

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP REGIONAL BUREAU FOR LATIN AMERICA AND THE CARIBBEAN

Japan-Caribbean Climate Change Partnership
(Directly Implemented Project No. 88096, Output No. 94903)

Report No. 1984

Issue Date: 30 August 2018

**Report on the Audit of UNDP RBLAC
Japan-Caribbean Climate Change Partnership (Project No. 88096, Output No. 94903)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Deloitte Haskins & Sells LLP (DHS) (the audit firm), from 21 May to 10 July 2018, conducted an audit of Japan-Caribbean Climate Change Partnership (Project No. 88096, Output No. 94903, which is directly implemented and managed by the UNDP Regional Bureau for Latin America and the Caribbean (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 expenses for the period from 1 January to 31 December 2017 and the accompanying Funds Utilization statement¹ as of 31 December 2017 as well as Statement of Assets as of 31 December 2017. The audit did not include expenses processed and approved in locations outside of the purview of the Regional Bureau, Regional Hub or country office. 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 submitted by the audit firm, the results are summarized in the table below:

Project Expenses			Project Assets	
Amount (in \$)	Opinion	*NFM (in \$)	Amount (in \$)	Opinion
2,353,642	Modified	33,795	82,685	Unmodified**

*NFM=Net Financial Misstatement

**Unmodified = unqualified or clean opinion.

The audit firm qualified its opinion on project expenses due to lack of supporting documents for outstanding advances amounting to \$33,795.

Key recommendations: Total = 2, medium priority = 2

The audit did not result in any high (critical) priority recommendations. There are 2 medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." The recommendations include actions to address purchase order not closed, and outstanding advances supporting documents not available as of December 31, 2017.

The two recommendations aim to ensure the reliability and integrity of financial and operational information, and compliance with legislative mandates, regulations and rules, policies and procedures.

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated 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

The UNDP Regional Bureau for Latin America and the Caribbean accepted both 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
Director
Office of Audit and Investigations