

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP MYANMAR

COMMUNITY DEVELOPMENT FOR REMOTE TOWNSHIPS
(Directly Implemented Project No. 63580)

Report No. 1211

Issue Date: 24 January 2014

**Report on the audit of UNDP Myanmar
Community Development for Remote Townships (Project No. 63580)
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 "Community Development for Remote Townships" (Project No. 63580) (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 2012.

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 and Statement of Cash Position as of 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	Amount (in \$'000)	Opinion
6,023	Unqualified	278	Unqualified

Key recommendations: Total = 7, 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 actual balances on unliquidated commitments. Some purchase orders were paid, however, they were not acknowledged as receipted in Atlas. As a result, the balance of unliquidated commitments as at 31 December 2012 was overstated by \$26,400. This did not result in a qualification of the financial statements as it represented only 0.4 percent of project expenditure which was below the auditors materiality level.

The Project also recorded a motor vehicle in the Atlas system twice, and as a result, the amount of un-depreciated fixed assets shown in the Funds Utilization Statement as at 31 December 2012 was overstated by \$37,364.

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.

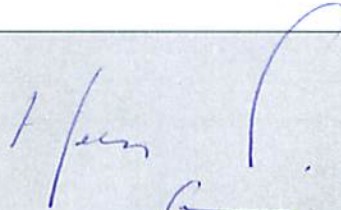
Implementation status of previous OAI audit recommendations: Report No. 1061, 28 February 2013

Total recommendations: 5

Implementation status: 78%

Management comments and action plan

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



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Director
Office of Audit and Investigations