

UNITED NATIONS DEVELOPMENT PROGRAMME  
Office of Audit and Investigations



AUDIT

OF

UNDP CENTRAL AFRICAN REPUBLIC

APPUI INSTITUTIONNEL POUR LA TRANSITION EN RCA  
(Directly Implemented Project No. 72855, Output No. 89429)

Report No. 1666

Issue Date: 27 September 2016

Report on the Audit of UNDP Central African Republic  
Appui Institutionnel pour la Transition en RCA  
(Project No. 72855, Output No. 89429)  
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Deloitte Touche Tohmatsu – Gabon (the audit firm), from 6 to 24 June 2016, conducted an audit of *Appui Institutionnel pour la Transition en RCA* (Project No. 72855, Output No. 89429) (the Project), which is directly implemented and managed by the UNDP Country Office in the Central African Republic (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 2015 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2015 as well as Statement of Assets as of 31 December 2015. 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 at the "responsible party" level, or expenses** processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters). 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 internal controls and systems related to 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 of the financial statements of the Project are presented in the table below:

Project Expenditure*		Project Assets		
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion	NFI (in \$ '000)
1,828	Unqualified	210	Qualified	52

\*Expenditures recorded in the Combined Delivery Report were \$2,998,100. Excluded from the audit scope were expenditures processed and approved by other UNDP offices outside of the country (\$1,170,374).

\*\*NFI = Net Financial Impact

<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 audit firm qualified its opinion on project assets due to an overstatement of assets by a net amount of \$51,976.

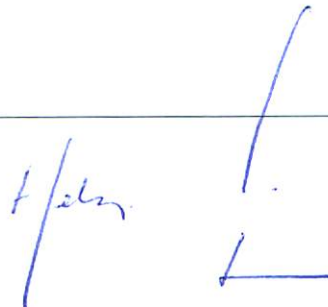
**Key recommendation:** Total = 1, high priority = 0

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." This recommendation includes actions to address non-compliance with the UNDP asset recognition policy and a discrepancy noted between the total net book value of the Project's fixed assets as recorded in the Atlas asset module and the fixed assets total per the Combined Delivery Report.

The recommendation aims to ensure the following: (a) reliability and integrity of financial and operational information; and (b) compliance with legislative mandates, regulations and rules, policies and procedures.

#### Management comments and action plan

The UN 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. Osttveiten  
Director  
Office of Audit and Investigations