R

an audit of

Deloitte

Needs Project No.

South Sudan

to

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<table>
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<tr>
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<th>Opinion</th>
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<td>8</td>
</tr>
</tbody>
</table>

* high priority = 0

actions to
Management comments and action plan

The Representative of the Office concerned accepted the recommendations and has implemented corrective actions. Comments and/or additional information provided have been incorporated into the report, where appropriate.

Brett Simpson
Officer-in-Charge
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)

SOUTH SUDAN, DIRECTLY IMPLEMENTED
PROJECT
RESPONDING TO EMERGENCY NEEDS
PROJECT NUMBER: 94751

FOR THE PERIOD 1 JANUARY
TO 31 DECEMBER 2016

ISSUED AUGUST 2017
# REPORT ON THE FINANCIAL AUDIT OF UN WOMEN SOUTH SUDAN DIRECTLY IMPLEMENTED PROJECT RESPONDING TO EMERGENCY NEEDS PROJECT NUMBER: 94751 FOR THE PERIOD 1 JANUARY 2016 TO 31 DECEMBER 2016

## LIST OF ABBREVIATIONS

<table>
<thead>
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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>IESBA</td>
<td>International Ethics Standards Board of Accountants’ Code of Ethics for Professional Accountants</td>
</tr>
<tr>
<td>ISA</td>
<td>International Standards on Auditing</td>
</tr>
<tr>
<td>OAI</td>
<td>Office of Audit and Investigations</td>
</tr>
<tr>
<td>PTB</td>
<td>Project Trial Balance</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>US$</td>
<td>Unites States Dollar</td>
</tr>
</tbody>
</table>
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PART 1 EXECUTIVE SUMMARY

Deloitte Haskins & Sells LLP (DHS) through Deloitte East Africa, Certified Public Accountants (Kenya) conducted a financial audit of Responding to Emergency Needs (Project number 94751) (‘the project’), directly implemented by UN Women South Sudan (‘the office’) for the year ended 31 December 2016. 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 summarised in the table below and as detailed in the next section:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Expenditure</td>
<td>Unqualified</td>
</tr>
<tr>
<td>Statement of Assets and Equipment</td>
<td>Unqualified</td>
</tr>
</tbody>
</table>

The findings as a result of our audit were as follows:

- Inadequate maintenance of documentation supporting the liquidation of expenditures reported on face forms, (Refer to finding 3.1.1);
- Asset charged to the wrong project in the Atlas accounting system, (Refer to finding 3.1.2);
- Vendor payment to a different entity name, (Refer to finding 3.1.3); and
- Uncompetitive procurement practices, (Refer to finding 3.1.4).

The project was not audited in the prior year.

Yours faithfully,

Certified Public Accountants (Kenya)

Nairobi, Kenya

30 August 2017
The Director  
Office of Audit and Investigations (OAI)  
United Nations Development Programme (UNDP)

Dear Sir,

PART 2: FINANCIAL AUDIT REPORTS

2.1 Report of independent auditors’ on the audit of the Project Trial Balance of UN Women South Sudan project, Responding to Emergency Needs, Project number: 94751

We have audited the accompanying Project Trial Balance (PTB) of the UN Women project number 94751, Responding to Emergency Needs, directly implemented by UN Women Country Office in South Sudan for the period 1 January 2016 to 31 December 2016.

The Project Trial Balance expenditure totalling US$ 1,663,849.63, is comprised of expenditure directly incurred by the UN Women Country Office in South Sudan in the amount of US$ 884,714.36, and expenditures incurred by entities other than the Country Office for an amount of US$ 779,135.27. Our audit only covered the expenditure directly incurred by the UN Women Country Office in South Sudan of US$ 884,714.36.

