



AUDIT

OF

UNDP SOUTH SUDAN

SUPPORT TO SOUTHERN SUDAN REFERENDUM PROJECT
(Directly Implemented Project No. 74669)

Report No. 1119
Issue Date: 29 April 2013

Report on the audit of UNDP South Sudan - Support to Southern Sudan Referendum Project (Project No. 74669) Executive Summary

From 8 to 19 October 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Ernst & Young, Nairobi (the audit firm), conducted an audit of Support to Southern Sudan Referendum Project (Project No. 74669) which is directly implemented and managed by the UNDP Country Office in South Sudan (the Office). The audit firm was under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The project reported expenditure totalling \$3.2 million during the period from 1 January to 31 December 2011. The following donors contributed to the Project: European Commission, Swedish International Development Agency, Department for International Development, the Netherlands, Norway, Japan, Canadian International Development Agency and Denmark.

Audit scope and objectives

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 results of the Project's operations, as well as assess compliance with UNDP regulations, rules, policies and procedures and donor agreements. The audit covered the review of 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. 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.

Audit rating

Based on the audit report submitted by the audit firm, OAI assessed the management of the Projects as **satisfactory**, which means "Internal controls, governance and risk management processes 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 Figures 1 and 2.

Figure 1: Summary results of the financial audit

| Project Expenditure | | Project Assets | | Cash | |
|------------------------|-------------|------------------------|-------------|------------------------|----------------|
| Amount (in \$ '000) | Opinion | Amount (in \$ '000) | Opinion | Amount (in \$ '000) | Opinion |
| 3,203 | Unqualified | 7 | Unqualified | - | Not Applicable |

**No separate bank account was held by the project

Figure 2: Internal controls and systems audit ratings summary

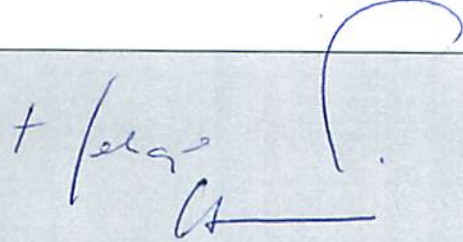
| Audit Areas | Not Assessed/ Not Applicable | Unsatisfactory | Partially Satisfactory | Satisfactory |
|------------------------------|---------------------------------|----------------|---------------------------|--------------|
| 1. Organization and staffing | | | | |
| 2. Project management | | | | |
| 3. Human resources | | | | |
| 4. Finance | | | | |
| 5. Procurement | | | | |
| 6. Asset management | | | | |
| 7. Information systems | | | | |
| 8. General administration | | | | |

Key issues and recommendations

The audit raised two issues, and resulted in two recommendations, both of which were ranked medium (important) priority, which means "Action is required to ensure that UNDP is not exposed to significant risks. Failure to take action could result in negative consequences for UNDP." These recommendations include actions to address missing or lost assets as well as weak control over the movement of assets.

Management's comments

The UNDP Resident Representative accepted the recommendations and is in the process of implementing them.



Helge S. Osttveiten
Director
Office of Audit and Investigations

UNITED NATIONS DEVELOPMENT PROGRAMME SOUTH SUDAN

PROJECT TITLE: SUPPORT TO SOUTHERN SUDAN REFERENDUM

IMPLEMENTED BY UNDP THROUGH THE DIRECT IMPLEMENTATION MODALITY (DIM)

AWARD NUMBER: 00059644

PROJECT NUMBER: 00074669

AUDIT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

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1. INTRODUCTION

1.1. BACKGROUND

1.1.1. UNDP Country Office

UNDP supports priorities of the Government of South Sudan by implementing the Country Programme Action Plan (CPAP). This is mainly done by supporting projects that are directly implemented by UNDP on behalf of the Government through the Direct Implementation Modality (DIM). Under the DIM, UNDP assumes overall management responsibility and accountability for the projects.

UNDP works with the Government, UN agencies, civil society and development partners in four broad programmatic areas; democratic governance, economic development, social and human development, and conflict prevention and security.

1.1.2. Project background

In January 2005, long years of conflict between the North and the South of Sudan came to an end with the signing of Comprehensive Peace Agreement (CPA) between the National Congress Party (NCP) - led by the Government of Sudan and the Sudan People's Liberation Movement/ Army (SPLM/A). This agreement has paved the way for a new political dispensation, providing for the formation of a Government of National Unity (GNU), a Government of South Sudan (GoSS) within the ten states of South Sudan, the resumption of multi-party democracy, decentralization to states, a referendum on self-determination for the South, and the adoption of universal human right standards.

The purpose of the Support to Southern Sudan Referenda Project (SSSR) was to contribute towards the final key milestone of the Comprehensive Peace Agreement (CPA), which is conducting the referendum on self-determination for South Sudan. This referendum provides the right of self determination to the people of South Sudan to choose their future. Key activities of the project were the mobilization of voters for participation in the referendum, supporting key stakeholders like civil society organizations, media, domestic observers, and judiciary to strengthen their oversight role, establishment of referendum commission offices, provision of policy and technical advice, facilitating referendum security, mobilization of donor funds and undertaking project management.

The project was implemented in an integrated UNMIS and UNDP structure in order to ensure a uniform position and effectiveness in terms of support to the entire referendum process.

Project Objective:

The project aim was to support the organization of transparent and credible referendum organized with the coordinated support of the international community. The key objectives that the project aimed to achieve are:

- i) Supporting the CPA process in a manner to achieve 2nd milestone of conducting a free and transparent referendum;
- ii) To support the referendum process in a manner to ensure that the people of South Sudan are able to exercise their right to select unity or separation.
- iii) To strengthen civil society, media, judiciary and police in performing their oversight functions as per the referendum law.

The project had the following key outputs:

- Support for voter information, voter education and civil education.
- Strengthening of media.
- Introducing of domestic observation principles.
- Capacity development of Southern Sudan Referendum Commission.
- Support to other stakeholders.
- Project management unit.

