

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP SOUTH SUDAN**

**IGAD (Intergovernmental Authority on Regional Development)  
REGIONAL INITIATIVE FOR CAPACITY ENHANCEMENT IN SOUTHERN SUDAN PROJECT  
(Directly Implemented Project No. 77742)**

**Report No. 1118**

**Issue Date: 29 April 2013**

**Report on the audit of UNDP South Sudan  
IGAD (Intergovernmental Authority on Regional Development) Regional Initiative for Capacity  
Enhancement in Southern Sudan Project (Project No. 77742)  
Executive Summary**

From 8 to 19 October 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Ernst & Young, Nairobi (the audit firm), conducted an audit of IGAD Regional Initiative for Capacity Enhancement in Southern Sudan Project (Project No. 77742) which is directly implemented and managed by the UNDP Country Office in South Sudan (the Office). The audit firm was under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The project reported expenditure totalling \$3.6 million during the period from 1 January to 31 December 2011. The project was funded by Norway.

**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 review of the Project's Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2011 and Statement of Assets and Statement 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 submitted by the audit firm, OAI assessed the management of the Projects as **satisfactory**, which means "Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly 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
3,551	Unqualified	280	Unqualified	-	Not Applicable*

\*No separate bank account was held by the project

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				
4. Finance				
5. Procurement				
6. Asset management				
7. Information systems				
8. General administration				

### Key issues and recommendations

The audit raised two issues and resulted in two recommendations, both of which were ranked medium (important) priority, which means “Action is required to ensure that UNDP is not exposed to significant risks. Failure to take action could result in negative consequences for UNDP.” These recommendations include actions to address missing or lost assets as well as weak control over the movement of assets.

### Management’s comments

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



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