

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP NIGERIA

DEMOCRATIC GOVERNANCE FOR DEVELOPMENT
(Directly Implemented Project, Output No. 69949)

Report No. 1327

Issue Date: 20 June 2014

**Report on the audit of UNDP Nigeria
Democratic Governance for Development, Output No. 69949
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 10 March to 4 April 2014, through Moore Stephens LLP (the audit firm), conducted an audit of Democratic Governance for Development, Output No. 69949 (the Project), which is directly implemented and managed by the UNDP Country Office in Nigeria (the Office). The last audit of the Project was conducted by OAI in 2012.

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 Project's Combined Delivery Report which includes expenditure for the period from 1 January 2012 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. 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.

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

Overall audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, OAI assessed the management of the Project as **satisfactory**, which means that "Internal controls, governance and risk management processes as applicable to the Project's financial statements 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 the table below:

Financial Year	Project Expenditure		Project Assets	
	Amount (in \$ '000)	Opinion	Amount (in \$'000)	Opinion
2012	\$9,583	Unqualified	n/a	n/a
2013	\$8,739	Unqualified	\$389	Unqualified

The audit firm issued an unqualified opinion on the Funds Utilization statement.

Key recommendations: Total = 2, high priority = 0

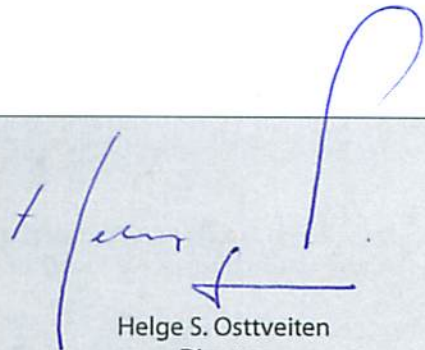
The audit did not result in any high (critical) priority recommendations. There are two medium (important) priority recommendations, which means "Action is required to ensure that UNDP is not exposed to risks that are

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.

considered moderate. Failure to take action could contribute to negative consequences for UNDP.” These recommendations include actions to address: wrong classification of expenditure, and incorrect charge of General Management Services.

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.



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Director
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