



AUDIT

OF

UNDP SOUTH SUDAN

SUPPORT TO THE STATES PROGRAMME PROJECT
(Directly Implemented Project No. 77850)

Report No. 1120
Issue Date: 29 April 2013

Report on the audit UNDP South Sudan Support to the States Programme Project (Project No. 77850) 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 the States Programme Project (Project No. 77850) 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 totaling \$3.6 million during the period from 1 January to 31 December 2011. The following donors contributed to the Project: Canadian International Development Agency, Department for International Development, African Development Bank and Belgium.

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 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
3,551	Unqualified	1,148	Unqualified	-	Not Applicable

*No separate bank account was held by the project

Figure 2: Internal controls and systems audit ratings summary

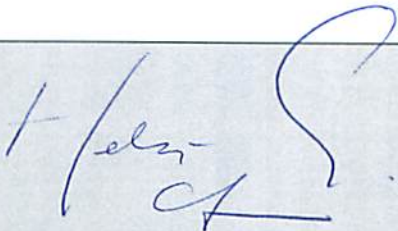
Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Organization and staffing				
2. Project management				
3. Human resources				
4. Finance				
5. Procurement				
6. Asset management				
7. Information systems				
8. General administration				

Key issues and recommendations

The audit raised one issue and resulted in one recommendation, which was 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." The recommendation includes actions to address procedures over the movement of assets in and out of the Office.

Management's comments

The UN Resident Coordinator and UNDP Resident Representative accepted the recommendation and are in the process of implementing it.



Helge S. Osttveiten
Director
Office of Audit and Investigations

UNITED NATIONS DEVELOPMENT PROGRAMME SOUTH SUDAN

PROJECT TITLE: SUPPORT TO THE STATES PROGRAMME

IMPLEMENTED BY UNDP THROUGH THE DIRECT IMPLEMENTATION MODALITY (DIM)

AWARD NUMBER: 00061455

PROJECT NUMBER: 00077850

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

The Support to the States Programme seeks to further strengthen the capacity of the 10 State Governments in promoting, participatory decentralized governance and effective service delivery. The project is at the center of UNDP's effort to build the capacity of states in planning, public financial management, Urban Management, Revenue, and Information Communication Technology. The major donors for the project in 2011 were CIDA and DFID. The project was first designed as part of the 2009-2012 CPAP and was operating based on Annual Work Plans prepared at the beginning of each year. The project activities have been redesigned and integrated into the Support to Planning and Public Financial Management Project in the framework of the new CPAP 2012-2013.

The key expected results of the project include:

- Institutional framework for the implementation and coordination of decentralized governance strengthened.
- Enhanced states capacity in planning, budgeting and public finance.
- Enhanced capacity of state assemblies for legislative oversight and law making.
- Enhanced state capacity in urban and physical infrastructure management

1.1.3. Sources of Funding for the Project

The project was funded by the following donors:

Donor	Amount (US\$)
African Development Bank	300,000
Belgium	23,904
Canadian International Development Agency (CIDA)	2,935,001
The United Kingdom Government Department for International Development (DFID)	909,830
Total	4,168,735

1.1.4. Project Audit

Ernst & Young was contracted to carry out the audit of the Support to States Programme, project number 00077850 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\$ 1,148,080. 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 year; 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 00077850, Support to States Programme 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\$ 3,550,904 incurred by the project, Support to States 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.

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 : SSD10
Period : Jan-Dec (2011)
Selected Award Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Projects : 00077850

Award Id : 00061455 Support to the States Programm	Period :	Jan-Dec (2011)			
Project # : 00077850 State capacity for planning, b	Impl. Partner :	02885 UNDP (Direct Execution)			
	Location :	Sudan (Juba)			
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp

Dept: 47101(South Sudan - Central)

Fund : 30000 (Programme Cost Sharing)

71405 - Service Contracts-Individuals	0.00	139.96	0.00	0.00	139.96
71525 - UNV-Hazard Pay	0.00	45.00	0.00	0.00	45.00
71530 - UNV-Rest and Recuperation	0.00	2,246.00	0.00	0.00	2,246.00
74510 - Bank Charges	0.00	85.69	0.00	0.00	85.69
74525 - Sundry	0.00	52.00	0.00	0.00	52.00
75105 - Facilities & Admin - Implement	0.00	179.81	0.00	0.00	179.81
76135 - Realized Gain	0.00	0.00	0.00	0.00	0.00
Total for Fund 30000	0.00	2,748.46	0.00	0.00	2,748.46

