

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP BOSNIA AND HERZEGOVINA**

**UN RESPONSE TO BIH FLOODS 2014**

**(Directly Implemented Project No. 81239, Output Nos. 90579, 90943, 91517 and 92158)**

**Report No. 1485**

**Issue Date: 15 July 2015**

**Report on the audit of UNDP Bosnia and Herzegovina  
UN Response to BIH Floods 2014 (Project No. 81239, Output Nos. 90579, 90943, 91517 and 92158)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 4 to 15 May 2015, through Deloitte Audit s.r.o. (the audit firm), conducted an audit of UN Response to BIH Floods 2014 (Project No. 81239, Output Nos. 90579, 90943, 91517, and 92158) (the Project), which is directly implemented and managed by the UNDP Country Office in Bosnia and Herzegovina (the Office). This was the first audit of the Project.

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 2014 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2014. The audit did not include activities and expenses incurred or undertaken at the "responsible party" level, or expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters), or where supporting documentation was not retained at the UNDP Country Office level. The audit did not cover the Statement of Assets as no assets were purchased by the Project. In addition, the audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

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*		
Output No.	Amount (in \$ '000)	Opinion
90579	2,952	Unqualified
90943	3,117	Unqualified
91517	20,012	Unqualified
92158	31	Unqualified
<b>Total</b>	<b>26,112</b>	

\*Expenditures recorded in the Combined Delivery Report were \$28.9 million.

Excluded from the audit scope were transactions that relate to expenditures of other United Nations agencies (\$1.6 million). Also excluded were expenditures incurred at the "responsible party" level (\$1.2 million), which were subject to a separate audit conducted by external auditors that resulted in an unqualified opinion.

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

**Key recommendation:** Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, which means, "Action is required to ensure that UNDP is not exposed to risks that are

<sup>1</sup> 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.

considered moderate. Failure to take action could contribute to negative consequences for UNDP.” The recommendation includes actions to address the lack of documentation to support the evaluation process for the selection of small and medium enterprise who were grant recipients.

**Management comments and action plan**

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



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