1.1.3. Sources of Funding for the Project

The project was funded by the following donors:

| Donor | Amount (US\$) |
|---|------------------|
| Denmark | 24,406 |
| Government of Japan | 140,454 |
| Netherlands Minister for Development Cooperation | 1,658,836 |
| France | (332,625) |
| Norwegian Government | 395,694 |
| Canadian International Development Agency (CIDA) | 25,353 |
| The United Kingdom Government Department for International Development (DFID) | 1,706,516 |
| Swedish International Development Cooperation Agency (SIDA) | 2,104,243 |
| European Commission (EC) | 2,349,398 |
| Total | 8,072,275 |

1.1.4. Project Audit

Ernst & Young was contracted to carry out the audit of the Support to the Southern Sudan Referendum, project number 00074669 for the period from 1 January 2011 to 31 December 2011. We conducted the field work from 8 October 2012 to 19 October 2012.

1.2. AUDIT OBJECTIVES

The objective of the audit is to determine the regularity of the receipt, custody, expenditure, and accounting for UNDP resources and assess the overall operational and internal control system for management of the project.

The specific objectives of the audit were:

- Express an opinion on whether the Combined Delivery Reports (statement of expenditure), including disbursements and encumbrances of the Project for the audit period presents fairly, in all material respects, expenditures incurred on the project; and whether these expenditures were incurred:
 - i) in conformity with the approved project budgets;
 - ii) for the approved purposes of the project;
 - iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP;
 - iv) in accordance with donor grant terms; and
 - v) supported by properly approved vouchers and other supporting documents.
- Express an opinion on whether the projects' statement of assets as at 31 December 2011 presents fairly, in all material respects, the balance of inventory of the projects.
- Express an opinion on whether the projects' Statement of Cash Position as at 31 December 2011 presents fairly, in all material respects, the cash and bank balances of the projects. (Statement of Cash Position is required only if there was a separate bank account for the project).
- Provide an overall assessment of the operational and internal control systems that are in place for the management of the Project(s) so that related transactions are processed in accordance with UNDP policies and procedures and for the achievement of the projects objectives.

1.3. SCOPE OF AUDIT

We conducted our audit in accordance with International Standards on Auditing. The scope of the audit was limited to the expenditure incurred by UNDP directly in implementation of the project which is defined as including all UNDP disbursements and encumbrances listed in the Combined Delivery Report.

The audit covered the overall project's management system, monitoring and evaluation system, financial and accounting system as well as follow-up on previous audit recommendations. The audit work included the review of all project reports and records which includes:

- The Combined Delivery Report (CDR)/ Statement of Expenditure of the project for the year ended 31 December 2011.

- The Statement of Assets of the project as at 31 December 2011.
- The Statement of Cash Position of the project as at 31 December 2011. (Statement of Cash Position was required only if there was a separate bank account for the DIM project).

In order to achieve the audit objectives as well as cover the operations mentioned above, we covered the following areas as they are performed at the project level:

Organization and Staffing:

We assessed the organization structure of the project in terms of its effectiveness and efficiency for the management of the project, taking into account the framework of authorities, workflows, staffing level and necessary internal controls including the different levels of delegated authority for different operational functions and distribution of project management responsibilities to achieve project goals while ensuring appropriate segregation of duties in general so as to minimize risks.

Programme and project management:

We assessed the management aspects in terms of project approvals (including incorporating Local Project Appraisal Committee recommendations into the project document), work plans, budget formulation, project resources, monitoring and evaluation of implementation towards achievement of project objectives including constitution and functioning of project Board, field visits, review meetings and the coordination and consultation mechanisms with the stakeholders, and periodic project progress reporting against planned objectives and work plans. In addition, we reviewed:

- i) the areas of coverage of such authorization;
- ii) business unit capacity assessment for implementation of DIM projects;
- iii) Exit strategy and national capacity building;
- iv) Identifying and recovering costs attributable to implementing the project.

Human Resources:

We assessed the timeliness of recruitment of competent personnel for clearly defined tasks and responsibilities through a competitive and transparent process and the continued management of project personnel including review of their performance, and the payment of salaries and allowances in accordance with UNDP HR policies. In respect of casual or other staff not subject to UNDP HR policies and who are temporarily loaned or seconded from the local authorities for engagement at the field level, we reviewed the control of their assignments and the appropriateness of the salary, allowances and benefits paid.

Finance:

We assessed the adequacy of the accounting and reporting systems used for the management of project resources; and the adequacy of internal controls for compliance with UNDP policies with respect to the safe custody and adequate management of cash, commitment of expenditures against approved budget, disbursement or payments against liabilities and cash advances to field offices as well as project staff.

Procurement:

We assessed whether goods (supplies, equipment) and services for the project are procured competitively and in a transparent manner in accordance with UNDP policies and procedures; and these are of a quality and quantity that are actually required for the project. Our review covered:

- the integrity of the entire procurement process from the initial identification of needs;
- the formulation of specifications;
- solicitation of bids/tenders/proposals from vendors;
- evaluation of vendor offers in response to solicitations;
- the award of contracts;
- the appropriate assessment of goods or services delivered and the payment for received goods or services; and;
- monitoring performance of the contractors.

Assets Management:

We assessed whether project assets are adequately recorded, safeguarded, monitored, including periodic physical verification of their use and existence, and controlled to ensure that the assets are adequately used and only for project purposes. Assets are defined as all items with an acquisition value exceeding \$1,000 (such as vehicles and office equipment), or, for attractive items, exceeding \$400, the costs of which are charged to the project expenditure or which are received in kind as donations from third parties.

Cash Management:

We reviewed the safeguarding of all cash (including bank accounts) held separately for the purposes of the project either in the UNDP country office or at the project field offices, including cash held as advances or imprest in any sub-office or field office, where applicable.

Information Systems:

We assessed the efficiency and security of the information systems established and maintained from project funds and their adequacy to meet the management and reporting requirements of the project.

General Administration:

We assessed other relevant areas of operations for which expenditures are charged to the project covering such areas as: travel of project staff, use and maintenance of project vehicles, shipping services, lease and maintenance of office premises and facilities, communications, and records maintenance.

Follow up on previous audits:

We assessed the status of implementation of the previous audits' recommendations done within the last three years, where applicable.

Scope limitation:

The scope of our audit was limited to the UNDP Disbursements and Encumbrances columns of the Combined Delivery Report. Government and other UN Agencies' disbursements were not included in the audit scope. Such scope limitation will not be a reason for issuing a modified opinion.