Total for Dept : 47101

Dept: 47104(South Sudan - DemGovernance)

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

71620 - Daily Subsistence Allow-Local	0.00	645.23	0.00	0.00	645.23
73505 - Reimb to UNDP for Supp Srvs	0.00	426.62	0.00	0.00	426.62
Total for Fund 04000	0.00	1,071.85	0.00	0.00	1,071.85

Fund : 30000 (Programme Cost Sharing)

71405 - Service Contracts-Individuals	0.00	4,593.58	0.00	0.00	4,593.58
71505 - UN Volunteers-Stipend & Allow	0.00	22,032.06	0.00	0.00	22,032.06
71510 - UNV Settling-In-Grant	0.00	100.00	0.00	0.00	100.00
71520 - UNV-Language Allowance	0.00	1,470.36	0.00	0.00	1,470.36
71525 - UNV-Hazard Pay	0.00	17,452.50	0.00	0.00	17,452.50
71530 - UNV-Rest and Recuperation	0.00	2,246.00	0.00	0.00	2,246.00
71535 - UNV-Medical Insurance	0.00	3,824.35	0.00	0.00	3,824.35
71540 - UNV-Global Charges	0.00	22,549.50	0.00	0.00	22,549.50
71545 - UNV-Home Leave Travel & Allowa	0.00	3,878.16	0.00	0.00	3,878.16
71550 - UNV-Resettlement Allowance	0.00	16,159.04	0.00	0.00	16,159.04
71560 - UNV-Intl Appoint/Sep incl Trvl	0.00	18,360.00	0.00	0.00	18,360.00
71610 - Travel Tickets-Local	0.00	0.00	0.00	0.00	0.00
71620 - Daily Subsistence Allow-Local	0.00	4,604.84	0.00	0.00	4,604.84
71635 - Travel - Other	0.00	412.28	0.00	0.00	412.28
72205 - Office Machinery	0.00	29,000.00	0.00	0.00	29,000.00
72505 - Stationery & other Office Supp	0.00	673.61	0.00	0.00	673.61
73410 - Maint, Oper of Transport Equip	0.00	23,848.39	0.00	0.00	23,848.39
73505 - Reimb to UNDP for Supp Srvs	0.00	12,249.07	0.00	0.00	12,249.07
74510 - Bank Charges	0.00	117.24	0.00	0.00	117.24
74525 - Sundry	0.00	- 40.44	0.00	0.00	- 40.44
75105 - Facilities & Admin - Implement	0.00	4,369.52	0.00	0.00	4,369.52
76135 - Realized Gain	0.00	- 122.33	0.00	0.00	- 122.33
Total for Fund 30000	0.00	187,777.73	0.00	0.00	187,777.73

Total for Dept : 47104



Award Id : 00061455 Support to the States Programm		Period :	Jan-Dec (2011)		
Project # : 00077850 State capacity for planning, b		Impl. Partner :	02885 UNDP (Direct Execution)		
		Location :	Sudan (Juba)		
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp

Dept: 47107 (South Sudan - ICT for Develmnt)

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

71620 - Daily Subsistence Allow-Local	0.00	1,520.84	0.00	0.00	1,520.84
76135 - Realized Gain	0.00	-0.01	0.00	0.00	-0.01
Total for Fund 04000	0.00	1,520.83	0.00	0.00	1,520.83
Total for Dept : 47107	0.00	1,520.83	0.00	0.00	1,520.83

Dept: 47108 (South Sudan - Poverty Reductn)

