



AUDIT

OF

UNDP REPUBLIC OF THE CONGO

Projet d'Appui à la Réinsertion Socio-Economique des Groupes Défavorisés (PARSEGD)
(Directly Implemented Project No. 55888)

Report No. 993
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Report on the audit of UNDP Republic of the Congo
Projet d'Appui à la Réinsertion Socio-Economique des Groupes Défavorisés (PARSEGD)
(Project No. 55888)
Executive Summary

From 12 February to 16 March 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Ernst & Young (the audit firm), conducted an audit of Projet d'Appui à la Réinsertion Socio-Economique des Groupes Défavorisés (PARSEGD), Project No. 55888 (the Project), which is directly implemented and managed by the UNDP Country Office in the Republic of the Congo (the Office). The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*. The last audit of the Office was conducted by OAI in 2013.

The Project reported expenditure totalling \$5.7 million during the period from 1 January to 31 December 2011. The following donors contributed to the Project: the African Development Bank, the Republic of the Congo and UNDP.

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 Project's operations. The audit covered the Project's Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2011 and Statement of Assets as of 31 December 2011.

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 Expenditure		Project Assets		Cash	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
5,736	Unqualified	124	Unqualified	N/A	N/A

The audit firm issued a qualified opinion on project expenditures, as a total amount of \$613,000 charged to the funds received from the African Development Fund did not receive a non-objection notice from the donor, as required. The audit firm considered the amount as ineligible. However, as this situation did not impact the validity of the expenditure incurred, OAI does not consider it a qualification of the audit opinion.

Key issue and recommendation

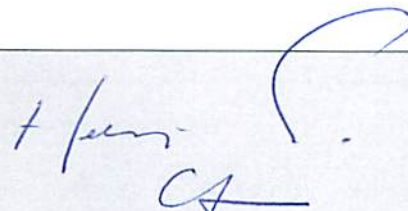
The audit raised 2 issues and resulted in 2 recommendations, 1 of which (50 percent) was ranked high (critical) priority, meaning "Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level."

The high priority recommendation is as follows:

Financial management (Issue 2) Non-compliance with disbursement procedures. Significant delays were noted in the justification of cash advances made to implementing partners and some disbursements were processed prior to receiving justifications of the previous cash advance. As of 31 December 2011, the level of cash advances not justified amounted to \$1,047,000. OAI recommends that the processing of cash advances should be carried out in line with the established policies and procedures of UNDP.

Management's comments

The Resident Representative accepted both recommendations and is in the process of implementing them.



Helge S. Osttveiten
Director
Office of Audit and Investigations