



AUDIT

OF

UNDP HAITI

Appui au retour aux quartiers
(Directly Implemented Project, Output No. 79750)

Report No. 1351

Issue Date: 8 August 2014

Report on the audit of UNDP Haiti
Appui au retour aux quartiers, Output No. 79750
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 Appui au retour aux quartiers, Output No. 79750 (the Project), which is directly implemented and managed by the UNDP Country Office in Haiti (the Office). This was the first audit of the Project.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report (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 as well as Statement of Assets. 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	3,585	Unqualified	125	Unqualified
2013	3,602	Unqualified	114	Unqualified

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; purchase orders issued post-facto; 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. In OAI's opinion, these points, as presented in the audit reports, do not warrant an emphasis of matter and therefore, will not be given further consideration.

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.

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
Appui au retour aux quartiers
Output ID 00079750
Executive Summary

Fabel, Werner & Schnittke GmbH

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Executive Summary

Dear Ms. de Caen,

We performed an audit of the financial reports corresponding to project “Appui au retour aux quartiers”, Output ID 00079750, for the years ended as at 31 December 2012 and 2013.

The project “Appui au retour aux quartiers” was planned for the time frame from October 2011 to December 2013 as a response to the January 12th Earthquake in Haiti. Project objective is that the inhabitants of 6 camps return into durable houses. The living conditions of the families involved should be enhanced. The project uses a participatory approach.

The audit was performed on site in Haiti in the time frame 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.
- Deficiencies were noted in respect of numerous bookings entries (adjustments) 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 Statements (CDRs) and the statement of undepreciated fixed assets.
- 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 outputs. 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.
- We observed that in some cases, POs were issued after action was taken.
- 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 less than possible.

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



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, 16.3 percent of all bookings were corrections in both 2012 and 2013¹. We recommend to reduce the amount of correction bookings.

2. Purchase Orders

In some cases, we observed that purchase orders (POs) were issued only after action was taken. The usual way of operation should be as per UNDP regulations: Requisition – Request for Quotation/Proposal (RFQ/RFP) – PO – Purchase Action – Invoice – Voucher – Payment.

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 calculations of UNDP showed that the project was overcharged for \$ 23,158.26 in 2012 and undercharged for \$ 16,940.82. Management suggested that the amount should be reversed in the next accounting period. We introduced an explanatory line into the “emphasis of matter” paragraph of our audit report.

4. Related Party Transactions

We mentioned the following related party transactions in the project under audit:

- \$ 5,000.00 for Prefab building bought from UNICEF on 13 November 2012
- \$ 15,000 to UNICEF for Prefab buildings in 2013
- \$ 317,364.97 to UNOPS (different transactions in 2013)
- \$ 97,000 to UN-Habitat (different transactions in 2013).

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.



UNDP made a commitment that the financial reports should be prepared in accordance with the International Public Sector Accounting Standards (IPSAS). IPSAS 20 requires a disclosure of related party transactions. UNICEF, UNOPS and UN Habitat are related parties in accordance with IPSAS 20.

OAI convinced us, that this requirement of the IPSAS would be only mandatory in organisation wide financial statements, and not in project reports. The IPSAS do not define such exclusion. We came to the conclusion that a non-disclosure of related party transactions in your financial statements is not a reason to qualify our audit report.

However, in many cases, we see that the transactions with UNICEF, UNOPS etc. have a material influence on your reporting. We thus believe that it is necessary for the final user of the financial statements to know about these transactions. We thus added an explanatory paragraph to the audit report. We still believe that a disclosure of all related party transactions in the notes to the UNDP financial report would be the better solution, than a disclosure in the “emphasis of matter” paragraph of the audit report.

Berlin, July 25, 2014

A handwritten signature in black ink, appearing to read 'F. Fabel', is positioned above the printed name.

Frank Fabel, CPA, MA
Executive Director



OAI
Clayton, City of Knowledge
UN House, Building 128
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UNDP Haiti
Appui au retour aux quartiers
Output ID 00079750
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 “Appui au retour aux quartiers”, Output ID 00079750, for the period from 1 January to 31 December 2012.

Management is responsible for the preparation of the statement for the project “Appui au retour aux quartiers”, Output ID 00079750, 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 \$ 3,585,775.45 incurred by the project “Appui au retour aux quartiers”, Output ID 00079750, 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 \$ 23,158.26.

