



AUDIT

OF

UNDP HAITI

**REDUCTION OF VULNERABILITY OF POPULATIONS AND INFRASTRUCTURES
IN THE SOUTH**
(Directly Implemented Project No. 76792)

Report No. 1101
Issue Date: 16 August 2013

Report on the audit of UNDP Haiti
Reduction of Vulnerability of Populations and Infrastructures in the South (Project No. 76792)
Executive Summary

From 25 March to 26 April 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Experts Conseils et Associés (the audit firm), conducted an audit of Reduction of Vulnerability of Populations and Infrastructures in the South, Project No. 76792 (the Project), which is directly implemented and managed by the UNDP Country Office in Haiti (the Office). The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*. The last audit of the Office was conducted by OAI in 2011.

The Project reported expenditure totalling \$4.25 million during the period from 1 January to 31 December 2011. The following donors contributed to the Project: Haitian Reconstruction Fund and Norway.

Audit scope and objectives

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 Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2011 and Statement of Assets as of 31 December 2011.

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		Cash	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
4,251	Unqualified	133	Unqualified	-	Not Applicable*

*No separate bank account and/or petty cash was held by the project

Key issue and recommendation

The audit raised one issue and resulted in one recommendation, ranked high (critical) priority, meaning "Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level."

The high priority recommendation is as follows:

Asset management (Issue 1)	<u>Lack of documentation related to transfer of assets.</u> Some assets in use by the Project had been transferred from other projects. However, documentation to validate these transfers was not available for review. OAI recommends that management of UNDP Haiti ensure that all asset transfers incurred under the project be adequately documented.
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Management's comments

The Resident Representative a.i. accepted the recommendation and is in the process of implementing it.

A handwritten signature in blue ink is visible above the printed name. The signature appears to be 'H. Ostveiten' with a large, stylized flourish at the end.

Helge S. Ostveiten
Director
Office of Audit and Investigations

**UNITED NATIONS DEVELOPMENT PROGRAM
(UNDP)**

AUDIT OF THE FINANCIAL STATEMENTS

**PROJECT “REDUCTION OF VULNERABILITY OF POPULATIONS
AND INFRASTRUCTURES IN THE SOUTH” NO. PID 76792**

For the period of 1 January 2011 to 31 December 2011

**UNITED NATIONS DEVELOPMENT PROGRAM
(UNDP)**

AUDIT OF THE FINANCIAL STATEMENTS

**PROJECT “REDUCTION OF VULNERABILITY OF POPULATIONS AND
INFRASTRUCTURES IN THE SOUTH” NO. PID 76792**

For the period of 1 January 2011 to 31 December 2011

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REPORT OF INDEPENDENT AUDITORS

Office of Audit and Investigations
(OAI)
United Nations Development Program
(UNPD)

The Project “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792 is implemented by UNDP under the Directly Implemented Modality (DIM). The audits of DIM projects are intended to provide assurance to UNDP senior management and donors, that resources are being used effectively and efficiently for the purposes intended and in accordance with UNDP policies and procedures.

The audit of DIM projects is under the mandate of UNDP’s Office of Audit and Investigation (OAI) that either directly conducts or contracts out the audit of DIM projects.

In fulfillment of the institutional contract No. PROC 2013-005 signed on 19 February 2013 between UNDP and Experts Conseils et Associés, in order to issue an opinion of the financial statements of the Project “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792, we have prepared this report that contains the results of the audit, which included the comprehensive assessment of the implementation and the control of resources provided by Norway.

The audit allows us to: express our opinion on the reasonableness of figures expressed in the Combined Delivery Report (CDR), Statement of Assets and Equipments and Statement of Cash Position, as well as provide an assessment of the processes of procurement and of the effectiveness of the Internal Control System of the project for the period of 1 January to 31 December 2011.

An audit report on the statement of Cash Position is not required as part of the audit, because a separate bank account was not used for the management of the funds related to the “Reduction of Vulnerability of Populations and Infrastructures in the South” Project No. PID 76792. All disbursements were made directly by UNDP.

