



AUDIT

OF

UNDP Pakistan

**Early Recovery Programme in Pakistan
(Directly Implemented Project No. 76295)**

**Report No. 990
Issue Date: 19 June 2013**

**Report on the audit of UNDP Pakistan
Early Recovery Programme in Pakistan (Project No. 76295)
Executive Summary**

From 18 October 2012 to 15 January 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Ernst & Young Ford Rhodes Sidat Hyder - Pakistan (the audit firm), conducted an audit of the Early Recovery Programme in Pakistan, Project No. 76295 (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 2012.

The Project reported expenditure totalling \$5.7 million during the period from 1 January 2010 to 31 March 2012. The Project was funded by UNDP and Japan.

Audit scope and objectives

The audit work covered financial transactions as well as internal controls and systems for the purpose of expressing an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations, as well as assess compliance with UNDP regulations, rules, policies and procedures and donor agreements. The audit covered the Project's Statement of Expenditure (Combined Delivery Report) for the period from 1 January 2010 to 31 March 2012 and Statement of Assets as of 31 March 2012. It also reviewed the relevant systems, procedures and practices in place as they relate to the Project, in the areas of: organization and staffing, project management, human resources management, financial and cash management, procurement, asset management, information systems and general administration.

Audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, OAI assessed the management of the Project as **partially satisfactory**, which means "Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity." The details of the audit results are presented in Figures 1 and 2.

Figure 1: Summary results of the financial audit

Project Expenditure			Project Assets	
Amount (in \$ '000)	Opinion	NFI (in \$ '000)	Amount (in \$ '000)	Opinion
5,689	Qualified	55	58	Unqualified

NFI = Net Financial Impact

The audit firm qualified its opinion on project expenditure due to the following:

- (a) Expenses amounting to \$425,000 for the period ending 31 December 2011 had been classified into the incorrect chart of accounts. This amount represents various types of expenses which the Office had incorrectly recorded in the 'grants to institutions' account.

- (b) Inadequate supporting documents were provided for expenses amounting to \$55,000, thus the audit firm was unable to ascertain the acceptability and chargeability of these expenses to the Combined Delivery Report.

Figure 2: Internal controls and systems audit ratings summary

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Organization and staffing				
2. Project management				
3. Human resources management				
4. Financial and cash management				
5. Procurement				
6. Asset management				
7. Information systems				
8. General administration				

Key issues and recommendations


The audit raised 13 issues and resulted in no recommendations, mainly because the Project had ended. Among the issues raised in this report, those that could be considered the most significant are presented below:

Human resources management (Issue 4) Lack of controls to detect addition or deletion of employees in the payroll system. The Human Resources Associate can add or delete employees in the payroll system. System generated notifications for additions or deletions of employees from the payroll could not be generated from the beginning of the Project until January 2012. There were no substitute manual controls available to mitigate the risks associated with the payroll system prior to January 2012.

Asset management (Issue 12) Assets not returned to the Project. Six responsible parties did not return project assets amounting to \$18,452 to the Office after the completion of the Project.

Management's comments

The Resident Representative agreed with all 13 issues raised.



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

United Nations Development Programme Pakistan



Financial Audit Report Early Recovery Programme in Pakistan

Project ID: 00076295

Audit Period: From 01 January 2010 to 31 March 2012

Contents

Financial Statements Certification

- Certification of Statement of expenditure (CDR) 1
- Statement of expenditure (CDR)..... 3
- Certification for Statement of Assets.....13
- Statement of Assets15

Independent auditors' Report to the United Nation Development Programme (UNDP) in respect of "2010 Flood Response Early Recovery Programme" (Project ID 00076295)

We have audited the accompanying statements of expenditure [Combined Delivery Reports (CDRs)] of the UNDP Project "2010 Flood Response Early Recovery Programme" under Project ID 00076295 (here-in-after referred to as "the statements") for the periods ended 31 December 2010, 31 December 2011 and 31 March 2012 (periods taken as a whole).

Management is responsible for the preparation of the statements of the UNDP Project "2010 Flood Response Early Recovery Programme" under Project ID 00076295 and for such internal control as management determines is necessary to enable the preparation of the statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statements. 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 overall presentation of the statements.

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

- a) expenses amounting to \$0.425 million for the period ended 31 December 2011 had been classified into incorrect chart of accounts. This amount represents various types of expenses which have been incorrectly entered into the account namely "grants to institutions"; and
- b) Inadequate supporting documents were provided for expenses aggregating to \$0.055 million, thus not enabling us to ascertain the acceptability and chargeability of these expenses to the CDRs.



-:2:-

In our opinion, except for the effect(s), if any, of the matters stated in the paragraphs (a) and (b) above, the statements present fairly, in all material respects, the expenses of \$5.689 million incurred by the Project for the period from 01 January 2010 to 31 March 2012 in accordance with the UNDP accounting policies and such expenses were:

- a) in conformity with the approved Project budgets;
- b) for the approved purposes of the Project;
- c) in compliance with the relevant regulations and rules, policies and procedures of UNDP;
and
- d) supported by properly approved vouchers and other supporting documents.

We draw attention to the fact that, during the period, the Office's management has used two different accounting policies with respect to recognition of assets in the statements in respect of this Project. Prior to 31 December 2011, these were charged off as expenses in the statements, whereas subsequent thereto, these have been recognized as assets and related depreciation has been charged in the statements. The policy change resulted from UNDP Executive Board's decision to adopt International Public Sector Accounting Standards (IPSAS) w.e.f 01 January 2012.

We draw attention to the fact that, during the period, the Office's management has followed two different accounting policies with respect of charging of expenses in the statements. Prior to 31 December 2011, these were charged off on disbursement basis, whereas subsequent thereto, these have been charged on accrual basis. The policy change resulted from UNDP Executive Board's decision to adopt International Public Sector Accounting Standards (IPSAS) w.e.f 01 January 2012.



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Engagement Partner: Omar Mustafa Ansari

Date: 17 May 2013
Place: Karachi

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of expenditure (CDR)
For the period from 01 July 2010 to 31 December 2010**



UN
DIP UN Development Programme
Report ID: ungl143p

Combined Delivery Report By Project

Page 1 of 2
Run Time: 16-05-2013 09:05:43

Selection Criteria :

Business Unit : PAK10
Period : Jan-Dec (2010)
Selected Award Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Projects : 00076295

Award Id : 00060551 ER Programme for flood affted	Period : Jan-Dec (2010)
Project # : 00076295 Community Capacity Building	Impl. Partner : 02373 UNDP (Direct Execution)
	Location : Pakistan

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
Dept: 42401 (Pakistan - Central)					
Fund : 26931 (CPR TTF – Disaster)					
72205 - Office Machinery	0.00	1,118.60	0.00	0.00	1,118.60
72210 - Machinery and Equipment	0.00	11,459.31	0.00	0.00	11,459.31
72406 - Security communication equipme	0.00	18,774.20	0.00	0.00	18,774.20
72805 - Acquis of Computer Hardware	0.00	14,300.02	0.00	0.00	14,300.02
Total for Fund 26931	0.00	45,652.13	0.00	0.00	45,652.13
Total for Dept : 42401	0.00	45,652.13	0.00	0.00	45,652.13
Dept: 42403 (Pakistan - Crisis Prev & Rcvry)					
Fund : 26931 (CPR TTF – Disaster)					
71405 - Service Contracts-Individuals	0.00	34,824.52	0.00	0.00	34,824.52
71610 - Travel Tickets-Local	0.00	1,811.71	0.00	0.00	1,811.71
71615 - Daily Subsistence Allow-Intl	0.00	0.00	0.00	0.00	0.00
71620 - Daily Subsistence Allow-Local	0.00	1,299.51	0.00	0.00	1,299.51
72120 - Svc Co-Trade and Business Serv	0.00	1,188,558.86	0.00	1,865,868.63	3,054,427.49
72405 - Acquisition of Communic Equip	0.00	1,705.88	0.00	0.00	1,705.88
72410 - Acquisition of Audio Visual Eq	0.00	0.00	0.00	0.00	0.00
73410 - Maint, Oper of Transport Equip	0.00	1,557.65	0.00	0.00	1,557.65
76125 - Realized Loss	0.00	1.00	0.00	0.00	1.00
76135 - Realized Gain	0.00	-0.75	0.00	0.00	-0.75
Total for Fund 26931	0.00	1,229,758.38	0.00	1,865,868.63	3,095,627.01
Total for Dept : 42403	0.00	1,229,758.38	0.00	1,865,868.63	3,095,627.01
Total for Project : 00076295	0.00	1,275,410.51	0.00	0.00	3,141,279.14
Award Total :	0.00	1,275,410.51	0.00	0.00	3,141,279.14



Signed By :

Douglas Hageman
Douglas Hageman
Country Director a.i.
United Nations Development Programme
Islamabad, Pakistan

Date :

