

AUDIT

OF

**PROJECT NAME: RURAL INFRASTRUCTURE WORKS IN
KATANGA AND KASAI OCCIDENTAL
(Atlas Project ID # 00063004)**

At UNOPS CONGO OPERATIONS CENTRE

**Report No. IAIG/2215
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**Report on the audit of ‘Rural infrastructure Works in Katanga and Kasai Occidental’
(Atlas Project ID 00063004)**

Executive Summary

The Internal Audit and Investigations Group (IAIG) of the United Nations Office for Project Services (UNOPS), through Pricewaterhouse Coopers in the Democratic Republic of the Congo (the audit firm), conducted an audit of the project ‘Rural infrastructure Works in Katanga and Kasai Occidental’ (Atlas Project ID 00063004) (the Project), in Congo Operations Centre (the Office). The audit firm was under the general supervision by IAIG in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The Project reported expenditure totaling USD 2,749,748 during the period from 01 January to 31 December 2011. The following donors contributed to the Project: The African Development Bank (BAD); and Government of the Democratic Republic of the Congo.

Audit scope and objectives

The audit firm conducted a combined financial audit and audit of internal controls and systems to express an opinion on whether the financial statements present fairly, in all material aspects, the results of the Project’s operations, as well as assess compliance with UNOPS regulations, rules, policies and procedures and donor agreements. The audit covered the review of the Project’s Statement of Expenditure for the above mentioned period, the Statement of Non-Expendable Property, and the cash position as at 31 December 2011. It also reviewed the relevant systems, procedures and practices in place as they relate to the Project, in the areas of: project management, finance, human resources management, procurement and supply chain, and general administration (including asset management).

Audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, IAIG assessed the management of the Project as **satisfactory**¹. The details of the audit results are presented in Tables 1 and 2.

Table 1: Summary results of the audit

Period	Project expenditure		Project non expendable property		Project cash position		Overall rating on internal controls
	Amount (USD)	Opinion	Amount (USD)	Opinion	Amount (USD)	Opinion	
01 January to 31 December 2011	2,749,748	Qualified	574,035	Unqualified	287,591	Qualified	Satisfactory

The Audit Firm issued qualified audit opinions on the Statements of expenditure and cash position due to ineligible expenditures charged to the project for USD 8,420.

¹ See definitions in Annex 1

Table 2: Internal controls ratings summary

RATING SUMMARY BY FUNCTIONAL AREA		
Functional area	Rating	
Project management	Satisfactory	
Finance	Partially satisfactory	
Procurement and supply chain	Satisfactory	
Human resources	Satisfactory	
General administration (incl. Assets Management)	Satisfactory	
Overall rating of Internal control	Satisfactory	

Key recommendations

The audit raised 7 recommendations of medium priority. These include actions to address: timely and direct recording of project expenditure; need to enhance controls over contractors; need to attach the terms of reference to a contract; need to maintain proper filing of documentation related to suppliers' selection; need to cancel invoices with the mention "PAID" after payment; need to maintain evidence of the review and record of payment vouchers; and need for regular inventory of all tools and construction materials purchased under the project.

Follow up of recommendations

The follow up of the action taken by management to implement the audit recommendations is monitored by IAIG on its web based issue tracking system.