

**United Nations Entity for Gender Equality and the
Empowerment of Women
(UN Women)**

AUDIT REPORT

Report of the Independent Auditor on the
United Nations Entity for Gender Equality and the Empowerment of
Women (UN Women)

Directly Implemented (DIM) Project 88138:
“Advancing and Sustaining Gender Equality Gains in Rwanda”

Project name:	Advancing and Sustaining Gender Equality Gains in Rwanda
Award ID:	88138
Country Office:	Rwanda
Auditor:	Moore Stephens LLP
Period subject to audit:	1 January to 31 December 2017

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1. EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of the UN Women Project “Advancing and Sustaining Gender Equality Gains in Rwanda”, ID: 88138 (the project), directly implemented by the UN Women Country Office in Rwanda for the year ended 31 December 2017. The audit was undertaken on behalf of UN Women’s Independent Evaluation and Audit Services (IEAS).

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

Project trial balance - statement of expenditures	Unmodified
Statement of fixed assets	Unmodified

As a result of our audit, we have raised an audit finding with a net financial impact totalling US\$ 2,450.90, as summarised below:

Table 1.1 – Summary of audit results

No.	Description	Priority	Net financial impact USD
1	Project costs reported inclusive of VAT	Medium	2,450.90
Total			2,450.90



Mark Henderson
Partner

Moore Stephens LLP
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28 August 2018

2. THE AUDIT ENGAGEMENT

Audit objectives and scope

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

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2017 and the funds utilization as at 31 December 2017 are fairly presented in accordance with UN Women's 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 at the Financial Management Section of the Management and Administration Division at the Headquarters is the mandatory and official statement upon which the audit opinion is expressed.
- 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 2017. This statement must include all assets available as at 31 December 2017 and not only those purchased in a given period. The statement of fixed assets as at 31 December 2017, certified by the UN Women Chief of Accounts at the Financial Management Section of the Management and Administration Division at the Headquarters, is the mandatory and official statement upon which the audit opinion is expressed. Where a DIM project does not have any assets or equipment, an opinion is not expressed.

The scope of the audit relates only to transactions concluded by the country office and recorded against the UN Women DIM project between 1 January and 31 December 2017. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of "responsible parties"¹, unless the inclusion of these expenses is specifically required in the request for proposal; and
- Expenses processed and approved in locations outside the country such as expenditures initiated at other UN Women regional or country offices and UN Women Headquarters for which the supporting documentation is not retained at the level of the UN Women country office².

¹ Responsible Parties", (RPs) in the context of UN Women implemented projects, refers to governmental, NGO or CSO entities who have received funding through the respective UN Women country office to undertake specific elements of the project's activities. These activities are governed by a Project Cooperation Agreement, or similar, signed by the entity and UN Women, along with the associated budget. Expenditure incurred by these RPs is reported to the UN Women country office on a quarterly basis, where it is subject to review and approval prior to being recorded within the project's financial records. UN Women headquarters provide for such expenditure to be audited separately, with the individual projects and RPs selected on the basis of a risk assessment applied on a global level. While it is not certain that any or all of the RPs who reported expenditure on a project selected for a DIM audit will necessarily have been audited for the period under review, the provision for such audits, within the remit of the internal audit function of UN Women, means that the expenditure does not need to be included as part of the DIM project audit scope.

² The project financial records may include items which are not directly posted by the regional office, such as centrally managed payroll costs or year-end journals or allocations. Such transactions fall within the remit of UN Women's internal and external auditors, and are therefore not re-audited within the scope of the DIM project.

3. AUDIT OPINIONS

Independent auditor's report

Certified project trial balance - statement of expenditures

**Report of the independent auditor
to the Independent Evaluation and Audit Services of UN Women
for the UN Women Rwanda directly implemented (DIM) project:**

**“Advancing and Sustaining Gender Equality Gains in Rwanda”
(ID: 88138)**

Unmodified opinion

We have audited the accompanying project trial balance – statement of expenditures (PTB), “the statement” of the UN Women Rwanda Directly Implemented (DIM) project 88138, “Advancing and Sustaining Gender Equality Gains in Rwanda” for the period 1 January to 31 December 2017. The PTB expenditures totaling US\$ 939,687 comprise audited expenditures of US\$ 160,315 under the Directly Implemented Modality (DIM) and expenditure incurred by entities other than the country office in Rwanda for an amount of US\$ 779,372³. Our audit only covered the expenditure directly incurred by the country office in Rwanda of US\$ 160,315.

In our opinion, the attached project trial balance – statement of expenditures of the UN Women project presents fairly, in all material respects, the expenses of US\$ 160,315 incurred by the project ‘Advancing and Sustaining Gender Equality Gains in Rwanda’ for the period from 1 January to 31 December 2017 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 this report.