1.4. AUDIT METHODOLOGY

The audit was performed using the Ernst & Young Global Audit methodology (GAM), which requires general planning and identification of areas of audit significance, as well as evaluating risk inherent in significant accounts. This approach addresses the established internal control standards of UNDP and International Standards of Auditing (ISA).

1.5. EXECUTIVE SUMMARY

a) Statement of Expenditure/ Combined Delivery Report (CDR)

We verified the expenditure incurred by UNDP South Sudan through the Direct Implementation Modality as reported in the Combined Delivery Report. Refer to section 3 of this report for details.

b) Statement of assets

We obtained a listing of assets purchased under the project and on a sample basis; we physically verified some of the material assets. The assets held under the project as at 31 December 2011 were worth US\$ 7,308. Refer to section 5 of this report for details.

c) Statement of cash position

The project did not maintain a separate bank account as at 31 December 2011. We have therefore not issued an opinion on the statement of cash position.

d) Management Letter

Refer to section 6 of this report.

e) Follow up on prior year audit recommendations

The project has not been audited under the audit of DIM projects in the past three years; therefore there are no recommendations for follow-up.

2. CERTIFICATION OF THE STATEMENT OF EXPENDITURE – COMBINED DELIVERY REPORT (CDR)

Auditor's report to:

The Chief, Regional Audit Centre for Eastern and Southern Africa and;
The Resident Representative, UNDP South Sudan

We have audited the accompanying statement of expenditure ("the statement") of the UNDP project number 00074669, Support to Southern Sudan Referendum for the period from 1 January 2011 to 31 December 2011.

The statement is the responsibility of the management of the project. Our responsibility is to express an opinion on the statement based on our audit.

We conducted our audit in accordance with International Standards of Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the attached statement of expenditure presents fairly, in all material respects, the expenditure of US\$ 3,203,319 incurred by the project, Support to Southern Sudan Referendum for the period from 1 January 2011 to 31 December 2011 in accordance with the accounting policies set out in the notes to the statement. The expenditures incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; (iv) in accordance with donor grant terms; and (v) supported by properly approved vouchers and other supporting documents in accordance with the accounting policies set out in the notes to the statement.

Auditor's Name: Ernst & Young

Auditor's Signature:

Date:

Address: Tongping
Vivacell/SPLM Driveway
Off Airport Road
Juba, South Sudan.

3. STATEMENT OF EXPENDITURE (CDR)
FOR THE PERIOD 1 JANUARY 2011 TO 31 DECEMBER 2011



Selection Criteria :

Business Unit : SDN10
Period : Jan-Dec (2011)
Selected Award Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Projects : 00074669

| | | | | | |
|---|-----------|-----------------|-------------------------------|-------------|-----------|
| Award Id : 00059644 Support to Sudan Referenda | | Period : | Jan-Dec (2011) | | |
| Project # : 00074669 Support to SS referend-South | | Impl. Partner : | 02885 UNDP (Direct Execution) | | |
| | | Location : | Sudan | | |
| | Govt Disb | UNDP Disb | UN Agencies | Encumbrance | Total Exp |

Dept: 47101 (South Sudan - Central)

Fund : 30000 (Programme Cost Sharing)

| | | | | | |
|--|------|------------|------------|------|------------|
| 61305 - Salaries - IP Staff | 0.00 | 0.00 | 404,055.00 | 0.00 | 404,055.00 |
| 71205 - Intl Consultants-Shl Term-Tech | 0.00 | 0.00 | 5,000.00 | 0.00 | 5,000.00 |
| 71635 - Travel - Other | 0.00 | 0.00 | 65,686.00 | 0.00 | 65,686.00 |
| 72135 - Svc Co-Communications Service | 0.00 | 0.00 | 400,641.45 | 0.00 | 400,641.45 |
| 72140 - Svc Co-Information Technology | 0.00 | 0.00 | 10,044.80 | 0.00 | 10,044.80 |
| 72145 - Svc Co-Training and Educ Serv | 0.00 | 0.00 | 300,119.31 | 0.00 | 300,119.31 |
| 72605 - Grants to Instit & other Benef | 0.00 | 0.00 | 178,549.00 | 0.00 | 178,549.00 |
| 72815 - Inform Technology Supplies | 0.00 | 0.00 | 32,110.00 | 0.00 | 32,110.00 |
| 73105 - Rent | 0.00 | 0.00 | 83,211.00 | 0.00 | 83,211.00 |
| 73420 - Leased Vehicles | 0.00 | 0.00 | 7,313.54 | 0.00 | 7,313.54 |
| 74510 - Bank Charges | 0.00 | 0.00 | 2,355.00 | 0.00 | 2,355.00 |
| 75105 - Facilities & Admin - Implement | 0.00 | 111,133.48 | 46,536.00 | 0.00 | 157,669.48 |
| 75115 - Facilities & Admin - OH & Ind | 0.00 | 0.00 | 60,515.00 | 0.00 | 60,515.00 |
| 75705 - Learning costs | 0.00 | 0.00 | 98,536.00 | 0.00 | 98,536.00 |
| 76125 - Realized Loss | 0.00 | 0.00 | 235.43 | 0.00 | 235.43 |

Total for Fund 30000 0.00 111,133.48 1,694,907.53 0.00 1,806,041.01

Fund : 30079 (EUROPEAN COMMISSION)

| | | | | | |
|--|------|-------|------|------|-------|
| 71635 - Travel - Other | 0.00 | 51.72 | 0.00 | 0.00 | 51.72 |
| 75105 - Facilities & Admin - Implement | 0.00 | 3.62 | 0.00 | 0.00 | 3.62 |

Total for Fund 30079 0.00 55.34 0.00 0.00 55.34

Total for Dept : 47101 0.00 111,188.82 1,694,907.53 0.00 1,806,096.35

Dept: 47102 (South Sudan - UN Dev Coord)

Fund : 30000 (Programme Cost Sharing)

| | | | | | |
|--|------|------|------|------|------|
| 74510 - Bank Charges | 0.00 | 8.40 | 0.00 | 0.00 | 8.40 |
| 75105 - Facilities & Admin - Implement | 0.00 | 0.59 | 0.00 | 0.00 | 0.59 |

Total for Fund 30000 0.00 8.99 0.00 0.00 8.99

Total for Dept : 47102 0.00 8.99 0.00 0.00 8.99

Dept: 47104 (South Sudan - DemGovernance)

