



AUDIT

OF

UNDP SRI-LANKA

**ART Gold Sri Lanka Programme
(Directly Implemented Project No. 00057196)**

**Report No. 1058
Issue Date: 19 February 2013**

**Report on the audit of UNDP Sri Lanka - ART Gold Sri Lanka Programme (Project ID. 00057196)
Executive Summary**

From 5 to 14 September 2012 the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Lochan & Co. (the audit firm), conducted an audit of ART Gold Sri Lanka Programme (Project No. 00057196) (the Project), which is directly implemented and managed by the UNDP Country Office in Sri Lanka (the Office). The audit firm was under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The Project reported expenditure totalling \$2.27 million during the period from 1 January 2009 to 31 December 2011. The following donors contributed to the Project: Spanish Agency for International Cooperation and the European Decentralized Cooperation Actors.

Audit scope and objectives

The audit firm conducted a combined financial audit and audit of internal controls and systems to express 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 2009 to 31 December 2011 and Statement of Assets as of 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 and general administration.

Figure 1: Summary results of the financial audit

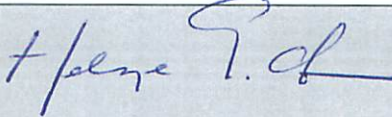
Project Expenditure			Project Assets			Cash	
Amount (in \$ '000)	Opinion	NFI (in \$ '000)	Amount (in \$'000)	Opinion	NFI (in \$ '000)	Amount (in \$'000)	Opinion
2,269	Unqualified	-	-	Disclaimer	2	-	Not applicable*

*No separate bank account was held by the project

The audit firm issued a disclaimer on project assets of \$1,654 due to the absence of a consolidated list of assets as at 31 December 2011.

Key issues and recommendations

The audit firm issued a management letter with eight issues and one recommendation relating to the absence of the consolidated list of assets. As the project closed with effect from 31 December 2012, these issues were discussed with management and were considered as lessons learned for on-going and future projects.



Helge S. Osttveiten
Director
Office of Audit and Investigations