Opinion

In our opinion, the attached Project Trial Balance presents fairly, in all material respects, the expenses of US$ 884,714.36 directly incurred by the UN Women Country Office in South Sudan and charged to the project for the period 1 January 2016 to 31 December 2016 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor’s responsibilities for the audit of the Project Trial Balance section of our report. We are independent of UN Women in accordance with the International Ethics Standards Board of Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management responsibilities

Management is responsible for the preparation of the Project Trial Balance of the project, and for such internal control as management determines is necessary to enable the preparation of a Project Trial Balance that is free from material misstatement, whether due to fraud or error.
2.1 Independent auditors’ report (Continued)

Auditor’s responsibilities

Our objectives are to obtain reasonable assurance about whether the Project Trial Balance is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Project Trial Balance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization’s internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Certified Public Accountants (Kenya)

Nairobi, Kenya

30 August 2017
The Director  
Office of Audit and Investigations (OAI)  
United Nations Development Programme (UNDP)  

Dear Sir,

2.2 Report of independent auditors’ on the audit of the Statement of Fixed Assets of UN Women South Sudan project, Responding to Emergency Needs, Project number: 94751

We have audited the accompanying Statement of Fixed Assets of the UN Women project number 94751, Responding to Emergency Needs directly implemented by UN Women Country Office in South Sudan as at 31 December 2016.

Opinion
In our opinion, the accompanying statement of fixed assets presents fairly, in all material respects, the assets status of the UN Women project 94751 amounting to US$ 91,218.05 as at 31 December 2016 in accordance with UN Women accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor’s responsibilities for the audit of the statement of fixed assets. We are independent of UN Women in accordance with the International Ethics Standards Board of Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management responsibilities
Management is responsible for the preparation of the Statement of Fixed Assets of the project, and for such internal control as management determines is necessary to enable the preparation of a statement of fixed assets that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibilities for the audit
Our objectives are to obtain reasonable assurance about whether the Statement of Fixed Assets is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
2.2 Independent auditors’ report (Continued)

Auditor’s responsibilities for the audit (Continued)

- Identify and assess the risks of material misstatement of the statement of fixed assets, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 organization’s internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Certified Public Accountants (Kenya)

Nairobi, Kenya

30 August 2017
PART 3: MANAGEMENT LETTER

3.1 Results of the audit

3.1.1 Inadequate maintenance of documentation to support liquidation of expenditures reported on FACE forms.

UN Women Contract and Procurement Management Programme and Operations Manual section 4.1 (a)(Financial Authorization and Certificate of Expenditure Report (Face form) and receipts) provides that upon receipt of the original expenditure documents, the UN-Women Project Manager stamps each individual receipt and invoice in order to ensure that they are marked as having been processed. The Project Manager then returns the receipts and supporting documentation to the implementing partner for storage. Photocopy or preferably scanned copies of the sampled originals must be retained along with the Face form and evidence of sample selection and results.

The UN Women Country Office in South Sudan did not maintain copies of the expenditure support documents reviewed, for FACE forms submitted to the Office, for the period 1 January 2016 to 31 December 2016.

The management of UN women Country Office in South Sudan indicated this was an oversight.

The lack of compliance with UN Women policy regarding the maintenance of adequate support documentation, does not permit verification that adequate review and cancelation by the Office, of the expenditures reported by the Responsible Party has taken place.

Priority Medium

Recommendation

Management should ensure that the copies of the original partner expenditure support documents are retained along with the FACE form.

Management Comments and action plan

The UN Women office has been thoroughly checking the supporting documents provided by partners before signing the FACE form and recording the expenditures. However, management notes the audit recommendation and will immediately implement measures to ensure that the copies of supporting financial documents will be kept at Country Office.
3.1.2 Asset charged to the wrong project in the Atlas accounting system

UN Women Contract and Procurement Management Programme and Operations Manual section 2 (Property Plant and Equipment) provides that an item is to be capitalised to the project receiving the benefit of the use of the asset if it has a value in excess of US$ 1,000 and is expected to be used during more than one reporting period, which, in UN-Women, is more than 12 months and is used and controlled by UN Women.

