



**AUDIT**

**OF**

**UNDP UKRAINE**

**RAPID RESPONSE TO SOCIAL AND ECONOMIC ISSUES OF  
INTERNALLY DISPLACED PEOPLE IN UKRAINE  
(Directly Implemented Project No. 83016, Output No. 94682)**

**Report No. 1639**

**Issue Date: 14 July 2016**

**Report on the Audit of UNDP Ukraine**  
**Rapid Response to Social and Economic Issues of Internally Displaced People in Ukraine**  
**(Project No. 83016, Output No. 94682)**  
**Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 2 to 13 May 2016, conducted an audit of Rapid Response to Social and Economic Issues of Internally Displaced People in Ukraine (Project No. 83016, Output No. 94682) (the Project), which is directly implemented and managed by the UNDP Country Office in Ukraine (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 statement<sup>1</sup> 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 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*		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
3,637	Unqualified	25	Unqualified

\*Expenditures recorded in the Combined Delivery Report were \$3,651,215. Excluded from the audit scope were transactions that relate to expenditures processed by other United Nations agencies (\$13,717).

**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 considered moderate. Failure to take action could contribute to negative consequences for UNDP." This recommendation includes actions to address an overstatement in the commitment balance on the Funds Utilization statement (without impact on the expenditure reported).

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

<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.

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### 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.

A handwritten signature in blue ink, enclosed in a rectangular box. The signature is stylized and appears to read 'Antoine Khoury'.

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