



AUDIT

OF

UNDP HAITI

Appui au retour aux quartiers
(Directly Implemented Project No. 50968, Output No. 79750)

Report No. 1526

Issue Date: 10 September 2015

Report on the Audit of UNDP Haiti
Appui au retour aux quartiers (Project No. 50968, Output No. 79750)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Fabel, Werner & Schnittke (the audit firm), from 21 June to 4 July 2015, conducted an audit of Appui au retour aux quartiers (Project No. 50968, Output No. 79750) (the Project), which is directly implemented and managed by the UNDP Country Office in Haiti (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 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 to 31 December 2014 and the accompanying Funds Utilization statement¹ and Statement of Assets as of 31 December 2014. 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)
3,840	Qualified	147	81	Qualified	81

*NFI = Net Financial Impact

The audit firm qualified its opinion on the Project's Combined Delivery Report due to a net overstatement of expenditure by \$147,000. This amount comprised a net overstatement of \$6,217 corresponding to administrative fees wrongly charged to the Project in 2012 and in 2013 for which corrections were not made in 2014. In addition, the amount included unrecorded depreciation of \$18,079 (understatement) and project commitments lacking supporting documentation amounting to \$158,693 (overstatement).

The audit firm qualified its opinion on the Statement of Assets due to unrecorded equipment in the amount of \$81,370.

Key recommendations: Total = 6, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are six 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

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.

recommendations include actions to address incorrect administration fees, calculation of depreciation, the lack of supporting documentation for commitments, budget excess, lack of disclosure of related party transactions, and training needs of staff on fraud awareness.

The six recommendations aim to ensure the following: (a) reliability and integrity of financial and operational information (Recommendations 2, 4 and 5); (b) safeguarding of assets (Recommendation 3); and (c) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendations 1 and 6).

Implementation status of previous OAI audit recommendations: Report No. 1351, 8 August 2014.

Total recommendations: 4

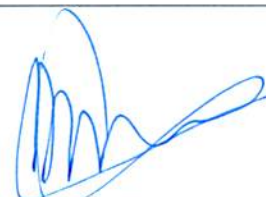
Implemented: 2

In progress: 2

The pending recommendations pertain to unrecorded General Management Support fees and undisclosed related party transactions. Their implementation is in progress.

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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