

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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Resilient nations.*

AUDIT

OF

UN WOMEN RWANDA

ADVANCING & SUSTAINING GENDER EQUALITY GAINS IN RWANDA

(Directly Implemented Project No. 88138)

Report No. 1707

Issue Date: 9 September 2016

**Report on the Audit of UN Women
Advancing & Sustaining Gender Equality Gains in Rwanda
(Project No. 88138)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG SA (the audit firm), conducted from 13 to 24 June 2016 an audit of 'Advancing & Sustaining Gender Equality Gains in Rwanda' (Project No. 88138) (the Project), which is directly implemented and managed by the UN Women Country Office in Rwanda (the Office). This was the first audit of the Project.

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 Trial Balance Report, which includes expenditure for the period from 1 January to 31 December 2015 and the Statement of Assets as of 31 December 2015. The audit did not include expenditures processed and approved outside of the country (such as by the UN Women Regional Centres and UN Women Headquarters).

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

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		
Amount (in \$ '000)	Opinion	NFI** (in \$ '000)	Amount (in \$ '000)	Opinion	NFI (in \$ '000)
2,154	Unqualified	-	11	Adverse	9

* Expenditures recorded in the Project's Trial Balance were \$2,215,063. Excluded from the audit scope were transactions that relate to expenditures processed and approved by other UN Women offices outside of the country of \$60,906.

**NFI = Net Financial Impact

Key recommendations: Total = 2, high priority = 1

The two recommendations aim to ensure the reliability and integrity of financial and operational information.


For high (critical) priority recommendations, prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women. The high (critical) priority recommendation is presented below:

Assets not belonging to the Project (Issue 1) The Office erroneously reported eight laptops that did not belong to the Project in the Statement of Expenditures, with a total net book value of \$9,199.

Recommendation 1: Management should ensure that only assets belonging to the Project are recorded in the Statement of Expenditures by conducting regular and timely reviews of its assets register.

Management comments and action plan

The Representative of the Office accepted both recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.



Helge S. Ostveiten
Director
Office of Audit and Investigations



United Nations Development Programme (UNDP)

Report of the Independent Auditor on the United Nations
Entity for Gender Equality and the Empowerment of
Women (UN Women) Directly Implemented (DIM)
Project 00088138 “Advancing & Sustaining Gender
Equality Gains in Rwanda”

- Rwanda -

For the year ended 31 December 2015



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Executive Summary

KPMG Geneva conducted the financial audit of UN Women project number 00088138 “Advancing & Sustaining Gender Equality Gains in Rwanda” (the project) for the period 1 January to 31 December 2015. The audit was undertaken on behalf of the Office of Audit and Investigations (OAI), United Nations Development Programme (UNDP).

We have issued audit opinions as summarized in the table below and as detailed in the next section:

Project Trial Balance (PTB) Statement	Unqualified
Project Statement of Fixed Assets	Adverse

Findings as a result of our audit are provided in the management letter on page 8.

KPMG SA

Pierre-Henri Pingeon
Auditor in Charge

Henri Mwaniki

Geneva, 29 July 2016



Audit Objectives and Scope

The objective of the financial audit was to express an opinion on the Directly Implemented Modality (DIM) project statements which include:

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2015 are fairly presented in accordance with UN Women accounting policies and that the expenses incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UN Women; and (iv) supported by properly approved vouchers and other supporting documents. The Project Trial Balance (PTB) certified by the UN Women Chief of Accounts is the mandatory and official Statement upon which the audit opinion should be expressed. Other forms of Statement of expenses that may be prepared by a project office are not acceptable.
- Expressing an opinion on whether the Statement of Fixed Assets presents fairly the balance of assets of the UN Women project as at 31 December 2015. This Statement must include all assets available as at 31 December 2015 and not only those purchased in the period. The Statement of Fixed Assets as at 31 December 2015, certified by the UN Women Chief of Accounts, is the mandatory and official Statement upon which the audit opinion should be expressed. Other forms of Statement of Fixed Assets that may be prepared by a project office are not acceptable. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.