Fund : 04000 (TRAC (Lines 1.1.1 and 1.1.2))

| | | | | | |
|--------------------------------------|------|---------|------|------|---------|
| 71605 - Travel Tickets-International | 0.00 | -151.40 | 0.00 | 0.00 | -151.40 |
| 74510 - Bank Charges | 0.00 | -2.27 | 0.00 | 0.00 | -2.27 |

Total for Fund 04000 0.00 -153.67 0.00 0.00 -153.67

Fund : 30000 (Programme Cost Sharing)

| | | | | | |
|-----------------------------|------|-----------|------|------|-----------|
| 61305 - Salaries - IP Staff | 0.00 | 97,669.66 | 0.00 | 0.00 | 97,669.66 |
|-----------------------------|------|-----------|------|------|-----------|



| Award Id : 00059644 Support to Sudan Referenda | | Period : Jan-Dec (2011) | | | |
|---|-----------|---|-------------|---------------|-------------|
| Project # : 00074669 Support to SS referend-South | | Impl. Partner : 02885 UNDP (Direct Execution) | | | |
| | | Location : Sudan | | | |
| | Govt Disb | UNDP Disb | UN Agencies | Encumbrance | Total Exp |
| 61310 - Post Adjustment - IP Staff | 0.00 | 33,366.31 | 0.00 | 0.00 | 33,366.31 |
| 62305 - Dependency Allowances-IP Staff | 0.00 | 1,932.40 | 0.00 | 0.00 | 1,932.40 |
| 62310 - Contrib to Jt Staff Pens Fd-IP | 0.00 | 30,024.14 | 0.00 | 0.00 | 30,024.14 |
| 62315 - Contrib. to medical, social in | 0.00 | 1,445.78 | 0.00 | 0.00 | 1,445.78 |
| 62320 - Mobility, Hardship, Non-remova | 0.00 | 10,215.92 | 0.00 | 0.00 | 10,215.92 |
| 63310 - Repat. Grant -IP | 0.00 | 30,526.47 | 0.00 | 0.00 | 30,526.47 |
| 63330 - Ed Grt Incl Trvl&Allow-IP Sif | 0.00 | 30,766.21 | 0.00 | 0.00 | 30,766.21 |
| 63365 - Special Oper Living Allow-IP | 0.00 | 20,081.82 | 0.00 | 0.00 | 20,081.82 |
| 63515 - Security-related Costs | 0.00 | 1,499.02 | 0.00 | 0.00 | 1,499.02 |
| 63530 - Contribution to Separations | 0.00 | 3,242.98 | 0.00 | 0.00 | 3,242.98 |
| 63535 - Contribution to Security | 0.00 | 13,112.93 | 0.00 | 0.00 | 13,112.93 |
| 63540 - Contribution to Training | 0.00 | 3,242.98 | 0.00 | 0.00 | 3,242.98 |
| 64310 - Separations - IP Staff | 0.00 | 12,838.00 | 0.00 | 0.00 | 12,838.00 |
| 64340 - Staff related Cost-Others | 0.00 | 3,900.00 | 0.00 | 0.00 | 3,900.00 |
| 65115 - Contributions to ASHI Reserve | 0.00 | 6,485.94 | 0.00 | 0.00 | 6,485.94 |
| 65135 - Payroll Mgt Cost Recovery ATLA | 0.00 | 2,157.87 | 0.00 | 0.00 | 2,157.87 |
| 71160 - Other Personnel costs ALD(A&T) | 0.00 | 3,003.00 | 0.00 | 0.00 | 3,003.00 |
| 71205 - Intl Consultants-Shl Term-Tech | 0.00 | 55,717.38 | 0.00 | -97,642.62 | -41,925.24 |
| 71210 - Intl Consultants-Shl Term-Supp | 0.00 | 116,970.01 | 0.00 | 15,433.00 | 132,403.01 |
| 71305 - Local Consult.-Shl Term-Tech | 0.00 | 7,620.86 | 0.00 | 0.00 | 7,620.86 |
| 71310 - Local Consult.-Short Term-Supp | 0.00 | 1,379.31 | 0.00 | -3,347.90 | -1,968.59 |
| 71405 - Service Contracts-Individuals | 0.00 | 107,417.84 | 0.00 | -25,996.05 | 81,421.79 |
| 71505 - UN Volunteers-Stipend & Allow | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| 71510 - UNV Settling-In-Grant | 0.00 | 2,600.00 | 0.00 | 0.00 | 2,600.00 |
| 71530 - UNV-Rest and Recuperation | 0.00 | 2,246.00 | 0.00 | 0.00 | 2,246.00 |