16 May 2013

JPC

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of expenditure (CDR)
For the period from 01 July 2010 to 31 December 2010**



UN Development Programme
Report ID: ungl143p

Combined Delivery Report By Project

Page 2 of 2
Run Time: 16-05-2013 09:05:46

Selection Criteria :

Business Unit : PAK10
Period : Jan-Dec (2010)
Selected Award Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Projects : 00076295

Award Id : 00060551	ER Programme for flood affted	Period :	Jan-Dec (2010)			
Project # :	Community Capacity Building	Impl. Partner :	None			
		Location :	Pakistan			
		Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
42401 - Pakistan - Central		0.00	45,652.13	0.00	0.00	45,652.13
42403 - Pakistan - Crisis Prev & Rcvry		0.00	1,229,758.38	0.00	1,865,868.63	3,095,627.01



me

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of expenditure (CDR)
For the period from 01 January 2011 to 31 December 2011**



UN Development Programme
Report ID: ungl143p

Combined Delivery Report By Project

Page 1 of 4
Run Time: 16-05-2013 09:05:25

Selection Criteria :

Business Unit : PAK10
Period : Jan-Dec (2011)
Selected Award Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Projects : 00076295

Award Id : 00060551 ER Programme for flood affted	Period : Jan-Dec (2011)
Project # : 00076295 Community Capacity Building	Impl. Partner : 02373 UNDP (Direct Execution)
	Location : Pakistan

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
Dept: 42401 (Pakistan - Central)					
Fund : 26931 (CPR TTF – Disaster)					
72140 - Svc Co-Information Technology	0.00	0.00	0.00	0.00	0.00
72406 - Security communication equipme	0.00	6,390.71	0.00	0.00	6,390.71
Total for Fund 26931	0.00	6,390.71	0.00	0.00	6,390.71
Fund : 32045 (JPN - Partnership Devt Pgm PCF)					
74525 - Sundry	0.00	361.74	0.00	0.00	361.74
75105 - Facilities & Admin - Implement	0.00	25.32	0.00	0.00	25.32
Total for Fund 32045	0.00	387.06	0.00	0.00	387.06
Total for Dept : 42401	0.00	6,777.77	0.00	0.00	6,777.77
Dept: 42402 (Pakistan - UN Dev Coord)					
Fund : 32045 (JPN - Partnership Devt Pgm PCF)					
71405 - Service Contracts-Individuals	0.00	21.19	0.00	0.00	21.19
75105 - Facilities & Admin - Implement	0.00	1.48	0.00	0.00	1.48
Total for Fund 32045	0.00	22.67	0.00	0.00	22.67
Total for Dept : 42402	0.00	22.67	0.00	0.00	22.67
Dept: 42403 (Pakistan - Crisis Prev & Rcvry)					
Fund : 04170 (TRAC 3 DISASTER RISK REDUCTION)					
63520 - Personal Security Measures	0.00	529.00	0.00	0.00	529.00
63535 - Contribution to Security	0.00	4,290.28	0.00	0.00	4,290.28
65135 - Payroll Mgt Cost Recovery ATLA	0.00	497.97	0.00	0.00	497.97
71205 - Intl Consultants-Sht Term-Tech	0.00	17,156.00	0.00	0.00	17,156.00
71210 - Intl Consultants-Sht Term-Supp	0.00	1,498.00	0.00	0.00	1,498.00
71310 - Local Consult.-Short Term-Supp	0.00	11,493.17	0.00	0.00	11,493.17
71405 - Service Contracts-Individuals	0.00	267,714.13	0.00	0.00	267,714.13
71610 - Travel Tickets-Local	0.00	3,499.36	0.00	0.00	3,499.36
71620 - Daily Subsistence Allow-Local	0.00	9,071.28	0.00	0.00	9,071.28
71635 - Travel - Other	0.00	194.52	0.00	0.00	194.52
72105 - Svc Co-Construction & Engineer	0.00	35,261.74	0.00	0.00	35,261.74
72120 - Svc Co-Trade and Business Serv	0.00	752.83	0.00	0.00	752.83
72135 - Svc Co-Communications Service	0.00	54,605.42	0.00	0.00	54,605.42
72160 - Svc Co-Education & Health Serv	0.00	848,835.02	0.00	0.00	848,835.02
72165 - Svc Co-Social Svcs, Social Sci	0.00	351,159.75	0.00	0.00	351,159.75
72210 - Machinery and Equipment	0.00	891.18	0.00	0.00	891.18
72406 - Security communication equipme	0.00	6,390.71	0.00	0.00	6,390.71
72415 - Courier Charges	0.00	23.26	0.00	0.00	23.26
72420 - Land Telephone Charges	0.00	85.01	0.00	0.00	85.01
72505 - Stationery & other Office Supp	0.00	17.65	0.00	0.00	17.65
73110 - Custodial & Cleaning Services	0.00	82.09	0.00	0.00	82.09

APC



**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of expenditure (CDR)
For the period from 01 January 2011 to 31 December 2011**



UN Development Programme
Report ID: ungl143p

Combined Delivery Report By Project

Page 2 of 4
Run Time: 16-05-2013 09:05:25

Award Id : 00060551 ER Programme for flood affted	Period :		Jan-Dec (2011)		
Project # : 00076295 Community Capacity Building	Impl. Partner :		02373 UNDP (Direct Execution)		
	Location :		Pakistan		
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
73120 - Utilities	0.00	110.30	0.00	0.00	110.30
73410 - Maint, Oper of Transport Equip	0.00	5,226.62	0.00	0.00	5,226.62
74210 - Printing and Publications	0.00	319.03	0.00	0.00	319.03
74525 - Sundry	0.00	889.02	0.00	0.00	889.02
76125 - Realized Loss	0.00	11.78	0.00	0.00	11.78
76135 - Realized Gain	0.00	- 157.69	0.00	0.00	- 157.69
77305 - Salaries - IP Staff-TA	0.00	75,025.53	0.00	0.00	75,025.53
77310 - Post Adjustment - IP Staff-TA	0.00	7,032.02	0.00	0.00	7,032.02
77315 - Contrib-Med,SocIns-IP Staff-TA	0.00	1,441.16	0.00	0.00	1,441.16
77320 - Assg hardship & mob allow-TA	0.00	7,987.64	0.00	0.00	7,987.64
77330 - Ed Grt w/ Trvl&Allow-IP Stf-TA	0.00	1,495.32	0.00	0.00	1,495.32
77345 - Dep Allowances-IP Staff-TA	0.00	2,751.35	0.00	0.00	2,751.35
77357 - Repat. Grt/Comm Ann Lv-IP-TA	0.00	6,509.12	0.00	0.00	6,509.12
77375 - Contrib-Jt Staff Pens Fd-IP-TA	0.00	22,945.02	0.00	0.00	22,945.02
Total for Fund 04170	0.00	1,745,634.59	0.00	0.00	1,745,634.59
Fund : 26931 (CPR TTF – Disaster)					
63520 - Personal Security Measures	0.00	0.00	0.00	0.00	0.00
63535 - Contribution to Security	0.00	0.00	0.00	0.00	0.00
65135 - Payroll Mgt Cost Recovery ATLA	0.00	0.00	0.00	0.00	0.00
71205 - Intl Consultants-Sht Term-Tech	0.00	0.00	0.00	0.00	0.00
71210 - Intl Consultants-Sht Term-Supp	0.00	0.00	0.00	0.00	0.00
71310 - Local Consult.-Short Term-Supp	0.00	- 6,806.58	0.00	6,806.58	0.00
71405 - Service Contracts-Individuals	0.00	0.00	0.00	0.00	0.00
71610 - Travel Tickets-Local	0.00	0.00	0.00	0.00	0.00
71620 - Daily Subsistence Allow-Local	0.00	0.00	0.00	0.00	0.00
71635 - Travel - Other	0.00	0.00	0.00	0.00	0.00
72105 - Svc Co-Construction & Engineer	0.00	0.00	0.00	0.00	0.00
72120 - Svc Co-Trade and Business Serv	0.00	1,274,523.74	0.00	- 1,865,868.63	- 591,344.89
72135 - Svc Co-Communications Service	0.00	0.00	0.00	0.00	0.00
72160 - Svc Co-Education & Health Serv	0.00	0.00	0.00	0.00	0.00
72165 - Svc Co-Social Svcs, Social Sci	0.00	0.00	0.00	0.00	0.00
72210 - Machinery and Equipment	0.00	0.00	0.00	0.00	0.00
72370 - Security related goods and mat	0.00	0.00	0.00	0.00	0.00
72408 - Security communication equipme	0.00	- 6,390.71	0.00	0.00	- 6,390.71
72415 - Courier Charges	0.00	0.00	0.00	0.00	0.00
72420 - Land Telephone Charges	0.00	0.00	0.00	0.00	0.00
72505 - Stationery & other Office Supp	0.00	0.00	0.00	0.00	0.00
73110 - Custodial & Cleaning Services	0.00	0.00	0.00	0.00	0.00
73120 - Utilities	0.00	0.00	0.00	0.00	0.00
73410 - Maint, Oper of Transport Equip	0.00	0.00	0.00	0.00	0.00
74210 - Printing and Publications	0.00	0.00	0.00	0.00	0.00
74525 - Sundry	0.00	0.00	0.00	0.00	0.00
76125 - Realized Loss	0.00	0.00	0.00	0.00	0.00
76135 - Realized Gain	0.00	0.00	0.00	0.00	0.00
77305 - Salaries - IP Staff-TA	0.00	0.00	0.00	0.00	0.00
77310 - Post Adjustment - IP Staff-TA	0.00	0.00	0.00	0.00	0.00
77315 - Contrib-Med,SocIns-IP Staff-TA	0.00	0.00	0.00	0.00	0.00
77320 - Assg hardship & mob allow-TA	0.00	0.00	0.00	0.00	0.00
77330 - Ed Grt w/ Trvl&Allow-IP Stf-TA	0.00	0.00	0.00	0.00	0.00
77345 - Dep Allowances-IP Staff-TA	0.00	0.00	0.00	0.00	0.00
77357 - Repat. Grt/Comm Ann Lv-IP-TA	0.00	0.00	0.00	0.00	0.00
77375 - Contrib-Jt Staff Pens Fd-IP-TA	0.00	0.00	0.00	0.00	0.00
Total for Fund 26931	0.00	1,261,326.45	0.00	- 1,859,062.05	- 597,735.60
Fund : 32045 (JPN - Partnership Devt Pgm PCF)					
63535 - Contribution to Security	0.00	1,145.50	0.00	0.00	1,145.50
65135 - Payroll Mgt Cost Recovery ATLA	0.00	384.72	0.00	0.00	384.72

