

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP UKRAINE

PROCUREMENT SUPPORT SERVICES TO THE MINISTRY OF HEALTH OF UKRAINE
(Directly Implemented Project No. 90474, Output Nos. 96228 and 103344)

Report No. 1790

Issue Date: 7 August 2017

**Report on the Audit of UNDP Ukraine
Procurement Support Services to the Ministry of Health of Ukraine
(Project No. 90474, Output Nos. 96228 and 103344)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 15 to 26 May 2017, conducted an audit of Procurement Support Services to the Ministry of Health of Ukraine, Project No. 90474, Output Nos. 96228, Health Care Procurement and 103344, Mucopolysaccharidosis Medicine, (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 work covered financial transactions as well as internal controls and systems for the purpose of expressing an opinion on whether the financial statements present fairly, in all material aspects, the Project’s operations, as well as assess compliance with UNDP regulations, rules, policies and procedures and donor agreements. The audit covered the Project’s Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2016 and the accompanying Funds Utilization statement¹ as of 31 December 2016. It also reviewed the relevant systems, procedures and practices in place as they relate to the Project, in the areas of: organization and staffing, programme and project management, human resources, finance, procurement, asset management, cash management, information systems, and general administration. The audit did not include expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters) The audit did not cover the Statement of Assets as no assets were purchased for 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*.

Overall audit rating

Based on the audit reports and corresponding management letters submitted by the audit firm, OAI assessed the management of the Project as **satisfactory**, which means, “The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area”. The details of the audit results are presented in the table below:

Project Expenditure		
Output Nos.	Amount (in \$ '000)	Opinion
96228	33,578*	Unqualified
103344	4,024	Unqualified

*Expenditures recorded in the Combined Delivery Report were \$36,591,045. Excluded from the audit scope were expenditures processed and approved by other UNDP offices outside of the country (\$3,012,661).

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 audit did not result in any recommendations.

A handwritten signature in blue ink, appearing to read 'Helge S. Ostveiten', enclosed within a rectangular box.

Helge S. Ostveiten
Director
Office of Audit and Investigations