

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP NIGERIA

**DEMOCRATIC GOVERNANCE FOR DEVELOPMENT:
DEEPENING DEMOCRACY IN NIGERIA
(Directly Implemented Project No. 56855, Output No. 69949)**

Report No. 1466

Issue Date: 30 September 2015

Report on the Audit of UNDP Nigeria
Democratic Governance for Development: Deepening Democracy in Nigeria
(Project No. 56855, Output No. 69949)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), conducted from 29 June to 21 July 2015 an audit of Democratic Governance for Development: Deepening Democracy in Nigeria (Project No. 56855, 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 2014 and covered project expenditure from 1 January 2012 to 31 December 2013.

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 2014 to 31 December 2014 and the accompanying Funds Utilization statement¹ as of 31 December 2014 as well as the Statement 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 by United Nations agencies. 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 report and corresponding management letter 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:

Project Expenditure*		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
17,226	Unqualified	112	Unqualified

* Expenditures recorded in the Combined Delivery Report were \$17,485,771. Excluded from the audit scope were transactions that relate to expenditures of other United Nations agencies (\$260,066).

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.

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." The recommendation includes action to address non-compliance with the required number of references to be furnished by contractors involved in the execution of projects above \$100,000.

The recommendation aims to ensure compliance with legislative mandates, regulations and rules, policies and procedures.

Implementation status of previous OAI audit recommendations: Report No. 1327, issued on 20 June 2014.

Total recommendations: 2

Implemented: 2

Management comments and action plan

The United Nations Resident Coordinator and 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.



Helge S. Ostveiten
Director
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