UN Women Country Office in South Sudan acquired a Codan HF Mobile Radio with a value of $7,680. This asset related to project 94751 however the following series of incorrect entries were recorded;

- The original purchase of the asset was incorrectly expensed to account 72215 in project 81114;
- A correcting entry (APJV) was done to correct the project code to 94751, however, the asset was still expensed rather than capitalized;
- Another correcting entry was processed to capitalize the asset, however, it was incorrectly coded to credit account 74965 in project 81114, and debit the asset account 18180 also for project 81114.

Based on these erroneous entries this item is still appearing as an expense in account 72215 of project 94751 and as an asset in project 81114, resulting in an overstatement of expenses in project 94751 of $7,680 and overstatement of assets in project 81114 in the same amount.

This error was not identified and corrected during the 2016 asset verification exercise.

This was caused by an oversight by the management and insufficient controls over the recording of the assets of UN Women Country Office in South Sudan.
Since the amount is not material, we have not modified our opinion on the statement of fixed assets.

Priority Medium

Recommendation

Management should ensure that all procurements of goods/equipment in excess of US$ 1,000, are reviewed for treatment as capital assets, capitalized when appropriate and charged to project receiving the benefit of the asset, in the Atlas system. Further, management should ensure that project asset listings are periodically reviewed for accuracy and completeness.

Management comment and action plan

UN Women South Sudan acknowledges and agrees with the observation. The Country Office will immediately implement actions to correct the recording of the Asset and comply with the guidelines. Management will ensure regular physical inventory and verifications of asset listings are undertaken.
3.1.3 Vendor payment to a different entity name

As per the UNW Procurement regulations and rules no expense shall be incurred unless it is supported by an appropriate commitment document, and payments should only be made to the entity with whom the legal commitment was made.

Payments of US$ 67,975 for the provision of Agricultural tools for women and transportation were made to a separate entity, from the one with whom the Purchase Order was issued, at the instruction of the Directors of the contracted vendor. The Directors were the same for both companies.

UN Women Country Office in South Sudan may suffer financial losses where the supplier claims that they have not been paid for goods or services rendered.

Priority

Medium

Recommendation

Management should ensure that payments to local suppliers are made only to the bank account provided and verified, during the signing of the contract with the supplier.

Management comments

The UN-Women South Sudan country office takes note of this recommendation and will strive to ensure that all qualified procurement activities incurred in the future are supported by appropriate commitment documents, signed by a committing officer. For the case in reference, however, the vendor, like many other entities and individuals operating bank accounts in South Sudan had faced challenges to withdraw money from their local banking accounts due to the financial crisis including currency shortages in the country. Consequently, the vendor wrote requesting UN Women to make payment to its sister company in Nairobi through a letter dated 22 September 2017. The Country Office took steps to confirm that the letter requesting the transfer of payment had originated from the appropriate authorities of the original vendor before the payment was effected into the other account.
3.1.4 Uncompetitive procurement practises

UN Women Programme and Operations Manual, Contract and Procurement Management guideline section 1.4.2 (Procurement fraud and corrupt practices) requires that all business units observe the highest standard of ethics throughout the procurement process. It further provides that collusion is a scheme or arrangement between two or more bidders, with or without the knowledge of UN Women which is designed to establish prices at artificial, non-competitive level.

Two companies owned by the same directors’ submitted bids, to supply goods and services thus competing against one another as detailed below:-

<table>
<thead>
<tr>
<th>Transaction No.</th>
<th>Description</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSD30-000001204</td>
<td>Transportation of prefabricated containers from Juba to Mingkaman</td>
<td>3,500 - 3,950</td>
</tr>
</tbody>
</table>

The management of UN Women Country Office in South Sudan indicated it was unaware of the shared directorship of the two companies.

UN Women may not realise value for money in instances where there is collusion during the procurement process.