APCC



**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of expenditure (CDR)
For the period from 01 January 2011 to 31 December 2011**



UN Development Programme
Report ID: ungl143p

Combined Delivery Report By Project

Page 3 of 4
Run Time: 16-05-2013 09:05:26

Award Id : 00060551 ER Programme for flood afftged Project # : 00076295 Community Capacity Building	Period : Jan-Dec (2011)		Impl. Partner : 02373 UNDP (Direct Execution) Location : Pakistan		
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
71210 - Intl Consultants-Sht Term-Supp	0.00	11,000.00	0.00	0.00	11,000.00
71405 - Service Contracts-Individuals	0.00	160,848.27	0.00	0.00	160,848.27
71610 - Travel Tickets-Local	0.00	4,375.87	0.00	2,518.10	6,893.97
71615 - Daily Subsistence Allow-Intl	0.00	8,755.20	0.00	0.00	8,755.20
71620 - Daily Subsistence Allow-Local	0.00	18,934.86	0.00	0.00	18,934.86
72115 - Svc Co-Natural Resources & Env	0.00	0.00	0.00	0.00	0.00
72120 - Svc Co-Trade and Business Serv	0.00	152,922.02	0.00	18,150.88	171,072.90
72135 - Svc Co-Communications Service	0.00	60,341.58	0.00	0.00	60,341.58
72160 - Svc Co-Education & Health Serv	0.00	179,518.85	0.00	0.00	179,518.85
72210 - Machinery and Equipment	0.00	0.00	0.00	0.00	0.00
72220 - Furniture	0.00	2,083.28	0.00	0.00	2,083.28
72410 - Acquisition of Audio Visual Eq	0.00	1,629.37	0.00	0.00	1,629.37
72425 - Mobile Telephone Charges	0.00	222.47	0.00	0.00	222.47
72605 - Grants to Instit & other Benef	0.00	442,712.45	0.00	0.00	442,712.45
73105 - Rent	0.00	60,031.49	0.00	0.00	60,031.49
73110 - Custodial & Cleaning Services	0.00	41,986.89	0.00	0.00	41,986.89
73120 - Utilities	0.00	461.20	0.00	0.00	461.20
73410 - Maint, Oper of Transport Equip	0.00	3,595.93	0.00	0.00	3,595.93
74210 - Printing and Publications	0.00	7,490.21	0.00	0.00	7,490.21
74525 - Sundry	0.00	48,320.03	0.00	0.00	48,320.03
75105 - Facilities & Admin - Implement	0.00	90,817.63	0.00	0.00	90,817.63
75709 - Learning - training of counter	0.00	0.00	0.00	0.00	0.00
76120 - Unrealized Loss	0.00	2,239.60	0.00	0.00	2,239.60
76125 - Realized Loss	0.00	19.77	0.00	0.00	19.77
76135 - Realized Gain	0.00	- 8.84	0.00	0.00	- 8.84
77205 - Salaries - GS Staff-TA	0.00	28,637.60	0.00	0.00	28,637.60
77210 - Contrib to UNJSPF-GS-TA	0.00	5,586.09	0.00	0.00	5,586.09
77215 - Contrib-Med,SocIns-GS Staff-TA	0.00	1,749.58	0.00	0.00	1,749.58
77245 - Dependency Allow - GS Staff-TA	0.00	1,193.33	0.00	0.00	1,193.33
77265 - Hazard Duty Stat Allow-GS-TA	0.00	6,080.54	0.00	0.00	6,080.54
77305 - Appoint-Tk cost-IP Staff-TA	0.00	1,081.97	0.00	0.00	1,081.97
77307 - Appoint-Sub Allow-IP Staff-TA	0.00	7,200.00	0.00	0.00	7,200.00
77309 - Appoint-shipment-IP Staff-TA	0.00	1,700.00	0.00	0.00	1,700.00
77310 - Post Adjustment - IP Staff-TA	0.00	27,300.73	0.00	0.00	27,300.73
77320 - Assg hardship & mob allow-TA	0.00	4,741.00	0.00	0.00	4,741.00
77335 - Hazard Duty Stat Allow-IP-TA	0.00	1,950.00	0.00	0.00	1,950.00
77365 - Spec Oper Living Allow-IP-TA	0.00	3,552.00	0.00	0.00	3,552.00
Total for Fund 32045	0.00	1,390,601.19	0.00	20,668.98	1,411,270.17
Total for Dept : 42403	0.00	4,397,562.23	0.00	- 1,838,393.07	2,559,169.16
Total for Project : 00076295	0.00	4,404,362.67	0.00	0.00	2,565,969.60
Award Total :	0.00	4,404,362.67	0.00	0.00	2,565,969.60



Signed By :

Douglas Hageman
Douglas Hageman
Country Director a.i.
United Nations Development Programme
Islamabad, Pakistan

Date :

16 May 2013

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of expenditure (CDR)
For the period from 01 January 2011 to 31 December 2011**



UN Development Programme
Report ID: ungl143p

Combined Delivery Report By Project

Page 4 of 4
Run Time: 16-05-2013 09:05:27

Selection Criteria :

Business Unit : PAK10
Period : Jan-Dec (2011)
Selected Award Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Projects : 00076295

Award Id :	ER Programme for flood affted	Period :	Jan-Dec (2011)			
Project # :	Community Capacity Building	Impl. Partner :	None			
		Location :	Pakistan			
		Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
42401 - Pakistan - Central		0.00	6,777.77	0.00	0.00	6,777.77
42402 - Pakistan - UN Dev Coord		0.00	22.67	0.00	0.00	22.67
42403 - Pakistan - Crisis Prev & Rcvry		0.00	4,397,562.23	0.00	- 1,838,393.07	2,559,169.16

EY Firm



vec

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of expenditure (CDR)
For the period from 01 January 2012 to 31 March 2012**



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

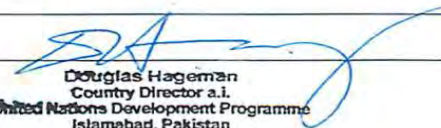
Page 1 of 4
Run Time: 04-12-2012 04:12:46

Selection Criteria :

Business Unit : PAK10
Period : Jan-March (2012)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00076295

Project Id : 00060551 ER Programme for flood affted	Period :	Jan-March (2012)		
Output # : 00076295 Community Capacity Building	Impl. Partner :	02373 UNDP (Direct Execution)		
	Location :	Pakistan		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Dept: 42403 (Pakistan - Crisis Prev & Rcvry)				
Fund : 32045 (JPN-Partnership Devt. Pgm. PCF)				
71610 - Travel Tickets-Local	0.00	- 10.72	0.00	- 10.72
72605 - Grants to Instit & other Benef	0.00	- 17,670.33	0.00	- 17,670.33
75105 - Facilities & Admin - Implement	0.00	- 1,237.67	0.00	- 1,237.67
76120 - Unrealized Loss	0.00	1,220.19	0.00	1,220.19
Total for Fund 32045	0.00	- 17,698.53	0.00	- 17,698.53
Total for Dept : 42403	0.00	- 17,698.53	0.00	- 17,698.53
Total for Output : 00076295	0.00	- 17,698.53	0.00	- 17,698.53
Project Total :	0.00	- 17,698.53	0.00	- 17,698.53