We mentioned the following related party transaction:
\$ 5,000.00 for Prefab buildings bought from UNICEF on 13 November 2012.

Berlin, July 25, 2014

Frank Fabel, CPA, MA
Executive Director



Selection Criteria :

Business Unit : HT110
Period : Jan-Dec (2012)
Selected Project Id : 00050968
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00079750

Project Id : 00050968	Early Recovery	Period :	Jan-Dec (2012)
Output # : 00079750	Appui au retour aux quartiers	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	80,578.96	0.00	80,578.96
61310 - Post Adjustment - IP Staff	0.00	31,360.00	0.00	31,360.00
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	23,035.85	0.00	23,035.85
62315 - Contrib. to medical, social in	0.00	365.13	0.00	365.13
62320 - Mobility, Hardship, Non-remova	0.00	2,015.01	0.00	2,015.01
62340 - Annual Leave Expense - IP	0.00	130.61	0.00	130.61
63335 - Home Leave Trvl & Allow-IP Stf	0.00	1,850.04	0.00	1,850.04
63365 - Special Oper Living Allow-IP	0.00	84,900.00	0.00	84,900.00
63530 - Contribution to EOS Benefits	0.00	2,673.40	0.00	2,673.40
63535 - Contribution to Security	0.00	4,277.45	0.00	4,277.45
63540 - Contribution to Training	0.00	1,386.98	0.00	1,386.98
63545 - Contribution to ICT	0.00	1,286.42	0.00	1,286.42
63550 - Contributions to MAIP	0.00	171.54	0.00	171.54
63555 - Contribution to UN JFA	0.00	1,543.70	0.00	1,543.70
63560 - Contributions to Appendix D	0.00	257.29	0.00	257.29
64322 - Reassignmnts-Subsistence Allow	0.00	6,780.00	0.00	6,780.00
64323 - Reassignments-Lump Sum	0.00	6,711.48	0.00	6,711.48
64324 - Reassignments-Shipmt	0.00	10,000.00	0.00	10,000.00
65115 - Contributions to ASHI Reserve	0.00	6,633.19	0.00	6,633.19
65135 - Payroll Mgt Cost Recovery ATLA	0.00	938.55	0.00	938.55
71205 - Intl Consultants-Sht Term-Tech	0.00	58,161.90	0.00	58,161.90
71210 - Intl Consultants-Sht Term-Supp	0.00	3,180.00	0.00	3,180.00
71305 - Local Consult.-Sht Term-Tech	0.00	71,704.59	0.00	71,704.59
71405 - Service Contracts-Individuals	0.00	384,156.27	0.00	384,156.27
71410 - MAIP Premium SC	0.00	384.37	0.00	384.37
71415 - Contribution to Security SC	0.00	0.00	0.00	0.00
71530 - UNV-Rest and Recuperation	0.00	1,100.00	0.00	1,100.00
71590 - UNV HQ use only	0.00	110.00	0.00	110.00
71605 - Travel Tickets-International	0.00	26,743.71	0.00	26,743.71
71610 - Travel Tickets-Local	0.00	2,270.00	0.00	2,270.00
71615 - Daily Subsistence Allow-Intl	0.00	29,994.37	0.00	29,994.37
71620 - Daily Subsistence Allow-Local	0.00	3,313.11	0.00	3,313.11
71635 - Travel - Other	0.00	1,196.00	0.00	1,196.00
72105 - Svc Co-Construction & Engineer	0.00	735,072.85	0.00	735,072.85
72150 - Svc Co-Manufacturing Services	0.00	9,168.96	0.00	9,168.96
72205 - Office Machinery	0.00	71,628.32	0.00	71,628.32
72210 - Machinery and Equipment	0.00	1,866.98	0.00	1,866.98
72215 - Transporation Equipment	0.00	0.00	0.00	0.00
72220 - Furniture	0.00	19,570.94	0.00	19,570.94
72311 - Fuel, petroleum and other oils	0.00	16,642.65	0.00	16,642.65
72315 - Food & Textile Products	0.00	5,757.79	0.00	5,757.79
72402 - Building Maintenance	0.00	1,700.00	0.00	1,700.00
72405 - Acquisition of Communic Equip	0.00	76,854.00	0.00	76,854.00
72410 - Acquisition of Audio Visual Eq	0.00	672.90	0.00	672.90



