UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

UNDP DEMOCRATIC REPUBLIC OF THE CONGO

Programme d'Appui à la Décentralisation et au Développement local (PADDL)

(Directly Implemented Project Nos. 61282, 61175, 56865 and 74643)

Report No. 1218
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Report on the audit of UNDP Democratic Republic of the Congo
Programme d'Appui à la Décentralisation et au Développement local (PADDL)
(Project Nos. 61282, 61175, 56865 and 74643)
Executive Summary

From 24 October to 25 November 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through KPMG DRC (the audit firm), conducted an audit of "Programme d'Appui à la Décentralisation et au Développement local", (Project Nos. 61282, 61175, 56865 and 74643) (the Projects), which are directly implemented and managed by the UNDP Country Office in Democratic Republic of the Congo (the Office) and are comprised of the following four outputs:

(a)   Gouvernance locale : Province du Nord Kivu (No. 61282)
(b)   Gouvernance locale : Province de l'Equateur (No. 61175)
(c)   Gouvernance Locale : Décentralisation (No. 56865)
(d)   Gouvernance locale : Province du Kasaï Oriental (No. 74643)

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 2012.

The Project reported expenditure totalling $7.4 million during the period from 1 January 2012 to 31 December 2012. The Project was funded by the Department for International Development (United Kingdom) and UNDP.

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 2012 and Statement of Assets and Statement of Cash Position as of 31 December 2012.

Follow-up on prior audit

The audit also verified the implementation status of the recommendations from the previous audit of this Project conducted in September 2010. It was noted that 8 out of 14 recommendations were fully implemented.

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
7,366	Unqualified	1,101	Unqualified	N/A	N/A

Without revising the overall unqualified audit opinion on expenditures, the auditors mentioned that expenditures valued at $80,780 were verified against copies of supporting documents. Due to weaknesses in the filing and archiving system at the sub-office level, the original documents could not be presented to the auditors

during the fieldwork. However, following the fieldwork, the Office was able to provide the auditors with scanned copies of original supporting documents.

Key issues and recommendations

The audit raised 7 issues and resulted in 7 recommendations, 1 of which (14 percent) was 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."

Project management (Issue 7)	Lack of follow-up of previous recommendations. It was noted that 8 out of 14 recommendations formulated during the 2010 audit were implemented. OAI recommends that Project Management Unit closely monitor the implementation of the previous recommendations by defining an action plan and indicating the persons in charge.

Management's comments

The Resident Representative acknowledged the seven audit recommendations.

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Director
Office of Audit and Investigations