



AUDIT

OF

UNDP HAITI

Gestion des Debris PAP - Turgeau
(Directly Implemented Project, Output No. 79471)

Report No. 1348

Issue Date: 8 August 2014

**Report on the audit of UNDP Haiti
Gestion des Debris PAP - Turgeau, Output No. 79471
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 29 March to 28 April 2014, through Fabel, Werner & Schnittke (the audit firm), conducted an audit of Gestion des Debris PAP - Turgeau, Output No. 79471 (the Project), which is directly implemented and managed by the UNDP Country Office in Haiti (the Office). The last audit of the Project was conducted by OAI in 2013 and covered project expenditure from 1 January to 31 December 2011.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report (CDR), which includes expenditure for the period from 1 January 2012 to 31 December 2013 and the accompanying Funds Utilization statement¹ as of 31 December 2013. The audit did not cover the Statement of Assets as no assets were purchased by the Project. In addition, the audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit results

Based on the audit reports and corresponding management letters submitted by the audit firm, the results are summarized in the table below:

Year	Project Expenditure		Project Assets	
	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
2012	16,486	Unqualified	-	n/a
2013	63	Unqualified	-	n/a

The audit firm issued an unqualified opinion on the Funds Utilization statement.

Key recommendations: Total = **3**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There are three medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." These recommendations include actions to address: the disclosure of correction bookings; unbudgeted expenditure; and the calculation of management fees.


OAI took note of the audit firm's opinion on the CDR for financial years 2012 and 2013 and the points highlighted as emphasis of matter. Except in one case, in OAI's opinion, the points presented in the audit

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

reports do not warrant an emphasis of matter and therefore, will not be given further consideration. The audit firm highlighted that in financial year 2012 there was an overstatement in the administrative fee charged to the project, estimated at \$29,936. The Office management indicated that action will be taken to reverse the amount that was overcharged.

Management comments and action plan

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



Antoine Khoury
Officer-in-Charge
Office of Audit and Investigations



Ms. Sophie de Caen
UNDP Haiti
Senior Country Director

UNDP Haiti
Gestion des Debris PAP-Turgeonau
Output ID 00079471
Executive Summary

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Executive Summary

Dear Ms. de Caen,

We performed an audit of the financial reports of project the “Gestion des Debris PAP-Turgeau”, Output ID 00079471, internally called “Debris II”, for the years 2012 and 2013.

“Debris II” is a joint project between UNDP, ILO and UN-Habitat funded by the Haiti Reconstruction Fund (HRF) through funds preferenced by the United States of America. UNDP is Lead Agency and Coordinator of the project. The following are the roles of each agency:

Social mobilization (UN-Habitat): for the participatory definition of debris management plans and the design of neighborhoods ‘restructuring plans

Debris Management (UNDP) : demolition of unsafe structures; short-term job creation through the “Cash for Production” labor intensive methodology; management of debris in areas of intervention;

Job Creation (ILO): employment opportunities for affected communities by the reuse of recyclable debris and reactivation of social economies through the creation of and support to small and micro enterprises.

Our audit was performed on site in Haiti from March 29 to April 28, 2014.

For the purpose of our audit, we assessed the control risk, i.e. the risk that a material deviation would be not detected by management itself within reasonable time, as follows:

- In general terms, the internal control procedures were adequate in relation to the project tasks and the control environment. In 2012, management reorganized the internal procedures. The administrative procedures are fixed in writing. A high percentage of the documentation is already archived electronically. With respect to the high risk of natural disasters, we believe that this practice is an example for others.
- Authorization procedures and the required segregation of duties were complied with.
- Fast Track Procedures (FTP) were applied. Management prepared the requested log of all direct contracting cases in the framework of FTP.
- Problems of internal control existed with respect to correction bookings and tracking of purchase orders (POs). These detected problems were mainly caused by the accelerated project turnover in the emergency situation after the earthquake in 2010.



Concerning financial control we could determine the following:

- A budget comparison was submitted.
- We could link the submitted ATLAS register to the signed Combined Delivery Reports (CDRs).
- Expense bookings are supported by vouchers and other supporting documents.
- All inventory items were present.
- On-site checks showed that the financial documentation could be linked to the reported output. The expenses were made for the approved purpose of the project.

