



AUDIT

OF

UNDP TANZANIA

ELECTION SUPPORT PROJECT

(Directly Implemented Project Nos. 71521, 74071, 74430, 74431, 74432, 74433, 74434)

Report No. 1069

Issue Date: 1 April 2013

Report on the audit of UNDP Tanzania
Election Support Project (Project IDs 71521, 74071, 74430, 74431, 74432, 74433, 74434)
Executive Summary

From 26 March to 27 April 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Ernst & Young Chartered Public Accountants, Dar es Salaam (the audit firm), conducted an audit of the Election Support Project (Project IDs 71521, 74071, 74430, 74431, 74432, 74433, 74434) (the Projects), which are directly implemented and managed by the UNDP Country Office in Tanzania (the Office). The audit firm was under the general supervision of OAI and the audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

The Projects reported expenditure totalling \$25.3 million during the period from 30 June 2009 to 31 December 2011. The Projects were fully funded from the Election Support Fund, a Multi-donor Basket Fund established by 10 development partners: Department for International Development, Sweden, European Commission, Finland, the Netherlands, Norway, UNDP, Switzerland, Denmark and Canada.

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 Projects' operations, as well as assess compliance with UNDP regulations, rules, policies and procedures and donor agreements. The audit covered the review of the Projects' Statement of Expenditure (Combined Delivery Report) for the period from 30 June 2009 to 31 December 2011 and Statement of Assets and Equipment as of 31 December 2011. It also reviewed the relevant systems, procedures and practices in place as they relate to the Projects, 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 and corresponding management letter submitted by the audit firm, OAI assessed the management of the Projects as **"satisfactory"**, which means "Internal controls, governance and risk management processes as applicable to the Project's financial statements were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity."

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
25,314	Unqualified	344	Unqualified	Nil	Not applicable

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 management				
4. Financial and cash management				
5. Procurement				
6. Asset management				
7. Information systems				
8. General administration				

Key issues and recommendations

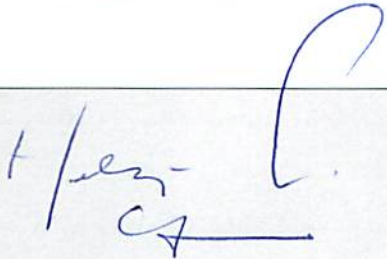
The audit raised three issues and resulted in three recommendations, of which two (67 percent) were ranked high (critical) priority, meaning "Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level." There is one issue ranked low priority and the Office committed to follow-up on the implementation of the recommendation and therefore it will not be uploaded in the Comprehensive Audit and Recommendation Database System (CARDS).

Finance (Issues 1 & 3) Missing supporting documents. The auditors could not obtain supporting documents for reported expenditure amounting to \$108,100. This amount represents 0.4% of the total expenditure incurred. According to the Office, the supporting documents were lost in the floods which devastated the United Nations premises in December 2011. OAI recommends that supporting documents be maintained in a safe area to safeguard against disaster.

Differences between the Combined Delivery Report and the general ledger. There was a net discrepancy of \$1,278 due to differences between the Combined Delivery Report and the Projects' financial statements which were not reconciled. OAI recommends that the difference should be investigated and corrected.

Management's comments

The UNDP Country Director accepted all the recommendations and is in the process of implementing them.



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Director
Office of Audit and Investigations