



AUDIT

OF

UNDP REPUBLIC OF THE CONGO

Projet d'Appui à l'Education de Base (PRAEBASE)
(Directly Implemented Project No. 46219)

Report No. 995
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Report on the audit of UNDP Republic of the Congo
Projet d'Appui à l'Education de Base (PRAEBASE)
(Project No. 46219)
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 l'Education de Base (PRAEBASE), Project No. 46219 (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 totaling \$3.7 million during the period from 01 January to 31 December 2011. The following donors contributed to the Project: International Development Association and the Republic of the Congo.

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 01 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	NFI (in \$ '000)	Amount (in \$'000)	Opinion
3,712	Unqualified	312	Qualified	27	N/A	N/A

NFI = Net Financial Impact

The audit firm issued a qualified opinion on project expenditures. They noted that the expenditure was not equally charged between the two donors of the Project, contrary to the funding arrangements. They stated that the funds received from the Republic of the Congo were overcharged by \$642,000. However, as this situation did not impact on the validity of the expenditure incurred, OAI does not consider it a qualification of the audit opinion.

The audit firm issued a qualified opinion on project assets as the Statement of Assets was overstated by \$27,000. Several weaknesses were noted in asset management, including assets which were disposed of and removed from the list of assets without any supporting documents and assets which could not be accounted for.

Key issue and recommendation

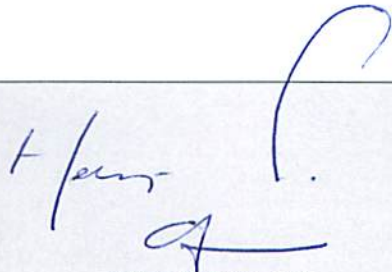
The audit raised 7 issues and resulted in 7 recommendations, 2 of which (29 percent) were ranked high (critical) priority, meaning "Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level."

Project Management Issue #2 Absence of supporting documents substantiating the transfer by the local partner of its contributions. Among the requirements to obtain funding to initiate income generating activities, the local partner is required to transfer 10 percent of the project budget, either in cash or in kind. The Office did not provide documents to support that the 10 percent contributions had been duly paid. OAI recommends that the Office request and properly document the 10 percent contributions from local partners prior to financing their projects.

Project Management Issue #6 Project documents inadequately archived. There was no archiving procedure, in particular concerning documents and exchanges of e-mails with the Project Coordinating Unit and the banks. OAI recommends that the Office ensure chronological and systematic archiving of all important documents.

Management's comments

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



Helge S. Ostveiten
Director
Office of Audit and Investigations