Combined Delivery Report By Project

Project Id : 00050968 Early Recovery	Period : Jan-Dec (2012)
Output # : 00079750 Appui au retour aux quartiers	Impl. Partner : 99999 UNDP
	Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72415 - Courier Charges	0.00	843.00	0.00	843.00
72420 - Land Telephone Charges	0.00	8,636.69	0.00	8,636.69
72425 - Mobile Telephone Charges	0.00	2,413.86	0.00	2,413.86
72430 - Postage and Pouch	0.00	52.69	0.00	52.69
72510 - Publications	0.00	330.40	0.00	330.40
72515 - Print Media	0.00	3,160.55	0.00	3,160.55
72520 - Electronic Media	0.00	354.76	0.00	354.76
72610 - Micro Capital Grants-Credit	0.00	7,718.73	0.00	7,718.73
72615 - Micro Capital Grants-Other	0.00	35,447.00	0.00	35,447.00
72625 - Capital Grants - Financial Ser	0.00	152,180.09	0.00	152,180.09
72805 - Acquis of Computer Hardware	0.00	1,368.04	0.00	1,368.04
72815 - Inform Technology Supplies	0.00	1,400.00	0.00	1,400.00
73106 - Leased premises alterations	0.00	4,889.00	0.00	4,889.00
73108 - Leased office equip and furnit	0.00	484.61	0.00	484.61
73110 - Custodial & Cleaning Services	0.00	1,213.59	0.00	1,213.59
73125 - Common Services-Premises	0.00	50,944.43	0.00	50,944.43
73205 - Premises Alternations	0.00	5,000.00	0.00	5,000.00
73405 - Rental & Maint-Other Office Eq	0.00	911.06	0.00	911.06
73408 - Maintenance of Equipment	0.00	550.00	0.00	550.00
73410 - Maint, Oper of Transport Equip	0.00	13,245.86	0.00	13,245.86
73420 - Leased Vehicles	0.00	592.42	0.00	592.42
74205 - Audio Visual Productions	0.00	97,062.23	0.00	97,062.23
74210 - Printing and Publications	0.00	596.24	0.00	596.24
74215 - Promotional Materials and Dist	0.00	1,200.00	0.00	1,200.00
74220 - Translation Costs	0.00	18,536.06	0.00	18,536.06
74505 - Insurance	0.00	1,277.17	0.00	1,277.17
74525 - Sundry	0.00	10,076.59	0.00	10,076.59
74599 - UNDP cost recovery chrgs-Bills	0.00	11,862.84	0.00	11,862.84
74696 - PP&E Expensed Items	0.00	49,000.00	0.00	49,000.00
74965 - Low value equipment	0.00	12,098.96	0.00	12,098.96
75105 - Facilities & Admin - Implement	0.00	163,694.34	0.00	163,694.34
75705 - Learning costs	0.00	3,054.25	0.00	3,054.25
75711 - TrWkshp&Conf - Stipends	0.00	61,489.02	0.00	61,489.02
76125 - Realized Loss	0.00	71.57	0.00	71.57
76135 - Realized Gain	0.00	-322.67	0.00	-322.67
77630 - Dep Exp Owned - ITC	0.00	2,709.10	0.00	2,709.10
77660 - Dep Exp Owned -Vehicle	0.00	1,459.30	0.00	1,459.30
77670 - Dep Exp-Hvy Mac & Equip	0.00	249.46	0.00	249.46
Total for Fund 30000	0.00	2,513,996.55	0.00	2,513,996.55
Fund : 55013 (UNDP-South Korea MDG TF)				
61305 - Salaries - IP Staff	0.00	0.00	0.00	0.00
61310 - Post Adjustment - IP Staff	0.00	0.00	0.00	0.00
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	0.00	0.00	0.00
62315 - Contrib. to medical, social in	0.00	0.00	0.00	0.00
62320 - Mobility, Hardship, Non-remova	0.00	0.00	0.00	0.00
63530 - Contribution to EOS Benefits	0.00	0.00	0.00	0.00
63535 - Contribution to Security	0.00	0.00	0.00	0.00
63540 - Contribution to Training	0.00	0.00	0.00	0.00
65115 - Contributions to ASHI Reserve	0.00	0.00	0.00	0.00
65135 - Payroll Mgt Cost Recovery ATLA	0.00	0.00	0.00	0.00
71205 - Intl Consultants-Sht Term-Tech	0.00	4,500.00	0.00	4,500.00



