

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP UKRAINE

**STRENGTHENING GOVERNANCE AND FINANCIAL SUSTAINABILITY
OF THE NATIONAL PROTECTED AREAS SYSTEM IN UKRAINE
(Directly Implemented Project No. 59098)**

**Report No. 1125
Issue Date: 5 February 2013**

**Report on the audit of UNDP Ukraine - Strengthening Governance and Financial Sustainability of the National Protected Areas System in Ukraine (Project ID 59098)
Executive Summary**

From 1 to 5 October 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme, through KPMG, Slovakia (the audit firm), conducted an audit of Strengthening Governance and Financial Sustainability of the National Protected Areas System in Ukraine, Project ID 59098 (the Project), which is directly implemented and managed by the UNDP Country Office in Ukraine (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 \$0.3 million during the period from 1 January to 31 December 2011. The Project was funded by the Global Environment Facility.

Audit scope and objectives

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 Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2011 and Statement of Assets as of 31 December 2011.

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 | | | Project Assets | |
|------------------------|-----------|---------------------|------------------------|-------------|
| Amount (in \$ '000) | Opinion | NFI (in \$ '000) | Amount (in \$ '000) | Opinion |
| 270 | Qualified | n/a | 24 | Unqualified |

NFI = Net Financial Impact

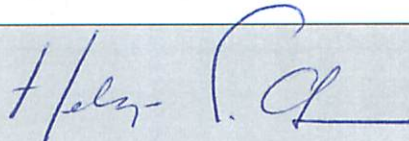
The audit firm qualified its opinion on project expenditure due to misclassification of expenditures in the Combined Delivery Report amounting to \$23,731.

Key issues and recommendations

The audit raised two issues and resulted in two recommendations, both 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.” These recommendations include actions to address incorrect accounts used for accounting entries and improper allocation of Value Added Tax reimbursements.

Management’s comments

The Resident Representative accepted both recommendations and is in the process of implementing them.



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