



AUDIT

OF

UNDP BANGLADESH

**RURAL EMPLOYMENT OPPORTUNITIES FOR PUBLIC ASSETS – CAPACITY
STRENGTHENING TEAM**
(Directly Implemented Project No. 55143)

Report No. 1029
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**Report on the audit of UNDP Bangladesh
Rural Employment Opportunities for Public Assets – Capacity Strengthening Team (Project No. 55143)
Executive Summary**

From 26 November 2012 to 31 January 2013 the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through KPMG/Rahman Rahman Huq (the audit firm), conducted an audit of Rural Employment Opportunities for Public Assets – Capacity Strengthening Team (Project No. 55143) (the Project), which is directly implemented and managed by the UNDP Country Office in Bangladesh (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 Project was conducted by S.F. Ahmed & Co in 2010.

The Project reported expenditure totalling \$3.9 million during the period from 1 January to 31 December 2011. The following donors contributed to the Project: European Commission and UNDP.

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 to 31 December 2011. 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.

Follow-up on previous audit: The audit also verified the implementation status of recommendations from the previous audit report on this Project issued on 28 April 2010. One out of four recommendations was noted to be fully implemented.

Audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, OAI assessed the management of the Project as **satisfactory**, which means “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.” 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 | Amount (in \$'000) | Opinion |
| 3,897 | Unqualified | - | Not applicable |

* The Project had already transferred all the assets to the district offices

Figure 2: Internal controls and systems audit ratings summary

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

Key issues and recommendation

The audit raised one issue and resulted in one recommendation, ranked medium (important) priority, meaning "Action is required to ensure that UNDP is not exposed to significant risks. Failure to take action could result in negative consequences for UNDP." The recommendation includes actions to address unavailability of monthly time sheets and leave related documents

Management's comments

The Resident Representative accepted the recommendation and is in the process of implementing it.



Antoine Khoury
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