Combined Delivery Report By Project

Project Id : 00050968 Early Recovery	Period : Jan-Dec (2012)
Output # : 00079750 Appui au retour aux quartiers	Impl. Partner : 99999 UNDP
	Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71305 - Local Consult.-Sht Term-Tech	0.00	16,500.00	0.00	16,500.00
72220 - Furniture	0.00	665.87	0.00	665.87
72405 - Acquisition of Communic Equip	0.00	1,300.00	0.00	1,300.00
72605 - Grants to Instit & other Benef	0.00	4,950.00	0.00	4,950.00
72610 - Micro Capital Grants-Credit	0.00	0.00	0.00	0.00
72615 - Micro Capital Grants-Other	0.00	931,273.34	0.00	931,273.34
74205 - Audio Visual Productions	0.00	2,213.17	0.00	2,213.17
74210 - Printing and Publications	0.00	1,087.03	0.00	1,087.03
74525 - Sundry	0.00	692.56	0.00	692.56
74599 - UNDP cost recovery chrgs-Bills	0.00	1,078.44	0.00	1,078.44
75105 - Facilities & Admin - Implement	0.00	91,576.06	0.00	91,576.06
75711 - TrnWrkshp&Conf - Stipends	0.00	3,035.17	0.00	3,035.17
76125 - Realized Loss	0.00	15.64	0.00	15.64
76135 - Realized Gain	0.00	-1,725.49	0.00	-1,725.49
Total for Fund 55013	0.00	1,057,161.79	0.00	1,057,161.79
Total for Dept : 50803	0.00	3,571,158.34	0.00	3,571,158.34
Dept: 50804 (Haiti - Dem. Governance)				
Fund : 30000 (PROGRAMME COST SHARING)				
72205 - Office Machinery	0.00	0.00	0.00	0.00
75105 - Facilities & Admin - Implement	0.00	0.00	0.00	0.00
Total for Fund 30000	0.00	0.00	0.00	0.00
Total for Dept : 50804	0.00	0.00	0.00	0.00
Dept: 50805 (Haiti - Energy & Envlmmnt)				
Fund : 30000 (PROGRAMME COST SHARING)				
71405 - Service Contracts-Individuals	0.00	13,653.47	0.00	13,653.47
71410 - MAIP Premium SC	0.00	7.38	0.00	7.38
71415 - Contribution to Security SC	0.00	0.00	0.00	0.00
75105 - Facilities & Admin - Implement	0.00	956.26	0.00	956.26
Total for Fund 30000	0.00	14,617.11	0.00	14,617.11
Total for Dept : 50805	0.00	14,617.11	0.00	14,617.11
Total for Output : 00079750	0.00	3,585,775.45	0.00	3,585,775.45
Project Total :	0.00	3,585,775.45	0.00	3,585,775.45

Signed By :

Amberly H. Laporte
[Signature]



Date :

17/7/14

Signed By :

[Signature]

Date :

17/07/14

Feluel



Selection Criteria :

Business Unit : MT110
 Period : Jan-Dec (2012)
 Selected Project Id : 00050988
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : 00079750

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	3,571,158.34	0.00	3,571,158.34
50804 - Haiti - Dem. Governance		0.00	0.00	0.00	0.00
50805 - Haiti - Energy & Envirmnt		0.00	14,617.11	0.00	14,617.11



Funds Utilization

Selection Criteria :

Business Unit : HT110
 Period : Jan-Dec (2012)
 Selected Project Id : 00050968
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : 00079750

Project/Award: 00050968 Early Recovery

Period : As at Dec 31, 2012

Output #	00079750	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			125,243.69
Inventory			0.00
Prepayments			0.00
Commitments			24,803.93



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

Selection Criteria :

Business Unit : HT110
Selected Project(s): 00050968
Selected Fund Code : ALL
Selected Output(s): 00079750

Project Id : 00050968 Early Recovery
Output # : 00079750 Appel au retour aux quartiers
Impl. Partner : 99999 UNDP

Description	Account	Fund	Donor	Amount
Unliquidated Obligations	21015	30000-Programme	11502-UNDG	757.10
Total for Output : 00079750				757.10

Project Total :				757.10
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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



Report of the Independent Auditor to UNDP on the Statement of Fixed Assets

We have audited the accompanying Statement of Fixed Assets (“the statement”) of the project “Appui au retour aux quartiers”, Output ID 00079750, as at 31 December 2012.

