



AUDIT

OF

UNDP CHAD

PROGRAMME CONJOINT D'APPUI AU DETACHEMENT INTEGRE DE SECURITE (DIS)
(Directly Implemented Project, Output No. 77223)

Report No. 1317

Issue Date: 2 September 2014

Report on the audit of UNDP CHAD
Programme conjoint d'appui au Détachement Intégré de Sécurité (DIS), (Output No. 77223)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), from 5 to 23 May 2014, through Moore Stephens LLP (the audit firm), conducted an audit of *Programme conjoint d'appui au Détachement Intégré de Sécurité (DIS)*, Output No. 77223 (the Project), which is directly implemented and managed by the UNDP Country Office in Chad (the Office). The last audit of the Project was conducted by BDO & Co Mauritius in 2013 and covered project expenditure from 1 January to 31 December 2012.

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 Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2013 and the accompanying Funds Utilization statement¹ as of 31 December 2013 as well as Statement of Assets as of 31 December 2013. The audit did not cover the Statement of Cash Position as of 31 December 2013 as no separate bank account was established and maintained for the Project.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

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		
Amount (in \$ '000)	Opinion	NFI* (in \$ '000)	Amount (in \$ '000)	Opinion	NFI (in \$ '000)
3,867	Qualified	77	132	Disclaimer	132

*NFI = Net Financial Impact

The audit firm qualified its opinion on project expenditure due to unjustified and/or ineligible expenditures reported in the Combined Delivery Report.

The audit firm issued a disclaimer on project assets because of the following weaknesses in asset management: assets not identifiable as they were not tagged; net book value not reported in the Statement of Assets; physical verification of assets not conducted by the Office on a regular basis; and assets transferred to national counterparts could not be verified.

Key recommendations: Total = 7, high priority = 2

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

For high (critical) priority recommendations, 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. All high (critical) priority recommendations are presented below:

Weaknesses in asset management (Issue 5)

The asset physical verification was not conducted as required and the Project's assets were not tagged or insured. Furthermore, the audit firm noted that the net book value of assets was not indicated in the Statement of Assets.

Recommendation: Strengthen the management of assets by: (a) conducting asset physical verification on a regular basis; (b) tagging all assets and recording the tag numbers in Atlas for tracking purposes; (c) insuring all assets; and (d) reporting the net book value in the Statement of Assets.

Lack of Steering Committee meetings and non-submission of quarterly reports (Issue 6)

The Project Document recommended the setting up of a Steering Committee that should meet on a quarterly basis and provide support, guidance and supervision to the Project. The auditors noted that only one Steering Committee meeting took place in 2013. Furthermore, financial and annual reports required in the Project Document were not submitted to UNDP.

Recommendation: Adhere to provisions stipulated in the Project Document.

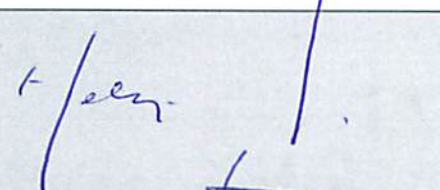
Implementation status of previous OAI audit recommendations: Report No. 1214, 10 December 2013).

Total recommendations: 6

Implementation status: 0%

Management comments and action plan

The UN Resident Coordinator/UNDP Resident Representative accepted all of the recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.



Helge S. Ostveiten
Director
Office of Audit and Investigations