8,540.31
75105 - Facilities & Admin - Implement	0.00	719.45	0.00	719.45
Total for Fund 30000	0.00	9,712.54	0.00	9,712.54
Total for Activity ACTIVITY2.1.6	0.00	9,712.54	0.00	9,712.54
Activity: ACTIVITY3.1.1 (3.1.1. GA)				
Fund: 30000 (PROGRAMME COST SHARING)				
71205 - Intl Consultants-Sht Term-Tech	0.00	10,025.89	0.00	10,025.89
74510 - Bank Charges	0.00	33.82	0.00	33.82
75105 - Facilities & Admin - Implement	0.00	25,345.86	0.00	25,345.86
Total for Fund 30000	0.00	35,405.56	0.00	35,405.56
Total for Activity ACTIVITY3.1.1	0.00	35,405.56	0.00	35,405.56
Activity: ACTIVITY3.1.2 (3.1.2. EWMS)				
Fund: 30000 (PROGRAMME COST SHARING)				
71305 - Local Consult-Sht Term-Tech	0.00	21,963.35	0.00	21,963.35
74510 - Bank Charges	0.00	146.38	0.00	146.38
75105 - Facilities & Admin - Implement	0.00	1,735.84	0.00	1,735.84
Total for Fund 30000	0.00	23,845.57	0.00	23,845.57
Total for Activity ACTIVITY3.1.2	0.00	23,845.57	0.00	23,845.57
Activity: ACTIVITY3.4.1 (3.4.1. IntProjectDesign)				
Fund: 30000 (PROGRAMME COST SHARING)				
71205 - Intl Consultants-Sht Term-Tech	0.00	13,220.01	0.00	13,220.01
75105 - Facilities & Admin - Implement	0.00	1,039.20	0.00	1,039.20
Total for Fund 30000	0.00	14,259.21	0.00	14,259.21
Total for Activity ACTIVITY3.4.1	0.00	14,259.21	0.00	14,259.21
Activity: ACTIVITY3.5.1 (3.5.1. Travel and Acc-IPDC)				
Fund: 30000 (PROGRAMME COST SHARING)				
71205 - Intl Consultants-Sht Term-Tech	0.00	891.00	0.00	891.00
75105 - Facilities & Admin - Implement	0.00	0.00	0.00	0.00
Total for Fund 30000	0.00	891.00	0.00	891.00
Total for Activity ACTIVITY3.5.1	0.00	891.00	0.00	891.00
Activity: ACTIVITY4.1.1 (4.1.1. Assessment)				
Fund: 30000 (PROGRAMME COST SHARING)				
71305 - Local Consult-Sht Term-Tech	0.00	4,785.48	0.00	4,785.48
71620 - Daily Subsistence Allow-Local	0.00	699.59	0.00	699.59
71635 - Travel - Other	0.00	328.67	0.00	328.67
72105 - Svc Co-Construction & Engineer	0.00	295,400.64	0.00	295,400.64

UNITED NATIONS DEVELOPMENT PROGRAMME


Part II - Auditor report with opinion

(All amounts are expressed in USD, unless otherwise stated)

2. AUDIT REPORT WITH OPINION (CONTINUED)

2.2. Signed Combined Delivery Report and the accompanying Funds Utilization statement (continued)

Combined Delivery Report by Activity
In CHF



UN Development Programme

Project id: 00080522 Municipal Governance	Period: Jan-Dec (2015)
Output #: 00090162 Municipal Governance	Impl. Partner: 99999 UNDP
	Location: Bosnia-Herzegovina

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72145 - Svc Co-Training and Educ Serv	0.00	1,585.52	0.00	1,585.52
74225 - Other Media Costs	0.00	1,662.95	0.00	1,662.95
75105 - Facilities & Admin - Implement	0.00	0.00	0.00	0.00
76125 - Realized Loss	0.00	0.02	0.00	0.02
76135 - Realized Gain	0.00	-4.92	0.00	-4.92
Total for Fund 30000	0.00	304,457.93	0.00	304,457.93
Total for Activity ACTIVITY4.1.1	0.00	304,457.93	0.00	304,457.93
Activity: ACTIVITY4.1.2 (4.1.2. Consultations)				
Fund: 30000 (PROGRAMME COST SHARING)				
71620 - Daily Subsistence Allow-Local	0.00	237.60	0.00	237.60
71635 - Travel - Other	0.00	1,104.04	0.00	1,104.04
72145 - Svc Co-Training and Educ Serv	0.00	294.75	0.00	294.75
74525 - Sundry	0.00	310.91	0.00	310.91
75105 - Facilities & Admin - Implement	0.00	0.00	0.00	0.00
76135 - Realized Gain	0.00	-0.02	0.00	-0.02
Total for Fund 30000	0.00	1,947.28	0.00	1,947.28
Total for Activity ACTIVITY4.1.2	0.00	1,947.28	0.00	1,947.28
Activity: ACTIVITY4.1.3 (4.1.3. Validation)				
Fund: 30000 (PROGRAMME COST SHARING)				
74220 - Translation Costs	0.00	217.70	0.00	217.70
74525 - Sundry	0.00	97.51	0.00	97.51
75105 - Facilities & Admin - Implement	0.00	0.00	0.00	0.00
Total for Fund 30000	0.00	315.21	0.00	315.21
Total for Activity ACTIVITY4.1.3	0.00	315.21	0.00	315.21
Total for Output: 00090162	0.00	437,114.50	0.00	437,114.50
Project Total:	0.00	437,114.50	0.00	437,114.50

Signed By: Adela Foder-Cerovic, ARD SECTOR LEAD Date: 13/05/2016
 Signed By: Zaim Zubot, Head of ROS, LOUVA UNDP Date: 13/05/16



UNITED NATIONS DEVELOPMENT PROGRAMME

Part II - Auditor report with opinion

(All amounts are expressed in USD, unless otherwise stated)

2. AUDIT REPORT WITH OPINION (CONTINUED)

2.2. Signed Combined Delivery Report and the accompanying Funds Utilization statement (continued)



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 119 of 126
Run Time: 07-02-2016 19:02:22

Funds Utilization

Output #	00090162	Impl. Partner :9999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00

Project/Award: 00080525 Social Inclusion in Local Comm Period : As at Dec 31, 2015

Output #	00090164	Impl. Partner :9999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00

Project/Award: 00081239 UN response to BiH floods 2014 Period : As at Dec 31, 2015

Output #	00090579	Impl. Partner :9999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00

8/12

UNITED NATIONS DEVELOPMENT PROGRAMME

Part III – Management letter

(All amounts are expressed in USD, unless otherwise stated)

3. MANAGEMENT LETTER

In accordance with the Annex II of the Contract we have performed an audit on the project financial statements of the output project no. 00090162 "Municipal Environmental and Economic Governance (MEG)" for the period 1 January to 31 December 2015.

Our work has been carried out primarily for the purpose of expressing an opinion on the Output Project Financial Statements. Consequently, our examination may have not covered all those areas where improvements could be made. The examination was set at a level, which, in the given circumstances, was necessary for the audit's purposes.

Usual auditors' practice is to issue Management Recommendation Letter, whose aim is to bring to your attention any significant matters revealed by our audit (if any), and if applicable, to make recommendations.

However, during the course of our audit we have identified no issues that have influence on our audit opinion or would bring any other concerns for our comments or recommendations.

Yours sincerely,

Deloitte d.o.o.

Sead Bahtanović, director and licenced auditor



Sarajevo, Bosnia and Herzegovina

22 June 2016

Sabina Softić, partner and licenced auditor