Management is responsible for the preparation of the statement for the project “Appui au retour aux quartiers”, Output ID 00079750, 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 assets presents fairly, in all material respects the balance of inventory of the project “Appui au retour aux quartiers”, Output ID 00079750, amounting to \$ 125,243.69 as at 31 December 2012 in accordance with UNDP accounting policies.

Berlin, July 25, 2014

Frank Fabel, CPA, MA
Executive Director

79750 / 2012 p. 1

Inventaire / Asset 2012

Project	Fund code	Donor	Impl Agency	1981	Department Description Business u	TAG Number	Values		
							Sum of Cost, USD	Sum of Nat Book Value	Sum of Nat Book Value
79750	30000	11502		181	50803 A Air condi	HTI10	1331	775	729.79
							1334	775	729.79
							1341	775	729.79
							1389	766.04	740.51
							1390	558.47	539.85
							1391	766.04	740.51
							1392	558.47	539.85
							1396	766.04	740.51
							1444	43778.91	43049.26
							1445	43778.91	43049.26
							1255	1250	989.58
							1270	710	562.08
							1457	3624	3548.5
							1372	750	671.87
							1395	750	687.5
							1386	1402.3	1285.44
							1397	1200	1100
							1469	4240.93	4152.58
							1277	925	732.29
							1351	829.91	743.46
							1352	829.91	743.46
							1357	829.91	743.46
							1371	840	752.5
							1387	1101.59	1009.79
							1407	753.56	722.16
							1408	753.56	722.16
							1429	650	622.92
							1430	650	622.92
							1436	846	828.37
							1447	650	622.92
							1448	650	622.92
							1417	564	552.25
							1425	564	552.25
							1426	564	552.25
							1427	564	552.25
							1428	564	552.25
							1446	564	552.25
							1455	564	552.25
							1456	564	552.25



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79750	30000	11502	1981	50803 A PDAs or HT110	1467	564	552.25
				A Photocoll HT110	1483	564	552.25
				A Photogr HT110	1342	4085	3489.27
				A Projector HT110	1437	987	966.44
					1293	750	593.75
					1362	665	595.73
Grand Total						129,661.55	125,243.69



Handwritten signature



OAI
Clayton, City of Knowledge
UN House, Building 128
Panama City, Republic of Panama

UNDP Haiti
Appui au retour aux quartiers
Output ID 00079750
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 “Appui au retour aux quartiers”, Output ID 00079750, for the period from 1 January to 31 December 2013.

Management is responsible for the preparation of the statement for the project “Appui au retour aux quartiers”, Output ID 00079750 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 \$ 3,602,882.59 incurred by the project “Appui au retour aux quartiers”, Output ID 00079750, 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 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 2013, the project was undercharged for \$ 16,940.82.

We mentioned the following related party transactions:

- \$ 15,000 to UNICEF for Prefab buildings
- \$ 317,364.97 to UNOPS (different transactions)
- \$ 97,000 to UN-Habitat (different transactions).

