



**AUDIT**

**OF**

**UNDP UKRAINE**

**EUROPEAN UNION BORDER ASSISTANCE MISSION TO MOLDOVA AND UKRAINE**  
**PHASE 8**  
**(Directly Implemented Project No. 76788)**

**Report No. 1127**  
**Issue Date: 5 February 2013**

## Report on the audit of UNDP Ukraine - European Union Border Assistance Mission to Moldova and Ukraine Phase 8 (Project ID 76788) Executive Summary

From 8 to 12 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 European Union Border Assistance Mission to Moldova and Ukraine Phase 8, Project ID 76788 (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 \$10.9 million during the period from 1 January to 31 December 2011. The Project was funded by the European Union.

### 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		Cash	
Amount (in \$ '000)	Opinion	NFI (in \$ '000)	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
10,853	Qualified	n/a	1,993	Unqualified	0.2	Unqualified

NFI = Net Financial Impact

The audit firm qualified its opinion on project expenditure due to the incorrect recording of expenditure and reimbursement of Value-Added Tax (VAT) in the Combined Delivery Report. Expenditure of \$186,213 and VAT reimbursement of \$196,592 (a credit) were recorded under budgetary department 58205 and 58201, respectively. These amounts should have been recorded under budgetary department 58216.

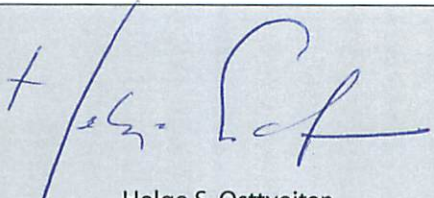
### Key issues and recommendations

The audit raised three issues and resulted in three recommendations, all were 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 late submissions to the Regional Advisory Committee on Procurement and improper allocation of Value Added Tax reimbursements in the Combined Delivery Report.

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**Management's comments**

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

A handwritten signature in blue ink is enclosed in a rectangular box. The signature is cursive and appears to read 'H. S. Ostveiten'.

Helge S. Ostveiten  
Director  
Office of Audit and Investigations