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

71405 - Service Contracts-Individuals	0.00	720.76	0.00	0.00	720.76
71505 - UN Volunteers-Stipend & Allow	0.00	184,178.81	0.00	0.00	184,178.81
71510 - UNV Settling-In-Grant	0.00	4,783.70	0.00	0.00	4,783.70
71530 - UNV-Rest and Recuperation	0.00	70,852.00	0.00	0.00	70,852.00
71615 - Daily Subsistence Allow-Intl	0.00	3,116.00	0.00	0.00	3,116.00
71620 - Daily Subsistence Allow-Local	0.00	14,382.86	0.00	0.00	14,382.86
71635 - Travel - Other	0.00	203.84	0.00	0.00	203.84
72220 - Furniture	19,427.08	0.00	0.00	0.00	19,427.08
72425 - Mobile Telephone Charges	0.00	4,384.62	0.00	0.00	4,384.62
72505 - Stationery & other Office Supp	711.80	1,232.99	0.00	0.00	1,944.79
74510 - Bank Charges	0.00	1,146.68	0.00	0.00	1,146.68
74525 - Sundry	0.00	8,703.00	0.00	0.00	8,703.00
75705 - Learning costs	0.00	7,649.31	0.00	0.00	7,649.31
75709 - Learning - training of counter	0.00	31,238.87	0.00	0.00	31,238.87
76125 - Realized Loss	0.00	31.42	0.00	0.00	31.42
76130 - Unrealized Gain	0.00	-515.86	0.00	0.00	-515.86
76135 - Realized Gain	0.00	-0.03	0.00	0.00	-0.03
Total for Fund 04000	20,138.88	332,108.97	0.00	0.00	352,247.85

Fund : 30000 (Programme Cost Sharing)

63365 - Special Oper Living Allow-IP	0.00	0.00	0.00	0.00	0.00
71405 - Service Contracts-Individuals	0.00	219,443.34	0.00	0.00	219,443.34
71505 - UN Volunteers-Stipend & Allow	0.00	1,082,039.78	0.00	0.00	1,082,039.78
71510 - UNV Settling-In-Grant	0.00	66,476.89	0.00	0.00	66,476.89
71515 - UNV-Security Allowance	0.00	0.00	0.00	0.00	0.00
71520 - UNV-Language Allowance	0.00	21,763.21	0.00	0.00	21,763.21
71525 - UNV-Hazard Pay	0.00	209,788.60	0.00	0.00	209,788.60
71530 - UNV-Rest and Recuperation	0.00	372,338.69	0.00	0.00	372,338.69
71535 - UNV-Medical Insurance	0.00	53,268.82	0.00	0.00	53,268.82
71540 - UNV-Global Charges	0.00	72,853.09	0.00	0.00	72,853.09
71545 - UNV-Home Leave Travel & Allowa	0.00	17,106.64	0.00	0.00	17,106.64
71550 - UNV-Resettlement Allowance	0.00	52,278.73	0.00	0.00	52,278.73
71560 - UNV-Intl Appoint/Sep Incl Trvl	0.00	49,236.08	0.00	0.00	49,236.08
71605 - Travel Tickets-International	0.00	1,579.65	0.00	0.00	1,579.65
71610 - Travel Tickets-Local	0.00	101,000.00	0.00	0.00	101,000.00
71615 - Daily Subsistence Allow-Intl	0.00	4,060.88	0.00	0.00	4,060.88
71620 - Daily Subsistence Allow-Local	0.00	154,221.64	0.00	0.00	154,221.64
71635 - Travel - Other	0.00	4,667.15	0.00	0.00	4,667.15
72125 - Svc Co-Studies & Research Serv	0.00	5,138.89	0.00	0.00	5,138.89
72135 - Svc Co-Communications Service	0.00	165.52	0.00	0.00	165.52
72205 - Office Machinery	0.00	110,000.00	0.00	0.00	110,000.00
72215 - Transportation Equipment	0.00	84,447.79	0.00	0.00	84,447.79
72220 - Furniture	0.00	1,315.57	0.00	0.00	1,315.57
72345 - Contraceptives-Spermicides	0.00	0.00	0.00	0.00	0.00



Award Id : 00061455 Support to the States Programm	Period : Jan-Dec (2011)
Project # : 00077850 State capacity for planning, b	Impl. Partner : 02885 UNDP (Direct Execution)
	Location : Sudan (Juba)