Our audit opinion is therefore unqualified.

These are our main audit findings:

- Frequent correction bookings occurred.
- A budget comparison with the Annual Work Plan (AWP) was prepared. However, a detailed comparison was only partly possible.
- UNDP has a contractual right to charge the project with a 7 percent administration fee on the net project expenses and a 1 percent management fee on the grand total. In a project-wide summary it is evident that UNDP charged the project more than possible.

The following paragraphs explain the main findings and our recommendations thereon.



1. Correction Bookings

UNDP Haiti has an unusual high amount of “correction bookings”. Measured as a percentage of “negative bookings” in relation to the total number of bookings, 13.8 percent of all bookings were corrections in 2012; while 17.1 percent of all bookings were corrections in 2013¹. We recommend to reduce the amount of correction bookings.

2. Budget Comparison

We are required to render an opinion whether the financial statements comply with an approved budget. We had difficulties to create a meaningful budget comparison between the budget in the Annual Work Plan (AWP) and the CDR. The AWP contains a budget for accounting groups (meaning that the first three digits are indicated), while the CDR discloses also expenses for subaccounts.

The CDR of Debris II for the year 2012 shows different budget lines, which are not introduced into the AWP. The last AWP for the year 2012 was issued in March 2013, i.e. after the end of the accounting period. This AWP does not contain budget lines for the cost categories 63500, 64300, 65100, 74100 and 76100. In the CDR, expenses under these account numbers are introduced. Thus, in Debris II in 2012, expenses of \$ 42,368.13 were incurred in the CDR, but without budget line in the AWP.

In our opinion, a meaningful budget comparison is essential. In general terms, a budget comparison is a comparison between a promise (given to donors) and a measured result. The categories should be comparable. This would mean that UNDP can create new sub-categories in the agreed budget, but cannot create new main categories.

¹ One re-allocation is counted as one transaction only, although two accounts are affected. There could also be correction bookings which appear as positive transactions only. This occurs when expenses are allocated to the projects under audit from other projects – these bookings are not counted with the above indicated method. On the other hand, evaluation bookings could also be negative.



3. Determination of the 7 Percent Administrative Fee

UNDP Haiti has a contractual right to charge the project a 7 percent administration fee on the net project expenses and a 1 percent management fee on the grand total. We undertook an attempt to re-calculate the administrative fee and the management fee. A comparison with the internal accounts of UNDP Haiti showed that the project was overcharged for \$ 29,936.50 in 2012. Management suggested that this amount will be reversed in the next accounting period and we agree with this practice. We introduced an explanatory line into the “emphasis of matter” paragraph of the audit report.

Berlin, July 25, 2014

Frank Fabel, CPA, MA



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Panama City, Republic of Panama

UNDP Haiti
Gestion des Debris PAP Turgeau
Output ID 00079471
Audit Report 2012

Fabel, Werner & Schnittke GmbH

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Report of the Independent Auditors to UNDP

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization Statement (“the statement”) of the project “Gestion des Debris PAP-Turgeon”, Output ID 00079471 for the period from 1 January to 31 December 2012.

Management is responsible for the preparation of the statement for the project “Gestion des Debris PAP-Turgeon”, Output ID 00079471, and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project’s preparation of the statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the attached statement of expense presents fairly, in all material respects, the expense of \$ 16,485,761.18 incurred by the project “Gestion des Debris PAP-Turgeon” , Output ID 00079471 for the period from 1 January to 31 December 2012 in accordance with agreed upon accounting policies and were:



- (i) in conformity with the approved project budgets;
- (ii) for the approved purposes of the project;
- (iii) in compliance with the relevant UNDP regulations and rules, policies and procedures; and
- (iv) supported by properly approved vouchers and other supporting documents.

Emphasis of Matter

Without qualifying our opinion, we would like to draw your attention to the following points:

We noted that the project under audit did not use a dedicated bank account for DIM project activities and accordingly a statement of cash position was not produced.

For certain funds, UNDP has a right to charge the project with an administrative fee of 7 percent. In 2012, the project was overcharged for \$ 29,936.50.

