



**AUDIT**

**OF**

**UNDP MYANMAR**

**INTEGRATED COMMUNITY DEVELOPMENT PROJECT**  
**(Directly Implemented Project No. 13948)**

**Report No. 1210**

**Issue Date: 24 January 2014**

**Report on the audit of UNDP Myanmar  
Integrated Community Development Project (Project No. 13948)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 30 October to 26 November 2013, through ECOVIS STT Vietnam Co., Ltd (the audit firm), conducted an audit of the “Integrated Community Development Project” (Project No. 13948) (the Project), which is directly implemented and managed by the UNDP Country Office in Myanmar (the Office). The last audit of the Project was conducted by OAI in 2007.

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 2012 and Statement of Assets at 31 December 2012.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

**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	NFI (in \$ '000)
4,636	Qualified	35	226	Unqualified	-

*NFI = Net Financial Impact*

The audit firm qualified its opinion on the financial statements due to an overstatement of \$34,845 in the unliquidated commitments as at 31 December 2012.

**Key recommendations:** Total = 8, high priority = 1

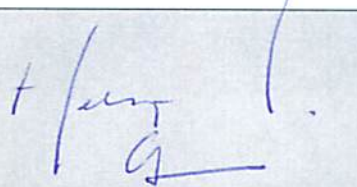
For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. All high (critical) priority recommendations are presented below:

Project management (Issue 1)      Verification of Funds Utilization Statement. There were discrepancies between reported figures and the actual balances of unliquidated commitments. Some procurements had already been received without liquidating the associated commitments. Consequently, the balance of unliquidated commitments as at 31 December 2012 was overstated by \$34,845.

Recommendation: The Office should periodically (on a quarterly or semi-annual basis) verify the commitment balances appearing in the Funds Utilization Statement and institute an independent tracking system for such balances to identify and address possible misstatements.

### Management comments and action plan

The Resident Representative accepted all eight recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.

A handwritten signature in blue ink is visible within a rectangular box. The signature appears to be 'H. Ostveiten' with a large flourish extending upwards and to the right.

Helge S. Ostveiten  
Director  
Office of Audit and Investigations