



AUDIT

OF

PROCESSUS ELECTORAL 2020–2021
(Directly Implemented Project No. 125389, Output No. 119773)

IN

UNDP NIGER

Report No. 2367

Issue Date: 30 July 2021

**Report on the Audit of
Processus electoral 2020–2021 in UNDP Niger
(Project No. 125389, Output No. 119773)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 3 to 13 May 2021, conducted an audit of *Processus electoral 2020–2021* (Project No. 125389, Output No. 119773) (the Project), which is directly implemented and managed by the UNDP Country Office in Niger (the Office). This was the first audit of the Project.

The audit firm conducted a financial audit in accordance with the International Standards of Auditing (ISA), the 700 series, 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 (CDR), which includes expenses for the period from 1 January to 31 December 2020 and the accompanying Funds Utilization statement¹ as of 31 December 2020. 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 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	NFM** (in \$ ‘000)	Impact on CDR
6,054	Qualified	422	Overstatement

**Expenses recorded in the Combined Delivery Report were \$8,865,988. Included in the audit scope were transactions that relate to expenses incurred at the “responsible party” level (\$4,634,794) as these were not covered under HACT audits and all related supporting documents were available for review at the level of UNDP Country Office in Niger. Excluded from the audit scope were expenses processed and approved by other UNDP offices outside of the country (\$2,811,496).*

*** NFM= Net Financial Misstatement*

The audit firm qualified its opinion on project expenses due to an advance of funds to responsible parties of \$404,803 being improperly recorded as expenses in addition expenses of \$17,414 were claimed twice by a responsible party. The resulting financial impact was a material overstatement of the financial statements of \$422,218, representing 6.97 percent of the project expenditures reported by the Office as of 31 December 2020.

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.

Key recommendations: Total = 2, high priority = 2

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

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) recommendations are presented below:

Advance of funds improperly recorded as expenses (Issue 1)

Advances to responsible parties to fund planned activities were recorded as expenditures, resulting in an overstatement of the CDR of \$404,804 representing 7.5 percent of the expenditures incurred by the Office as of 31 December 2021.

Recommendation: The Office should ensure that advances are not recorded as expenditure and that adequate justification is presented for the advanced resources.

Expenditure double claimed/paid by the responsible party (Issue 2)

One expense was claimed twice by a responsible party, resulting in an overstatement of the CDR in the amount of \$17,414.

Recommendation: The Office should implement spotchecks to confirm the validity of expenditure incurred by the responsible parties.

Management comments and action plan

The Resident Representative accepted the 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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