Point (i) “in conformity with the approved project budgets” means in conformity with the overall total, not in conformity with detailed budget lines. Without qualifying our opinion, we would like to draw your attention to the point that expenses summarized under accounts 63500, 64300, 65100, 74100 and 76100 are not budgeted. Consequently, expenses of \$ 42,368.13 were incurred without budget line.

Berlin, July 25, 2014

Frank Fabel, CPA, MA
Executive Director



Selection Criteria :

Business Unit : HT110
Period : Jan-Dec (2012)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00079471

Project Id : 00060216 Earthquake Debris Management i	Period :	Jan-Dec (2012)
Output # : 00079471 Gestion débris PortauPrince II	Impl. Partner :	99999 UNDP
	Location :	
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

Dept: 50803 (Haiti - Crisis Prev & Rcvry)

Fund : 30000 (PROGRAMME COST SHARING)

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
61305 - Salaries - IP Staff	0.00	107,756.19	0.00	107,756.19
61310 - Post Adjustment - IP Staff	0.00	56,339.10	0.00	56,339.10
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	38,638.72	0.00	38,638.72
62315 - Contrib. to medical, social in	0.00	750.59	0.00	750.59
62320 - Mobility, Hardship, Non-remova	0.00	19,099.12	0.00	19,099.12
62330 - Rental Supplements - IP Staff	0.00	11,570.97	0.00	11,570.97
62340 - Annual Leave Expense - IP	0.00	1,700.60	0.00	1,700.60
63335 - Home Leave Trvl & Allow-IP Stf	0.00	3,854.25	0.00	3,854.25
63365 - Special Oper Living Allow-IP	0.00	61,848.00	0.00	61,848.00
63515 - Security-related Costs	0.00	13,200.00	0.00	13,200.00
63530 - Contribution to EOS Benefits	0.00	4,227.42	0.00	4,227.42
63535 - Contribution to Security	0.00	6,763.93	0.00	6,763.93
63540 - Contribution to Training	0.00	1,373.34	0.00	1,373.34
63545 - Contribution to ICT	0.00	2,854.09	0.00	2,854.09
63550 - Contributions to MAIP	0.00	380.58	0.00	380.58
63555 - Contribution to UN JFA	0.00	3,424.97	0.00	3,424.97
63560 - Contributions to Appendix D	0.00	570.77	0.00	570.77
64305 - Appointments - IP Staff	0.00	0.00	0.00	0.00
64306 - Appointment-Ticket Costs	0.00	0.00	0.00	0.00
64307 - Appointment-Subsistence Allow	0.00	0.00	0.00	0.00
64308 - Appointments-Lump Sum	0.00	0.00	0.00	0.00
64309 - Appointment-Shipments	0.00	0.00	0.00	0.00
65115 - Contributions to ASHI Reserve	0.00	11,309.03	0.00	11,309.03
65135 - Payroll Mgt Cost Recovery ATLA	0.00	1,443.51	0.00	1,443.51
71205 - Intl Consultants-Sht Term-Tech	0.00	50,431.50	0.00	50,431.50
71305 - Local Consult.-Sht Term-Tech	0.00	1,154.59	0.00	1,154.59
71405 - Service Contracts-Individuals	0.00	72,786.24	0.00	72,786.24
71410 - MAIP Premium SC	0.00	41.03	0.00	41.03
71415 - Contribution to Security SC	0.00	0.00	0.00	0.00
71605 - Travel Tickets-International	0.00	13,516.00	0.00	13,516.00
71615 - Daily Subsistence Allow-Intl	0.00	895.00	0.00	895.00
71635 - Travel - Other	0.00	250.00	0.00	250.00
72105 - Svc Co-Construction & Engineer	0.00	14,761,524.05	0.00	14,761,524.05
72205 - Office Machinery	0.00	2,061.01	0.00	2,061.01
72210 - Machinery and Equipment	0.00	- 263.92	0.00	- 263.92
72215 - Transporation Equipment	0.00	10,114.96	0.00	10,114.96
72311 - Fuel, petroleum and other oils	0.00	7,137.46	0.00	7,137.46
72401 - Prefab structure/other buildin	0.00	200.00	0.00	200.00
72425 - Mobile Telephone Charges	0.00	3,623.73	0.00	3,623.73
72505 - Stationery & other Office Supp	0.00	220.00	0.00	220.00
72705 - Hospitality-Special Events	0.00	9,443.50	0.00	9,443.50
72715 - Hospitality Catering	0.00	2,422.74	0.00	2,422.74
72815 - Inform Technology Supplies	0.00	737.49	0.00	737.49
73104 - Leased Building	0.00	64,464.97	0.00	64,464.97