| 71550 - UNV-Resettlement Allowance | 0.00 | 1,200.00 | 0.00 | 0.00 | 1,200.00 |
| 71605 - Travel Tickets-International | 0.00 | 4,294.95 | 0.00 | 0.00 | 4,294.95 |
| 71620 - Daily Subsistence Allow-Local | 0.00 | 17,388.06 | 0.00 | 0.00 | 17,388.06 |
| 71635 - Travel - Other | 0.00 | 44,460.41 | 0.00 | 3,883.71 | 48,344.12 |
| 72115 - Svc Co-Natural Resources & Env | 0.00 | 60,560.00 | 0.00 | -114,886.80 | -54,326.80 |
| 72125 - Svc Co-Studies & Research Serv | 0.00 | 836,479.74 | 0.00 | 0.00 | 836,479.74 |
| 72145 - Svc Co-Training and Educ Serv | 0.00 | -211,813.99 | 0.00 | -77,306.00 | -289,119.99 |
| 72205 - Office Machinery | 0.00 | 0.00 | 0.00 | -1,535.00 | -1,535.00 |
| 72399 - Other Materials and Goods | 0.00 | 1,036,940.41 | 0.00 | -1,019,095.65 | 17,844.76 |
| 72425 - Mobile Telephone Charges | 0.00 | 1,467.30 | 0.00 | 0.00 | 1,467.30 |
| 72505 - Stationery & other Office Supp | 0.00 | 9,916.69 | 0.00 | 0.00 | 9,916.69 |
| 72815 - Inform Technology Supplies | 0.00 | 381,099.70 | 0.00 | -334,413.00 | 46,686.70 |
| 73105 - Rent | 0.00 | 149,410.86 | 0.00 | 0.00 | 149,410.86 |
| 73410 - Maint, Oper of Transport Equip | 0.00 | 9,509.09 | 0.00 | 0.00 | 9,509.09 |
| 73505 - Reimb to UNDP for Supp Srvs | 0.00 | 30,730.48 | 0.00 | 0.00 | 30,730.48 |
| 74110 - Audit Fees | 0.00 | 24,401.70 | 0.00 | 0.00 | 24,401.70 |
| 74205 - Audio Visual Productions | 0.00 | 82,758.62 | 0.00 | 0.00 | 82,758.62 |
| 74210 - Printing and Publications | 0.00 | 32,200.62 | 0.00 | -314,772.01 | -282,571.39 |
| 74505 - Insurance | 0.00 | 2,360.58 | 0.00 | 0.00 | 2,360.58 |
| 74510 - Bank Charges | 0.00 | 12,288.55 | 0.00 | 0.00 | 12,288.55 |
| 74525 - Sundry | 0.00 | -67,889.73 | 0.00 | 0.00 | -67,889.73 |
| 75105 - Facilities & Admin - Implement | 0.00 | 246,521.88 | 0.00 | 0.00 | 246,521.88 |
| 75708 - Learning - subcontracts | 0.00 | 41,239.80 | 0.00 | -49,628.42 | -8,388.62 |
| 75709 - Learning - training of counter | 0.00 | 7,907.94 | 0.00 | -11,413.59 | -3,505.65 |
| 76125 - Realized Loss | 0.00 | 1,646.06 | 0.00 | 0.00 | 1,646.06 |
| 76135 - Realized Gain | 0.00 | -5,703.57 | 0.00 | 0.00 | -5,703.57 |
| 77305 - Salaries - IP Staff-TA | 0.00 | 148,951.35 | 0.00 | 0.00 | 148,951.35 |
| 77310 - Post Adjustment - IP Staff-TA | 0.00 | 55,339.54 | 0.00 | 0.00 | 55,339.54 |
| 77315 - Contrib-Med,SocIns-IP Staff-TA | 0.00 | 4,849.49 | 0.00 | 0.00 | 4,849.49 |
| 77320 - Assg hardship & mob allow-TA | 0.00 | 12,623.66 | 0.00 | 0.00 | 12,623.66 |
| 77323 - Appointments-Lump Sum-TA | 0.00 | 25,611.00 | 0.00 | 0.00 | 25,611.00 |
| 77335 - Hazard Duty Stat Allow-IP-TA | 0.00 | 28,892.50 | 0.00 | 0.00 | 28,892.50 |
| 77345 - Dep Allowances-IP Staff-TA | 0.00 | 22,091.38 | 0.00 | 0.00 | 22,091.38 |
| 77350 - Rental Supplements-IP Staff-TA | 0.00 | 13,200.00 | 0.00 | 0.00 | 13,200.00 |
| 77357 - Repat. Grt/Comm Ann Lv-IP-TA | 0.00 | 5,766.96 | 0.00 | 0.00 | 5,766.96 |
| 77385 - Spec Oper Living Allow-IP-TA | 0.00 | 94,520.00 | 0.00 | 0.00 | 94,520.00 |
| 77375 - Contrib-Jt Staff Pens Fd-IP-TA | 0.00 | 44,660.53 | 0.00 | 0.00 | 44,660.53 |



