

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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CONSOLIDATED REPORT

ON

THE AUDIT OF THE PEACEBUILDING FUND

Report No. 1134

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Consolidated Report on the audit of the Peacebuilding Fund Executive Summary

Background

The Peacebuilding Fund was established in October 2006 following a request from the United Nations General Assembly and the Security Council for post-conflict peacebuilding initiatives. The Peacebuilding Fund combines the scope of a global fund with the country-specific focus of a Multi-Donor Trust Fund. It involves a central allocation of funding to the countries eligible for Peacebuilding Fund support and, at the country level, a joint review by the government and the ranking United Nations representative in the country to disburse funds against agreed-upon programme and project activities.

From its inception in 2006 through the end of 2011, the Peacebuilding Fund received a total of \$419 million in deposits from donors. As at 31 December 2011, the UNDP Multi-Partner Trust Fund (MPTF) Office, as the Administrative Agent of the Peacebuilding Fund, had transferred about \$308 million to participating United Nations Organizations, the largest recipient being UNDP with \$172.3 million or 56 percent of total fund transfers.

In accordance with the framework for auditing Multi-Donor Trust Funds, which was endorsed by the United Nations Development Group in September 2007, and after consultation with the MPTF Office and the Peacebuilding Support Office, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) initiated a coordinated audit of the Peacebuilding Fund. This coordinated audit aimed to provide a summary of the management of risks, status of internal controls and recommendations on projects and activities undertaken by several of the UN organizations which had received funding from the Peacebuilding Fund. Individual audit activities for the various projects and UN organizations were conducted between March 2011 and August 2012 by OAI and the Internal Audit Services of the United Nations Office for Project Services (UNOPS) and the International Organization for Migration (IOM).

Coverage

The individual audits focused on projects in five countries, which were selected based on the volume of funds received from the Peacebuilding Fund, these being: Burundi, the Central African Republic, Côte d'Ivoire, Liberia and Sierra Leone. Within those countries, the individual audits focused on projects implemented by those participating United Nations Organizations with a significant share of expenditures, i.e. UNOPS in Côte d'Ivoire, IOM in Sierra Leone and UNDP in all countries. The individual audits covered 49 projects with expenditures totalling \$84.5 million, as follows:

| | Total expenditures up to 31 Dec 2011 (\$000) | Audited expenditures UNDP (\$000) | % Audited/total expenditures |
|--------------------------|--|---|---------------------------------|
| Sierra Leone | 40,634 | 28,593 | 70% |
| Burundi | 38,503 | 33,402 | 87% |
| Central African Republic | 21,255 | 9,939 | 47% |
| Liberia | 18,652 | 5,327 | 29% |
| Côte d'Ivoire | 8,074 | 7,209 | 89% |
| Other countries | 82,766 | - | 0% |
| TOTAL | 209,884 | 84,470 | 40% |

Source: MPTF Gateway.

The individual audits also included an audit of the Administrative Agent function assumed by the MPTF Office.

This report consolidates the results of all the Peacebuilding Fund-related individual audit reports.

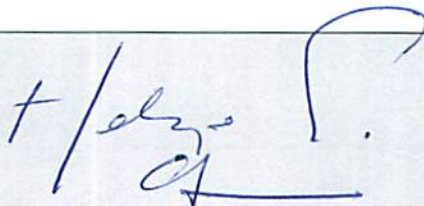
Audit results

While the Administrative Agent function was rated as “satisfactory” overall, most of the projects audited were assessed as “partially satisfactory”.

Financial and cash management was rated “unsatisfactory” for projects in Liberia and Sierra Leone because of unsupported expenditures. The auditors also rated asset management for projects in Liberia as “unsatisfactory” because certain fixed assets amounting to \$4,550 could not be physically verified.

The financial statements for seven projects – four in the Central African Republic, one in Côte d’Ivoire, one in Liberia and one in Sierra Leone – received qualified audit opinions with a total net financial impact of \$1.2 million, or 1.5 percent of the total audited expenditure. The main reason for the qualified opinions was the lack of adequate supporting documentation for expenditures.

The individual audits made 57 recommendations, of which 15 (26 percent) were ranked high (critical) priority, meaning “Prompt action is required to ensure that UNDP are 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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