Berlin, July 25, 2014

Frank Fabel, CPA, MA
Executive Director



Combined Delivery Report By Project

Project Id : 00050958 Early Recovery	Period : Jan-Dec (2013)
Output # : 00079750 Appui au retour aux quartiers	Impl. Partner : 99999 UNDP
	Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72120 - Svc Co-Trade and Business Serv	0.00	6,000.00	0.00	6,000.00
72126 - Svc Co-Security blast assessme	0.00	7,100.00	0.00	7,100.00
72135 - Svc Co-Communications Service	0.00	227.12	0.00	227.12
72205 - Office Machinery	0.00	-233.94	0.00	-233.94
72210 - Machinery and Equipment	0.00	15,392.36	0.00	15,392.36
72215 - Transporation Equipment	0.00	58,186.10	0.00	58,186.10
72220 - Furniture	0.00	9,049.59	0.00	9,049.59
72305 - Agri & Forestry Products	0.00	-4,493.09	0.00	-4,493.09
72311 - Fuel, petroleum and other oils	0.00	25,754.50	0.00	25,754.50
72315 - Food & Textile Products	0.00	3,674.36	0.00	3,674.36
72350 - Medical Kits	0.00	652.32	0.00	652.32
72370 - Security related goods and mat	0.00	4,500.00	0.00	4,500.00
72401 - Prefab structure/other buildin	0.00	2,463.92	0.00	2,463.92
72405 - Acquisition of Communic Equip	0.00	4,898.68	0.00	4,898.68
72410 - Acquisition of Audio Visual Eq	0.00	224.00	0.00	224.00
72420 - Land Telephone Charges	0.00	6,446.52	0.00	6,446.52
72425 - Mobile Telephone Charges	0.00	8,197.51	0.00	8,197.51
72430 - Postage and Pouch	0.00	46.33	0.00	46.33
72440 - Connectivity Charges	0.00	5,560.51	0.00	5,560.51
72505 - Stationery & other Office Supp	0.00	11,553.75	0.00	11,553.75
72510 - Publications	0.00	174.31	0.00	174.31
72515 - Print Media	0.00	1,307.90	0.00	1,307.90
72520 - Electronic Media	0.00	245.75	0.00	245.75
72605 - Grants to Insitit & other Benef	0.00	66,202.00	0.00	66,202.00
72615 - Micro Capital Grants-Other	0.00	282,261.57	0.00	282,261.57
72625 - Capital Grants - Financial Ser	0.00	209,545.98	0.00	209,545.98
72705 - Hospitality-Special Events	0.00	0.00	0.00	0.00
72715 - Hospitality Catering	0.00	3,898.88	0.00	3,898.88
72805 - Acquis of Computer Hardware	0.00	124.58	0.00	124.58
72815 - Inform Technology Supplies	0.00	3,858.09	0.00	3,858.09
73105 - Rent	0.00	6,250.29	0.00	6,250.29
73108 - Leased premises alterations	0.00	130.65	0.00	130.65
73110 - Custodial & Cleaning Services	0.00	1,931.84	0.00	1,931.84
73115 - Moving Expenses	0.00	1,500.00	0.00	1,500.00
73120 - Utilities	0.00	29.90	0.00	29.90
73125 - Common Services-Premises	0.00	33,238.00	0.00	33,238.00
73305 - Maint & Licensing of Hardware	0.00	0.00	0.00	0.00
73410 - Maint, Oper of Transport Equip	0.00	14,133.55	0.00	14,133.55
73420 - Leased Vehicles	0.00	66.08	0.00	66.08
74110 - Audit Fees	0.00	-155,780.00	0.00	-155,780.00
74205 - Audio Visual Productions	0.00	20,140.57	0.00	20,140.57
74210 - Printing and Publications	0.00	21,868.74	0.00	21,868.74
74220 - Translation Costs	0.00	2,620.15	0.00	2,620.15
74225 - Other Media Costs	0.00	4,121.50	0.00	4,121.50
74510 - Bank Charges	0.00	906.62	0.00	906.62
74525 - Sundry	0.00	2,388.70	0.00	2,388.70
74599 - UNDP cost recovery chrgs-Bills	0.00	75,652.05	0.00	75,652.05
74696 - PP&E Expensed Items	0.00	-775.00	0.00	-775.00
74710 - Land Transport	0.00	2,460.84	0.00	2,460.84
74725 - Other L.T.S.H.	0.00	569.62	0.00	569.62
74910 - Gain/Loss Disposal Fixed Asset	0.00	49,248.40	0.00	49,248.40
74965 - Low value equipment	0.00	3,287.14	0.00	3,287.14
75105 - Facilities & Admin - Implement	0.00	183,086.77	0.00	183,086.77
75110 - Facilities & Admin - Services	0.00	9,124.77	0.00	9,124.77