| | | | | | |
|--|-----------|-----------------|-------------------------------|-------------|-----------|
| Award Id : 00059644 Support to Sudan Referenda | | Period : | Jan-Dec (2011) | | |
| Project # : 00074669 Support to SS refermd-South | | Impl. Partner : | 02885 UNDP (Direct Execution) | | |
| | | Location : | Sudan | | |
| | Govt Disb | UNDP Disb | UN Agencies | Encumbrance | Total Exo |

| | | | | | |
|----------------------|------|--------------|------|---------------|--------------|
| Total for Fund 30000 | 0.00 | 3,805,445.39 | 0.00 | -2,030,720.33 | 1,774,725.06 |
|----------------------|------|--------------|------|---------------|--------------|

Fund : 30079 (EUROPEAN COMMISSION)

| | | | | | |
|--|------|--------------|------|-----------|--------------|
| 61310 - Post Adjustment - IP Staff | 0.00 | 560.00 | 0.00 | 0.00 | 560.00 |
| 64310 - Separations - IP Staff | 0.00 | 11,886.90 | 0.00 | 0.00 | 11,886.90 |
| 71205 - Intl Consultants-Sht Term-Tech | 0.00 | 47,367.80 | 0.00 | 0.00 | 47,367.80 |
| 71210 - Intl Consultants-Sht Term-Supp | 0.00 | 20,855.70 | 0.00 | 12,261.00 | 33,116.70 |
| 71310 - Local Consult.-Short Term-Supp | 0.00 | 2,076.89 | 0.00 | 0.00 | 2,076.89 |
| 71405 - Service Contracts-Individuals | 0.00 | 36,723.15 | 0.00 | 0.00 | 36,723.15 |
| 71505 - UN Volunteers-Stipend & Allow | 0.00 | 16,526.00 | 0.00 | 0.00 | 16,526.00 |
| 71510 - UNV Settling-In-Grant | 0.00 | 1,300.00 | 0.00 | 0.00 | 1,300.00 |
| 71520 - UNV-Language Allowance | 0.00 | 276.00 | 0.00 | 0.00 | 276.00 |
| 71525 - UNV-Hazard Pay | 0.00 | 2,184.00 | 0.00 | 0.00 | 2,184.00 |
| 71530 - UNV-Rest and Recuperation | 0.00 | 4,492.00 | 0.00 | 0.00 | 4,492.00 |
| 71535 - UNV-Medical Insurance | 0.00 | 751.98 | 0.00 | 0.00 | 751.98 |
| 71540 - UNV-Global Charges | 0.00 | 1,242.00 | 0.00 | 0.00 | 1,242.00 |
| 71545 - UNV-Home Leave Travel & Allowa | 0.00 | 216.00 | 0.00 | 0.00 | 216.00 |
| 71550 - UNV-Resettlement Allowance | 0.00 | 900.00 | 0.00 | 0.00 | 900.00 |
| 71560 - UNV-Intl Appoint/Sep incl Trvl | 0.00 | 6,120.00 | 0.00 | 0.00 | 6,120.00 |
| 71605 - Travel Tickets-International | 0.00 | 2,156.25 | 0.00 | 0.00 | 2,156.25 |
| 71610 - Travel Tickets-Local | 0.00 | 2,510.52 | 0.00 | 0.00 | 2,510.52 |
| 71615 - Daily Subsistence Allow-Intl | 0.00 | 76.44 | 0.00 | 0.00 | 76.44 |
| 71620 - Daily Subsistence Allow-Local | 0.00 | 6,191.45 | 0.00 | 0.00 | 6,191.45 |
| 71635 - Travel - Other | 0.00 | 817.72 | 0.00 | 0.00 | 817.72 |
| 72120 - Svc Co-Trade and Business Serv | 0.00 | 6,319.31 | 0.00 | 1,082.64 | 7,401.95 |
| 72145 - Svc Co-Training and Educ Serv | 0.00 | 836,479.74 | 0.00 | 0.00 | 836,479.74 |
| 72405 - Acquisition of Communic Equip | 0.00 | 146.22 | 0.00 | 0.00 | 146.22 |
| 72425 - Mobile Telephone Charges | 0.00 | 4,805.05 | 0.00 | 0.00 | 4,805.05 |
| 72505 - Stationery & other Office Supp | 0.00 | 844.83 | 0.00 | 0.00 | 844.83 |
| 72510 - Publications | 0.00 | 901.98 | 0.00 | 0.00 | 901.98 |
| 73105 - Rent | 0.00 | 93,093.00 | 0.00 | 0.00 | 93,093.00 |
| 73410 - Maint, Oper of Transport Equip | 0.00 | 63,922.32 | 0.00 | 0.00 | 63,922.32 |
| 73505 - Reimb to UNDP for Supp Srvs | 0.00 | 12,346.15 | 0.00 | 0.00 | 12,346.15 |
| 74210 - Printing and Publications | 0.00 | 2,200.00 | 0.00 | 0.00 | 2,200.00 |
| 74510 - Bank Charges | 0.00 | 1,779.95 | 0.00 | 0.00 | 1,779.95 |
| 74525 - Sundry | 0.00 | 7,122.01 | 0.00 | 0.00 | 7,122.01 |
| 75105 - Facilities & Admin - Implement | 0.00 | 85,323.50 | 0.00 | 0.00 | 85,323.50 |
| 75709 - Learning - training of counter | 0.00 | 510.34 | 0.00 | 0.00 | 510.34 |
| 76125 - Realized Loss | 0.00 | 29.02 | 0.00 | 0.00 | 29.02 |
| 76135 - Realized Gain | 0.00 | -53.39 | 0.00 | 0.00 | -53.39 |
| 77323 - Appointments-Lump Sum-TA | 0.00 | 6,326.00 | 0.00 | 0.00 | 6,326.00 |
| 77335 - Hazard Duty Stat Allow-IP-TA | 0.00 | 4,231.50 | 0.00 | 0.00 | 4,231.50 |
| 77365 - Spec Oper Living Allow-IP-TA | 0.00 | 12,648.00 | 0.00 | 0.00 | 12,648.00 |
| Total for Fund 30079 | 0.00 | 1,304,206.33 | 0.00 | 13,343.64 | 1,317,549.97 |

| | | | | | |
|------------------------|------|--------------|------|---------------|--------------|
| Total for Dept : 47104 | 0.00 | 5,109,498.05 | 0.00 | -2,017,376.69 | 3,092,121.36 |
|------------------------|------|--------------|------|---------------|--------------|

| | | | | | |
|------------------------------|------|--------------|--------------|------|--------------|
| Total for Project : 00074669 | 0.00 | 5,220,695.86 | 1,694,907.53 | 0.00 | 4,898,226.70 |
|------------------------------|------|--------------|--------------|------|--------------|

| | | | | | |
|---------------|------|--------------|--------------|------|--------------|
| Award Total : | 0.00 | 5,220,695.86 | 1,694,907.53 | 0.00 | 4,898,226.70 |
|---------------|------|--------------|--------------|------|--------------|

Signed By :

Amanda Perumal

Date :

31/10/12



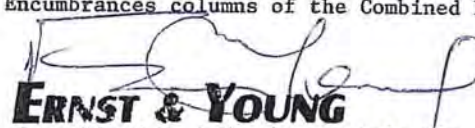
Selection Criteria :

Business Unit : SDN10
Period : Jan-Dec (2011)
Selected Award Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Projects : 00074669

| | | | | | |
|-------------------------------------|-----------------------------|-----------------|----------------|---------------|--------------|
| Award Id : 00059644 | Support to Sudan Referenda | Period : | Jan-Dec (2011) | | |
| Project # : | Support to SS refernd-South | Impl. Partner : | None | | |
| | | Location : | Sudan | | |
| | Govt Disb | UNDP Disb | UN Agencies | Encumbrance | Total Exp |
| 47101 - South Sudan - Central | 0.00 | 111,188.82 | 1,694,907.53 | 0.00 | 1,806,096.35 |
| 47102 - South Sudan - UN Dev Coord | 0.00 | 8.99 | 0.00 | 0.00 | 8.99 |
| 47104 - South Sudan - DemGovernance | 0.00 | 5,109,498.05 | 0.00 | -2,017,376.69 | 3,092,121.36 |

Note:

The scope of Ernst & Young's audit was limited to the UNDP Disbursements and Encumbrances columns of the Combined Delivery Report


ERNST & YOUNG
Certified Public Accountants
Tongping
Vivacell/SPLM Driveway
Off Airport Road
Juba, South Sudan

3.1. NOTES TO THE STATEMENT OF EXPENDITURE

3.1.1. Accounting Policies

The principal accounting policies adopted by the project management in the preparation of the combined Delivery Report (CDR) are set below:-

i) Basis of Accounting

The statement of expenditure has been prepared on a cash basis of accounting modified to accrue for outstanding obligations at the end of the financial period. Under this basis of accounting, expenditure is recognized when paid for rather than when incurred and income is recognized when received.

ii) Foreign Currency Transactions

Transactions in foreign currency are translated into US\$ at the monthly exchange rate. This rate is arrived at through negotiation with the bank at the beginning of every month. Exchange differences arising on the translations are dealt with in the Combined Delivery Report (CDR).