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
72405 - Acquisition of Communic Equip	0.00	139.96	0.00	0.00	139.96
72425 - Mobile Telephone Charges	0.00	9,204.19	0.00	0.00	9,204.19
72435 - E-mail-Subscription	0.00	982.36	0.00	0.00	982.36
72505 - Stationery & other Office Supp	0.00	2,618.06	0.00	0.00	2,618.06
73205 - Premises Alternations	0.00	61,886.45	0.00	0.00	61,886.45
73410 - Maint, Oper of Transport Equip	0.00	3,414.93	0.00	0.00	3,414.93
73505 - Reimb to UNDP for Supp Srvs	0.00	3,308.78	0.00	0.00	3,308.78
74105 - Management and Reporting Srvs	0.00	412.19	0.00	0.00	412.19
74510 - Bank Charges	0.00	8,660.58	0.00	0.00	8,660.58
74525 - Sundry	0.00	-1,954.21	0.00	0.00	-1,954.21
74605 - Prepaid Project Expenses	0.00	-20,082.56	0.00	0.00	-20,082.56
75105 - Facilities & Admin - Implement	0.00	197,302.84	0.00	0.00	197,302.84
75705 - Learning costs	0.00	32,357.33	0.00	0.00	32,357.33
75709 - Learning - training of counter	0.00	44,900.53	0.00	0.00	44,900.53
76120 - Unrealized Loss	0.00	0.01	0.00	0.00	0.01
76125 - Realized Loss	0.00	29.74	0.00	0.00	29.74
76130 - Unrealized Gain	0.00	-138.89	0.00	0.00	-138.89
76135 - Realized Gain	0.00	-634.18	0.00	0.00	-634.18
Total for Fund 30000	0.00	3,025,599.07	0.00	0.00	3,025,599.07
Total for Dept : 47108	20,138.88	3,357,706.04	0.00	0.00	3,377,846.92
Dept: 47109 (South Sudan - Service Centre)					
Fund : 30000 (Programme Cost Sharing)					
71635 - Travel - Other	0.00	72.00	0.00	0.00	72.00
75105 - Facilities & Admin - Implement	0.00	5.04	0.00	0.00	5.04
Total for Fund 30000	0.00	77.04	0.00	0.00	77.04
Total for Dept : 47109	0.00	77.04	0.00	0.00	77.04
Total for Project : 00077850	20,138.88	3,550,903.95	0.00	0.00	3,571,042.83
Award Total :	20,138.88	3,550,903.95	0.00	0.00	3,571,042.83

Note:

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

Signed By :

Amanda Lemmings

Date :

31/10/2012

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



Selection Criteria :

Business Unit : SSD10
Period : Jan-Dec (2011)
Selected Award Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Projects : 00077850

Award Id : 00061455 Support to the States Programm		Period : Jan-Dec (2011)			
Project # : State capacity for planning, b		Impl. Partner : None			
		Location : Sudan (Juba)			
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
47101 - South Sudan - Central	0.00	2,748.46	0.00	0.00	2,748.46
47104 - South Sudan - DemGovernance	0.00	188,849.58	0.00	0.00	188,849.58
47107 - South Sudan - ICT for Develmnt	0.00	1,520.83	0.00	0.00	1,520.83
47108 - South Sudan - Poverty Reductn	20,138.88	3,357,708.04	0.00	0.00	3,377,846.92
47109 - South Sudan - Service Centre	0.00	77.04	0.00	0.00	77.04

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 00077850, Support to the States Programme 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 00077850, amounting to US\$1,148,080 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