The scope of the audit relates only to transactions concluded and recorded against the UN Women DIM project, between 1 January and 31 December 2015. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of “responsible parties”, unless the inclusion of these expenses is specifically required in the request for proposal; and
- Expenses processed and approved in locations outside the Country Office responsible for the project, such as expenditures initiated at UN Women Regional Offices and UN Women Headquarters for which the supporting documentation is not retained at the level of the UN Women Country Office.



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Independent Auditors' Report

Project Trial Balance (PTB) Statement

To: Office of Audit and Investigations (OAI), United Nations Development Programme (UNDP)

Audited Project: "Advancing & Sustaining Gender Equality Gains in Rwanda"

Period covered by the audited PTB Statement: From 1 January 2015 to 31 December 2015

Atlas Project Number to identify the PTB: 00088138

Location: Rwanda

We have audited the accompanying Project Trial Balance (PTB) Statement of the UN Women project number 00088138 "Advancing & Sustaining Gender Equality Gains in Rwanda" for the period 1 January to 31 December 2015. The PTB expenditures totalling \$2,215,062.72 are comprised of audited expenditures of \$2,154,156.31 under the Directly Implemented Modality (DIM) and expenditures processed and approved outside the UN Women Country Office in Rwanda of \$60,906.41 which were excluded from the scope of our audit.

Management's Responsibility for the Project Trial Balance Statement

Management is responsible for the preparation of the PTB Statement for the "Advancing & Sustaining Gender Equality Gains in Rwanda" project and for such internal control as management determines is necessary to enable the preparation of a Statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Report of the Independent Auditor on the United Nations Entity for Gender Equality
and the Empowerment of Women (UN Women)
Directly Implemented (DIM) Project 00088138
“Advancing & Sustaining Gender Equality Gains in Rwanda” – Rwanda–
For year ended 31 December 2015*

Opinion

In our opinion, the attached Project Trial Balance (PTB) Statement presents fairly, in all material respects, the expenses of \$2,154,156.31 incurred by the project number 00088138 “ Advancing & Sustaining Gender Equality Gains in Rwanda” for the period 1 January to 31 December 2015 in accordance with UN Women accounting policies and were i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UN Women; and (iv) supported by properly approved vouchers and other supporting documents.

KPMG SA

Pierre-Henri Pigeon
Auditor in Charge

Henri Mwaniki

Geneva, 29 July 2016



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Independent Auditors' Report

Project Statement of Fixed Assets

To: Office of Audit and Investigations, United Nations Development Programme (UNDP)

Audited Project: "Advancing & Sustaining Gender Equality Gains in Rwanda"
Period covered by the Project Statement of Fixed Assets: 1 January 2015 to 31 December 2015
Atlas Project Number to identify the PTB: 00088138
Location: Rwanda

We have audited the accompanying Project Statement of Fixed Assets of the UN Women project number 00088138, "Advancing & Sustaining Gender Equality Gains in Rwanda" as at 31 December 2015.

Management's Responsibility for the Project Statement of Fixed Assets

Management is responsible for the preparation of the Statement for the "Advancing & Sustaining Gender Equality Gains in Rwanda" project and for such internal control as management determines is necessary to enable the preparation of a Statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the Statement.

Basis for Adverse Opinion

We noted that eight laptops with a Net Book Value (NBV) of \$9,199 which did not relate to the project 00088138 have been reported as part of this project's assets. Consequently the attached Project Statement of Fixed Assets is overstated by \$9,199 representing 80% of the statements net book value.



Opinion

In our opinion, based on the significance of the matter discussed in the paragraph above, the attached Project Statement of Fixed Assets does not present fairly, in all material respects, the balance of inventory of the UN Women project number 00088138 “Advancing & Sustaining Gender Equality Gains in Rwanda” with a Net Book Value (NBV) of \$11,498 as at 31 December 2015 in accordance with UN Women accounting policies.

KPMG SA

Pierre-Henri Pigeon
Auditor in Charge

Henri Mwaniki

Geneva, 29 July 2016



Management Letter

To: Office of Audit and Investigations, United Nations Development Programme

Audited Project: “Advancing & Sustaining Gender Equality Gains in Rwanda”

Period covered: 1 January 2015 to 31 December 2015

Atlas Project Number to identify the PTB: 00088138

Location: Rwanda

We have raised the following finding related to this project as a result of our audit.