Signed By : _____ Date : _____
 Signed By :  Date : 16 May 2013
 Douglas Hageman
 Country Director a.i.
 United Nations Development Programme
 Islamabad, Pakistan

JPC

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of expenditure (CDR)
For the period from 01 January 2012 to 31 March 2012**



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 2 of 4
Run Time: 04-12-2012 04:12:47

Selection Criteria :

Business Unit : PAK10
Period : Jan-March (2012)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00076295

Project Id : ALL	Period : Jan-March (2012)				
Output # : ALL	Impl. Partner :				
	Location :	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
42403 - Pakistan - Crisis Prev & Rcvry		0.00	- 17,698.53	0.00	- 17,698.53



SEE

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of expenditure (CDR)
For the period from 01 January 2012 to 31 March 2012**



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 3 of 4
Run Time: 04-12-2012 04:12:48

Funds Utilization

Selection Criteria :

Business Unit : PAK10
Period : Jan-March (2012)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00076295

Project/Award: 00060551 ER Programme for flood affted Period : As at Mar 31, 2012

Output #	00076295	Impl. Partner :02373 UNDP (Direct Execution)	UNDP AMOUNT
Outstanding NEX advances			97,781.51
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00



JFC

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of expenditure (CDR)
For the period from 01 January 2012 to 31 March 2012**



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 4 of 4
Run Time: 04-12-2012 04:12:51

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) : 00076295

Project Id : 00060551 ER Programme for flood affted Output # : 00076295 Community Capacity Building Impl. Partner : 02373 UNDP (Direct Execution)				
Description	Account	Fund	Donor	Amount
Unliquidated Obligations	21015	26931-CPR - DDR	00012-UNDP	6,806.58
Unliquidated Obligations	21015	32045-JPNPDPPCF	00141-JPN	20,668.98
Total for Output : 00076295				27,475.56
Project Total :				27,475.56



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

me

Independent auditors' Report to the United Nation Development Programme (UNDP) in respect of "2010 Flood Response Early Recovery Programme" (Project ID 00076295)

We have audited the accompanying statement of assets ("the statement") of the UNDP Project "2010 Flood Response Early Recovery Programme" under Project ID 00076295 as at 31 March 2012.

Management is responsible for the preparation of the statement of UNDP Project "2010 Flood Response Early Recovery Programme" under Project ID 00076295 and for such internal control as management determines is necessary to enable the preparation of the statement that are 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 overall presentation of the statement.

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

In our opinion, the statement presents fairly, in all material respects, the balance of assets of the UNDP Project "2010 Flood Response Early Recovery Programme" under Project ID 00076295 amounting to \$0.058 million as at 31 March 2012 in accordance with the UNDP accounting policies.

A handwritten signature in blue ink, appearing to read 'EY/MSH'.

-:2:-

We draw attention to the fact that, during the period, the Office's management has used two different accounting policies with respect to recognition of assets in the statements of expenditure (CDR) in respect of this Project. Prior to 31 December 2011, these were charged off as expenses in the statements of expenditure, whereas subsequent thereto, these have been recognized as assets and related depreciation has been charged in the statements of expenditure. The policy change resulted from UNDP Executive Board's decision to adopt International Public Sector Accounting Standards (IPSAS) w.e.f 01 January 2012.

A handwritten signature in blue ink that reads 'Ernst & Young Ford Rhodes Sidat Hyder'.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Engagement Partner: Omar Mustafa Ansari

Date: 17 May 2013
Place: Karachi

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of Assets
As at 31 March 2012**

Statement of Assets and Equipment
As at March 31, 2012

UNDP Country Office: Pakistan
Project title: Early Recovery and Restoration of Flood Affected Communities in Pakistan
Award ID:00060551
Project ID: 00076295
Period Covered from: January 2011 to March 2012

S/N	DESCRIPTION	MODEL	SERIAL NO.
1	Mobile phone Nokia C-5 (2GB memory card)	C5-00	355358047939817
2	Mobile phone Nokia C-5 (2GB memory card)	C5-00	355358047939601
3	Mobile phone Nokia C-5 (2GB memory card)	C5-00	355358047942290
4	Mobile phone Nokia C-5 (2GB memory card)	C5-00	355358047942555.00
5	Mobile phone Nokia C-5 (2GB memory card)	C5-00	355358047939544.00
6	Mobile phone Nokia C-5 (2GB memory card)	C5-00	355358/04/794027/8
7	Mobile phone Nokia C-5 (2GB memory card)	C5-00	355358/04/793966/8
8	Mobile phone Nokia C-5 (2GB memory card)	C5-00	353757/04/921575/7
9	Mobile phone Nokia C-5 (2GB memory card)	C5-00	355358/04/794041/9
10	Mobile phone Nokia C-5 (2GB memory card)	Nokia C5	3018482253.00
Photocopier			
11	canon PR	Image runner 2525	21FR230940
12	Printer	Image runner 2525	F190800
13	Photocopier	Image runner 2525	FRZ30936
14	Photocopier	Image runner 2525	FRZ30895
Laptop Dell			
15	Laptop	Inspiron 1464	62S9YK1

Acquisition Date	Acquisition cost	Condition	City
26-Jan-11	\$ 170.59	Functional	Hyderabad
26-Jan-11	\$ 170.59	Functional	Hyderabad
26-Jan-11	\$ 170.59	Functional	Hyderabad
26-Jan-11	\$ 170.59	Functional	Hyderabad
26-Jan-11	\$ 170.59	Functional	Hyderabad
20-Jan-11	\$ 170.59	Functional	Multan
15-Oct-10	\$ 170.59	Functional	Multan
15-Oct-10	\$ 170.59	Functional	Multan
15-Oct-10	\$ 170.59	Functional	Multan
26-Jan-11	\$ 170.59	Functional	Peshawar
	\$ 1,705.88		
27-Nov-10	\$ 2,882.35	Functional	Peshawar
27-Nov-10	\$ 2,882.35	Functional	Sukkur
22-Oct-10	\$ 2,882.35	Functional	Multan
22-Oct-10	\$ 2,882.35	Functional	Hyderabad
	\$ 11,529.41		
27-Oct-10	\$ 1,033.88	Functional	Multan



Amish
ARC

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of Assets
As at 31 March 2012**

Statement of Assets and Equipment
As at March 31, 2012

UNDP Country Office: Pakistan
Project title: Early Recovery and Restoration of Flood Affected Communities in Pakistan
Award ID:00060551
Project ID: 00076295
Period Covered from: January 2011 to March 2012

S/No	Description	Model	Serial No.
16	Laptop	Inspiron 1464	9VJLL1
17	Laptop	Inspiron 1464	7LS9YK1
18	Laptop	Inspiron 1464	H92JLL1
19	Laptop Dell	DELL Inspiron	7GP9FS1
20	Laptop Dell	DELL Inspiron	2846183941-1B2JLL1
21	Laptop Dell	DELL Inspiron	10646320645-4W2JLL1
22	Laptop Dell	DELL Inspiron	25883796997-BW2JLL1
23	Laptop Dell	DELL Inspiron	3237361669-dw2JLL1
24	Laptop Dell	DELL Inspiron	41764398131X2JLL1
25	Laptop DELL	DELL Inspiron	1929983813-8v2JLL1
26	Laptop DELL	DELL Inspiron	494019100-929P9FS1
27	Laptop DELL	DELL Inspiron	8GP9FS1
28	laptop dell	dell Inspiron	17237133829-7x2JLL1
LasJet Printer			
29	Printer	LaserJet HP	CNC2Y03978
30	Printer	LaserJet P2035	CNC2Y03992
Fax Machine			

Acquisition Date	Acquisition Cost	Condition	City
27-Oct-10	\$ 1,033.88	Functional	Multan
27-Oct-10	\$ 1,033.88	Functional	Multan
27-Oct-10	\$ 1,033.88	Functional	Multan
27-Oct-10	\$ 1,033.88	Functional	Peshawar
27-Oct-10	\$ 1,033.88	Functional	Peshawar
27-Oct-10	\$ 1,033.88	Functional	Peshawar
27-Oct-10	\$ 1,033.88	Functional	Peshawar
27-Oct-10	\$ 1,033.88	Functional	Peshawar
27-Oct-10	\$ 1,033.88	Functional	Peshawar
27-Oct-10	\$ 1,033.88	Functional	Peshawar
27-Oct-10	\$ 1,033.88	Functional	Peshawar
27-Oct-10	\$ 1,033.88	Functional	Peshawar
27-Oct-10	\$ 1,033.88	Functional	Peshawar
27-Oct-10	\$ 947.04	Functional	Peshawar
	\$ 14,387.51		
27-Oct-10	\$ 317.14	Functional	Hyderabad
22-Oct-12	\$ 317.14	Functional	Multan
	\$ 634.28		



Mush
JREC

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of Assets
As at 31 March 2012**