Project Id : 00060216 Earthquake Debris Management i	Period :	Jan-Dec (2012)
Output # : 00079471 Gestion débris PortauPrince II	Impl. Partner :	99999 UNDP
	Location :	

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
73120 - Utilities	0.00	1,967.93	0.00	1,967.93
73125 - Common Services-Premises	0.00	8,752.59	0.00	8,752.59
73410 - Maint, Oper of Transport Equip	0.00	5,524.11	0.00	5,524.11
74125 - Investment Management Fees	0.00	-3,052.59	0.00	-3,052.59
74215 - Promotional Materials and Dist	0.00	10,885.61	0.00	10,885.61
74525 - Sundry	0.00	499.53	0.00	499.53
74599 - UNDP cost recovery chrgs-Bills	0.00	4,966.50	0.00	4,966.50
75105 - Facilities & Admin - Implement	0.00	1,106,485.79	0.00	1,106,485.79
75706 - Learning - ticket costs	0.00	740.10	0.00	740.10
75707 - Learning - subsistence allowan	0.00	1,253.00	0.00	1,253.00
76125 - Realized Loss	0.00	15.20	0.00	15.20
76135 - Realized Gain	0.00	-142.12	0.00	-142.12
Total for Fund 30000	0.00	16,485,761.18	0.00	16,485,761.18
Total for Dept : 50803	0.00	16,485,761.18	0.00	16,485,761.18
Total for Output : 00079471	0.00	16,485,761.18	0.00	16,485,761.18
Project Total :	0.00	16,485,761.18	0.00	16,485,761.18

Felch

Signed By : Madeleine Oakes, pour Paola Soldà

Date : 18/07/14

Signed By : [Signature]

Date : 21/07/14



[Handwritten mark]



Selection Criteria :

Business Unit : HT110
Period : Jan-Dec (2012)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00079471

Project Id : ALL	Period : Jan-Dec (2012)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
50803 - Haiti - Crisis Prev & Rcvry	0.00	16,485,761.18	0.00	16,485,761.18



Funds Utilization

Selection Criteria :

Business Unit : HT110
Period : Jan-Dec (2012)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00079471

Project/Award: 00060216 Earthquake Debris Management i

Period : As at Dec 31, 2012

Output #	00079471	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			369,714.30



**Schedule to Combined Delivery Report
IPSAS Adjustments as at 1 January 2012**

Selection Criteria :

Business Unit : HT110
Selected Project(s): ALL
Selected Fund Code : ALL
Selected Output(s): 00079471

Project Id : 00060216 Earthquake Debris Management i
Output # : 00079471 Gestion débris PortauPrince II
Impl. Partner : 99999 UNDP

Description	Account	Fund	Donor	Amount
Unliquidated Obligations	21015	30000-Programme	11502-UNDG	3,644,847.17
Total for Output : 00079471				3,644,847.17

Project Total : 3,644,847.17



NOTES :

UNDP adopted IPSAS on 1 January 2012 which recognizes an expense based on goods received and/or services rendered. Consequently, expenses related to some IPSAS opening balance would be duplicated in the 2012 CDRs because of the following:

1. Goods received or services rendered in 2012 on non-fixed asset open purchase orders raised prior to 2012 would be recognized as an expense in 2012. These were ULOs in 2011
2. 2012 Inventory opening balances would be expensed in 2012 when goods are consumed or delivered
3. 2012 Prepaid opening balances would be expensed in 2012 when goods are received or services rendered



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UNDP Haiti
Gestion des Debris PAP Turgeau
Output ID 00079471
Audit Report 2013

Fabel, Werner & Schnittke GmbH

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Report of the Independent Auditors to UNDP

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization Statement (“the statement”) of the project “Gestion des Debris PAP-Turgeau”, Output ID 00079471, for the period from 1 January to 31 December 2013.

