

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



Empowered lives.
Resilient nations.

AUDIT

OF

UNDP BURUNDI

PROJET APPUI AU CYCLE ÉLECTORAL 2015
(Directly Implemented Project No. 77432, Output No. 88206)

Report No. 1670

Issue Date: 26 September 2016

Report on the Audit of UNDP Burundi
Projet Appui au Cycle Électoral 2015
(Project No. 77432, Output No. 88206)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 13 to 22 June 2016, conducted an audit of *Projet Appui au Cycle Électoral 2015* (Project No. 77432, Output No. 88206) (the Project), which is directly implemented and managed by the UNDP Country Office in Burundi (the Office). This was the first audit of the Project.

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 2015 and the accompanying Funds Utilization statement¹ as of 31 December 2015 as well as Statement of Assets as of 31 December 2015. 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*.

Audit results

Based on the audit report(s) 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)
2,719	Qualified	86	485	Disclaimer	485

*Expenditures recorded in the Combined Delivery Report were \$10,194,283. Excluded from the audit scope were transactions that relate to expenditures processed and approved by other UNDP offices outside of the country (\$6,909,073). Also excluded were expenditures incurred at the **"responsible party"** level (\$566,038), which were subject to a separate audit conducted by external auditors that resulted in a qualified opinion.

**NFI = Net Financial Impact

The audit firm qualified its opinion on project expenditure due to ineligible expenses included in the Combined Delivery Report.

OAI noted that the audit firm issued a disclaimer of opinion on project assets due to the lack of sufficient information, such as identification references, serial numbers, and descriptions included in the Assets List as of 31 December 2015, which was provided to the audit team during fieldwork. This did not allow the complete physical verification and validation of the existence of the assets.

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 recommendations: Total = 8, high priority = 2

The eight recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1	High
Reliability and integrity of financial and operational information	5	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	2, 3, 4, 6, 7	Medium
	8	High

For high (critical) priority recommendations, 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. All high (critical) priority recommendations are presented below:

Advance payments recorded as expenditures (Issue 1)

The Combined Delivery Report was overstated by \$86,160. This amount represented an advance payment recorded as an expense.

Recommendation: The Office should ensure that only expenditures actually incurred are recorded as expenses in the Combined Delivery Report.

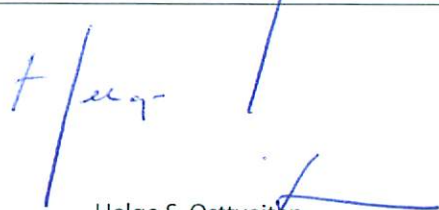
Lack of physical inventory (Issue 8)

The audit did not obtain any evidence that a physical inventory of assets was performed as of 31 December 2015 by the Office, as required by the UNDP policies and procedures.

Recommendation: A physical inventory should be performed at least at year-end and should be documented by a written and signed report.

Management comments and action plan

The UN Resident Coordinator and 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. Osttveiten
Director
Office of Audit and Investigations