



**AUDIT**

**OF**

**UNDP HAITI**

**Gestion bassins versants Sud II**  
**(Directly Implemented Project, Output No. 85351)**

**Report No. 1353**

**Issue Date: 8 August 2014**

**Report on the audit of UNDP Haiti**  
**Gestion bassins versants Sud II, Output No. 85351**  
**Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 27 March to 28 April 2014, through Fabel, Werner & Schnittke (the audit firm), conducted an audit of Gestion bassins versants Sud II, Output No. 85351 (the Project), which is directly implemented and managed by the UNDP Country Office in Haiti (the Office). This was the first audit of the Project.

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 (CDR) which includes expenditure for the period from 1 January to 31 December 2013 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2013 as well as Statement of Assets. 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*.

**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	Amount (in \$ '000)	Opinion
3,172	Unqualified	1	Unqualified

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

**Key recommendations:** Total = 4, high priority = 0

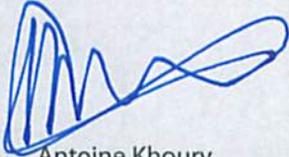
The audit did not result in any high (critical) priority recommendations. There are four medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." These recommendations include actions to address: the disclosure of correction bookings; the reporting of responsible parties; the use of a separate bank account; and the calculation of management fees.

OAI took note of the audit firm's opinion on the CDR for financial year 2013 and the points highlighted as emphasis of matter. The audit firm highlighted that in financial year 2013 there was an understatement in the administrative fee charged to the project, estimated by the audit firm at \$215,982. The Office management indicated that the administrative fee was mistakenly not charged to this project and action will be taken to correct this omission.

<sup>1</sup> 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.

**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.



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