4. CERTIFICATION OF THE STATEMENT OF ASSETS

Auditor's report to:

The Chief, Regional Audit Centre for Eastern and Southern Africa and;
The Resident Representative, UNDP South Sudan

We have audited the accompanying schedule of assets ("the schedule") of the UNDP project number 00074669, Support to Southern Sudan Referendum as at 31 December 2011.

This schedule is the responsibility of the management of the project. Our responsibility is to express an opinion on the statement based on our audit.

We conducted our audit in accordance with International Standards of Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the attached statement of inventory presents fairly, in all material respects, the balance of inventory of the UNDP project number 00074669, amounting to US\$ 7,308 as at 31 December 2011 in accordance with the accounting policies set out in the note to the schedule.

Auditor's Name: Ernst & Young

Auditor's Signature:

Date: 8/11/2012

Address: Tongping
Vivacell/SPLM Driveway
Off Airport Road
Juba, South Sudan.

5. STATEMENT OF ASSETS

AS AT 31 DECEMBER 2011

Asset **Referendum Project**, period from **01/01/2011 to 23/06/2011**

| | | | |
|--------------------|--------------|------------------------|--------------|
| Assets Counted By: | Verified by: | Cleared by: | Approved by: |
| | | US\$ 7.308 | |
| | | 300,000.00 | |
| | | 0007469 | |
| | | UNDP Main Office, Juba | |

Verified by:

Closed by

Use of 5.0 mm

Address: 1000 Main Street, Suite 100
Boston, MA 02111

Name: David D. Kelly
 Sign: [Signature]

Name: Keatann Bedham 

Name: My Sign:

ERNST & YOUNG
Certified Public Accountants
Tongping
Vivacell/SPLM Driveway
Off Airport Road
Juba, South Sudan

5.1. NOTE TO THE STATEMENT OF ASSETS

The assets and equipments purchased under the project are expensed in the year of acquisition. An asset register indicating all the assets purchased is usually maintained for the purpose of monitoring the assets. The status of the assets is updated on the asset register on completion of a physical verification exercise.

6. MANAGEMENT LETTER

PRIVATE AND CONFIDENTIAL

Our ref: 60814827/10/vn/302

08 November 2012

The Chief, Regional Audit Centre for Eastern and Southern Africa and;
The Resident Representative, UNDP South Sudan

Dear Sirs,

**MATTERS ARISING DURING THE AUDIT OF THE SUPPORT TO THE SOUTHERN SUDAN
REFERENDUM PROJECT FOR THE YEAR ENDED 31 DECEMBER 2011**

In accordance with our Terms of Reference, we report to you matters arising during our normal audit of the Support to the Southern Sudan Referendum Project for the year ended 31 December 2011.

The management of the project is responsible for establishing and maintaining an internal control structure. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected.

Our review of the Project's systems of internal control is carried out as per the Terms of Reference to assist us in expressing an opinion on the Project's Statement of Expenditure (CDR), Statement of Assets and Statement of Cash Position. This work is not primarily directed towards the discovery of weaknesses, the detection of fraud or other irregularities (other than those which would influence us in forming an opinion) and should not, therefore, be relied upon to show that no other weaknesses or areas that require attention exist. Accordingly, the comments in this letter refer only to those matters, which have come to our attention during the course of our normal audit work and do not attempt to indicate all possible improvements, which a special review might develop.

In this letter, we bring to your attention the weaknesses, which we have discovered in the hope that you may derive a tangible benefit from this part of our audit.

| | |
|--|--|
| <p>A) Background</p> <p>We have set out issues identified during the course of our normal audit work and have not attempted to indicate all possible improvements which a special review might develop. The management letter covers the following topics/issues:</p> <ul style="list-style-type: none"> ➤ A general review of a project's progress and timeliness in relation to progress milestones and the planned completion date, both of which should be stated in the project document or Annual Work Plan (AWP); ➤ An assessment of a project's internal control system with equal emphasis on: <ul style="list-style-type: none"> i) The effectiveness of the system in providing the project management with useful and timely information for the proper management of the project; and ii) The general effectiveness of the internal control system in protecting the assets and resources of the project. ➤ A description of any specific internal control weaknesses noted in the financial management of the | <p>project and the audit procedures followed to address or compensate for the weaknesses. Recommendations to resolve/eliminate the internal control weaknesses noted have been included.</p> |
| <p>B) Priorities of Audit Recommendations</p> <p>The audit observations are categorized according to the priority of the audit recommendations and the possible causes of the issues. The categorized audit observation provides a basis by which the UNDP country office management is to address the issues.</p> <p>The following categories of priorities are used:</p> <p>High: Action is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues.</p> <p>Medium: Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.</p> <p>Low: Action is considered desirable and should result in enhanced control or better value for money.</p> | |

| | | | |
|--|--|------------------------|--|
| C) Categories of possible causes of audit findings | <p>The cause statement explains the underlying reason behind the identified problem/weakness. The cause is probably the most critical attribute of the finding.</p> <p>The following is the listing of the pre-established cause statements that UNDP South Sudan has provided in the terms of references:</p> <ul style="list-style-type: none"> i) Lack of or inadequate corporate policies or procedures ii) Lack of or inadequate country office policies or procedures iii) Lack of or inadequate guidance or supervision at country office level iv) Inadequate oversight by Headquarters bureaux v) Lack of or insufficient resources (specify: financial, human, or technical resources) vi) Inadequate planning vii) Inadequate training viii) Human error ix) Intentional overriding of internal controls x) Inadequate management structure | D) Categories of risks | <p>The audit issues identified are classified in accordance to the following categories of risk:</p> <p>Environmental: This pertains to natural disasters, pollution incidents and social and cultural, security and safety, and economic risks.</p> <p>Financial: This pertains to external economic factors (such as interest rates, exchange rate fluctuation, inflation) and internal economic factors (such as co-financing difficulties, use of financing mechanisms, funding, reserve adequacy, currency, receivables, accounting/financial reporting, budget allocation and management, cash management/reconciliation, pricing/cost recovery).</p> <p>Organizational: This pertains to institutional arrangements; institutional/execution capacity; implementation arrangements; country office capacity; governance; culture, code of conduct and ethics; accountability and compensation; succession planning and talent management; human resources processes and procedures.</p> |
|--|--|------------------------|--|

Operational:

This pertains to process efficiency, operations-related human error/incompetence, internal controls, internal and external fraud, compliance and legal, procurement, technology, physical assets, infrastructure failure, and safety being compromised.