Combined Delivery Report By Project

Project Id : 00050968 Early Recovery	Period :	Jan-Dec (2013)		
Output # : 00079750 Appui au retour aux quartiers	Impl. Partner :	99999 UNDP		
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
75705 - Learning costs	0.00	66,716.11	0.00	66,716.11
75710 - Participation of counterparts	0.00	1,890.00	0.00	1,890.00
75711 - TrmWrkshp&Conf - Stipends	0.00	1,500.00	0.00	1,500.00
76125 - Realized Loss	0.00	3,226.81	0.00	3,226.81
76135 - Realized Gain	0.00	-2,092.82	0.00	-2,092.82
77630 - Dep Exp Owned - ITC	0.00	4,136.37	0.00	4,136.37
77640 - Dep Exp Owned - F&F	0.00	82.84	0.00	82.84
77660 - Dep Exp Owned -Vehicle	0.00	16,105.89	0.00	16,105.89
77670 - Dep Exp-Hvy Mac & Equip	0.00	167.89	0.00	167.89
Total for Fund 30000	0.00	3,163,256.02	0.00	3,163,256.02
Fund : 55013 (UNDP-South Korea MDG TF)				
63365 - Special Oper Living Allow-IP	0.00	22,500.00	0.00	22,500.00
71205 - Intl Consultants-Sht Term-Tech	0.00	41,248.00	0.00	41,248.00
71605 - Travel Tickets-International	0.00	1,446.00	0.00	1,446.00
71615 - Daily Subsistence Allow-Intl	0.00	8,280.00	0.00	8,280.00
72205 - Office Machinery	0.00	169.00	0.00	169.00
72405 - Acquisition of Communic Equip	0.00	1,995.00	0.00	1,995.00
72615 - Micro Capital Grants-Other	0.00	32,408.84	0.00	32,408.84
73420 - Lessed Vehicles	0.00	592.42	0.00	592.42
74525 - Sundry	0.00	-0.35	0.00	-0.35
74725 - Other L.T.S.H.	0.00	2,043.65	0.00	2,043.65
75105 - Facilities & Admin - Implement	0.00	-372.61	0.00	-372.61
75110 - Facilities & Admin - Services	0.00	6,927.39	0.00	6,927.39
76135 - Realized Gain	0.00	-196.53	0.00	-196.53
Total for Fund 55013	0.00	117,040.81	0.00	117,040.81
Total for Dept : 50803	0.00	3,588,922.56	0.00	3,588,922.56
Dept: 50805 (Haiti - Energy & Envrnmnt)				
Fund : 30000 (PROGRAMME COST SHARING)				
71405 - Service Contracts-Individuals	0.00	12,234.49	0.00	12,234.49
71410 - MAIP Premium SC	0.00	46.01	0.00	46.01
75105 - Facilities & Admin - Implement	0.00	859.63	0.00	859.63
Total for Fund 30000	0.00	13,140.13	0.00	13,140.13
Total for Dept : 50805	0.00	13,140.13	0.00	13,140.13
Dept: 50808 (Haiti - Poverty Reduction)				
Fund : 30000 (PROGRAMME COST SHARING)				
74599 - UNDP cost recovery chrgs-Bills	0.00	766.26	0.00	766.26
75105 - Facilities & Admin - Implement	0.00	53.64	0.00	53.64
Total for Fund 30000	0.00	819.90	0.00	819.90

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Combined Delivery Report By Project

Project Id : 00050968 Early Recovery	Period :	Jan-Dec (2013)		
Output # : 00079750 Appui au retour aux quartiers	Impl. Partner :	99999 UNDP		
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Total for Dept : 50608	0.00	819.90	0.00	819.90
Total for Output : 00079750	0.00	3,602,882.59	0.00	3,602,882.59
Project Total :	0.00	3,602,882.59	0.00	3,602,882.59

Signed By :

Barbara M. Calisto

Date :

17/7/14

Signed By :

[Signature]

Date :

17/7/14





Selection Criteria :

Business Unit : HT110
Period : Jan-Dec (2013)
Selected Project Id : 00050988
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00079750

Project Id : ALL	Period : Jan-Dec (2013)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
50803 - Haiti - Crisis Prev & Rcvry	0.00	3,588,922.56	0.00	3,588,922.56
50805 - Haiti - Energy & Environmnt	0.00	13,140.13	0.00	13,140.13
50808 - Haiti - Poverty Reduction	0.00	819.90	0.00	819.90



Funds Utilization

Selection Criteria :

Business Unit : HTI10
Period : Jan-Dec (2013)
Selected Project Id : 00050968
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00079750

Project/Award: 00050968 Early Recovery

Period : As at Dec 31, 2013

Output #	Impl. Partner	UNDP AMOUNT
00079750	:99999 UNDP	
Outstanding NEX advances		0.00
Undepreciated Fixed Assets		113,927.21
Inventory		0.00
Prepayments		0.00
Commitments		579,631.45



Report of the Independent Auditor to UNDP on the Statement of Fixed Assets

We have audited the accompanying Statement of Fixed Assets (“the statement”) of the project “Appui au retour aux quartiers”, Output ID 00079750, as at 31 December 2013.

