



AUDIT

OF

“Projet d'Appui à la Réduction de l'Emigration rurale et à la Réintégration dans le Bassin Arachidier par le développement d'une économie rurale sur base des périmètres irrigués (YSE-PARERBA)”

(Directly Implemented Project No. 115100, Output No. 112855)

BY

UNITED NATIONS CAPITAL DEVELOPMENT FUND

Report No. 2393

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**Report on the Audit of
“Projet d'Appui à la Réduction de l'Emigration rurale et à la Réintégration dans le Bassin Arachidier par le développement d'une économie rurale sur base des périmètres irrigués (YSE-PARERBA)”
(Project No. 115100, Output No. 112855) for the United Nations Capital Development Fund
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG (the audit firm), from 14 to 25 June 2021, conducted an audit of *Projet d'Appui à la Réduction de l'Emigration rurale et à la Réintégration dans le Bassin Arachidier par le développement d'une économie rurale sur base des périmètres irrigués* (YSE-PARERBA) (Project No. 115100, Output No. 112855) (the Project), which is directly implemented and managed by the United Nations Capital Development Fund (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, which includes expenses for the period from 1 January 2019 to 31 December 2020 and the accompanying Funds Utilization statement¹ as of 31 December 2020. 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 UNCDF Regional Centres and UNCDF 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
582	Unmodified

* Expenses recorded in the Combined Delivery Report were \$779,382. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNCDF offices outside of the country (\$197,355).

Key recommendation: Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There was 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 the misallocation of expenses among project outputs.

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.



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

Management comments and action plan

The United Nations Capital Development Fund management in Senegal 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. Ostveiten
Director
Office of Audit and Investigations