Management is responsible for the preparation of the statement for the project “Gestion des Debris PAP-Turgeau”, Output ID 00079471, and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project’s preparation of the statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



In our opinion, the attached statement of expense presents fairly, in all material respects, the expense of \$ 62,778.32 incurred by the project “Gestion des Debris PAP-Turgeon”, Output ID 00079471, for the period from 1 January to 31 December 2013 in accordance with agreed upon accounting policies and were:

- (i) in conformity with the approved project budgets;
- (ii) for the approved purposes of the project;
- (iii) in compliance with the relevant UNDP regulations and rules, policies and procedures; and
- (iv) supported by properly approved vouchers and other supporting documents.

Emphasis of Matter

Without qualifying our opinion, we would like to draw your attention to the following point:

We noted that the project under audit did not use a dedicated bank account for DIM project activities and accordingly a statement of cash position was not produced.

Berlin, July 25, 2014

Frank Fabel, CPA, MA
Executive Director



Selection Criteria :

Business Unit : HT110
Period : Jan-Dec (2013)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00079471

Project Id : 00060216 Earthquake Debris Management i	Period :	Jan-Dec (2013)
Output # : 00079471 Gestion débris PortauPrince II	Impl. Partner :	99999 UNDP
	Location :	
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

Dept: 50803 (Haiti - Crisis Prev & Rcvry)

Fund : 30000 (PROGRAMME COST SHARING)

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
61305 - Salaries - IP Staff	0.00	-45,275.74	0.00	-45,275.74
61310 - Post Adjustment - IP Staff	0.00	5,924.62	0.00	5,924.62
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	4,346.15	0.00	4,346.15
62315 - Contrib. to medical, social in	0.00	112.22	0.00	112.22
62320 - Mobility, Hardship, Non-remova	0.00	568.56	0.00	568.56
62330 - Rental Supplements - IP Staff	0.00	1,789.40	0.00	1,789.40
62340 - Annual Leave Expense - IP	0.00	-2,252.01	0.00	-2,252.01
63365 - Special Oper Living Allow-IP	0.00	27,090.21	0.00	27,090.21
63515 - Security-related Costs	0.00	4,400.00	0.00	4,400.00
63530 - Contribution to EOS Benefits	0.00	721.42	0.00	721.42
63535 - Contribution to Security	0.00	769.51	0.00	769.51
63540 - Contribution to Training	0.00	192.38	0.00	192.38
63545 - Contribution to ICT	0.00	288.59	0.00	288.59
63550 - Contributions to MAIP	0.00	38.47	0.00	38.47
63555 - Contribution to UN JFA	0.00	346.27	0.00	346.27
63560 - Contributions to Appendix D	0.00	57.72	0.00	57.72
65115 - Contributions to ASHI Reserve	0.00	1,538.99	0.00	1,538.99
65135 - Payroll Mgt Cost Recovery ATLA	0.00	257.52	0.00	257.52
71405 - Service Contracts-Individuals	0.00	1.62	0.00	1.62
71410 - MAIP Premium SC	0.00	0.01	0.00	0.01
71605 - Travel Tickets-International	0.00	1,100.00	0.00	1,100.00
72315 - Food & Textile Products	0.00	181.32	0.00	181.32
72425 - Mobile Telephone Charges	0.00	112.40	0.00	112.40
73106 - Leased premises alterations	0.00	1,654.60	0.00	1,654.60
74110 - Audit Fees	0.00	32,563.00	0.00	32,563.00
74210 - Printing and Publications	0.00	6,000.00	0.00	6,000.00
74215 - Promotional Materials and Dist	0.00	15,200.00	0.00	15,200.00
74525 - Sundry	0.00	484.89	0.00	484.89
74599 - UNDP cost recovery chrgs-Bills	0.00	454.08	0.00	454.08
75105 - Facilities & Admin - Implement	0.00	4,106.64	0.00	4,106.64
76125 - Realized Loss	0.00	20.04	0.00	20.04
76135 - Realized Gain	0.00	-14.56	0.00	-14.56
Total for Fund 30000	0.00	62,778.32	0.00	62,778.32
Total for Dept : 50803	0.00	62,778.32	0.00	62,778.32
Total for Output : 00079471	0.00	62,778.32	0.00	62,778.32



