



AUDIT

OF

UNDP CHAD

**PROGRAMME CONJOINT D'APPUI AU DETACHEMENT INTEGRE DE SECURITE (DIS)
N'DJAMENA – CHAD
(Directly Implemented Project No. 77223)**

**Report No. 1010
Issue Date: 18 June 2013**

Report on the audit of UNDP Chad
Programme Conjoint d'appui au Détachement Intégré de Sécurité (DIS) N'Djamena – Chad
(Project No. 77223)
Executive Summary

From 11 to 15 September 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Moore Stephens LLP (the audit firm), conducted an audit of Programme Conjoint d'appui au Détachement Intégré de Sécurité (DIS) N'Djamena – Chad, Project No. 77223 (the Project), which is directly implemented and managed by the UNDP Country Office in Chad (the Office). The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*. The last audit of the Office was conducted by OAI in 2008.

The Project reported expenditure totalling \$8 million during the period from 1 January to 31 December 2011. The following donors contributed to the Project: European Union, Chad, the United States of America and the Peace Building Fund.

Audit scope and objectives

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 Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2011 and Statement of Assets as of 31 December 2011.

Audit results

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

| Project Expenditure | | Project Assets | | Cash | |
|------------------------|-------------------------|------------------------|-------------|------------------------|-----------------|
| Amount (in \$ '000) | Opinion (in \$ '000) | Amount (in \$ '000) | Opinion | Amount (in \$ '000) | Opinion |
| 8,019 | Unqualified | 17 | Unqualified | - | Not Applicable* |

*No separate bank account and/or petty cash was held by the project

Key issues and recommendations

The audit raised seven issues and resulted in seven recommendations, of which two (29 percent) were ranked high (critical) priority, meaning "Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level."

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| Financial and cash management (Issue 5) | <u>Inadequate supporting documentation.</u> There were insufficiencies in the justification of expenses during the implementation of the Project, as follows: (a) 30 percent of transactions did not have requisitions or delivery notes attached to them, therefore, there was no proof of delivery of goods and services procured; (b) there were instances where no purchase orders were issued for procurement higher than \$2,500; (c) a significant |
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number of invoices which had been paid had no clear recipient (neither UNDP, nor the Project); and (d) absence of travel claims to account for Daily Subsistence Allowance paid to individuals on behalf of the entire team. OAI recommends that: (a) purchase orders be issued in accordance with UNDP policies and procedures; (b) all purchases be accompanied with delivery notes or goods received notes; (c) invoices paid by the Project be addressed to the Project; and (d) Daily Subsistence Allowance be paid into the accounts of individual agents and justified by supporting documentation.

Asset
management
(Issue 7)

Weaknesses in the administrative procedures relating to fixed assets. A physical verification of Project assets noted that: (a) equipment bought with Project funds was not stamped with the Project or UNDP logo; (b) certain fixed assets were not coded; (c) nine asset disposals were not supported by any documentation to record the disposal; and (d) logbooks did not exist for six vehicles transferred to the Project during the audit period, making it difficult to confirm whether the vehicles were actually being used for Project-related activities. OAI recommends that: (a) all equipment be stamped with the UNDP logo; (b) all equipment be coded as soon as it is received; (c) disposal of all assets be documented; and (d) logbooks be properly kept.

Management's comments

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



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