

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP CENTRAL AFRICAN REPUBLIC

PEACE BUILDING FUND PROJECTS

**(Directly Implemented Project Nos. 73908, 74543/58216, 69588, 76539, 61334, 69591,
59718, 70768)**

Report No. 943

Issue Date: 27 February 2013

Report on the audit of Central African Republic - Peace Building Fund Projects (Project IDs 73908, 74543/58216, 69588, 76539, 61334, 69591, 59718, 70768)

Executive Summary

From 16 to 30 August 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Cabinet Lawson & Associates (the audit firm), conducted an audit of the Peace Building Fund projects (the Projects) (Project IDs: 73908, 74543/58216, 69588, 76539, 61334, 69591, 59718, 70768, as presented in the following table, which are directly implemented and managed by the UNDP Country Office in Central African Republic (the Office). The audit firm was under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The Projects reported expenditure totalling \$9 million during the periods shown in the table below:

Project ID	Project Name	Period Covered	Total expenditures on 31 December 2011(\$)
73908	PBF Secrétariat	8 Mar 2010 - 31 Dec 2011	554,350
74543/58216	Inclusive Political	1 Feb 2008 - 31 Dec 2011	1,001,970
69588	Promotion et protection des droits des femmes et autonomisation	6 May 2009 - 31 Dec 2010	374,100
76539	Élections (PACE)	1 Jan 2008 - 31 Dec 2010	1,396,800
61334	Renforcement Justice	9 Sept 2010 - 31 Dec 2011	1,792,500
69591	Formation professionnelle et promotion de l' Emploi des Jeunes	31 Jan 2009 - 31 Dec 2010	450,000
59718	Accès des communautés rurales aux services financiers de proximité pour le développement des activités économiques et la sécurisation des revenus et des transports	13 Aug 2010 - 31 Dec 2011	592,380
70768	Démarrage du processus désarmement, démobilisation, et réintégration des groupes armés	3 Feb 2009 - 31 Dec 2011	3,778,000
TOTAL			9,940,100

The Projects were funded by the Peace Building Support Office.

Audit scope and objectives

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the results of the Projects' operations. The audit covered the Projects' Statement of Expenditure (Combined Delivery Report) for the periods shown in the table above and the Statement of Assets as of 31 December 2011, except for Project ID 69591 where the audit covered the Statement of Assets as of 31 December 2010.

Audit rating

Based on the audit reports and corresponding management letters submitted by the audit firm, the results are summarized in the table below:

Figure 1: Summary results of the financial audit

Project ID	Project Expenditure				Project Assets		
	Amount (in \$ '000)	Opinion	NFI (in \$ '000)	NFI to Total Expenditures	Amount (in \$'000)	Opinion	NFI (in \$ '000)
73908	554	Unqualified	-	-	78	Unqualified	N/A
74543/58216	1,002	Qualified	178	18%	11,785	Qualified	*
69588	374	Qualified	66	18%	-	Unqualified	N/A
76539	1,397	Unqualified	-	-	-	Unqualified	N/A
61334	1,792	Unqualified	-	-	-	Unqualified	N/A
69591	450	Qualified	16	4%	-	Unqualified	N/A
59718	592	Qualified	2	0.3%	-	Unqualified	N/A
70768	3,778	Unqualified	-	-	455	Unqualified	N/A
Total	9,939		262	3%	12,318		

NFI = Net Financial Impact

The audit firm qualified its opinion on project expenditure due to unavailability of supporting documents for a total expenditure of \$262,000.

The audit firm qualified its opinion on project assets because they could not ascertain the value of a computer notebook that was not on site at the time of the audit fieldwork.

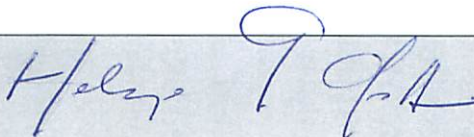
Key issues and recommendations

The audit raised two issues. There are two recommendations, both of which were ranked high (critical) priority, meaning "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 and may affect the organization at the global level."

Financial Management (Issue 1) Supporting documents not available for some of the recorded expenditure. This was the reason for the qualified audit opinions shown in the table above. OAI recommends that the Office ensure that supporting documents for payments are kept in the Finance Unit for reference and review when necessary.

Asset Management (Issue 2) Agreement to transfer assets not signed. OAI noted that for Project ID 69588, the agreement to transfer the programme assets to the Government was not signed by both parties (UNDP and the Government). OAI recommends that the agreement transferring ownership of equipment to the Government is duly signed.

The audit firm had shared a draft of the report with the Office and the comments received were taken into account in the final audit report.



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