

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP SOUTH SUDAN

Multiyear Disarmament, Demobilization and Reintegration Programme
(Directly Implemented Project No. 61345, Output No. 77686)

Report No. 1341

Issue Date: 24 October 2014

**Report on the audit of UNDP South Sudan
Multiyear Disarmament, Demobilization and Reintegration Programme
(Output No. 77686)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 9 June to 1 July 2014, through PricewaterhouseCoopers CPA, Kenya (the audit firm), conducted an audit of the Multiyear Disarmament, Demobilization and Reintegration Programme, Project No. 62345/Output No. 77686 (the Project), which is directly implemented and managed by the UNDP Country Office in South Sudan (the Office). The last audit of the Project was conducted 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 corresponding accompanying Funds Utilization statements¹ as well as Statements of Assets. 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 did not include activities and expenses incurred or undertaken at the "responsible party" level. In addition, the audit did not cover the Statement of Cash Position 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*.

Overall audit rating

Based on the audit reports and corresponding management letters submitted by the audit firm, OAI assessed the management of the Project as **satisfactory**, which means, "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:

Year	Project Expenditure		Project Assets	
	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
FY2012*	8,011	Unqualified	1,301	Unqualified
FY2013**	509	Unqualified	0	***No opinion provided

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.

* Expenditures recorded in the Combined Delivery Report were \$13,653,485. Excluded from the audit scope were transactions that relate to expenditures incurred by the Government of \$64,427 and \$4,133,831 incurred by other UN agencies.

The UNDP expenditure component included micro-grant amounts awarded to responsible parties amounting to \$1,444,140; this was excluded from the audit. The audit opinion was thus based on \$8,011,087. The audit firm nonetheless reviewed and validated the controls at the Office relating to the process of managing the grants and the Funding Authorization and Certification of Expenditure forms and did not raise any reportable issues.

** Expenditures recorded in the Combined Delivery Report were \$509,544. Excluded from the audit scope were transactions that relate to expenditures incurred by the Government of \$3,944 and by other UN agencies amounting to (\$3,412).

***Assets and equipment acquired under the Project were transferred to the Disarmament, Demobilization and Reintegration Commission between February 2013 and August 2013. Consequently, no opinion on the Statement of Assets was issued at 31 December 2013.

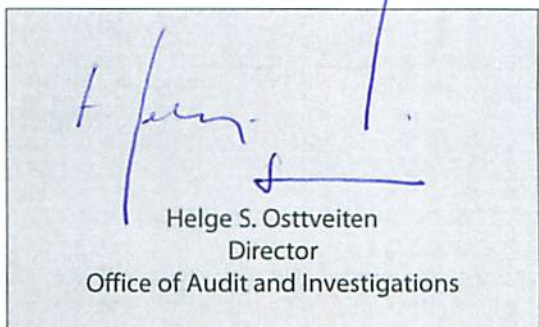
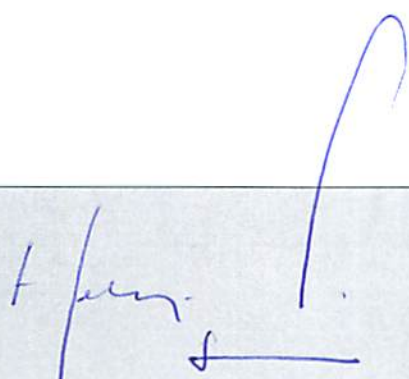
The audit firm issued an unqualified opinion on the Funds Utilization statements as of 31 December 2012 and 2013.

The audit did not result in any recommendations.

Implementation status of previous OAI audit recommendations: Report No. 1148, 9 May 2013.

Total recommendations: 3

Implementation status: 100%



Helge S. Ostveiten
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