



AUDIT

OF

UNDP SENEGAL

PROJECT VILLAGES DU MILLENAIRE
(Directly Implemented Project Nos. 50513 and 51836)

Report No. 1133
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Report on the audit of Project Villages du Millénaire (Project IDs 50513 and 51836) Executive Summary

From 22 July to 3 August 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through KPMG (the audit firm), conducted an audit of Project Villages du Millénaire, (Project IDs 50513 and 51836) (the Project), which is directly implemented and managed by the UNDP Country Office in Senegal (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 \$0.9 million during the period from 1 January 2010 to 30 June 2011. The following donors contributed to the Project: Millennium Village International, the Government of Senegal and local authorities and beneficiaries, and the United Nations Human Security Trust 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 results of the Project's operations. The audit covered the review of the Project's Statement of Expenditure (Combined Delivery Report) for the period from 1 January 2010 to 30 June 2011 and Statement of Assets and Statement of Cash Position as of 30 June 2011.

Follow-up on prior audit: The audit also verified the implementation status of the previous audit report on this Project issued on 11 July 2011 (Report No. 786). Fourteen out of 18 recommendations were noted to be fully implemented.

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	NFI (in \$ '000)	Amount (in \$'000)	Opinion	NFI (in \$ '000)	Amount (in \$'000)	Opinion	NFI (in \$ '000)
884	Qualified	364	Not provided	Disclaimer	N/A	Not provided	Disclaimer	N/A

NFI = Net Financial Impact

The audit firm qualified its opinion on project expenditure due to the absence of supporting documents to justify payments amounting to \$364,000.

The audit firm issued a disclaimer on project assets as the Office did not provide them a valid asset register which included the assets' value and acquisition dates.

The audit firm issued a disclaimer on project cash due to the absence of cash statements as of 31 December 2010 and 30 June 2011.

Key issues and recommendations

The audit raised seven issues and resulted in seven recommendations, of which three (43 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."

Financial
Management
(Issue 1 & 4)

Absence of petty cash count. The Office had not completed the year-end physical count of petty cash, which had already been agreed to during the previous audit. Since the Project is operationally closed, OAI recommends that, for its future projects, the Country Office systematically performs a petty cash count.

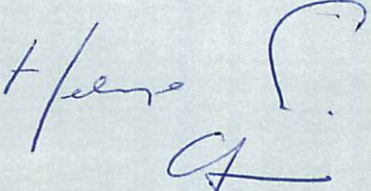
Supporting documents for payments amounting to \$364,000 were missing. The Office was unable to provide supporting documents (vouchers, invoices) to justify payments amounting to \$364,000. Only 3 out of 50 vouchers were provided to the audit firm and the Office could not provide any justification for the remaining vouchers. Since the Project is operationally closed, OAI recommends that all supporting documentation be maintained for the duration prescribed in UNDP policies for all future projects, i.e. seven years for vouchers.

Asset
Management
(Issue 3)

Statement of assets and equipment did not include any values. The Office did not provide an asset register which included assets' value and acquisition dates. Since the Project is operationally closed, OAI recommends that, for its future projects, the Office should ensure that it maintains a complete list of project assets and equipment, including the value and acquisition date of each item.

Management's comments

The Office acknowledged all issues and recommendations.



Helge S. Ostveiten
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