



**AUDIT**

**OF**

**UNDP SOUTH SUDAN**

**ACCESS TO JUSTICE AND RULE OF LAW**

**(Directly Implemented Project No. 77970, Output Nos. 88485, 88486, 88487, 88488)**

**Report No. 1519**

**Issue Date: 31 August 2015**

**Report on the Audit of UNDP South Sudan  
Access to Justice and Rule of Law  
(Project No. 77970, Output Nos. 88485, 88486, 88487, 88488)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through TMK & Company Certified Public Accountants (the audit firm), conducted from 8 to 19 June 2015 an audit of Access to Justice and Rule of Law (Project No. 77970, Output Nos. 88485, 88486, 88487, 88488) (the Project), which is directly implemented and managed by the UNDP Country Office in South Sudan (the Office). This was the first audit of the Project.

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 to 31 December 2014 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2014 as well as Statement of Assets as of 31 December 2014. 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 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<br>(in \$ '000) | Opinion     | Amount<br>(in \$'000) | Opinion     |
| 5,611                  | Unqualified | 346                   | Unqualified |

**Key recommendations:** Total = 3, high priority = 1

The audit resulted in three recommendations, which aim to ensure the following: (a) safeguarding of assets (Recommendations 1 and 2, medium priority; and (b) effectiveness and efficiency of operations (Recommendation 3, high priority).

<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.

The two medium recommendations include actions to address the use of fully depreciated assets by the Project and delays in submitting the year-end assets certification report.

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:

|  |   |
|--|---|
| Defects related to civil works carried out on site (Issue 3) | At one civil works site, which was funded and managed by the Project, one hall's floor tiles had loosened off the floor within one year after handover to the implementing partner, resulting in reputational risks for UNDP. |
|--|---|

Recommendation: The Office should assess whether the contractor is responsible for using low quality materials and if this is the case, the Project Board should insist on the contractor meeting the total cost of the required repairs, as well as carrying out the repair work as soon as possible.

#### Management comments and action plan

The United Nations Resident Coordinator and 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.



Helge S. Osttveiten  
Director  
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