GENERAL INFORMATION

The earthquake of January 12, 2010 has generated around 300,000 dead, over 300,000 injured. The most affected areas were Port-au-Prince and surrounding municipalities, such as Léogane, Grand Goave, Miragoane and Jacmel. The demographic, economic and social situation seems to be disintegrated with massive internal displacement in the aftermath of the earthquake. About 511,000 people were displaced in other departments of the country among whom 100,000 fled to the Southern Department. This influx of population in rural areas has increased the pressure on natural resources and on the environment. Following a workshop conducted as part of the internally displaced persons (IDP) integration program in the South, a concept note on the Program “Reduction of the Vulnerability of the Populations and Infrastructures in the South department” was developed by UNDP, submitted and approved by the Interim Haiti Recovery Commission (IHRC). The project receives funding from the Government of Norway transited through the Haiti Reconstruction Fund (HRF). The implementation of the project is effectively ensured by UNDP jointly with FAO.

The project aims to contribute to disaster risk reduction through the development and management of watershed basins, mitigation activities, job creation and agricultural development in the Southern Department of Haiti.

The main objective of the project is: Contribute to disaster risk reduction through the development and management of watershed basins, employment generation and agricultural development in the Department of the South.

This project has focused its efforts to achieve the following specific goals:

- Develop guidance tools for local planning and management of the watershed area in Aquin and Saint Louis du Sud;
- Manage and protect watersheds of Aquin and Saint Louis du Sud (upstream and downstream) and then Tiburon-Port Salut and watersheds Cayes and Cavaillon (downstream);
- Support to the agricultural sector for environmental protection and improvement of food security;
- Strengthen and develop national, local and community capacities responsible for watershed and disaster risk management.

The total budget for the project (started in January 2011 and ended in December 2011) was \$ 8,000,000.

The expenditures incurred during the period of 1 January 2011 to 31 December 2011 under the Project were \$ 4,250,909 as indicated in the CDR.

Fixed assets acquisitions related to the “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792 totaled an amount of \$ 133,289 as of 31 December 2011.

EXECUTIVE SUMMARY

The executive summary as indicated below is to briefly discuss the objectives of the audit, its scope and restrictions, our opinion on the financial statements and a brief synopsis of the findings and internal control deficiencies, if any, identified, during the engagement.

a) Objectives of the audit

The objective of this audit is to express an opinion on whether:

- a) The Combined Delivery Report (CDR) presents fairly the expenditure incurred by Project “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792, for the period of 1 January 2011 to 31 December 2011, in accordance with UNDP accounting policies and that expenditures incurred were:
 - . in conformity with the approved project budget;
 - . for the approved purposes of the project;
 - . in compliance with the relevant regulations and rules, policies and procedures of UNDP; and
 - . supported by properly approved vouchers and other supporting documents.
- b) The Statement of Assets and Equipments presents fairly the balance of inventory of the Project “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792, as at 31 December 2011.

b) Scope of the Audit

The audit was conducted in accordance with the International Standards of Auditing (ISAs) and in compliance with regulations, rules, policies and procedures of UNDP. The scope of the audit aimed to obtain an objective assessment of the use of funds of the project to provide an audit opinion.

The audit included a review of the following aspects:

- . All the activities of the Project “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792 performed during the period of 1 January 2011 to 31 December 2011;
- . All the reports and registers of the Project “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792;
- . Expenses incurred and recorded in the Combined Delivery Report (CDR) of the Project “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792 during the period of 1 January 2011 to 31 December 2011;
- . The existence and value of the assets and equipment of the “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792 as of 31 December 2011.

c) Audit Result

The following are the results of the comprehensive audit which allows us to express an opinion on the reasonableness of the amounts expressed in Combined Delivery Report (CDR), the Statement of Assets and Equipments and the Statement of Cash Position, as well as to provide an assessment of the processes of procurement and of the effectiveness of the Internal Control System of the Project “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792 during the period of 1 January 2011 to 31 December 2011.

Our audit was carried out in accordance with the International Standards of Auditing (ISAs) and in compliance with regulations, rules, policies and procedures of UNDP. An audit includes the examination, based on tests, of the evidence of the amounts and disclosures made in the financial statements. It also includes the evaluation of the accounting principles used as well as the most relevant estimates made by management. We believe that our audit provides a reasonable basis for expressing our opinion.

As a result of the audit of Project “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792 we certify that:

Combined Delivery Report (CDR)

In our opinion, the Combined Delivery Report (CDR) presents fairly an unqualified opinion, in all material respects the expenditures of \$ 4,250,909 incurred by the project and audited by us for the period of 1 January 2011 to 31 December 2011, in accordance with UNDP accounting requirements.

