



**AUDIT**

**OF**

**UNDP SENEGAL**

**PROGRAMME D'URGENCE DE DÉVELOPPEMENT COMMUNAUTAIRE**  
**(Directly Implemented Project No. 86871)**

**Report No. 1669**

**Issue Date: 15 September 2016**

**Report on the Audit of UNDP Senegal**  
**Programme d'Urgence de Développement Communautaire (Project No. 86871)**  
**Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 6 to 17 June 2016, conducted an audit of *Programme d'Urgence de Développement Communautaire* (Project No. 86871) (the Project), which is directly implemented and managed by the UNDP Country Office in Senegal (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 and Statement of Cash Position 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).

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 **partially satisfactory**, which means, "Internal controls, governance and risk management processes, as applicable to the Project's financial statements, were generally established and functioning but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity." This rating was mainly due to weaknesses noted in the management of individual contracts, human resources, supporting documentation and filing of transactions, and Treasury management. The issues noted did not have an impact on the audit opinion rendered regarding the project expenditure, project assets, or cash.

The details of the audit results are presented in the table below:

Project Expenditure*		Project Assets		Cash**	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
21,446	Unqualified	151	Unqualified	3,895	Unqualified

\*Expenditures recorded in the Combined Delivery Report were \$22.76 million. Excluded from the audit scope were transactions that relate to expenditures processed and approved by other UNDP offices outside of the country (\$1.32 million).

\*\*KXOF 2,292,111 converted to USD (September UN rate).

<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.

**Key recommendations:** Total = 7, high priority = 1

Objectives	Recommendation No.	Priority Rating
Reliability and integrity of financial and operational information	4	Medium
Effectiveness and efficiency of operations	2, 6	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	5	High
	1, 3, 7	Medium

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:

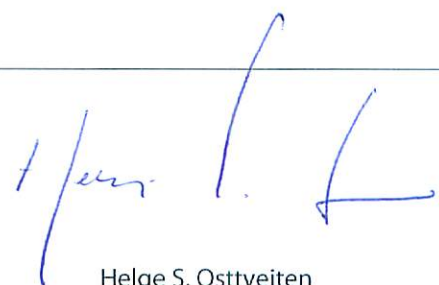
Delays in signing individual contracts (Issue 5)

The audit noted three instances where the renewals of individual contracts were delayed for more than three weeks after the contractors' starting dates. This also resulted in payments being made to the contractors for these three weeks even though they did not have valid contracts.

Recommendation: The Office should establish a control mechanism to ensure that contracts are renewed prior to the contractors' start dates.

#### Management comments and action plan

The UN 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. Ostveiten  
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Office of Audit and Investigations