Statement of Assets and Equipment
As at March 31, 2012

UNDP Country Office: Pakistan
Project Title: Early Recovery and Restoration of Flood Affected Communities in Pakistan
Award ID:00060551
Project ID: 00076295
Period Covered from: January 2011 to March 2012

S/N	Description	Make	Serial No.
31	Fax Machine	Panasonic	OFCWE052368
32	Fax Machine	Panasonic	OFCWE052357
Thuraya			
33	Setlite phone with sim	Made in korea	IMEI:35601300-389179-6
34	Setlite phone with sim	Made in korea	IMEI:35601300-390706-3
35	Setlite phone with sim	TZ550-2510	IMEI: 35601300-402781-2
36	Setlite phone with sim	Prepaid	0088216 89835459
37	Setlite phone with sim	TZ550-2510	IMEI: 35601300-389019-4
38	Setlite phone with sim	Prepaid	0088216 89835458
39	Setlite phone with sim	TZ550-2510	IMEI: 35601300-391425-9
40	Setlite phone with sim	Postpaid	0088216 89805321
41	Setlite phone with sim	Postpaid	0088216 89805326
42	Setlite phone with sim	Postpaid	0088216 89805327
Chair			
43	Low back chair	N/A	N/A
44	Low back chair	N/A	N/A
45	Low back chair	N/A	N/A

Acquisition Date	Acquisition Cost	Condition	City
27-Oct-10	\$ 247.06	Functional	Peshawar
27-Oct-10	\$ 244.09		Hyderabad
	\$ 491.15		
20-Jan-11	\$ 705.91	Functional	Hyderabad
20-Jan-11	\$ 705.91	Functional	Hyderabad
20-Jan-11	\$ 705.91	Functional	Multan
20-Jan-11	\$ 705.91	Expired/ Out Of Balance	Multan
20-Jan-11	\$ 705.91	Functional	Multan
20-Jan-11	\$ 705.91	Expired/ Out Of Balance	Multan
20-Jan-11	\$ 705.91	Functional	Multan
20-Jan-11	\$ 705.91	Functional	Multan
20-Jan-11	\$ 705.91	Functional	Multan
	\$ 7,059.10		
3-Sep-11	\$ 152.25	Functional	Multan
3-Sep-11	\$ 152.25	Functional	Multan
3-Sep-11	\$ 152.25	Functional	Multan



M. S. Z.
JRC

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of Assets
As at 31 March 2012**

Statement of Assets and Equipment
As at March 31, 2012

UNDP Country Office: Pakistan
Project title: Early Recovery and Restoration of Flood Affected Communities in Pakistan
Award ID:00060551
Project ID: 00076295
Period Covered from: January 2011 to March 2012

S.No	Description	Model	Quantity
46	Low back chair	N/A	N/A
47	Low back chair	N/A	N/A
48	Low back chair	N/A	N/A
49	High back chair	N/A	N/A
50	High back chair	N/A	N/A
51	Chair Manager high back Airon	N/A	N/A
52	Chair Manager high back Airon	N/A	N/A
53	Chair Manager Low Back Airon		OF-92-MMB-L-10364
54	Chair Manager Low Back Airon		OF-92-MMB-L-10364
Digital Camera			
55	Digital Camera	Power Shot A2200	248060010830.00
56	Digital Camera	Power Shot A2200	248060005050.00
57	Digital Camera	PowerShot A2201	268061001-349
58	Digital camera	Power Shot	DSC-W530 8381676
59	GPS		
60	GPS		
61	GPS		

Acquisition Date	Acquisition Cost	Condition	City
3-Sep-11	\$ 152.25	Functional	Multan
3-Sep-11	\$ 152.25	Functional	Multan
3-Sep-11	\$ 152.25	Functional	Multan
3-Sep-11	\$ 164.19	Functional	Multan
3-Sep-11	\$ 164.19	Functional	Multan
3-Sep-11	\$ 207.97	Functional	Multan
3-Sep-11	\$ 207.97	Functional	Multan
3-Sep-11	\$ 196.03	Functional	Multan
3-Sep-11	\$ 196.03	Functional	Multan
	\$ 2,049.87		
20-Apr-11	\$ 193.17	Functional	Sukkur
20-Apr-11	\$ 193.17	Functional	Sukkur
20-Apr-11	\$ 193.17	Functional	Multan
20-Apr-11	\$ 193.17	Functional	Peshawar
20-Apr-11	\$ 212.01	Functional	Peshawar
20-Apr-11	\$ 212.01	Functional	Peshawar
20-Apr-11	\$ 212.01	Functional	Peshawar



Handwritten notes:
31/3/12
Spec

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of Assets
As at 31 March 2012**

Statement of Assets and Equipment
As at March 31, 2012

UNDP Country Office: Pakistan
Project title: Early Recovery and Restoration of Flood Affected Communities in Pakistan
Award ID:00060551
Project ID: 00076295
Period Covered from: January 2011 to March 2012

S.No	Description	Model	Barcode
62	GPS		
MOTOROLLA			
59	VHF (Radio Set)	Made in Japan by	672HDE4958
60	VHF (Radio Set)	Made in Japan by	672HDE4947
61	VHF (Radio Set)	Made in Japan by	67HDQ7634
62	VHF (Radio Set)	Made in Japan by	749HFW9541
63	VHF (Radio Set)	GP-380	672HDE4952
64	VHF (Radio Set)	GP-380	672HDE4954
65	VHF (Radio Set)	GP-380	672HDE4953
66	VHF (Radio Set)	GP-380	103TGA3266
67	VHF (Radio Set)	GP-380	672HDQ7626
68	VHF (Radio Set)	GP-380	672HDE4949
69	VHF (Radio Set)	GP-380	672HDE4944
70	VHF (Radio Set)	GP-380	672HDQ7628
71	VHF (Radio Set)	GP-380	672HDQ7624
72	VHF (Radio Set)	GP-380	672HDQ7621
73	VHF (Radio Set)	GP-380	

Acquisition Date	Acquisition Cost	Condition	City
20-Apr-11	\$ 212.01	Functional	Peshawar
	\$ 1,620.73		
10-Jul-10	\$ 399.94	Functional	Hyderabad
10-Jul-10	\$ 399.94	Functional	Hyderabad
10-Jul-10	\$ 399.94	Functional	Hyderabad
10-Jul-10	\$ 399.94	Functional	Hyderabad
10-Jul-10	\$ 399.94	Functional	Hyderabad
10-Jul-10	\$ 399.94	Functional	Hyderabad
10-Jul-10	\$ 399.94	Functional	Multan
10-Jul-10	\$ 399.94	Installed in Vehicle	Multan
10-Jul-10	\$ 399.94	Functional	Sukkur
10-Jul-10	\$ 399.94	Functional	Sukkur
10-Jul-10	\$ 399.94	Functional	Sukkur
10-Jul-10	\$ 399.94	Functional	Sukkur
10-Jul-10	\$ 399.94	Functional	Sukkur
10-Jul-10	\$ 399.94	Functional	Sukkur
10-Jul-10	\$ 399.94	Unfunctional	Sukkur



Mist
SBC

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of Assets
As at 31 March 2012**

Statement of Assets and Equipment
As at March 31, 2012

UNDP Country Office: Pakistan
Project Title: Early Recovery and Restoration of Flood Affected Communities in Pakistan
Award ID:00060551
Project ID: 00076295
Period Covered from: January 2011 to March 2012

S/N	Description	Model	Serial No.
74	VHF (Radio Set)	GP-380	672HDE4960
75	VHF (Radio Set)	GP-380	672HDE4955
76	VHF (Radio Set)	GP-380	672HDE7638
77	VHF (Radio Set)	GP-380	749TJGD029
78	VHF (Radio Set)	GP-380	672HDE4960
79	VHF (Radio Set)	GP-380	672HDE4718
80	VHF (Radio Set)	GP-380	
81	VHF (Radio Set)	GP-380	
82	VHF (Radio Set)	GP-380	
83	VHF (Radio Set)	GP-380	
84	VHF (Radio Set)	GP-380	
85	VHF (Radio Set)	GP-380	
86	VHF (Radio Set)	GP-380	
87	VHF (Radio Set)	GP-380	
88	VHF (Radio Set)	GP-380	
89	VHF (Radio Set)	GP-380	
90	VHF (Radio Set)	GP-380	

Acquisition Date	Acquisition Cost	Condition	City
10-Jul-10	\$ 399.94	Functional	Peshawar
10-Jul-10	\$ 399.94	Functional	Peshawar
10-Jul-10	\$ 399.94	Functional	Peshawar
10-Jul-10	\$ 399.94	Functional	Peshawar
10-Jul-10	\$ 399.94	Functional	Peshawar
10-Jul-10	\$ 399.94	Functional	Peshawar
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad



