



AUDIT

OF

UNCDF PROJECT IN NIGER

Programme d'Appui au Développement de la Microfinance (PADMIF)
(Directly Implemented Project No. 84351, Output No. 70259)

Report No. 1693
Issue Date: 7 September 2016

Report on the Audit of UNCDF Project in Niger
Programme d'Appui au Développement de la Microfinance (PADMIF)
(Project No. 84351, Output No. 70259)
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'Appui au Développement de la Microfinance (PADMIF)' (Project No. 84351, Output No. 70259) (the Project), which is directly implemented and managed by the UNCDF Office in Niger (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 UN agencies and UNCDF offices outside of the country). 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 \$ '000)	Opinion	Amount (in \$ '000)	Opinion
2,371	Unqualified	67	Unqualified

*Expenditures recorded in the Combined Delivery Report were \$3,378,431. Excluded from the audit scope were transactions that relate to expenditures incurred by other United Nations agencies and expenditures processed and approved by other UNCDF offices outside of the country totalling \$1,007,061.

Key recommendations: Total = 4, high priority = 1

The four recommendations aim to ensure the following: (a) safeguarding of assets (Recommendations 2 and 3); and (b) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendations 1 and 4).

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:

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.

Lack of monitoring of
Daily Subsistence
Allowance payments
(Issue 2)

The audit team noted that F10 forms were not adequately completed and timely submitted in order to liquidate the advances received, and to determine the actual number of days the travellers were entitled to Daily Subsistence Allowances. Furthermore, the audit team reviewed 34 payments of Daily Subsistence Allowances totalling \$23,634 and noted 8 instances of overpayments totalling \$1,284 (5 percent).

Recommendation 2: F10 forms should be adequately completed and timely submitted by the travellers to liquidate advances received and to determine actual number of days the travellers were entitled to Daily Subsistence Allowance.

Management comments and action plan

UNCDF management in Niger accepted all four 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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