

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP SUDAN

PROCUREMENT SUPPORT SERVICES TO THE FEDERAL MINISTRY OF HEALTH (FMOH)
(Directly Implemented Project No. 95107, Output No. 99137)

Report No. 2150

Issue Date: 30 August 2019

**Report on the Audit of UNDP Sudan
Procurement Support Services to the Federal Ministry of Health (FMOH)
(Project No. 95107, Output No. 99137)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 4 to 8 August 2019, conducted an audit of Procurement Support Services to the Federal Ministry of Health (FMOH) (Project No. 95107, Output No. 99137) (the Project), which is nationally implemented¹ with direct support services provided by the UNDP Country Office in Sudan (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 2018 and the accompanying Funds Utilization statement² as of 31 December 2018. The audit did not include activities and 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 Assets as no assets were held by the Project. 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 Expenses*	
Amount (in \$ '000)	Opinion
9,737	Unmodified

*Expenses recorded in the Combined Delivery Report were \$20,594,925. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$10,857,949).

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. Failure to take action could result in negative consequences for UNDP." This recommendation includes actions to address outstanding contributions not recorded as accounts receivable.

¹ Nationally implemented projects, or NIM projects, are audited by the responsible unit in UNDP. However, this NIM project was audited by OAI due to significant involvement of the Country Office in its implementation, and the subsequent materiality of the amount expensed by UNDP.

² 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.

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

Management comments and action plan

The Resident Representative 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.

A handwritten signature in blue ink, appearing to read 'Helge S. Osttveiten', is located inside a rectangular box.

Helge S. Osttveiten
Director
Office of Audit and Investigations