

AUDIT

OF

**PROJECT NAME: NORWAY INDIA PARTNERSHIP INITIATIVE (NIPI)
SECRETARIAT AND LFA
(Atlas Project ID 00054184 and 00064037)**

At UNOPS India Operations Centre

**Report No. IAIG/2216
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**Report on the audit of ‘Norway India Partnership Initiative (NIPI) Secretariat and LFA projects
(Atlas Project ID 00054184 and 00064037)**

Executive Summary

The Internal Audit and Investigations Group (IAIG) of the United Nations Office for Project Services (UNOPS), through Lochan and Co (the audit firm), conducted an audit of the projects ‘Norway India Partnership Initiative’ (NIPI) Secretariat (Atlas project ID 00054184) and Local Fund Agent project (Atlas project ID 00064037) (the Projects). The audit firm was under the general supervision by IAIG in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The Projects reported expenditure totaling USD 8,830,749 (LFA project) and USD 3,171,991 (Secretariat project) during the period from 1 January 2009 to 31 December 2011. The project was funded by the Government of Norway.

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 projects’ Statement of Expenditure for the above mentioned period and the Statement of Non-Expendable Property. 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 **Partially satisfactory**¹. The details of the audit results are presented in Tables 1 and 2.

Table 1: Summary results of the financial audit

Period	Atlas Project ID	Project Expenditure		Project non expendable property		Overall rating on internal controls
		Amount (USD)	Opinion	Amount (USD)	Opinion	
01 Jan 2009 to 31 Dec 2011	64037	8,830,749	Unqualified	5,335	Unqualified	Partially satisfactory
	54184	3,171,991	Unqualified	57,725	Unqualified	Partially satisfactory

¹ See definitions in Annex 1

Table 2: Internal controls ratings summary

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

Key recommendations

The audit raised 21 recommendations, of which 4 were ranked high priority and 17 were ranked medium priority. The High priority recommendations include:

Functional area	Audit recommendation
Procurement and Supply Chain management	<ul style="list-style-type: none"> • Proper segregation of duties among project personnel should be ensured. • Selection process should be transparent to have accountability, transparency, and cost efficiency in procurement system. • In case of selection of vendor with higher quote, proper justification should be documented and approved by the competent authority, and be placed in the procurement file. • Management should ensure compliance with the procurement manual, and oversight of the procurement process must be improved.
	<ul style="list-style-type: none"> • Payment of instalments disbursed to vendors should be in accordance with the terms and conditions as specified in the contract agreement. • Management should ensure that advance payments should be in compliance with Procurement Manual clauses and contract.

Medium priority recommendations include actions to address: raising of requisition for procurement of goods and services; complying with the procurement manual in some cases; attaching UNOPS model contract with the solicitation documents; using separate contracts for different Project IDs; undertaking proper evaluations of bids; ensuring that advance payments are in compliance with clauses of Procurement Manual and contract; having proper maintenance of attendance records; strengthening internal control system for assets management; and proper preparation and documentation of travel plan for the project personnel.

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.