Period Covered: 10/1/2011 to 31/12/2011 CAP and NON CAP Assets <= 1000 USD																						
Project location: (including filled offices): Southern Sudan																						
Nr Asset	BUSINESS UNIT	Asset ID	Bar Code	Profile ID	Descr	Status	Serial ID	Model	Acquisition Date	Currency	Cost	PO No	Receipt No	Operating Unit	DEPTD	COA Agent	Donor	Project ID	Location	Physical Verification	Document Reference	Remarks
54				ELECTRICAL	Laptop	In Service	CH-000634-70566-94L-GO	Dell Latitude	28/02/2010	USD	1,535.00	0000012812	0000017909	SDN 10	47104	1981	00141	00057669	Store	Y		Received from Election Prok
55				ELECTRICAL	photocopier RI 2022	In Service	MWT12104	Canon IR202	13/10/2009	USD	2520.75	0000009779	0000013580	SDN 10	47104	1981	00017	00057670	MOSPR Unit	Y		
56				ELECTRICAL	photocopier RI 2022	In Service	MTW12112	Canon IR202	13/10/2009	USD	2520.75	0000009779	0000013580	SDN 10	47104	1981	00017	00057670	SSP Store	Y		
57				ELECTRICAL	photocopier RI 2022	Not In Service	MWT12118	Canon IR202	13/10/2009	USD	2520.75	0000009779	0000013580	SDN 10	47104	1981	00017	00057670	SSP Store	Y		
58				ELECTRICAL	photocopier RI 2022	Not In Service	MWT13768	Canon IR202	13/10/2009	USD	2520.75	0000009779	0000013580	SDN 10	47104	1981	00017	00057670	SSP Store	Y		
59				ELECTRICAL	photocopier RI 2022	Not In Service	MWT13892	Canon IR202	13/10/2009	USD	2520.75	0000009779	0000013580	SDN 10	47104	1981	00017	00057670	SSP Store	Y		
60				ELECTRICAL	photocopier RI 2022	Not In Service	MWT13892	Canon IR202	13/10/2009	USD	2520.75	0000009779	0000013580	SDN 10	47104	1981	00017	00057670	SSP Store	Y		
61				ELECTRICAL	photocopier RI 2022	Not In Service	MWT17023	Canon IR202	13/10/2009	USD	2520.75	0000009779	0000013580	SDN 10	47104	1981	00017	00057670	SSP Store	Y		
62				ELECTRICAL	photocopier RI 2022	In Service	MACB03886	Canon IR202	13/10/2009	USD	2520.75	0000009779	0000013580	SDN 10	47104	1981	00017	00057670	Office of general Bar	Y		
63				ELECTRICAL	photocopier RI 2022	In Service	MWT13769	Canon IR202	13/10/2009	USD	2520.75	0000009779	0000013580	SDN 10	47104	1981	00017	00057670	Office of general Bar	Y		
64				ELECTRICAL	photocopier RI 2022	In Service	KO10094	Canon IR202	13/10/2009	USD	2520.75	0000009779	0000013580	SDN 10	47104	1981	00017	00057670	Rumbek	Y		
65				ELECTRICAL	HP Digital Sender 9250C	Not In Service	CHBN 88WGTG	HP Digital	07/10/2009	USD	2520.75	0000009154	0000013514	SDN 10	47104	1981	00012	00057683	Gov/ROL Unit	Y		
66				ELECTRICAL	HP Digital Sender 9250C	Not In Service	CHBN 88WGTG	HP Digital	07/10/2009	USD	2520.75	0000009154	0000013514	SDN 10	47104	1981	00012	00057683	MOSPR Unit	Y		
67				ELECTRICAL	HP Digital Sender 9250C	Not In Service	CHBN 88WGTG	HP Digital	07/10/2009	USD	2520.75	0000009154	0000013514	SDN 10	47104	1981	00012	00057683	SSP Store	Y		
68				ELECTRICAL	HP Digital Sender 9250C	Not In Service	CHBN 88WGTG	HP Digital	07/10/2009	USD	2520.75	0000009154	0000013514	SDN 10	47104	1981	00012	00057683	SSP Store	Y		
69				ELECTRICAL	HP Digital Sender 9250C	Not In Service	CHBN 88WGTG	HP Digital	07/10/2009	USD	2520.75	0000009154	0000013514	SDN 10	47104	1981	00012	00057683	SSP Store	Y		
70				ELECTRICAL	HP Digital Sender 9250C	Not In Service	CHBN 88WGTG	HP Digital	07/10/2009	USD	2520.75	0000009154	0000013514	SDN 10	47104	1981	00012	00057683	SSP Store	Y		