Observation 1

- **Assets not related to the Project reported as part of the project assets**

From our review of the project’s assets, we noted that eight out of the ten laptops with an NBV of \$9,199 have been erroneously reported as part of the project assets. These laptops do not belong to the project 00088138. Consequently, the NBV of assets reported in the attached Project Statement of Fixed Assets was overstated by \$9,199. Further, the depreciation charge reported in the Project PTB statement was also overstated by \$2,161. In 2016, these assets as well as the depreciation charge were moved to the correct project and hence the ATLAS system records were updated. There is a risk that controls over recording and review of the fixed assets register may not be operating effectively.

- **Priority/Grading**

High

- **Recommendation**

KPMG recommends that management should ensure only assets belonging to the project are reported as part of project assets. Management should also undertake a regular and timely review of the fixed assets register to ensure that assets physically exist and errors if any, are detected and corrected in a timely manner.

- **Management Comment and Action Points**

Computers were being purchased for the project staff and since the Office was in need of additional computers for other programme staff, a decision was made to conduct one procurement process the entire cost of which was temporarily charged to the project pending receipt of core funds. However, there was a delay in reversing the transaction. Once the error was noticed, the Office took immediate corrective action. The Country Office has strengthened regular monitoring of project expenditure to ensure that allocations/expenditures are based strictly on donor agreements.

Observation 2

- **Lack of evidence of review by the project manager of supporting documents for expenses reported in the Funds Authorization and Certification of Expenditures Report (FACE forms)**

According to article 4 (reporting and liquidation of advances) of the Cash Advances and other Cash Transfers to Partners chapter of the Financial Management Section of the Programme and Operations Manual, the FACE form replaces all other forms of financial reports used by Government, non UN Inter-Governmental Organizations (IGO) and Non-Governmental Organizations (NGO) Partners for requesting funds and reporting expenditure. Expenditures are recorded in Atlas based on the FACE form received from the Partner and approved by the UN-Women Project Manager. The project manager is required to review the supporting expenditure documentation with the submission of FACE forms such as invoices, receipts, etc.

Article 4 further provides guidance on the determination of the frequency and number expenditures reported in the FACE forms, for which the project Manager should review the original support documentation.

Upon receipt of the original expenditure documents, the UN-Women Project Manager should stamp (preferably with a UN Women logo stamp) each individual receipt and invoice in order to ensure that they are marked as having been processed. Photocopies or preferably scanned copies of the sampled originals must be retained along with the FACE form and evidence of sample selection and results. The original receipts and supporting documentation should then be returned by the Project Manager to the implementing partner for storage.

In the review of expenses, we noted that all expenses were supported by approved FACE forms, financial and narrative reports. However, there was no documentary evidence in the form of an audit trail, such as, evidence of the sample selection and photocopies or scanned copies of the sampled originals reviewed by the Project manager. Management however indicated that Project Manager together with the Finance Associate reviewed the original expenditure support documentation at the Implementing Partners’ offices.

Management indicated that the oversight regarding documentation arose due to inadequate staffing of the Country Office and the lack of sufficient training for the staff.

In the absence of an audit trail, there is no documentary evidence that the project manager complied with the Cash Advances and other Cash Transfers to Partners chapter of the Financial Management Section of the Programme and Operations Manual requirements for review the original support documents for the expenses reported in the FACE forms.

- **Priority/Grading**

Medium

- **Recommendation:**

KPMG recommends that the project manager should document the review of expenses reported in the FACE forms. The documentation should among other things clearly show verification procedures undertaken, sampling criteria of the selected expenses reviewed, stamped copies of the documents sampled and reviewed and the results of each review, as required by the Cash Advances and other Cash Transfers to Partners chapter of the Financial Management Section of the Programme and Operations Manual.



- **Management comments and action plan**

No sampling was in use. Instead, the Country Office had taken the decision to verify all supporting documents. Therefore, Project coordinators and the Finance associate reviewed all supporting documents, but had not stamped the documents as verified or taken copies of the supporting documents reviewed.

