



AUDIT

OF

UNDP SOUTH SUDAN

SUPPORT TO PUBLIC ADMINISTRATION NATIONAL AND STATE INSTITUTIONS
(Directly Implemented Project No. 72642, Output No. 85700)

Report No. 1822

Issue Date: 14 August 2017

**Report on the Audit of UNDP South Sudan
Support to Public Administration National and State Institutions
(Project No. 72642, Output No. 85700)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Deloitte (the audit firm), from 8 May 2017 to 9 June 2017, conducted an audit of Support to Public Administration, (Project No. 72642, Output No. 85700 (the Project), which is directly implemented and managed by the UNDP Country Office in South Sudan (the Office). The last audit of the Project was conducted by OAI in 2015 and covered project expenditure from 1 January to 31 December 2014.

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 2016 and the accompanying Funds Utilization statement¹ as of 31 December 2016 as well as Statement of Assets as of 31 December 2016. The audit did not include expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters). 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)	NFM** (in \$ '000)	Opinion
5,135	Unqualified	9	2.5	Qualified

*Expenditures recorded in the Combined Delivery Report were \$5,466,436. Excluded from the audit scope were transactions that relate to expenditures processed and approved by other UNDP offices outside of the country (\$331,030).

**NFM: Net Financial Misstatement.

The auditors qualified their opinion on the project assets due to an overstatement of \$2,537 (refer to key recommendation section below).

Key recommendation: Total = 1, high priority = 1

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.

Assets not held by the Project included in the statement of fixed assets
(Issue 3.1.1)

The Project's Statement of Fixed Assets included six laptops with a net book value of \$2,537 as of 9 June 2017, which had been donated to the Government. This caused the balance of the Project assets to be overstated.

Recommendation: The project management should ensure that all assets that have been disposed of or donated are retired from Atlas promptly.

The recommendation aims to ensure reliability and integrity of financial and operational information.

The previous audit (Report No. 1491, issued on 31 August 2015) had 1 recommendation, and based on OAI's desk review, it was fully implemented.

Management comments and action plan

The UNDP Country Director and UNDP Resident Representative a.i. 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