Amir
07/02

**UNDP PAKISTAN Project ID 00076295
Early Recovery Programme**

**Statement of Assets
As at 31 March 2012**

Statement of Assets and Equipment
As at March 31, 2012

UNDP Country Office: Pakistan
Project title: Early Recovery and Restoration of Flood Affected Communities in Pakistan
Award ID:00060551
Project ID: 00076295
Period Covered from: January 2011 to March 2012

S.No	DESCRIPTION	MODEL	SERIAL NO
91	VHF (Radio Set)	GP-380	
92	VHF (Radio Set)	GP-380	
93	VHF (Radio Set)	GP-380	
94	VHF (Radio Set)	GP-380	
95	VHF (Radio Set)	GP-380	
96	VHF (Radio Set)	GP-380	
97	VHF (Radio Set)	GP-380	
98	VHF (Radio Set)	GP-380	
UPS			
80	UPS	650VA	4B1013P39286
81	UPS	650VA	4b1013P39203
82	UPS	650VA	4b1013P39215
83	UPS	650VA	4B1013P41310
84	UPS	650VA	4B1013P39243
85	UPS	650VA	4B1013P39193
86	UPS	650VA	4B1013P39228
87	UPS	650VA	4B1021P26688

Acquisition Date	Acquisition Cost	condition	city
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
10-Jul-10	\$ 399.94	Functional	Islamabad
	\$ 15,997.65		
22-Oct-10	\$ 82.61	Functional	Hyderabad
22-Oct-10	\$ 82.61	Functional	Hyderabad
22-Oct-10	\$ 82.61	Functional	
22-Oct-10	\$ 82.61	Functional	Multan
22-Oct-10	\$ 82.61	Functional	Multan
22-Oct-10	\$ 82.61	Functional	Multan
22-Oct-10	\$ 82.61	Functional	Multan
22-Oct-10	\$ 82.61	Functional	Peshawar



Mish
PAC

Ernst & Young

Assurance | Tax | Transactions | Advisory

About Ernst& Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve potential.

For more information, please visit www.ey.com

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients

EYFRSH in Pakistan is a member firm of Ernst & Young Global Limited (EYGL), a company incorporated under the laws of England & Wales. EYFRSH is legally an independent Partnership firm, registered under the law of Partnership as applicable in Pakistan.

Ernst & Young Ford RhodesSidathHyder
Chartered Accountants
Progressive Plaza, Beaumont Road,
Karachi, Pakistan

Phone: (92 51) 2870290 - 92
(92 21-3) 5638238 – 42

Fax: (92 51) 2870293

E-mail: omar.mustafa@pk.ey.com
ashoke.kumar@pk.ey.com

© Ernst & Young 2013.
All rights reserved.

United Nations Development Programme Pakistan

Management Letter

Early Recovery Programme in Pakistan

Project ID: 00076295

Audit Period: From 01 January 2010 to 31 March 2012

Contents

- 1. Executive Summary 1
 - 1.1 Audit Rating 2
 - 1.2 Key issues and recommendations 3
- 2. Audit Objectives, Scope and Operational Overview 4
 - 2.1 Audit Objectives and Scope 4
 - 2.2 Audit Scope 5
 - 2.3 Project Audit Visit Data 6
 - 2.4 Operational Overview 6
- 3. Detailed Audit Observations..... 8
 - 3.1 Organization & staffing..... 8
 - 3.2 Project management..... 8
 - 3.3 Human resource management.....11
 - 3.4 Cash and financial management.....12
 - 3.5 Procurement management.....14
 - 3.6 Assets management15
 - 3.7 General administration management16
 - 3.8 Information system management.....16
- Definitions of audit terms - Ratings and Priorities17
 - A. Audit ratings17
 - B. Priorities of audit recommendations18
- Glossary.....19

1. Executive Summary

We have been engaged by the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) to conduct audit of the Project Early Recovery Programme in Pakistan, [Project ID: 00076295, Award ID: 00060551] (the Project) directly implemented by UNDP Pakistan (the Office). The audit was conducted from 18 October 2012 to 15 January 2013.

The purpose of the audit was to provide reasonable assurance with regard to the following areas:

- a) Reliability and integrity of Project financial and operational information;
- b) Effectiveness and efficiency of Project operations;
- c) Safeguarding of assets; and
- d) Compliance with legislative mandates, regulations and rules, policies and procedures, as well as donor agreements.

The audit scope included the following aspects of the Project:

- a) Reviewing the Combined Delivery Reports of the Project for the period from 01 January 2010 to 31 March 2012; and
- b) Reviewing the Statement of Assets and Equipment held by the Project as at 31 March 2012.

The audit covered programme and operations, and other relevant activities of the Project undertaken by management during the period from 1 January 2010 to 31 March 2012 at the Office. During the period reviewed, the Project recorded expenses totaling \$5.689 million.

1.1 Audit Rating

Audit assessed the overall level of internal control with respect to the Project (Early Recovery Programme in Pakistan – Project ID: 00076295) is considered to be Project Office as **Partially Satisfactory**, which means that “Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.”

Audit Areas	Not Assessed/Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
Organization & Staffing				
Project Management				
Human Resource Management				
Cash & Financial Management				
Procurement Management				
Assets Management				
General Administration Management				
Information System Management				
Follow up of previous audits				

1.2 Key issues and recommendations

1.2.1. The audit raised 22 issues that resulted in nine recommendations, all of the recommendations were ranked as low priority, meaning “Action is desirable and should result in enhanced control or better value for money”. Issues with low priority were reported separately to the management of the Office.

We wish to express our appreciation to the management and staff of UNDP Pakistan for the assistance and cooperation extended to the audit team during the course of our engagement.

A handwritten signature in blue ink that reads 'Ernst & Young Ford Rhodes Sidat Hyder'.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Engagement Partner: Omar Mustafa Ansari

Date: 17 May 2013
Place: Karachi

2. Audit Objectives, Scope and Operational Overview

2.1 Audit Objectives and Scope

2.1.1. The purpose of the audit undertaken by Ernst & Young Ford Rhodes Sidat Hyder was to:

- Provide an assurance that there exists an adequate operational and internal control systems to ensure that the Projects are properly managed in accordance with the policies and procedures of UNDP for the achievement of their objectives with due regard for economy and efficiency.
- Express an opinion on whether the expense incurred and recorded in the Combined Delivery Reports of the Project for the period from 01 January 2010 to 31 March 2012 present fairly the expense incurred on the Projects and whether the expense were incurred according to the approved budgets, for the approved purposes of the Project and were incurred according to the UNDP policies and guidelines and were supported by properly approved vouchers and invoices; and
- Express an opinion on the Statement of Assets and Equipment held by the Project as at 31 March 2012 whether the statement present fairly the balance of the inventory of the Projects in all material respects.

2.1.2. The overall objective of the audit is to assess the management of the Project operations with the view of obtaining reasonable assurance towards the achievement of the Project objectives. The areas of focus include:

- a) Reliability and integrity of Project financial and operational information;
- b) Effectiveness and efficiency of Project operations;
- c) Safeguarding of assets; and
- d) Compliance with legislative mandates, regulations and rules, policies and procedures, as well as donor agreements.

2.2 Audit Scope

2.2.1. The audit reviewed the operations for the period from 1 January 2010 to 31 March 2012 covering the following areas:

- i. **Organization and staffing:** Assessed the overall Project structure for effective workflows and management arrangements, including assignment of authority, accountability and responsibility to employee;
- ii. **Project Management:** Assessed the management aspects in terms of approval of the Project, financial management of Project funds, and monitoring of implementation towards achievement of objectives. This included reporting to the, Steering Committee, Project Board and/or Donors;
- iii. **Human Resources:** Assessed competitiveness and transparency of the recruitment process; and effectiveness of the management of Project personnel, including contract administration, performance evaluation and payment of salaries and allowances;
- iv. **Financial and Cash Management:** Assessed the compliance with UNDP policies with respect to the safe custody and adequate management of cash, commitment of expenses against approved budget, disbursement or payment against liabilities and cash advances to field offices, Project employee, etc;
- v. **Procurement:** Assessed whether goods, services and civil works for the Project are procured competitively and in a transparent manner in accordance with UNDP policies and procedures. This included management of obligations and appropriate assessment of goods or services delivered and monitoring performance of the contractors, before payment;
- vi. **Asset Management:** Assessed whether Project assets are adequately recorded, safeguarded, monitored, including periodic physical verification of their use and existence;
- vii. **General Administration:** These included areas of operations not specifically covered above and for which expenses were charged to the Project covering such areas as; travel of Project employee, use and maintenance of Project vehicles, lease and maintenance of office premises;
- viii. **Information Systems:** This includes assessment of efficiency and security of information system established and maintained from Project funds and their adequacy to meet management and reporting requirements to the Projects. Based on our discussion with OAI, access to Atlas system is restricted to the UNDP Project employees. Therefore, our procedures are restricted to inquiries only; and
- ix. **Follow up on previous audits:** As per Project Manager, this is the first year of audit. Therefore, this section is not applicable.