Statement of Assets and Equipments

In our opinion, the Statement of Assets and Equipments presents fairly an unqualified opinion, in all material respects the inventory balance of the project amounting to \$ 133,289 as at 31 December 2011, in accordance with UNDP accounting requirements.

Assessment of Internal Control

In planning and performing our audit of the statement of expenditures presented in the Combined Delivery Report for the period of 1 January 2011 to 31 December 2011 and the statement of assets as of 31 December 2011 we considered UNDP's internal control over the management of the Project "Reduction of Vulnerability of Populations and Infrastructures in the South" No. PID 76792 in conformity with the standards established by the International Auditing Standards. Our examination and evaluation was performed in order to assess risks and to determine the auditing procedures for the purpose of expressing an opinion on the statement of expenditures presented in the Combined Delivery Report for the period of 1 January 2011 to December 31, 2011 and the statement of assets as of 31 December 2011 and not to express an opinion on the internal control.

We identified one (1) deficiency in UNDP's internal control that, in our judgment, could adversely affect UNDP's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This deficiency is presented in the internal control report section of this document.

**UNITED NATIONS DEVELOPMENT PROGRAM
(UNDP)**

AUDIT OF THE FINANCIAL STATEMENTS

**PROJECT “REDUCTION OF VULNERABILITY OF POPULATIONS AND
INFRASTRUCTURES IN THE SOUTH” NO. PID 76792**

For the period of 1 January 2011 to 31 December 2011

**INDEPENDENT AUDITOR’S REPORT ON COMBINED DELIVERY REPORT
(CDR)**

Office of Audit and Investigations
(OAI)
United Nations Development Program
(UNDP)

We have audited the Combined Delivery Report (CDR) for the period of 1 January 2011 to 31 December 2011 of the Project “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792 implemented and managed by United Nations Development Program (UNDP).

Management’s Responsibility for the Combined Delivery Report (CDR)

The Management of United Nations Development Program (UNDP) is responsible for the preparation and fair presentation of the Combined Delivery Report (CDR), in accordance with UNDP rules and all internal controls deemed necessary by the direction for the preparation of the Combined Delivery Report (CDR), which do not contain any material misstatement, whether due to fraud or error.

Auditors' Responsibilities

Our responsibility is to express an opinion on the Combined Delivery Report (CDR) attached to this report based on our audit. We conducted our audit in accordance with International Standards on Auditing and in accordance with regulations, rules, policies and procedures of the United Nations Development Program (UNDP). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Combined Delivery Report (CDR) is free from material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and other information presented in the Combined Delivery Report (CDR). The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the Combined Delivery Report (CDR), whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Combined Delivery Report (CDR) in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the UNDP's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Combined Delivery Report (CDR).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Combined Delivery Report (CDR) presents fairly, in all material respects, the expenditures of an amount of \$ 4,250,909 incurred, for the period of 1 January 2011 to 31 December 2011 in accordance with UNDP accounting requirements.



Experts Conseils et Associés
11 June 2013

UN
DP

UN Development Programme

Report ID: ungl143p

Combined Delivery Report By Project

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Run Time: 31-05-2012 23:05:43

Selection Criteria :

Business Unit : HTI10
 Period : Jan-Dec (2011)
 Selected Award Id : ALL
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Projects : 00076792

Award Id : 00060857 Réduction de la Vulnérabilité	Period : Jan-Dec (2011)
Project # : 00076792 Gestion bassins versants Sud	Impl. Partner : 99999 UNDP
	Location : Haïti

