



AUDIT

OF

**STABILIZATION AND DEVELOPMENT PROGRAMME IN NEWLY MERGED DISTRICTS
OF KHYBER PAKHTUNKHWA**
**(Directly Implemented Project No. 88875, Output Nos. 95343, 101748, 107046, 115165
and 117948)**

IN

UNDP PAKISTAN

Report No. 2371

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**Report on the Audit of
Stabilization and Development Programme in Newly Merged Districts of
Khyber Pakhtunkhwa in UNDP Pakistan
(Project No. 88875, Output Nos. 95343, 101748, 107046, 115165 and 117948)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 10 to 26 May 2021, conducted an audit of ‘Stabilization and Development Programme in Newly Merged Districts of Khyber Pakhtunkhwa’ (Project No. 88875, Output Nos. 95343, 101748, 107046, 115165 and 117948) (the Project), which is directly implemented and managed by the UNDP Country Office in Pakistan (the Office). The last audit of the Project was conducted by OAI through Deloitte in 2017 and covered project expenses from 1 January to 31 December 2016.¹

The audit firm conducted a financial audit in accordance with the International Standards of Auditing (ISA), the 700 series, 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 expenses for the period from 1 January to 31 December 2020, the accompanying Funds Utilization statement² as of 31 December 2020 as well as the Statement of Assets as of 31 December 2020. 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). 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 submitted by the audit firm, the results are summarized in the table below:

Project Expenses*		Project Assets	
Amount (in \$ ‘000)	Opinion	Amount (in \$ ‘000)	Opinion
5,476	Unmodified	279	Unmodified

*Expenses recorded in the Combined Delivery Report were \$7,010,052. Excluded from the audit scope were expenses processed and approved by other UNDP offices outside of the country in the amount of \$223,582. Also excluded were expenses incurred at the “responsible party” level (\$1,310,179). Of these, expenses incurred by one “responsible party” (\$877,730) were subject to a separate audit that resulted in an unmodified opinion.

The audit did not result in any recommendations.

¹ The project was then titled “FATA Transition and Recovery Programme”.

² The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated 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.



Management comments and action plan

Comments and/or additional information provided have been incorporated into the report, where appropriate.

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