AUDIT

OF

UNDP INDIA

Improving Efficiency of Newborn and Infant Care in Multiple States
(Directly Implemented Project No. 73062, Output No. 86024)

Report No. 1626
Issue Date: 7 July 2016
Report on the Audit of UNDP India
Improving Efficiency of Newborn and Infant Care in Multiple States
(Directly Implemented Project No. 73062, Output No. 86024)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through KPMG SA Geneva (the audit firm), from 2 to 13 May 2016, conducted an audit of Improving Efficiency of Newborn and Infant Care in Multiple States (Project No. 73062, Output No. 86024) (the Project), which is directly implemented and managed by the UNDP Country Office in India (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 2015 and the accompanying Funds Utilization statement¹ as of 31 December 2015 as well as Statement of Assets as of 31 December 2015. 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). In addition, the audit did not cover the Statement of Cash Position as no balance was recorded in the dedicated project bank account as of 31 December 2015.

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:

<table>
<thead>
<tr>
<th>Project Expenditure*</th>
<th>Project Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount (in $’000)</td>
<td>Opinion</td>
</tr>
<tr>
<td>3,279</td>
<td>Unqualified</td>
</tr>
</tbody>
</table>

*Expenditures recorded in the Combined Delivery Report were $3,409,014. Excluded from the audit scope were transactions that relate to expenditures processed and approved outside the Office ($130,197).

Key recommendation: Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one 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.” This recommendation relates to actions to address expenses recorded under the incorrect activity/budget line codes (no impact on the overall expenses reported). The Office management advised that the Project has been operationally closed effective 31 December 2015.

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.
The recommendation aims to ensure the reliability and integrity of financial and operational information.

Management comments and action plan

The UN Resident Coordinator and 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.

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