71				ELECTRICAL	HP Digital Sender 9250C	Not In Service	CHBN 88WGTG	HP Digital	07/10/2009	USD	2520.75	0000009154	0000013514	SDN 10	47104	1981	00012	00057683	SSP Store	Y		
72				ELECTRICAL	HP Digital Sender 9250C	Not In Service	CHBN 88WGTG	HP Digital	07/10/2009	USD	2520.75	0000009154	0000013514	SDN 10	47104	1981	00012	00057683	SSP Store	Y		
73				ELECTRICAL	HP Digital Sender 9250C	In Service	CHBN 88WGTG	HP Digital	07/10/2009	USD	2520.75	0000009154	0000013514	SDN 10	47104	1981	00012	00057683	SSP Store	Y		
74				ELECTRICAL	HP Digital Sender 9250C	In Service	CHBN 88WGTG	HP Digital	07/10/2009	USD	2520.75	0000009154	0000013514	SDN 10	47104	1981	00012	00057683	SSP Store	Y		
75				Furniture	Wooden Cabinet	In Service	N/A	HP Digital	07/10/2009	USD	1060.05	0000009154	0000009046	SDN 10	47104	1981	00012	00057683	Gov/ROL Unit	Y		
76				Furniture	Wooden Cabinet	In Service	N/A	HP Digital	07/10/2009	USD	1060.05	0000009154	0000009046	SDN 10	47104	1981	00012	00057683	SSP Store	Y		
77				Furniture	Wooden Cabinet	In Service	N/A	HP Digital	07/10/2009	USD	1060.05	0000009154	0000009046	SDN 10	47104	1981	00012	00057683	SSP Store	Y		
78				Furniture	Shelves with Four Stand	In Service	N/A	HP Digital	07/10/2009	USD	1060.05	0000009154	0000009046	SDN 10	47104	1981	00012	00057683	SSP Store	Y		
79				Furniture	Shelves with Three Stand	In Service	N/A	HP Digital	07/10/2009	USD	1060.05	0000009154	0000009046	SDN 10	47104	1981	00012	00057683	SSP Store	Y		
80				Furniture	Shelves with Three Stand	In Service	N/A	HP Digital	07/10/2009	USD	1060.05	0000009154	0000009046	SDN 10	47104	1981	00012	00057683	Gov/ROL Unit	Y		
81				Furniture	Shelves with Three Stand	In Service	N/A	HP Digital	07/10/2009	USD	1060.05	0000009154	0000009046	SDN 10	47104	1981	00012	00057683	Gov/ROL Unit	Y		
82				Furniture	Shelves with Three Stand	In Service	N/A	HP Digital	07/10/2009	USD	1060.05	0000009154	0000009046	SDN 10	47104	1981	00012	00057683	Gov/ROL Unit	Y		
83				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
84				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
85				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
86				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
87				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
88				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
89				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
90				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
91				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
92				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
93				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
94				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
95				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
96				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
97				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
98				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
99				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
100				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
101				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
102				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
103				ELECTRICAL	Dell Laptop	In Service	CH-005648-12961-92C-472	Latitude E64	22/11/2011	USD	2,300.00	0000013031	0000017346	SDN 10	47104	001981	00550	00057681	Gov/ROL Unit	Y		
104				ELECTRICAL	Dell																	