Programmatic:

This pertains to risks relating to complex project design (size, larger/multi-country projects, technical complexity, innovativeness, and multiple funding sources), project management, programme-/project-related human error/incompetence, poor monitoring and evaluation, delivery, and programme management.

Political:

This pertains to corruption, government commitment, political will, political instability, change in government, armed conflict and instability, adverse public opinion/media intervention.

Regulatory:

This pertains to new unexpected regulations and policies; critical policies or legislation fails to pass or progress in the legislative process.

Strategic:

This pertains to partnerships failing to deliver; strategic vision, planning and communication; leadership and management; programme alignment; competition;

stakeholder relations; UNDP reputation; UN coordination; UN reform.

E) Standard audit ratings

Each of the audit areas covered is rated in accordance to the definition of standard audit ratings below:

Standard Rating

Definition

Satisfactory:

Internal controls and risk management practices were adequately established and functioning well. No high risk areas were identified. Overall, the office objectives are likely to be achieved.

Partially Satisfactory:

Internal controls and risk management practices were generally established and functioning, but needed improvement. One or more high and medium risk areas were identified that may impact on the achievement of office objectives.

United Nations Development Programme South Sudan
Project Title: Support to the Southern Sudan Referendum
Implemented by UNDP through the Direct Implementation Modality (DIM)
Award No: 00059644
Project No: 00074669
Audit Report
For the year ended 31 December 2011

Unsatisfactory:

Internal controls and risk management practices were either not established or not functioning well. The majority of issues identified were high risk. Hence, the overall office objectives are not likely to be achieved.

United Nations Development Programme South Sudan
 Project Title: Support to the Southern Sudan Referendum
 Implemented by UNDP through the Direct Implementation Modality (DIM)
 Award No: 00059644
 Project No: 00074669
 Audit Report
 For the year ended 31 December 2011

F) Summary of points arising from current year's audit

| Ref | Summary of the findings | Overall rating |
|-------|---|------------------------|
| 6.1 | Organization and Staffing No exceptions noted | Satisfactory |
| 6.2 | Programme and project management No exceptions noted | Satisfactory |
| 6.3 | Human Resources No exceptions noted | Satisfactory |
| 6.4 | Finance No exceptions noted | Satisfactory |
| 6.5 | Procurement No exceptions noted | Satisfactory |
| 6.6 | Assets Management | Partially Satisfactory |
| 6.6.1 | Weak controls over asset movement | |
| 6.6.2 | Many cases of theft/loss of assets | |
| 6.7 | Cash Management No exceptions noted | Satisfactory |
| 6.8 | Information Systems No exceptions noted | Satisfactory |

| Ref | Summary of the findings | Overall rating |
|------|---|----------------|
| 6.9 | General Administration No exceptions noted | Satisfactory |
| 6.10 | Follow up on previous audits There were no prior year recommendations for follow-up. | N/A |

6.6. Assets Management

6.6.1. Weak controls over asset movement

| Observation | Cause | Risk | Recommendation | Management Comments | Location: UNDP |
|--|--|-------------|---|--|-------------------------|
| We noted that the controls over the movement of assets in and out of the UNDP South Sudan Country Office are weak. Physical checks or registration of assets such as laptops is not done for persons entering or leaving the compound. | Inadequate supervision at country office level | Operational | Management should strengthen procedures over the movement of assets in and out of the UNDP compound. Just the same way as persons entering or leaving the compound have to sign in and out at the gate, so should any laptops or assets that they are carrying be noted down. | <u>Preventive measures:</u> UNDP will continue to tighten security measures to prevent unauthorised exit of general office assets, security arrangements to ensure personal and UNDP-issued items of staff are also be in place. In order to effectively prevent such incidents in the future, UNDP will ensure our doors, windows, drawers and safes are properly locked at the end of the day as well as during staff absence from the office. If there is any suspicion that keys have been compromised, then staff members are responsible to report the incidence and ensure that locks are replaced immediately. | Priority: Medium |

| Observation | Cause | Risk | Recommendation | Management Comments | Location: UNDP |
|-------------|-------|------|----------------|---|--|
| | | | | <p>Unit safes can also be used to keep sensitive/valued items.</p> <p><u>Control of Office Keys:</u> UNDP will ensure that staff/units to submit their office keys [labelled] to security at the reception at the end of the day; unless otherwise decided by the Unit Head. This procedure will also ensure that in times of an emergency; fire etc, access to the office by security is possible. Keys to safes/drawers should however be carried by authorised unit staff. UNDP Security will maintain a key register to record the issue and receipt of keys. For staff working in Government offices, UNDP advises staff to always ensure your valued items are kept either in a safe or on hand.</p> <p>Staff Accountability: Staff are personally accountable for UNDP-issued items and may therefore be financially liable in the event that it is ascertained that the loss was as a result of negligence</p> | <p>Expected Completion Date: November 30, 2012</p> |

6.6.2. Cases of theft/loss of assets

| Observation | Cause | Risk | Recommendation | Management Comments | Location: UNDP |
|---|---|-------------|---|--|--|
| We noted during our review that four laptops and three motorbikes purchased under the project were reported as lost. All the incidents were reported to the Special Investigations unit for further investigations. In addition, the whereabouts of one motor vehicle was not known at the time of the audit. | Inadequate country office policies and procedures | Operational | Management should put in place adequate controls over assets to ensure movement of in and out of the organization are adequately monitored and accounted for. | While UNDP is working to strengthening its asset management procedure and security as described above, UNDP will also follow-up the current investigation of the lost items to the conclusion. With regards to, motor vehicle unaccounted for during audit, UNDP will report the case to the security and police to help in investigation and return of the same. In the future, UNDP will develop and implement a procedure for the management of motor vehicle as part of the overall improvement in its asset management process. | Priority: Medium |
| | | | | | Expected Completion Date: December 31, 2012 |

We would be grateful if you could keep us informed of changes that are made to existing systems from time to time.

We take this opportunity to express our gratitude to you and your staff for the co-operation and assistance, which we received during the course of our audit.

Yours faithfully,



Ernst & Young
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Vivacell/SPLM Driveway
Off Airport Road
Juba, South Sudan.