It appears that inadequate staffing of the Country Office (with only one Finance Associate and the absence of an Operations Manager) and lack of sufficient training for the staff contributed to this oversight.

However, since February 2016, the Country Office has acquired and uses the verification stamp on Implementing Partners’ documents and also makes copies of supporting documentation (invoices, receipts).

KPMG SA

Pierre-Henri Pingeon
Auditor in Charge

Henri Mwaniki

Geneva, 29 July 2016

Annex 1 : Project Trial Balance (PTB) Statement


Extract of UN Women Trial Balance as at the 31 December 2015.

Expenditure by Project


Sum of Debit - Credit


Project	Account	Acc Desc	Donor Report Classification	Total Per GL	Total Per Asset Schedule	Difference:
88138	18130	Communications & IT Equipments	Undepreciated Asset	14,199.00		
88138	18630	Accumulated Dep - ITC	Undepreciated Asset	(2,700.80)		
			Total Undepreciated Assets	11,498.20	11,498.20	-
88138	71205	Intl Consultants-Sht Term-Tech	Expenses	6,041.00		
88138	71305	Local Consult.-Sht Term-Tech	Expenses	23,121.40		
88138	71310	Local Consult.-Short Term-Supp	Expenses	3,076.89		
88138	71405	Service Contracts-Individuals	Expenses	553,950.42		
88138	71410	MAIP Premium SC	Expenses	230.67		
88138	71415	Contribution to Security SC	Expenses	2,537.34		
88138	71440	Appendix D SC	Expenses	1,845.31		
88138	71605	Travel Tickets-International	Expenses	19,588.96		
88138	71610	Travel Tickets-Local	Expenses	12,125.06		
88138	71615	Daily Subsistence Allow-Intl	Expenses	16,778.40		
88138	71620	Daily Subsistence Allow-Local	Expenses	154,481.26		
88138	71625	Daily Subsist Allow-Mtg Partic	Expenses	30,680.62		
88138	71635	Travel - Other	Expenses	1,988.12		
88138	72105	Svc Co-Construction & Engineer	Expenses	6,750.00		
88138	72120	Svc Co-Trade and Business Serv	Expenses	228,210.06		
88138	72125	Svc Co-Studies & Research Serv	Expenses	204,267.82		
88138	72130	Svc Co-Transportation Services	Expenses	133,035.66		
88138	72135	Svc Co-Communications Service	Expenses	24,884.15		
88138	72140	Svc Co-Information Technology	Expenses	37,243.40		
88138	72145	Svc Co-Training and Educ Serv	Expenses	179,237.41		
88138	72205	Office Machinery	Expenses	2,112.16		
88138	72405	Acquisition of Communic Equip	Expenses	-		
88138	72425	Mobile Telephone Charges	Expenses	8,459.26		
88138	72440	Connectivity Charges	Expenses	363.29		
88138	72505	Stationery & other Office Supp	Expenses	50,971.47		
88138	72615	Micro Capital Grants-Other	Expenses	255,838.81		
88138	72710	Hospitality-Vouchered Expenses	Expenses	83,828.46		
88138	72805	Acquis of Computer Hardware	Expenses	657.64		
88138	73505	Reimb to UNDP for Supp Srvs	Expenses	87.76		
88138	74205	Audio Visual Productions	Expenses	54.95		
88138	74510	Bank Charges	Expenses	121.10		
88138	74525	Sundry	Expenses	510.61		
88138	74910	Gain/Loss Disposal Fixed Asset	Expenses	(357.14)		
88138	75105	Facilities & Admin - Implement	Expenses	1,268.06		
88138	75115	Facilities & Admin - OH & Ind	Expenses	60,906.41		
88138	75705	Learning Costs	Expenses	6,239.41		
88138	75706	Learning - ticket costs	Expenses	3,337.49		
88138	75708	Learning - subcontracts	Expenses	1,041.90		
88138	75711	TrnWrkshp&Conf - Stipends	Expenses	96,457.87		
88138	76125	Realized Loss	Expenses	268.02		
88138	76135	Realized Gain	Expenses	-		
88138	77630	Dep Exp Owned - ITC	Expenses	2,464.10		
88138	77660	Dep Exp Owned -Vehicle	Expenses	357.14		
88138 Total				2,215,062.72		

I hereby certify that the Trial balance is extracted from UN Womens books and records, which has been audited by the United Nations Board of Audit for the year ended 31 December 2015.


