



AUDIT

OF

UNDP DEMOCRATIC REPUBLIC OF THE CONGO

PROGRAMME D'APPUI AU SECTEUR DE LA MICRO FINANCE (PASMIF II/UNCDF)
(Directly Implemented Project No. 76084)

Report No. 1185
Issue Date: 31 July 2013

**Report on the audit of UNDP Democratic Republic of the Congo
Programme d'Appui au Secteur de la Micro Finance (PASMIF II/UNCDF)
(Project No. 76084)
Executive Summary**

From 14 February to 5 March 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through KPMG (the audit firm), conducted an audit of Programme d'Appui au Secteur de la Micro Finance (PASMIF II/UNCDF), Project No. 76084 (the Project), which is directly implemented and managed by the UNDP Country Office in the Democratic Republic of the Congo (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 2012.

The Project reported expenditure totalling \$0.32 million during the period from 1 January to 31 December 2012. The donor contributing to the Project was UNCDF.

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 Project's operations. The audit covered the Project's Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2012 and Statement of Assets as of 31 December 2012.

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	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
323	Unqualified	0	Unqualified	N/A	N/A


Key issue and recommendation

The audit raised two issues and resulted in two recommendations, one of which (50 percent) was 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 2)	<u>Unauthorized budget expenditures.</u> The budget line for monitoring and evaluation was exceeded by \$47,000 (56 percent) without evidence of authorization. OAI recommends that senior management define an acceptable limit of budget overrides under proper authorization.
--------------------------------	--

Management's comments

The Resident Representative acknowledged the recommendations.

A handwritten signature in blue ink is centered within a light blue rectangular box. The signature is stylized and appears to read 'Antoine Khoury'.

Antoine Khoury
Officer-in-Charge
Office of Audit and Investigations