



AUDIT

OF

**NATIONAL FUNDS REDD+ - REDUCING EMISSIONS FROM DEFORESTATION AND
FOREST DEGRADATION**
(Directly Implemented Project No. 101442, Output No. 104433)

IN

UNDP DEMOCRATIC REPUBLIC OF THE CONGO

Report No. 2555

Issue Date: 7 September 2022

**Report on the Audit of National Funds REDD+ - Reducing Emissions from Deforestation and Forest Degradation
(Project No. 101442, Output No. 104433)
Implemented by UNDP Democratic Republic of the Congo
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn (the audit firm), from 10 to 25 May 2022, conducted an audit of ‘National Funds REDD+ - Reducing Emissions from Deforestation and Forest Degradation’ (Project No. 101442, Output No. 104433) (the Project), which is directly implemented and managed by the UNDP Country Office in the Democratic Republic of the Congo (the Office). This was the first audit of the Project.

The audit was conducted 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 to 31 December 2021 and the accompanying Funds Utilization statement¹ as of 31 December 2021 as well as Statement of Assets as of 31 December 2021. The audit did not cover the Statement of Cash Position, no separate bank account was established and maintained for the Project. 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 UNDP Regional Centres and UNDP Headquarters) or expenses of other United Nations agencies.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors (The IIA).

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 *			Project Assets	
Amount (in \$ '000)	Opinion	NFM ** (in \$ '000)	Amount (in \$'000)	Opinion
4,190	Unmodified	15	280	Unmodified

* Expenses recorded in the Combined Delivery Report were \$7,667,151. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$1,525,924). Also excluded were expenses incurred at the “responsible party” level (\$1,951,158).

** There was a Net Financial Misstatement (NFM) of \$14,500 but it did not affect the audit opinion as it was not financially material.

Key recommendations: 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 delays in processing payment vouchers.

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 effectiveness and efficiency of operations.

Management comments and action plan

The Resident Representative accepted this 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
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