

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP HAITI

**Reduction de la Vulnérabilité, Gestion Bassins Versants Sud II
(Directly Implemented Project No. 60857, Output No. 85351)**

Report No. 1527

Issue Date: 3 September 2015

Report on the Audit of UNDP Haiti
Reduction de la Vulnérabilité (Project No. 60857, Output No. 85351)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Fabel, Werner & Schnittke (the audit firm), from 21 June to 4 July 2015, conducted an audit of Reduction de la Vulnérabilité (Project No. 60857), Output No. 85351 (Gestion bassins versants Sud II) (the Project), which is directly implemented and managed by the UNDP Country Office in Haiti (the Office). The last audit of the Project was conducted by OAI in 2014 and covered project expenditure from 1 January to 31 December 2013.

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 2014 and the accompanying Funds Utilization statement¹ as of 31 December 2014 as well as Statement of Assets. 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	NFI* (in \$ '000)	Amount (in \$ '000)	Opinion	NFI (in \$ '000)
3,078	Qualified	424	4	Unqualified	-

*NFI = Net Financial Impact

The audit firm qualified its opinion due to understated project expenditure of \$424,000. This amount included General Management Support fees with a value of \$215,982 that had not been accounted for in the financial statements of 2013 (as reported in the 2013 audit report), and for which no corrective measure was introduced in 2014. Further, administrative fees of \$199,100 incurred in 2014 were also not recorded in the Combined Delivery Report, as well as other items amounting to \$9,570 regarding depreciation costs not recorded, as well as commitments without supporting documentation.

Key recommendations: Total = 5, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are five medium (important) priority recommendations, 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." These recommendations include actions to address administrative fees not included in the Combined Delivery Report,

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.

purchases completed before authorization, commitments not supported by evidence, allocation of expenses to the wrong accounting period, and training needs of staff on fraud awareness.

The five recommendations aim to ensure the following: (a) reliability and integrity of financial and operational information (Recommendations 2, 3, 4 and 5); and (b) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 1).

Implementation status of previous OAI audit recommendations: Report No. 1353, 8 August 2014.

Total recommendations: 4

Implemented: 3

In progress: 1

The pending recommendation pertains to unrecorded General Management Support fees incurred in 2013. Its implementation is in progress.

Management comments and action plan

The UN Resident Coordinator/UNDP Resident Representative accepted all of the recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.



Helge S. Ostveiten
Director
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