We are independent of UN Women in accordance with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the financial finding, amounting to US\$ 2,451, as set out in the relevant section of our report, which represents an amount included in the project trial balance which, in our opinion, does not meet the criteria for funding under the contractual conditions.

This finding amounts to 1.5 per cent of the audited expenditure and is not considered material in the context of our audit.

³ The expenditure outside of the scope of the audit, comprised the following:
Amounts posted by UN Women headquarters – US\$ 115,970 (mainly in respect of support costs)
Amounts incurred by “responsible parties” – US\$ 663,402

Responsibilities of UN Women

Management is responsible for the preparation of the project trial balance for the project 'Advancing and Sustaining Gender Equality Gains in Rwanda' 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.

Auditor's responsibilities for the audit of the project trial balance

The scope of our audit is as set out in our terms of reference and includes obtaining reasonable assurance about whether the amount of project expenditure reported by the UN Women country office is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on that expenditure. 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 decisions of users taken on the basis of the reported project expenditure.

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 reported project expenditure, 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the partner's internal control.

We communicate with those charged with governance, 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.



Mark Henderson
Partner
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

Date: 28 August 2018

Certification for statement of fixed assets

Unmodified opinion

We have audited the accompanying statement of fixed assets (“the statement”) of the UN Women project number 88138, ‘Advancing and Sustaining Gender Equality Gains in Rwanda’ as at 31 December 2017.

In our opinion, the attached statement of fixed assets presents fairly, in all material respects, the balance of assets of the UN Women project ‘Advancing and Sustaining Gender Equality Gains in Rwanda’ amounting to US\$ 1,364 as at 31 December 2017 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 section of this report.

We are independent of UN Women in accordance with the International Ethics Standards Board for Accountants’ (IESBA) Code of Ethics for Professional Accountants and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

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 the statement of fixed assets.

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 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 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.



Mark Henderson
Partner
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

Date: 28 August 2018

4. MANAGEMENT LETTER

The finding related to the audit of the project financial statements is discussed below:

4.1. Financial findings

Financial finding 1	
Title:	Project costs reported inclusive of VAT
Priority:	Medium
Amount US\$:	2,450.90

Description

Chapter 13.6 “Payments and Taxes” of the POM Contract and Procurement Management under taxes heading states; “UN-Women, as a subsidiary organ of the United Nations, is exempt from direct taxes such as income tax, and is entitled to reimbursement of indirect taxes, such as sales tax and VAT, on important purchases”.

It further states that “While in some countries, governments have provided an outright exemption to indirect taxes, in most countries; BUs may be required to pay taxes and further seek reimbursement. Governments are required under the General Convention to provide a mode of reimbursement on important purchases. The policy of the United Nations is that all purchases are “important”, as they are recurring and necessary to carry out its official activities. BUs shall liaise with the Ministry of Foreign Affairs to ensure reimbursement. Any difficulties with respect to exemption from taxation or reimbursement of taxes shall be addressed to the Director of Management and Administration”.

We noted that certain supplier invoices were recorded in the Atlas accounting system inclusive of VAT. Examples of affected transactions are presented in the table, below:

Transaction Id	Vendor ID	Description	Journal date	Amount (RWF)	Amount (USD)	VAT included RWF	VAT included US\$
RWA30-00010902-1-1-ACCR-DST	74672	CONSULTANT NWC	21-Dec-17	6,400,000	7,591.03	976,271	1,158.00
RWA30-00010886-1-1-ACCR-DST	73978	T-SHIRT FOR 16DAYS	19-Dec-17	1,457,300	1,728.50	222,300	263.70
RWA30-00010845-1-1-ACCR-DST	73978	T-SHIRT ROUND NECK-16DAYS	07-Dec-17	1,032,500	1,224.65	157,500	186.80
RWA30-00010488-2-1-ACCR-DST	69212	BROCHURES WITH GMO	14-Sep-17	1,040,000	1,260.61	695,044	842.40
Total						2,051,115	2,450.90

We further noted that UN Women country office has not established the VAT recovery process with the Government of Rwanda and is therefore not currently able to reclaim these amounts.

Recommendation

We recommend that the UN Women office proceeds with the VAT registration process so that these amounts do not have to be covered by project funds. The VAT amount should be recorded separately from the net amounts of suppliers’ invoices at the time the transactions are entered into the accounting system. The project statement of expenditure would then only report the net amount.

Management comments and action plan

We acknowledge your comments about the VAT refunds from the government and confirm that the office has been in communication with the Government of Rwanda and the UN Resident Coordinator on issuance of a Standard Basic Assistance Agreement (SBAA). This is a prerequisite for registration by the Rwanda Revenue Authority to allow the office to start claiming VAT refunds.

As regards the recording of VAT amounts separately from the net amounts into the accounting system, we will implement this recommendation once we are able to recover the VAT.

4.2. Management control findings

No management control findings have been raised.


