

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP NEPAL

ELECTORAL SUPPORT PROJECT PHASE II
(Directly Implemented Project, Output No. 60672)

Report No. 1393

Issue Date: 25 July 2014

**Report on the audit of UNDP Nepal
Electoral Support Project Phase II (Output No. 60672)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 5 to 16 May 2014, through Moore Stephens LLP (the audit firm), conducted an audit of the Electoral Support Project Phase II: Institutional Strengthening and Professional Development Support for the Election Commission of Nepal, Output No. 60672 (the Project), which is directly implemented and managed by the UNDP Country Office in Nepal (the Office). The last audit of the Office was conducted by OAI in 2014 and covered the activities of the Office from 1 January to 31 December 2013.

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 Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2013 and the accompanying Funds Utilization statement¹ as of 31 December 2013 as well as Statement of Assets as of 31 December 2013. The audit did not include activities and expenses incurred or undertaken at the level of "responsible parties" and expenses processed and approved in locations outside the country such as UNDP Regional Centres and UNDP Headquarters and where supporting documentation was retained at the level of the UNDP country office.

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
\$6,619*	Unqualified	167	Unqualified

*Expenditure recorded in the Combined Delivery Report was \$7,944,778. Excluded from the audit were expenses amounting to \$1,325,547, comprising of payments made through other UN agencies (\$154,138) and transactions that were not processed by the Office (\$1,171,409).

The audit firm issued an unqualified opinion on the Funds Utilization statement.

Key recommendations: Total = 5


The audit did not result in any high (critical) priority recommendations. There are five medium (important) priority recommendations, which means "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." These recommendations include actions to address: expenditure incorrectly reported; recoverable value added taxes

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

included as expenditure; purchase orders dated after invoice; advances policy not followed; and completion certificates not reviewed by procurement department.

Management comments and action plan

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



Antoine Khoury
Officer-in-Charge
Office of Audit and Investigations