

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP DOMINICAN REPUBLIC

**DESARROLLO LOCAL TRANSFRONTERIZO EN ACOMPAÑAMIENTO
AL PROGRAMA BINACIONAL
(Directly Implemented Project, Output No. 84192)**

Report No. 1355

Issue Date: 17 September 2014

**Report on the audit of UNDP Dominican Republic
Desarrollo Local Transfronterizo en Acompañamiento
al Programa Binacional (Output No. 84192)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 16 June to 4 July 2014, through Moore Stephens LLP (the audit firm), conducted an audit of *Desarrollo Local Transfronterizo en Acompañamiento al Programa Binacional*, Output No. 84192 (the Project), which is directly implemented and managed by the UNDP Country Office in Dominican Republic (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, 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. 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	NFI* (in \$ '000)	Amount (in \$ '000)	Opinion	NFI (in \$ '000)
849	Qualified	45	72	Unqualified	-

*NFI = Net Financial Impact

The audit firm qualified its opinion on project expenditure due to financial findings totalling \$ 45,000 which represent amounts that were either (i) not in conformity with the approved budget, (ii) not for the approved purposes of the project, (iii) not in compliance with the relevant regulations and rules or (iv) not supported by properly approved vouchers and other supporting documents.

Key recommendations: Total = 4, high priority = 1

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. The high (critical) priority recommendation is presented below:

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.

Expenditure reversal charged to the Project not supported by documentation (Issue 4)

Expenditure was transferred to the Project, via reversal of expenditure from another project, without supporting documentation.

Recommendation: Accurately record and provide supporting documentation for journal adjustments to ensure that costs relate to the Project.

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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