Award: 00047812
 Project period: (dates c 2011
 Project location: (including filed office) : Southern Sudan
 Period Covered: 10/12/2011 to 31/12/2011
 CAP and NON CAP Assets/ cca=1000 USD

UNDP SOUTH SUDAN

N: asset	BUSINESS UNIT	Asset ID	Bar Code	Profile ID	Descr	Status	Serial ID	Model	Acquisition Date	Currency	Cost	PO No	Receipt No	Operating Unit	DEPTD	Agent	COA	Donor	Project ID	Location	Physical Verification	Document Reference	Remarks
372	SD010				Visitors Chair	In Service	N/A	N/A	8.12.2010	USD	61.98	0000012657	0000017782	SDN 10	04000	001981	001981	00012	00057685	Yambio	Y		
373	SD010				Visitors Chair	In Service	N/A	N/A	8.12.2010	USD	61.98	0000012657	0000017782	SDN 10	04000	001981	001981	00012	00057685	Yambio	Y		
374	SD010				Residential Prefab with AC	In Service	N/A	N/A	12/4/2011	USD	11,000.00	0000013846	0000018925	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
375	SD010				Residential Prefab with AC	In Service	N/A	N/A	12/4/2011	USD	11,000.00	0000013846	0000018925	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
376	SD010				Residential Prefab with AC	In Service	N/A	N/A	12/4/2011	USD	11,000.00	0000013846	0000018925	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
377	SD010				Residential Prefab with AC	In Service	N/A	N/A	12/4/2011	USD	11,000.00	0000013846	0000018925	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
378	SD010				Residential Prefab with AC	In Service	N/A	N/A	12/4/2011	USD	11,000.00	0000013846	0000018925	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
379	SD010				Residential Prefab with AC	In Service	N/A	N/A	12/4/2011	USD	11,000.00	0000013846	0000018925	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
380	SD010				Residential Prefab with AC	In Service	N/A	N/A	12/4/2011	USD	11,000.00	0000013846	0000018925	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
381	SD010				Residential Prefab with AC	In Service	N/A	N/A	12/4/2011	USD	11,000.00	0000013846	0000018925	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
382	SD010				Residential Prefab with AC	In Service	N/A	N/A	12/4/2011	USD	11,000.00	0000013846	0000018925	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
383	SD010				Residential Prefab with AC	In Service	N/A	N/A	12/4/2011	USD	11,000.00	0000013846	0000018925	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
384	SD010				Residential Prefab with AC	In Service	N/A	N/A	12/4/2011	USD	11,000.00	0000013846	0000018925	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
385	SD010				Residential Prefab with AC	In Service	N/A	N/A	20/4/2011	USD	11,000.00	0000013701	0000019104	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
386	SD010				Residential Prefab with AC	In Service	N/A	N/A	20/4/2011	USD	11,000.00	0000013701	0000019104	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
387	SD010				Residential Prefab with AC	In Service	N/A	N/A	20/4/2011	USD	11,000.00	0000013701	0000019104	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
388	SD010				Residential Prefab with AC	In Service	N/A	N/A	20/4/2011	USD	11,000.00	0000013701	0000019104	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
389	SD010				Residential Prefab with AC	In Service	N/A	N/A	20/4/2011	USD	11,000.00	0000013701	0000019104	SDN 10	47104	001981	001981	00050	00057683	Kajak	Y		
											1,148,080.10												
Total																							

Physical Verification Team: (project staff elected for inventory check)
 The physical verification of assets conducted according to instruction given on Information base.
 I certify that the information in the table is correct and based on Atlas Asset Development in Service Report.

(Asset Verified) By: Aba Nyawola
 Prepared by: Asset focal Point By: Maimunou Khemla
 Submitted by: Project Manager: Francis Luwanga
 Cleared by: Team Leader: Daniel Kir a.l
 Cleared by: Asset Unit: Anthony Abugo
 Approved by: Head of Operations: Mulegeta Abebe

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

Y = Physically Verified

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/305

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 SUPPORT TO THE STATES PROGRAMME
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 Support to the States Programme 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 project and the audit procedures followed to address or compensate for the weaknesses. Recommendations 	<p>to resolve/eliminate the internal control weaknesses noted have been included.</p>
<p>B)</p>	<p>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	D) Categories of risks
<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 	<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>

<p><u>Operational:</u> 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.</p> <p><u>Programmatic:</u> 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.</p> <p><u>Political:</u> This pertains to corruption, government commitment, political will, political instability, change in government, armed conflict and instability, adverse public opinion/media intervention.</p> <p><u>Regulatory:</u> This pertains to new unexpected regulations and policies; critical policies or legislation fails to pass or progress in the legislative process.</p> <p><u>Strategic:</u> This pertains to partnerships failing to deliver; strategic vision, planning and communication; leadership and</p>	<p>management; programme alignment; competition; stakeholder relations; UNDP reputation; UN coordination; UN reform.</p>						
<p>E)</p>	<p>Standard audit ratings</p> <p>Each of the audit areas covered is rated in accordance to the definition of standard audit ratings below:</p> <table> <tr> <td><u>Standard Rating</u></td><td><u>Definition</u></td></tr> <tr> <td>Satisfactory:</td><td>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.</td></tr> <tr> <td>Partially Satisfactory:</td><td>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.</td></tr> </table>	<u>Standard Rating</u>	<u>Definition</u>	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.
<u>Standard Rating</u>	<u>Definition</u>						
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.						

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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.

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

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

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	
6.7	Cash Management No exceptions noted	Satisfactory
6.8	Information Systems No exceptions noted	Satisfactory

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	We recommend that the 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.	<p><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. 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</p>	Priority: Medium

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Observation	Cause	Risk	Recommendation	Management Comments	Location: UNDP
				<p>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>

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,



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