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
Dept: 50803 (Haïti - Crisis Prev & Rcvry)					
Fund : 30000 (Programme Cost Sharing)					
71620 - Daily Subsistence Allow-Local	0.00	2,357.08	0.00	0.00	2,357.08
Total for Fund 30000	0.00	2,357.08	0.00	0.00	2,357.08
Total for Dept : 50803	0.00	2,357.08	0.00	0.00	2,357.08
Dept: 50805 (Haïti - Energy & Environmmt)					
Fund : 30000 (Programme Cost Sharing)					
63535 - Contribution to Security	0.00	2,792.61	0.00	0.00	2,792.61
64307 - Appointment-Subsistence Allow	0.00	6,780.00	0.00	0.00	6,780.00
64309 - Appointment-Shipments	0.00	1,200.00	0.00	0.00	1,200.00
65135 - Payroll Mgt Cost Recovery ATLA	0.00	497.97	0.00	0.00	497.97
71205 - Intl Consultants-Sht Term-Tech	0.00	64,793.10	0.00	0.00	64,793.10
71405 - Service Contracts-Individuals	0.00	150,445.64	0.00	12,839.16	163,284.80
71605 - Travel Tickets-International	0.00	19,292.90	0.00	0.00	19,292.90
71615 - Daily Subsistence Allow-Intl	0.00	11,633.00	0.00	0.00	11,633.00
71620 - Daily Subsistence Allow-Local	0.00	32,298.27	0.00	0.00	32,298.27
71635 - Travel - Other	0.00	245.00	0.00	0.00	245.00
72105 - Svc Co-Construction & Engineer	0.00	2,319.19	0.00	0.00	2,319.19
72115 - Svc Co-Natural Resources & Env	1,332,991.10	2,121,050.94	0.00	0.00	3,454,042.04
72145 - Svc Co-Training and Educ Serv	0.00	1,338.96	0.00	0.00	1,338.96
72205 - Office Machinery	0.00	4,874.17	0.00	0.00	4,874.17
72210 - Machinery and Equipment	0.00	9,060.51	0.00	0.00	9,060.51
72215 - Transportation Equipment	0.00	61,133.32	0.00	0.00	61,133.32
72220 - Furniture	0.00	12,240.39	0.00	0.00	12,240.39
72399 - Other Materials and Goods	0.00	36,104.00	0.00	0.00	36,104.00
72425 - Mobile Telephone Charges	0.00	448.48	0.00	0.00	448.48
72505 - Stationery & other Office Supp	0.00	848.77	0.00	0.00	848.77
72715 - Hospitality Catering	2,694.32	0.00	0.00	0.00	2,694.32
73120 - Utilities	0.00	6,348.48	0.00	0.00	6,348.48
73410 - Maint, Oper of Transport Equip	0.00	3,793.85	0.00	0.00	3,793.85
74525 - Sundry	0.00	1,081.01	0.00	29,013.00	30,094.01
74599 - UNDP cost recovery chrgs-Bills	0.00	5,568.96	0.00	0.00	5,568.96
75105 - Facilities & Admin - Implement	0.00	271,203.90	0.00	0.00	271,203.90
76120 - Unrealized Loss	0.00	2,447.17	0.00	0.00	2,447.17
76125 - Realized Loss	0.00	1,333.57	0.00	0.00	1,333.57
76130 - Unrealized Gain	0.00	-1,759.24	0.00	0.00	-1,759.24
76135 - Realized Gain	0.00	-1,942.35	0.00	0.00	-1,942.35
77305 - Salaries - IP Staff-TA	0.00	50,330.28	0.00	0.00	50,330.28
77310 - Post Adjustment - IP Staff-TA	0.00	19,485.19	0.00	0.00	19,485.19
77315 - Contrib-Med,Soclns-IP Staff-TA	0.00	388.24	0.00	0.00	388.24
77375 - Contrib-Jt Staff Pens Fd-IP-TA	0.00	16,138.06	0.00	0.00	16,138.06
Total for Fund 30000	1,335,685.42	2,913,814.34	0.00	41,852.16	4,291,351.92
Total for Dept : 50805	1,335,685.42	2,913,814.34	0.00	41,852.16	4,291,351.92
Dept: 50808 (Haïti - Poverty Reduction)					

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Combined Delivery Report By Project



UN
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UN Development Programme

Report ID: ungl143p

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Run Time: 31-05-2012 23:05:44

Award id : 00060857 Réduction de la Vulnérabilité	Period :	Jan-Dec (2011)			
Project # : 00076792 Gestion bassins versants Sud	Impl. Partner :	99999 UNDP			
	Location :	Haiti			
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp

Fund : 30000 (Programme Cost Sharing)

72115 - Svc Co-Natural Resources & Env	- 40,000.00	0.00	0.00	0.00	- 40,000.00
75105 - Facilities & Admin - Implement	0.00	- 2,800.00	0.00	0.00	- 2,800.00
Total for Fund 30000	- 40,000.00	- 2,800.00	0.00	0.00	- 42,800.00
Total for Dept : 50808	- 40,000.00	- 2,800.00	0.00	0.00	- 42,800.00
Total for Project : 00076792	1,295,685.42	2,913,371.42	0.00	0.00	4,250,909.00