**Priority**
Medium

**Recommendation**

Management should review ownership details of the companies bidding during the tendering process to ensure adequate competition and that entities with the same owners are not shortlisted.

**Management comments and action plan**

Management notes the audit observation/recommendation and will immediately adopt robust measures to thoroughly scrutinize suppliers’ information during the quotation evaluation phase in order to prevent similar issues from occurring in the future.
REPORT ON THE FINANCIAL AUDIT OF UN WOMEN SOUTH SUDAN DIRECTLY IMPLEMENTED PROJECT RESPONDING TO EMERGENCY NEEDS PROJECT NUMBER 94751 FOR THE PERIOD 1 JANUARY 2016 TO 31 DECEMBER 2016

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Project Description</th>
<th>Financial Year</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>94751</td>
<td>Report on the Financial Audit of UN Women South Sudan Directly Implemented Project Responding to Emergency Needs Project Number 94751 for the Period 1 January 2016 to 31 December 2016</td>
<td>13</td>
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APPENDIX II STATEMENT OF FIXED ASSETS
AS AT 31 DECEMBER 2016
REPORT ON THE FINANCIAL AUDIT OF UN WOMEN SOUTH SUDAN DIRECTLY IMPLEMENTED PROJECT RESPONDING TO EMERGENCY NEEDS PROJECT NUMBER 94751 FOR THE PERIOD 1 JANUARY 2016 TO 31 DECEMBER 2016

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**Asset Schedule as at 31 December 2016**

| Code   | No.   | Description          | NR Number | Value   | Depreciation | Balance    | Acct.  | Acct. Date | Vat Code  | Cost Code | Dept | Unit of Measure | Location | Cost   | Condition   | No. of Periods | Issue Date | Return Date | Dept Code | Unit Price | Depreciation | Total Value   |
|--------|-------|----------------------|------------|---------|--------------|------------|---------|------------|-----------|-----------|------|----------------|----------|--------|-------------|---------------|------------|-------------|-----------|------------|--------------|-------------|          |
| 1000   | 500   | 890 UNHCR_BIZ Lutom T. Thokpa | 890 SP9000007V | 2,800.00 | 0.07        | 2,733.00   | 31/12/16| 8/12/16    | 519       | 501       | 2001 | 140 | USD           | W10000   | 2001   | 2001        | 1             | 2016       | 2016        | 2001      | 1000.00    | 0.7          | 2,000.00    |
| 1000   | 500   | 890 UNHCR_BIZ Lutom T. Thokpa | 890 SP9000007V | 2,800.00 | 0.07        | 2,733.00   | 31/12/16| 8/12/16    | 519       | 501       | 2001 | 140 | USD           | W10000   | 2001   | 2001        | 1             | 2016       | 2016        | 2001      | 1000.00    | 0.7          | 2,000.00    |
| 1000   | 500   | 890 UNHCR_BIZ Lutom T. Thokpa | 890 SP9000007V | 2,800.00 | 0.07        | 2,733.00   | 31/12/16| 8/12/16    | 519       | 501       | 2001 | 140 | USD           | W10000   | 2001   | 2001        | 1             | 2016       | 2016        | 2001      | 1000.00    | 0.7          | 2,000.00    |

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In Rev. 2015, asset $94 was transferred to project 94751 to $2114. Depreciation computed contrarily as shown below, but the system entry still was posted to project 94751. An manual entry will be posted in 2017 to reverse depreciation booked to project 94751 (in Rev. 2215, amounting to $949.92) to project 51116. This entry will be posted to 2215.

I hereby certify that the Asset Schedule is extracted from 1/un/Women’s books and records, which are being audited by the United Nations Board of Audit for the year ended 31 December 2016.

[Signatures]

Dame Okonjo
Chief of Accounts

Date: 16/Jan/17

Frederick Okamo
Asset Fiscal Officer

Date: 16/Jan/17