



AUDIT

OF

UNDP SIERRA LEONE

SUPPORT TO THE ELECTORAL CYCLE IN SIERRA LEONE (2011-2014)
Project No. 77588

Report No. 1092
Issue Date: 26 April 2013

**Report on the audit of UNDP Sierra Leone
Support to the Electoral Cycle in Sierra Leone (2011-2014) (Project No. 77588)
Executive Summary**

From 12 September to 26 October 2012 the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Moore Stephens LLP, conducted an audit of Support to the Electoral Cycle in Sierra Leone (2011-2014), Project No. 77588 (the Project), which is directly implemented and managed by the UNDP Country Office in Sierra Leone (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 2009.

The project reported expenditure totalling \$11.5 million during the period from 1 January to 31 December 2011. The following donors contributed to the Project: Department for International Development (DFID), European Union, Peace Building Fund, Japan, Ireland and Germany.

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 Project's operations, as well as assess compliance with UNDP regulations, rules, policies and procedures and donor agreements. 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. 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 and corresponding management letter submitted by the audit firm, OAI assessed the management of the Project as **partially satisfactory**, which means "Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively 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
11,510	Unqualified	1,373*	Qualified	-	N/A**

*This is an estimated amount that was reconstituted based on an analysis of the Project's transactions, identifying the asset transactions from the Project Chart of Accounts. The values were not listed for assets included in the Statements of Assets received from the office.

**No separate bank account was held by the project.

The audit firm qualified its opinion on the Statement of Assets because it is overstated by \$37,663 (2.7 percent of total assets held by the project). The amount was reconstituted from the Project Chart of Accounts by the audit firm and was considered material in the context of this audit.

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

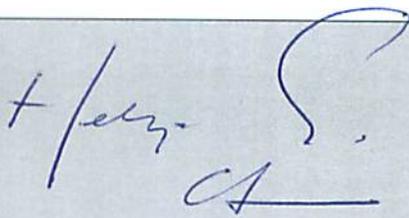
The audit raised three issues and resulted in three recommendations, of which two (67 percent) were ranked high priority, meaning “Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level.”

Organization and staffing (Issue 1) Key project staff positions not filled in 2011. Positions for the Asset Manager and Operations Manager for the Project Management Unit were not filled as planned in 2011. A driver assigned to the Project was allocated the duties of Asset Manager. This resulted in significant weaknesses in asset management. Responsibilities for day-to-day management and decision making for the Project were carried out by the Technical Advisor until June 2012, when the Operations Manager position was filled. OAI recommends that management take immediate action to ensure that the project has adequate capacity to manage assets.

Asset management (Issue 2) Weakness in asset management. The inventory was overstated by \$37,663. A Toyota Land Cruiser was handed over to the Political Parties Registration Commission but was still recorded in fixed asset inventory for the Project. Assets were not tagged and three assets located in the office were not recorded in the fixed asset inventory. OAI recommends that action is taken to rectify the overstatement and to ensure a proper tagging and recording of assets. OAI further recommends that management immediately fill the vacant position for Asset Manager, and once appointed, conduct a full review of assets held, acquired and disposed of during the life of the Project.

Management's comments

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

A handwritten signature in blue ink is enclosed in a light gray rectangular box. The signature is cursive and appears to read 'Helge S. Ostveiten'.

Helge S. Ostveiten
Director
Office of Audit and Investigations