Award Total :	1,295,685.42	2,913,371.42	0.00	0.00	4,250,909.00
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Signed By :

Date :

1/10/2012





Combined Delivery Report By Project

UNDP UN Development Programme
Report ID: ungl143p

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Run Time: 31-05-2012 23:05:44

Selection Criteria :

Business Unit : HTI10
Period : Jan-Dec (2011)
Selected Award Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Projects : 00076792

Award Id : 00060857	Réduction de la Vulnérabilité	Period :	Jan-Dec (2011)			
Project # :	Gestion bassins versants Sud	Impl. Partner :	None			
		Location :	Haiti			
		Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
50803 - Haiti - Crisis Prev & Rcvry		0.00	2,357.08	0.00	0.00	2,357.08
50805 - Haiti - Energy & Envmnt		1,335,685.42	2,913,814.34	0.00	41,852.16	4,291,351.92
50808 - Haiti - Poverty Reduction		- 40,000.00	- 2,800.00	0.00	0.00	- 42,800.00

**UNITED NATIONS DEVELOPMENT PROGRAM
(UNDP)**

AUDIT OF THE FINANCIAL STATEMENTS

**PROJECT “REDUCTION OF VULNERABILITY OF POPULATIONS AND
INFRASTRUCTURES IN THE SOUTH” NO. PID 76792**

As of 31 December 2011

**INDEPENDENT AUDITOR’S REPORT ON STATEMENT OF ASSETS AND
EQUIPMENTS**

Office of Audit and Investigations
(OAI)
United Nations Development Program
(UNDP)

We have audited the Statement of Assets and Equipments as of 31 December 2011, for the Project “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792 implemented and managed by United Nations Development Program (UNDP).

Management’s Responsibility for the Statement of Assets and Equipments

The Management of United Nations Development Program (UNDP) is responsible for the preparation and fair presentation of the Statement of Assets of Equipments, in accordance with UNDP rules and all internal controls deemed necessary by the direction for the preparation of Statement of Assets and Equipments, which do not contain any material misstatement, whether due to fraud or error.

Auditors' Responsibilities

Our responsibility is to express an opinion on the Statement of Assets and Equipments attached to this report based on our audit. We conducted our audit in accordance with International Standards on Auditing and the specific requirements of the United Nations Development Program (UNDP). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement of Assets and Equipments is free from material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and other information presented in the Statement of Assets and Equipments. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement of Assets and Equipments, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement of Assets and Equipments in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the UNDP's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statement of Assets and Equipments.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement of Assets and Equipments presents fairly, in all material respects the inventory balance of the project amounting to \$ 133,289 as at 31 December 2011, in accordance with UNDP accounting requirements.

Experts Conseils + Associés

Experts Conseils et Associés

11 June 2013

PID: 76792 - REDUCTION VULNERABILITE SUD - INVENTAIRE DE BIENS																	
BUSINESS UNIT	OPERATING UNIT	ASSET TYPE	PROFILE ID (electricals, vehicles etc)	LIFE	TAG NUMBER	SERIAL ID	DESCRIPTION	ACQUISITION DATE	Quantity (should always be 1)	Acquisition Cost	(Should Always be USD)	D. CODE	Implementing Agent	Donor	PROJECT	ID (expense indicator)	Activity
HT110	HT110					JTEEB71.807001321	1 Véhicule marque Toyota Land-Cruiser, six cylindres, année 2007 / IM : O100843/ Log49	fevr-09	1		88737	001981	11502	00076792	50805	Management	
HT110	HT110					9C2JD20108R50	1 Refrigerator (WestPoint / WRAN-68.1X2 CUFT)	24/12/2009	1	1 217.80		001981	11502	00076792	50805	Management	
HT110	HT110					JC30P88507178	1 Motocyclette HONDA NX 125 année 2008 / Rouge	28/03/2008	1	4 740.00		001981	11502	00076792	50805	Management	
HT110	HT110					3GX-105213	1 Motocyclette Yamaha AG-200 année 2008 / Gris	28/03/2008	1	4 740.00		001981	11502	00076792	50805	Management	
HT110	HT110					JTEEB71J7070101	1 Véhicule Toyota Land Cruiser plaque OL-01603/87	06/06/2009	1	4 335.89		001981	11502	00076792	50805	Management	
HT110	HT110					JTEEB71J7070101	1 Véhicule Toyota Land Cruiser plaque OL-01603/87	18/7/2011	1	49 446.00		001981	11502	00076792	50805	Management	
HT110	HT110					JTEBK29J800015	1 Véhicule Toyota Prado plaque OH-00407/6	18/7/2011	1		80078	001981	11502	00076792	50805	Management	