Management is responsible for the preparation of the statement for the project “Appui au retour aux quartiers”, Output ID 00079750, 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 assets presents fairly, in all material respects the balance of inventory of the project “Appui au retour aux quartiers”, Output ID 00079750, amounting to \$ 113,927.21 as at 31 December 2013 in accordance with UNDP accounting policies.

Berlin, July 25, 2014

Frank Fabel, CPA, MA
Executive Director

79750 / 2013

Inventaire / Asset-2013

Project	Fund code Donor	Impl	Ap	Department Description	Business u	Asset ID	TAG Number	Values		
								Sum of Cost, USD	Sum of Net Book Value	
79750	30000	11502	1981	50803 A Air conditioners	HTI10	1389	1389	766.04	702.86	
						1390	1390	558.47	512.38	
						1391	1391	766.04	702.86	
						1392	1392	558.47	512.38	
						1396	1396	766.04	702.86	
				A Automobiles or cars	HTI10	1444	1444	43778.91	39436.74	
						1445	1445	43778.91	39436.74	
				A Cameras	HTI10	1255	1255	1250	851.51	
						1270	1270	710	483.61	
						1457	1457	3624	3100.26	
				A Computer printers	HTI10	1372	1372	750	601.77	
						1395	1395	750	616.38	
				A Computer servers	HTI10	1386	1386	1402.3	1175.25	
				A Conferencing tables /set	HTI10	1609	1609	1242.52	1201.1	
						1611	1611	1242.52	1201.1	
				A Desktop computers	HTI10	1397	1397	1200	956.52	
						1469	1469	4240.93	3628	
				A Notebook computers	HTI10	1277	1277	925	630.07	
						1351	1351	829.91	645.38	
						1352	1352	829.91	645.38	
						1357	1357	829.91	645.38	
						1371	1371	840	653.27	
						1387	1387	1101.59	878.03	
						1407	1407	753.56	629.96	
						1408	1408	753.56	629.96	
						1429	1429	650	543.41	
						1430	1430	650	543.41	
						1436	1436	846	723.77	
						1447	1447	650	543.41	
						1448	1448	650	543.41	
				A PDAs or organizers	HTI10	1417	1417	564	482.44	
						1425	1425	564	482.44	
						1426	1426	564	482.44	
						1427	1427	564	482.44	
						1428	1428	564	482.44	
						1446	1446	564	482.44	
						1455	1455	564	482.44	
						1456	1456	564	482.44	
						1467	1467	564	482.44	
						1483	1483	564	482.44	
				A Photocopiers	HTI10	1342	1342	4085	3118.74	
				A Photographic equipment	HTI10	1437	1437	987	844.37	
				A Projectors	HTI10	1293	1293	750	528.97	
						1362	1362	665	533.58	
								129,821.59	113,927.22	





Ms. Sophie de Caen
UNDP Haiti
Senior Country Director

**Management Letter to Project “Appui au retour aux quartiers”
Output ID 00079750**

Dear Madam,

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

1. Disclosure of Correction Bookings

Observation:

There are frequent correction bookings.

Priority:

Medium

Recommendation:

- a) We recommend reducing the amount of correction bookings.
- b) Ensure that booking errors are duly supported by an explanation line in ATLAS, indicating which booking (transaction ID) is reversed.
- c) More complex corrections should be supported by an accompanying document.

Fabel, Werner & Schnittke GmbH

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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.

2. Purchase Orders

Observation:

In some cases, we observed that purchase orders (POs) were issued only after action was taken, as in the case of POs #10048, 12777, 12405, 12586 and 12595.

Priority:

Medium

Recommendation:

Purchase orders should be timely issued as described in the Programme and Operation Policies and Procedures manual (POPP).

Management Comment and Action Plan:

Recommendation regarding post-facto purchase orders will be implemented.



3. Calculation of Management Fee could be misrepresented

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:

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, we overcharged the agreement by 23,158.26\$ and in 2013 we undercharged by \$16,940.82. We will make the appropriate corrections.

Regarding that specific project, (i) the project had some trac funds and trac funds are not taxable; (ii) 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 and undercharged 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. |