ANNEX I – PROJECT TRIAL BALANCE

Extract of UN Women Trial balance as at the 31 December 2017

Expenditure by Project

Project	Fund	Account	Description	Expense Category	Total per GL (USD)	Total per Asset Schedule	Difference
88138	W3003	18130	Communications & IT Equipments	Asset	2,839.80		
88138	W3003	18630	Accumulated Dep - ITC	Asset	(1,475.60)		
Net Book Value					1,364.20	1,364.20	-
88138	W3003	71305	Local Consult.-Sht Term-Tech	Other Expenses	63,290.46		
88138	W3003	71405	Service Contracts-Individuals	Other Expenses	198,436.23		
88138	W3003	71410	MAIP Premium SC	Other Expenses	191.83		
88138	W3003	71415	Contribution to Security SC	Other Expenses	2,110.33		
88138	W3003	71440	Appendix D SC	Other Expenses	1,534.78		
88138	W3003	71605	Travel Tickets-International	Other Expenses	659.46		
88138	W3003	71610	Travel Tickets-Local	Other Expenses	2,459.70		
88138	W3003	71615	Daily Subsistence Allow-Intl	Other Expenses	2,647.77		
88138	W3003	71620	Daily Subsistence Allow-Local	Other Expenses	95,966.43		
88138	W3003	71625	Daily Subsist Allow-Mtg Partic	Other Expenses	108,726.29		
88138	W3003	71635	Travel - Other	Other Expenses	576.22		
88138	W3003	72105	Svc Co-Construction & Engineer	Other Expenses	29,510.33		
88138	W3003	72120	Svc Co-Trade and Business Serv	Other Expenses	46,767.43		
88138	W3003	72125	Svc Co-Studies & Research Serv	Other Expenses	54,841.07		
88138	W3003	72130	Svc Co-Transportation Services	Other Expenses	49,913.63		
88138	W3003	72135	Svc Co-Communications Service	Other Expenses	9,527.50		
88138	W3003	72140	Svc Co-Information Technology	Other Expenses	8,503.84		
88138	W3003	72145	Svc Co-Training and Educ Serv	Other Expenses	83,608.21		
88138	W3003	72205	Office Machinery	Other Expenses	195.29		
88138	W3003	72425	Mobile Telephone Charges	Other Expenses	4,166.64		
88138	W3003	72505	Stationery & other Office Supp	Other Expenses	1,531.32		
88138	W3003	72710	Hospitality-Vouchered Expenses	Other Expenses	12,111.68		
88138	W3003	72715	Hospitality Catering	Other Expenses	5,871.99		
88138	W3003	72805	Acquis of Computer Hardware	Other Expenses	19,032.06		
88138	W3003	73107	Rent - Meeting Rooms	Other Expenses	17,550.90		
88138	W3003	73310	Maint & Licencing of Software	Other Expenses	176.11		
88138	W3003	73505	Reimb to UNDP for Supp Srvs	Other Expenses	521.66		
88138	W3003	74110	Audit Fees	Other Expenses	19,800.00		
88138	W3003	74225	Other Media Costs	Other Expenses	176.59		
88138	W3003	74510	Bank Charges	Other Expenses	257.45		
88138	W3003	75115	Facilities & Admin - OH & Ind	Other Expenses	96,169.98		
88138	W3003	75711	TrnWrkshp&Conf - Stipends	Other Expenses	2,538.77		
88138	W3003	76135	Realized Gain	Other Expenses	(152.45)		
88138	W3003	77630	Dep Exp Owned - ITC	Other Expenses	467.72		
Total Expenses					939,687.22		
Project Total					941,051.42		

I hereby certify that the above figures are based on UN Womens unaudited Trial Balance for the period ended 31 December 2017 as at the 5th of April 2018.



Donna Grimwade
Chief of Accounts

05-Apr-18

ANNEX II – STATEMENT OF FIXED ASSETS

AM In Service Report: Project 88138

As of Date: 31/12/2017

Business unit	Operating Unit	Asset ID	Description	TAG Number	Serial Number	Model	Location	Acquisition Date	In Service Date	Cost,USD	Net Book Value
RWA30	RWA	000000000221	Dell Optiplex 9020	000000000221	4KBVV22		RWA30-06	30/11/2014	31/12/2014	1,419.90	682.1
RWA30	RWA	000000000227	Dell Optiplex 9020	000000000227	FJBVV22		RWA30-04	30/11/2014	31/12/2014	1,419.90	682.1
										2,839.80	1364.2

I hereby certify that this list details the assets per this project.


Donna Grimwade
Chief of Accounts

Date: 5 April 2018

ANNEX III – PRIORITIES OF AUDIT RECOMMENDATIONS

The audit observations are categorised according to the priority of the audit recommendations and the possible causes of the issues. The categorised audit observation provides a basis by which the UN Women country office management is to address the issues.

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.