

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



AUDIT

OF

UNDP DEMOCRATIC REPUBLIC OF THE CONGO

RELÈVEMENT COMMUNAUTAIRE
(Directly Implemented Project No. 72471, Output No. 86481)

Report No. 1668
Issue Date: 23 September 2016

Report on the Audit of UNDP Democratic Republic of the Congo
Relèvement Communautaire (Project No. 72471, Output No. 86481)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 6 to 20 June 2016, conducted an audit of *Relèvement Communautaire* (Project No. 72471, Output No. 86481) (the Project), which is directly implemented and managed by the UNDP Country Office in the Democratic Republic of the Congo (the Office). The last audit of the Project was conducted by OAI in 2015 and covered project expenditure from 1 January to 31 December 2014.

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 2015 and the accompanying Funds Utilization statement¹ as of 31 December 2015 as well as Statement of Assets as of 31 December 2015. It also reviewed the relevant systems, procedures and practices in place as they relate to the Project, in the areas of: organization and staffing, project management, human resources management, financial and cash management, procurement, asset management, information systems and general administration. 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). 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 report and corresponding management letter submitted by the audit firm, OAI assessed the management of the Project as satisfactory, which means, "Internal controls, governance and risk management processes, **as applicable to the Project's financial statements**, were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity." The details of the audit results are presented in the table below:

Project Expenditure*		Project Assets**	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
3,035	Unqualified	105	Unqualified

*Expenditures recorded in the Combined Delivery Report were \$5,082,593. Excluded from the audit scope were transactions that relate to expenditures processed and approved by other UNDP offices outside of the country (\$2,047,320).

**OAI noted that the balance of the total Project's assets as of 31 December 2015 amounted to \$1,674,126. Assets amounting to \$1,568,871 were transferred to the Project from other projects that closed, and were not certified by the auditors. The audit opinion was rendered on assets acquired through expenditure incurred by the Project (\$105,525).

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.

Key recommendation: Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one 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." This recommendation includes actions to address efficiency in contract processing.

The one recommendation aim to ensure compliance with legislative mandates, regulations and rules, policies and procedures.

Implementation status of previous OAI audit recommendations: Report No. 1524, 29 October 2015.

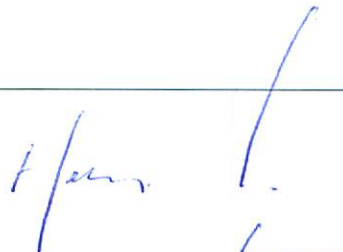
Total recommendations: 5

Implemented: 1

Withdrawn: 4

Management comments and action plan

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



Helge S. Ostveiten
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