Vehicles	Toyota
Furniture and Fixings	Desk
Heavy Machinery	Generator
Land	Land
Buildings	If any

Digitally signed by Chef de
Projet Reduction Vulnerabilite
Sud, Environnement, Jean
Renand VALIERE
Date: 2012.01.17 10:22:44
+05'00'

Jean Renand Valière
Chef de Projet / Réduction Vulnérabilité Sud

Renand Valière
Asset Focal Point

Marc-André Franche
Marc-André Franche
Deputy Country Director (P)
UNDP-Haiti



**UNITED NATIONS DEVELOPMENT PROGRAM
(UNDP)**

**NOTES TO THE AUDIT OF THE COMBINED DELIVERY REPORT (CDR) AND
STATEMENT OF ASSETS AND EQUIPMENTS**

**PROJECT “REDUCTION OF VULNERABILITY OF POPULATIONS AND
INFRASTRUCTURES IN THE SOUTH” NO. PID 76792**

For the period of 1 January 2011 to 31 December 2011

1. Background

The earthquake of January 12, 2010 has generated around 300,000 dead, over 300,000 injured. The most affected areas were Port-au-Prince and surrounding municipalities, such as Leogane, Grand Goave, Miragoane and Jacmel. The demographic, economic and social situation seems to be disintegrated with massive internal displacement in the aftermath of the earthquake. About 511,000 people were displaced in other departments of the country among whom 100,000 fled to the Southern Department. This influx of population in rural areas has increased the pressure on natural resources and on the environment. Following a workshop conducted as part of the internally displaced persons (IDP) integration program in the South, a concept note on the Program “Reduction of the Vulnerability of the Populations and Infrastructures in the South department” was developed by UNDP, submitted and approved by the Interim Haiti Recovery Commission (IHRC). The project receives funding from the Government of Norway transited through the Haiti Reconstruction Fund (HRF). The implementation of the project is effectively ensured by UNDP jointly with FAO.

The project aims to contribute to disaster risk reduction through the development and management of watershed basins, mitigation activities, job creation and agricultural development in the Southern Department of Haiti.

The main objective of the project is: Contribute to disaster risk reduction through the development and management of watershed basins, employment generation and agricultural development in the Department of the South.

This project has focused its efforts to achieve the following specific goals:

- Develop guidance tools for local planning and management of the watershed area in Aquin and Saint Louis du Sud;
- Manage and protect watersheds of Aquin and Saint Louis du Sud (upstream and downstream) and then Tiburon-Port Salut and watersheds Cayes and Cavaillon (downstream);
- Support to the agricultural sector for environmental protection and improvement of food security;

- Strengthen and develop national, local and community capacities responsible for watershed and disaster risk management.

The total budget for the project (started in January 2011 and ended in December 2011) was \$8,000,000.

The expenditures incurred during the period of 1 January 2011 to 31 December 2011 under the Project were \$ 4,250,000 as indicated in the CDR.

Fixed assets acquisitions related to the “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792 totaled an amount of \$ 103,217 as of 31 December 2011.

2. Summary of Accounting Policies

The Statement of Combined Delivery Report (CDR) is prepared on the cash basis of accounting as required by UNDP which is different from IFRS (International Standards Presentation of Financial Information). Consequently, expenditures are recognized when paid rather than when incurred.

The Combined Delivery Report (CDR) is maintained in Dollars of the United States of America.

3. Cash

The Project “Reduction of Vulnerability of Populations and Infrastructures in the South” has no bank account or petty cash. All disbursements were made directly by UNDP.

4. Finance

The Project “Reduction of Vulnerability of Populations and Infrastructures in the South” is funded by UNDP and Norway transited through the Haiti Reconstruction Funds (FHR). Funds received from those donors are subject to restrictions and may be used only for project activities.