 Donna Grimwade Date
 Chief of Accounts

24-May-16


 Pierre-Henri Pingeon, Partner
 KPMG SA, Geneva
 29 July 2016


 Henri Mwaniki, Senior Manager
 KPMG SA, Geneva
 29 July 2016

Annex 2: Project Statements of Fixed Assets





United Nations Entity for Gender Equality
and the Empowerment of Women

Asset Schedule by Project as at the 31 December 2015

Business unit	Operating Unit	Asset ID	Profile ID	Description	TAG Number	Serial Number	Model	Location	Acquisition Date	In Service Date	Cost,USD	Net Book Value	Quantity	Department	Impl Agency	Donor	Project	Fund code	
RWA30	RWA	000000000220	UNW_ICT2	Dell Optiplex 9020	000000000220	7HBVV22		RWA30-13	12/31/2014	12/31/2014	1,419.90	1,149.82	1	93501	002001	11278	00088138	W3003	
RWA30	RWA	000000000221	UNW_ICT2	Dell Optiplex 9020	000000000221	4KBVV22		RWA30	11/30/2014	12/31/2014	1,419.90	1,149.82	1	93501	002001	11278	00088138	W3003	
RWA30	RWA	000000000222	UNW_ICT2	Dell Optiplex 9020	000000000222	BHBVV22		RWA30	11/30/2014	12/31/2014	1,419.90	1,149.82	1	93501	002001	11278	00088138	W3003	
RWA30	RWA	000000000223	UNW_ICT2	Dell Optiplex 9020	000000000223	3GBVV22		RWA30-14	11/30/2014	12/31/2014	1,419.90	1,149.82	1	93501	002001	11278	00088138	W3003	
RWA30	RWA	000000000224	UNW_ICT2	Dell Optiplex 9020	000000000224	FHBVV22		RWA30	11/30/2014	12/31/2014	1,419.90	1,149.82	1	93501	002001	11278	00088138	W3003	
RWA30	RWA	000000000225	UNW_ICT2	Dell Optiplex 9020	000000000225	DGBVV22		RWA30	11/30/2014	12/31/2014	1,419.90	1,149.82	1	93501	002001	11278	00088138	W3003	
RWA30	RWA	000000000226	UNW_ICT2	Dell Optiplex 9020	000000000226	2HBVV22		RWA30	11/30/2014	12/31/2014	1,419.90	1,149.82	1	93501	002001	11278	00088138	W3003	
RWA30	RWA	000000000227	UNW_ICT2	Dell Optiplex 9020	000000000227	FJBVV22		RWA30	11/30/2014	12/31/2014	1,419.90	1,149.82	1	93501	002001	11278	00088138	W3003	
RWA30	RWA	000000000228	UNW_ICT2	Dell Optiplex 9020	000000000228	IKBVV22		RWA30	11/30/2014	12/31/2014	1,419.90	1,149.82	1	93501	002001	11278	00088138	W3003	
RWA30	RWA	000000000229	UNW_ICT2	Dell Optiplex 9020	000000000229	2IBVV22		RWA30	11/30/2014	12/31/2014	1,419.90	1,149.82	1	93501	002001	11278	00088138	W3003	
												11,498.20							

I hereby certify that the Asset Schedule is extracted from UN Womens books and records, which has been audited by the United Nations Board of Audit for the year ended 31 December 2015.



 Donna Grimwade
 Chief of Accounts


 Frankline Okumu
 Asset Focal Point

25-May-16
Date

25-May-16
Date


 Pierre-Henri Pingeon, Partner
 KPMG SA, Geneva
 29 July 2016


 Henri Mwaniki, Senior Manager
 KPMG SA, Geneva
 29 July 2016

Annex 3: Audit Findings Priority Ratings

Annex 3: Audit finding priority ratings

The following categories of priorities are used:

High (Critical)	Action is considered imperative to ensure that UN Women is not exposed to high risks. Failure to take action could result in major consequences and issues
Medium (Important)	Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
Low	Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in the audit report.