



AUDIT

OF

UNDP SOUTH SUDAN

COMMUNITY SECURITY AND ARMS CONTROL
(Directly Implemented Project, Output Nos. 81133 and 81135)

Report No. 1343

Issue Date: 25 September 2014

**Report on the audit of UNDP South Sudan
Community Security and Arms Control (Output Nos. 81133 and 81135)
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 Community Security and Arms Control, Output Nos. 81133 and 81135 (the Project), which is directly implemented and managed by the UNDP Country Office in South Sudan (the Office). ¹The 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 accompanying Funds Utilization statement² 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 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 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:

Year	Project Expenditure		Project Assets	
	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
FY2012*	8,322	Unqualified	300	Unqualified
FY2013**	12,701	Unqualified	300	Unqualified

¹ The audit reports for FY 2012 and FY 2013 mention Project No. 64257, which relates to Output Nos. 81133 and 81135.

² 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 for FY2012 were \$6,252,917 for Output No. 81133 and \$2,079,058 for Output No. 81135. Excluded from the audit scope were transactions that relate to expenditures incurred at the "responsible party" level (\$9,524 for Output No. 81133). The amount audited totalled \$8,322,451 (\$6,243,393 + \$2,079,058). See section 1.3 of the report.

** Expenditures recorded in the Combined Delivery Report for FY2013 were \$7,136,761 for Output No. 81133 and \$5,747,596 for Output No. 81135. Excluded from the audit scope were transactions that relate to expenditures incurred at the "responsible party" level (\$183,209 for Output No. 81133). The amount audited totalled \$12,701,148 (\$6,953,552 + \$5,747,596). See section 1.3 of the report.

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

Key recommendation: Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, which means, "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." This recommendation includes actions to address depreciation costs charged to the Project that were not supported by the assets register.

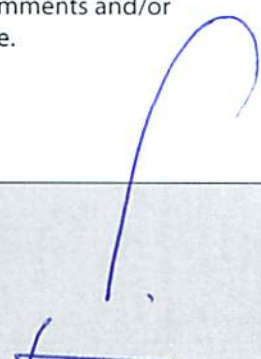
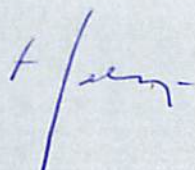
Implementation status of previous OAI audit recommendations: Report No. 1093, 29 April 2013.

Total recommendations: 1

Implementation status: 100%

Management comments and action plan

The Deputy Representative of the Secretary-General/Resident and Humanitarian Coordinator/UNDP Resident Representative accepted the recommendation and is in the process of implementing it. Comments and/or additional information provided have been incorporated into the report, where appropriate.



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