2.3 Project Audit Visit Data

2.3.1. The audit was carried out at the Office during the period 18 October 2012 to 15 January 2013.

2.3.2. The Office funded \$5 million to 22 RPs for the implementation of the Project activities. The audit firm reviewed expenses amounted to \$4.8 million incurred by the 18 RPs, which covered 94% of total funding to RPs, for the financial audit and audit of internal controls and systems.

2.3.3. The debriefing meeting was held on 22 January 2012 to discuss the key issues / observations noticed during the audit. The preliminary audit findings were communicated to the Office on 31 January 2012. Management responses to our findings were received on 21 March 2013 and further comments and explanations were provided on 29 April 2013. The management responses have been taken into consideration in finalizing this audit report.

2.4 Operational Overview

Project Background

2.4.1. In response to the devastating floods that hit Pakistan from July to September 2010, the Office launched a comprehensive programme in support of early recovery and restoration of flood affected communities. In close partnership with disaster management authorities at national, provincial and district levels, local government institutions, affected communities, and, where possible, the private sector, the programme required to restore safe and enabling environments for flood-affected communities in thirty nine severely and moderately affected districts to recover from the impact of the floods by focusing on achieving three strategic and interlinked outputs:

- a) Capacities of local institutions and flood-affected communities for recovery and protection of rights restored;
- b) Livelihoods of vulnerable flood-affected people stabilized and restored; and
- c) Basic and critical community infrastructure and services restored.

2.4.2. The Office allocated the total grant of \$5.689 million for the Project which was contributed by the following:

Donor	Contribution (\$ millions)
Bureau of Crisis Prevention and Recovery	2.550
Targeted Resources Among Countries 3	1.745
Government of Japan	1.394
Total funding	5.689

Management

2.4.3. The Project is implemented through the DIM modality by the Office in consultation with its partners.

Project operations

2.4.4. The Project is managed by a Project Manager recruited by the Office. The Project Manager is responsible for day-to-day management and decision-making for the Project, as well as ensuring that the Project produces the results specified in the Project document, to the required standard of quality and within the specified constraints of time and cost. The Project Manager is assisted by an administrative team.

Brief Overview of the Project

Audit Period	1 January 2010 to 31 March 2012
Budget allocated during the audit period	\$5,689,550
Expenses during the audit period	\$5,689,550
Percentage Utilisation	100%

2.4.5. The reporting currency for the report is United States Dollar (\$). All the amounts in functional currency (i.e. Pakistani Rupees) are converted at the rate of 85 per 1\$ for reporting purpose. Amounts are rounded off to nearest million.

2.4.6. Since this project is executed under the Direct Implementation (DIM) modality. In such case the Office is responsible for overall performance and achievement of project objectives even though they may engage Responsible Party (RP) for execution of project activities. Our assessment of internal controls and ratings for internal control areas is based on the assessment of the controls established and implemented by the Office and RPs relevant to this project.

2.4.7. The audit firm would like to remind that although audit was performed with due professional care, an audit of internal controls and systems is not a guarantee that all control weaknesses or frauds will be detected. Also matters arising during our review, which are not regarded as report issues, were brought to the attention of UNDP at the time of the review.

3. Detailed Audit Observations

3.1 Organization & staffing

Satisfactory

The audit firm reviewed the overall Project structure for effective workflows and management arrangements, including assignment of authority, accountability and responsibility to employee.

The audit firm noted few low risk observations, which have been reported to Office for information and control improvements.

Considering the mitigating controls and the general control environment of the project, we consider the rating of this area Satisfactory.

3.2 Project management

Partially Satisfactory

The audit firm reviewed the management aspects in terms of approval of the Project, financial management of the Project funds, and monitoring of implementation towards achievement of objectives. This included reporting to the, Steering Committee, Project Board and / or Donors.

3.2.1. The audit firm reviewed the project management structure and noted the following internal control improvements for the Office to consider adopting in the future:

- a) The Office did not develop a formal process for capturing the complaints at the regional offices of the Project. Project Manager informed that the minor issues identified by the complainants were resolved on site however logs were not maintained for record purpose. The audit firm recommends that formal complaint management system should be developed and all the complaints received should be logged and their resolution should be documented.
- b) The audit firm noted that the project budget was developed at award level (for Early Recovery projects), budgets specific to the project was not developed. The audit firm reviewed the activity wise CDRs with the output wise budget available in the donor agreement at award level and noted that there were minor deviations of actual expenses with the donor approved budget. However, overall CDRs were consistent with the donor approved budget. The audit firm recommends that Project Manager should develop project level budgets and perform the variance analysis between budgets and actual expenditure.

Issue 1 Absence of minutes of meeting of bid opening committee at the Office

The audit firm noted that request for proposal to (CSOs) was raised on 16 September 2010 for CSOs with the submission timeline on or before 20 September 2010. The submitted proposals were opened on 22 September 2010 by the bid opening committee. However, minutes of the meeting of the bid opening committee were not available for review.

Minutes of the bid opening committee is an important control to establish that appropriate bid opening and evaluation process was followed. There were around 114 proposals out of which 18 were selected by the Office for the award of Micro Capital Grants (MCGs). Due to absence of documented minutes of bid opening committee there was no audit trail to assess the criteria for the evaluation of proposals received.

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

Issue 2 Weaknesses noted in the Project Management at the Office

The audit firm noted the following weaknesses in the project management structure of the Project:

- a) The audit firm identified that the Project operations started in 2010 under the DIM modality and the Office obtained the post facto approval from Regional bureau on 19 December 2011;
- b) As per Project document (not dated), the Project required to be completed by August 2011. However, the Project was operationally completed in March 2012. UNDP Project team did not request the extension of Project duration which is inconsistent with UNDP policies and procedures;
- c) Project monitoring was performed by the field offices in accordance with the monitoring plan. However, during review of field monitoring reports, the audit firm noted that follow up logs of risks and observations identified during the field visits by the monitoring team were not documented which resulted in duplication of monitoring efforts;
- d) The audit firm noted that Micro-Capital Grant agreements were entered with 18 RPs under the project. Out of these Grants to 15 RPs exceeds \$ 150,000 under individual agreement. However; as per expense management policy of UNDP "...an individual micro-capital grant by UNDP may not exceed by \$150,000."
- e) The audit firm noted that Project Board, composed of representatives from Economic Affairs Division, Donor Agencies and the Office, was established as oversight body for monitoring the progress of the Project. Project Board meetings were held to discuss the status of the Project, minutes of the meetings were drafted and recommendations were noted and forwarded to ERP management for implementation. The audit firm noted that

various recommendations were made by the Project Board such as establishment of clear interface between the Project Board members for rescue, relief and early recovery operations, development of clear road map of ERP, maintenance of proper data of program beneficiaries, establishment of regular monitoring and reporting system and etc. However, there is no formal mechanism for reporting the follow-up actions on recommendations of Project Board; and

- f) The audit firm noted that the Office prepared only one annual work plan in the Project life which is for the year 2011. Further, the work plan was prepared on award basis and not on the Project basis. Therefore, it was difficult to make comparisons of actual expenses with the annual work plan;

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

Issue 3 Non compliances with the MCGs clauses by Responsible Parties

The audit firm reviewed the Project management structure of the RPs applicable to the Project and identified eight instances where RPs changed the MCGs' activities without obtaining prior approval from the Office (such as inconsistent hiring of project staff as mentioned in MCGs, payment of excess salaries from the approved budget and charging of utility expenses not approved in the MCGs budgets) which resulted in unapproved expenses amounted to \$57,245.

In case of 17 MCGs, RPs did not comply with the MCGs clauses such as safety and security of the Project employee, dedicated donor specific bank account, policy for record retention, intimation to the Office regarding unspent funds balances amounted to \$35,281 available at the completion of the Project, on time commencement and completion of the MCGs and on time submission of the periodic reports to the Office.

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

In view of the above identified instances and control weaknesses, this area is rated partially satisfactory.

The audit firm reviewed the competitiveness and transparency of the recruitment process; and effectiveness of the management of Project personnel, including contract administration, performance evaluation and payment of salaries and allowances.

Issue 4 Weaknesses noted in the Human Resource management at the Office

The audit firm noted the following weaknesses in the Human Resource management structure of the Project:

- a) Human Resource (HR) Associate can add or delete employees in the payroll system. Upon any addition or deletion of an employee, a system generated email is sent to the HR manager as well as Project manager. However, system generated notifications for additions or deletions of employees from payroll system could not be generated from the beginning of the Project till January 2012. The audit firm identified that there were no substitute manual controls available to mitigate the risks associated with the payroll system prior to January 2012;
- b) The audit firm reviewed the 10 personnel files of the employees and noted that various documents were not available in the personnel files at the time of review and was provided subsequently by the Office which indicate absence of effective controls over personnel files management; and
- c) As per policy, minimum two reference letters should be obtained at the time of recruitment. However, one instance was identified where only one reference letter was obtained instead of two.