5. Fixed Assets

Fixed Assets and Equipments for a total amount of \$ 49,446 were purchased during the period from 1 January 2011 to 31 December 2011. The value of Fixed Assets and Equipments acquired and used, as of 31 December 2011, under the project amounted to \$ 133,289 including the cost of two (2) vehicles, three (3) motorcycles, and one (1) refrigerator (\$ 83,843) that were transferred from others projects manage by UNDP to project No. PID 76792.

6. Contractual Commitments

As of 31 December 2011, there were no encumbrances balance for the Project “Reduction of Vulnerability of Populations and Infrastructures in the South”.

UNITED NATIONS DEVELOPMENT PROGRAM

(UNDP)

AUDIT OF THE FINANCIAL STATEMENTS

**PROJECT “REDUCTION OF VULNERABILITY OF POPULATIONS AND
INFRASTRUCTURES IN THE SOUTH” NO. PID 76792**

For the period of 1 January 2011 to 31 December 2011

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

Office of Audit and Investigations
(OAI)
United Nations Development Program
(UNDP)

We have audited the Statement of Combined Delivery Report (CDR) for the period from 1 January 2011 to 31 December 2011 and the Statement of Assets and Equipments as of 31 December 2011, of the Project “Reduction of Vulnerability of Populations and Infrastructures in the South” No. PID 76792 implemented and managed by the United Nations Development Program (UNDP), and have issued our report thereon dated 11 June 2013.

The management of UNDP is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the agreement; and that transactions are recorded properly to permit the preparation of the Statement of Combined Delivery Report (CDR) and the Statement of Assets and Equipments in accordance with the comprehensive modified cash basis of accounting. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the Combined Delivery Report (CDR) for the period of 1 January 2011 to 31 December 2011 and the Statement of Assets and Equipments as of 31 December 2011, we considered UNDP's internal control over the management of the Project "Reduction of Vulnerability of Populations and Infrastructures in the South" No. PID 76792, in conformity with the standards established by the International Auditing Standards. Our examination and evaluation was performed in order to assess risks and to determine the auditing procedures for the purpose of expressing an opinion on the Combined Delivery Report (CDR) for the period of 1 January 2011 to 31 December 2011 and Statement of Assets and Equipments as of 31 December 2011 and not to express an opinion on the internal control.

We noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the International Standards of Auditing. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the Combined Delivery Report (CDR) and the Statement of Asset and Equipment.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies, or material weaknesses.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control elements does not reduce, to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to Combined Delivery Report (CDR) and the Statement of Asset and Equipment may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Situation to be reported, is related to the deficiency identified in:

Weakness in internal control considered as important:

- Lack of documentation related to transfer of Assets (Finding # 1)

Experts Conseils & Associés

Chartered Accountants
11 June 2013

UNITED NATIONS DEVELOPMENT PROGRAM**(UNDP)****AUDIT OF THE FINANCIAL STATEMENTS****PROJECT “REDUCTION OF VULNERABILITY OF POPULATIONS AND
INFRASTRUCTURES IN THE SOUTH” NO. 76792****For the period of 1 January to 31 December 2011****REPORT ON INTERNAL CONTROL STRUCTURE****FINDING****1. Lack of Document related to Transfer of Asset and Equipment****Condition**

Some of the assets and equipment for a total amount of \$ 83,843 listed in the Statement of Assets and Equipment of the project “Reduction of the vulnerability of populations and infrastructures in the South” No 76792, were transferred in from other projects.

In addition documentation to validate those assets transfers from one project to another were not available for our review.

Criteria

Transactions incurred under the project must be adequately documented and in compliance with UNDP procedures, rules and regulations.

Effect

Without such transfer document it might be difficult for UNDP to ensure adequate accounting and physical (location) control of the assets.

Priority

High

Recommendation

UNDP management should ensure that all assets transfers incurred under the project are adequately documented in conformity with UNDP rules and regulation.

Management's Comments

"The recommendation is accepted. This project started in 2011 in the South Department at the same time as the Recovery/Livelihoods Program was completing its operations in the department. The Reduction of Vulnerability in the South project was in its initial phase. Transitory decisions were taken by the Heads of the Recovery and Environment Units in order to transfer Recovery Unit material and equipment to the Environment Unit for the benefit of the Reduction of Vulnerability in the South project. The procedure for the transfer should have followed but this was never carried out. This failure is due to the difficult post-earthquake emergency situation in which the program was operating at the time, including the reorganization of the project teams. "