



AUDIT

OF

UNCDF PROJECT IN UGANDA

ECOSYSTEM DEVELOPMENT
COST SYSTEM DEVELOPMENT OF DIGITAL FINANCIAL SERVICES IN UGANDA
“MOBILE MONEY FOR THE POOR”
(Directly Implemented Project No. 79910, Output No. 89778)

Report No. 1684
Issue Date: 2 September 2016

**Report on the Audit of UNCDF Project in Uganda
Mobile Money for the Poor
(Project No. 79910, Output No. 89778)
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 the UNCDF Project “Mobile Money for the Poor” (Project No. 79910, Output No. 89778) (the Project), which is directly implemented and managed by the UNCDF Office in Uganda (the Office). This was the first audit of the Project.

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 2014 to 31 December 2015 and the accompanying Funds Utilization statement¹ as of 31 December 2015 as well as Statement of Assets as of 31 December 2015. 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 UNCDF Headquarters), or where the supporting documentation was not retained at the UNCDF Office level (such as the UNCDF Programme Management Unit based in Brussels). 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*.

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 \$)	Opinion	Amount (in \$)	Opinion
2,136,378	Unqualified	130	Unqualified

*The audit firm audited the entire expenditures of \$2,136,378 recorded in the Combined Delivery Report. There were no transactions that relate to expenditures incurred at the “responsible party” level, or expenditures processed and approved outside of the country, or where the supporting documentation was not retained at the UNCDF Office level.

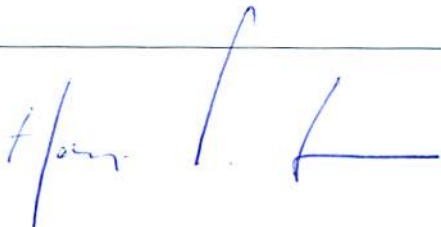
Key recommendation: Total = 1, high priority = 0

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 actions to strengthen internal controls by preparing specimen signature cards to align with delegated authority signatures for locally processed transactions. The recommendation aims to ensure the reliability and integrity of financial and operational information.

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.

Management comments and action plan

UNCDF management in Uganda and UNCDF management in Brussels accepted the recommendation and are 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