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

Issue 5 **Weaknesses noted in the Human Resource Management at the RPs**

The audit firm conducted the audit of MCGs awarded to the RPs and noted that following weaknesses in the HR management functions of three RPs:

- a) In case of 13 RPs, interview assessment procedures were not documented;
- b) In case of eight RPs, personnel files were not updated and documents such as Computerized National Identity Cards (CNICs), educational credentials, Offer letters and resume of the Project employees were not available in the files; and
- c) In 18 MCGs with RPs the audit firm noted absence of certain important policies and procedures in HR manual of 18 RPs such as policies and procedures for reference check of the selected employees, issuance of offer letters to the selected employees, job advertisements and attendance of the employees. Therefore, these policies were not followed by the RPs during the Project period.

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

Considering the mitigating controls and the general control environment of the project, we consider the rating of this area Satisfactory.

3.4 Cash and financial management

Partially Satisfactory

The audit firm reviewed the compliance with UNDP policies with respect to the safe custody and adequate management of cash, commitment of expenses against approved budget, disbursement or payment against liabilities and cash advances to field offices, Project employee, etc.

Issue 6 **Inappropriate classification of expenses in CDRs at the Office**

The audit firm noted that the Office did not classify the grants to RP in relevant chart of accounts of the CDR rather the grants amounted to \$0.4 million were classified in account code 72605 “Grant to institute & other benefits” which does not give clarity on classification of expenses recorded in the CDR.

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

Issue 7 Non compliance with local laws by the Responsible Parties

The audit firm reviewed the financial management functions of the RPs applicable to the Project and identified the following:

- a) In six MCGs, RPs did not deduct the withholding tax amounted to \$26,135 from payments for goods and services which is non compliance with the local tax laws in Pakistan;
- b) In case of 11 MCGs the audit firm noted absence of preparation of periodic bank reconciliation; and
- c) One RP did not comply with minimum wage policy for the Project staff applicable in Khyber Pakhtunkhwa province.

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

Issue 8 Absence of common cost allocation criteria at the Office

The audit firm identified that three employees were providing services to various Projects under the Award of ERP. However, their cumulative salaries amounted to \$51,099 (\$7,588 per month) were charged to Project ID 77365 and not apportioned to all the Projects under the award including the Project under review.

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

Issue 9 Absence of supporting documents at the Responsible Parties for the Project expenses

During audit of nine MCGs with the RPs, the audit firm identified various instances amounted to \$55,173 where supporting documents of the Project expenses were not available for verification purpose in the RPs records. These expenses were reported to the Office by the RPs in the periodic financial reports and same were updated in the CDRs. This indicates absence of effective financial monitoring of the RPs by the Office.

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

Issue 10 **Over / under statement in CDRs due to delay in receipts of financial reports from the Responsible Parties**

The audit firm noted that for other cut-off dates i.e. as of 31 December 2010 and 31 December 2011, adjustment of advances / disbursements against expenses reported by RPs was not performed. Consequently individual CDRs remain understated or overstated by indeterminate amounts.

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

In view of the above identified instances and control weaknesses, this area is rated partially satisfactory.

3.5 Procurement management

Satisfactory

The audit firm reviewed whether goods, services and civil works for the Project are procured competitively and in a transparent manner in accordance with UNDP policies and procedures. This included management of obligations and appropriate assessment of goods or services delivered and monitoring performance of the contractors, before payment.

Issue 11 **Non compliance with local laws by the Responsible Parties**

The audit firm reviewed the procurement management functions of the RPs applicable to the Project and identified the following:

- a) In four MCGs, procurement amounted to \$61,633 were identified where comparative statements of the quotations were not prepared by the procurement manager for the evaluation and basis for award of procurement contract to selected bidder;
- b) Three instances amounted to \$0.1 million were identified where RPs did not sign the formal contracts with the suppliers; and
- c) In 18 MCGs, the audit firm noted control weaknesses in the procurement management of 18 RPs such as absence of policy for tendering, composition of procurement committee, TORs of procurement committees were not available in the procurement manuals, absence of pre numbered goods received notes, dispute resolution and disagreements and contractual provision relating to anti-personnel mines and child labour clauses in the contracts with vendors. Therefore, these policies were not followed by the RPs during the Project period.

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

Considering the mitigating controls and the general control environment of the project, we consider the rating of this area Satisfactory.

3.6 Assets management

Satisfactory

The audit firm reviewed whether the Project assets are adequately recorded, safeguarded, monitored, including periodic physical verification of their use and existence.

Issue 12 Weaknesses noted in the assets management

The audit firm reviewed the assets management functions of the Office applicable to the Project and identified the following:

- a) The Office did not share the documentary evidences for the periodic physical count / reconciliations of the Project assets. The audit firm performed the physical verification of assets based on sample and noted absence of tagging of six laptops amounted to \$6,203.

The audit firm reviewed the assets management functions of the RPs applicable to the Project and identified the following:

- a) In two RPs, assets amounted to \$8,174 were not tagged as per UNDP guidelines mentioned in the MCGs for the assets identification;
- b) Six RPs did not intimate or return the remaining assets of the Project amounted to \$18,452 to the Office at the completion of the Project; and
- c) In seven RPs, the audit firm noted that either periodic inspection of fixed assets / supplies was not carried out or if RPs' management claims the exercise is carried out, no evidence is provided of such physical count exercise.

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

Considering the mitigating controls and the general control environment of the project, we consider the rating of this area Satisfactory.

3.7 General administration management

Satisfactory

The audit firm reviewed the areas of operations not specifically covered above and for which expenses were charged to the Project covering such areas as; travel of Project employee, use and maintenance of Project vehicles, lease and maintenance of office premises.

Issue 13 Weaknesses noted in the general administration function at the Office

The audit firm reviewed a sample of 23 trips. In 12 cases, Travel Authorization forms were missing; in 17 other cases, security clearance were not available; in eight cases, the F-10 forms for Daily Subsistence Allowance were missing.

Comment:

The audit firm is not making any recommendation as the project is closed at the date of review.

Considering the mitigating controls and the general control environment of the project, we consider the rating of this area Satisfactory.

3.8 Information system management

Satisfactory

The audit firm procedures for Office were restricted to inquiries only since access to ATLAS was restricted. For RPs; the audit performed assessment of efficiency and security of information system established / maintained and their adequacy to meet management and reporting requirements to the projects.

The audit firm noted few low risk observations, which have been reported to Office for information and control improvements.

Considering the mitigating controls and the general control environment of the project, we consider the rating of this area Satisfactory.

Definitions of audit terms - Ratings and Priorities

A. Audit ratings

Within the operational audit context, performance refers to the economy, efficiency, and effectiveness of operations under management’s control. Operational audits assess the extent to which resources are acquired and utilized with due regard to economy and efficiency and whether management has put in place mechanisms to accurately monitor and assess whether the programs are meeting planned objectives. Operational audits do not report on the achievement of results.

Performance also refers to the manner in which activities are conducted – i.e. whether they are conducted in accordance with UNDP values. UNDP values encompass the notions of prudence and probity, as well as the necessity of taking acceptable risks.

<p>Satisfactory</p>	<p>Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.</p>
<p>Partially Satisfactory</p>	<p>Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.</p>
<p>Unsatisfactory</p>	<p>Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.</p>

B. Priorities of audit recommendations

The audit recommendations are categorized according to priority, as a further guide to UNDP management in addressing the issues. The following categories are used:

<p>High (Critical)</p>	<p>Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level.</p>
<p>Medium (Important)</p>	<p>Action is required to ensure that UNDP is not exposed to significant risks. Failure to take action could result in negative consequences for UNDP.</p>
<p>Low</p>	<p>Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.</p>

Glossary

CDR	Combined Delivery Reports
CSO	Civil Society Organization
DIM	Direct Implementation Modality
HR	Human Resource
ICF	Internal Control Framework
RP	Responsible Party
M&E	Monitoring and Evaluation
OAI	Office of Audit and Investigations
MCG	Micro Capital Grant
PKR	Pakistani Rupees
SC	Service Contract
TA	Travel Authorization
The Office	UNDP Pakistan
The audit firm	Ernst & Young Ford Rhodes Sidat Hyder
\$	United States Dollar

Ernst & Young

Assurance | Tax | Transactions | Advisory

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve potential.

For more information, please visit www.ey.com

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients

EYFRSH in Pakistan is a member firm of Ernst & Young Global Limited (EYGL), a company incorporated under the laws of England & Wales. EYFRSH is legally an independent Partnership firm, registered under the law of Partnership as applicable in Pakistan.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road,
Karachi, Pakistan

Phone: (92 51) 2870290 - 92
(92 21-3) 5638238 – 42

Fax: (92 51) 2870293

E-mail: omar.mustafa@pk.ey.com
ashoke.kumar@pk.ey.com

© Ernst & Young 2013.
All rights reserved.