UN
DP

UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 2 of 4
Run Time: 18-07-2014 19:07:51

Project Id : 00060216 Earthquake Debris Management i	Period : Jan-Dec (2013)
Output # : 00079471 Gestion débris PortauPrince II	Impl. Partner : 99999 UNDP
	Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Project Total :	0.00	62,778.32	0.00	62,778.32

Febel

Signed By : Madeleine Oakes, pour Paola Soldà

Signed By : *[Signature]*

Date : 18/07/14

Date : 27/07/14



[Handwritten mark]



UN
DP

Funds Utilization

Selection Criteria :

Business Unit : HT110
Period : Jan-Dec (2013)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00079471

No Data found for the Selection Criteria



Ms. Sophie de Caen
UNDP Haiti
Senior Country Director

**Management Letter to Project “Gestion de Débris pour appuyer le retour au foyer de populations affectées par le tremblement de terre a Port-au-Prince”
Output ID 00079471**

Dear Madam,

In addition to our audit report, we would like to draw your attention to the following points:

1. Follow up of the Last Management Letter

The last management letter recommended that permits for demolition are kept by UNDP. Management agreed with this recommendation. No new demolitions occurred after the issuance of the management letter.

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2. Disclosure of Correction Bookings

Observation:

There are frequent correction bookings.

Priority:

Medium.

Recommendation:

We recommend reducing the amount of correction bookings. Booking errors should be supported by an explanation line in ATLAS, indicating which booking (transaction ID) is reversed. More complex corrections should be supported by an accompanying document.

Management Comment and Action Plan:

The country office agrees to make every effort to reduce the number of correction bookings.

The recommendation regarding proper explanation line in Atlas to describe correction is relevant and the country office will comply.

Correction booking are usually accompanied by supporting documents and validated by Management. The country office has recently published a new Standard Operation Procedure for corrections booking. The procedure will be amended to take into account the need to specify proper explanation line in Atlas.



3. Budget Comparison

Observation:

The CDR for Debris II in 2012 shows expenses under the account groups 63500, 64300, 65100, 74100, and 76100 (with the respective subaccounts). These account groups are not mentioned in the final Annual Work Plan (issued in March 2013). Thus, expenses were incurred which are not budgeted. The CDR introduces budget categories, which were not mentioned in the AWP.

Priority:

Medium.

Recommendation:

We recommend that the CDR should only reflect expenses which are budgeted.

Management Comment and Action Plan:

The CO office accepts the recommendation. The country office agrees to make every effort to ensure that the CDR reflects expenses that are budgeted. Discrepancies between budget and expenses should be corrected during general or substantive revision.



4. Calculation of Management Fee

Observation:

UNDP Haiti has a contractual right to charge the project a 7 percent administration fee on the net project expenses and a 1 percent management fee on the grand total. We undertook an attempt to re-calculate the administrative fee and the management fee: We came to the conclusion that management should re-assess the GMS calculation.

Priority:

Medium.

Recommendation:

The Country Office should reassess the fees charged to the project and adjust the CDRs as needed.

Management Comment and Action Plan:

In 2012 GMS fees have been over charged to project in 2012 (-\$29,936.50). Action will be taken to reverse surplus. Regarding that specific project, the 1% administrative fee on Haiti Reconstruction Fund is taken off the top by HQ before the money is sent to the country office and is not in the CDR since the country office did not receive the funds.

Auditor's Response:

The overcharged fees should be reversed in the next accounting period.

Berlin, July 25, 2014

Frank Fabel, CPA, MA
Executive Director



Annex 1: Audit finding priority ratings

The following categories of priorities are used:

- | | |
|-----------------------|---|
| High
(Critical) | 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. |
| Medium
(Important) | Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences. |
| Low | Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the Auditors directly with the Office management, during the exit meeting, through a separate memo subsequent to the fieldwork and a side letter. Therefore, low priority recommendations are not included in the management letter. |