



INSTITUTO NACIONAL DE ESTATÍSTICA (INE)

**AUDIT OF THE FUND STATEMENTS OF NATIONAL
EXECUTION PROJECT FINANCED BY JOINT OFFICE OF
THE UNDP, UNFPA AND UNICEF IN CABO VERDE AND
IMPLEMENTED BY INSTITUTO NACIONAL DE
ESTATÍSTICA, FOR THE PERIOD FROM 1 JANUARY TO
31 DECEMBER 2014**

(Free translation from Portuguese original version)



20 July 2015

Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde
Praia – Cabo Verde

**AUDIT OF THE FUND STATEMENTS OF NATIONAL EXECUTION PROJECT
FINANCED BY JOINT OFFICE OF THE UNDP, UNFPA AND UNICEF IN CABO VERDE
AND IMPLEMENTED BY INSTITUTO NACIONAL DE ESTATÍSTICA, FOR THE
PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014**

(Free translation from Portuguese original version)

Dear Sirs

Under the terms of our proposal dated 25 May 2015 and in accordance with the Terms of Reference, we carried out an audit of the fund statements of the projects of national execution financed by Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde and implemented by Instituto Nacional de Estatística, as an Implementing Partner, in 2014.

The fund statements, extracted from Instituto Nacional de Estatística accounting records and the respective explanatory notes, are the responsibility of the Implementation Partner. Our responsibility is to express an opinion on these fund statements based on our audit.

Finally, we wish to express our thanks for the cooperation we have received from the staff of Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde and Instituto Nacional de Estatística.

Yours sincerely

PricewaterhouseCoopers & Associados – SROC, Lda
represented by:

Carlos Manuel Sim Sim Maia, R.O.C.

*PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. – sucursal em Cabo Verde
BAI Center, Piso 2 Dto, Avenida Cidade de Lisboa, C.P. 303 Praia, República de Cabo Verde
Tel +238 261 5934/5 Fax +238 261 6028, www.pwc.com/cv
Matriculada na Conservatória dos Registos Prediais, Comerciais e Automóvel de Cabo Verde sob o nº 893, NIF 200119036*

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069 - 316 Lisboa, Portugal Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na Comissão do Mercado de Valores Mobiliários sob o nº 9077



INSTITUTO NACIONAL DE ESTATÍSTICA

**AUDIT OF THE FUND STATEMENTS OF NATIONAL EXECUTION PROJECT
FINANCED BY JOINT OFFICE OF THE UNDP, UNFPA AND UNICEF IN CABO VERDE
AND IMPLEMENTED BY INSTITUTO NACIONAL DE ESTATÍSTICA, FOR THE
PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014**

(Free translation from Portuguese original version)

July 2015

TABLE OF CONTENTS

I. INTRODUCTION

- A Background
- B Audit Objectives and Scope
- C Summary of Audit Results (Financial and Internal Control)
- D Follow-up of previous audit recommendations
- E Summary of Implementing Partner comments

II. FINANCIAL SECTION

- A. Audit Report
- B. Fund Statements
- C. Notes to the Fund Statements

III. INTERNAL CONTROL STRUCTURE

- A. Independent Auditors' Report

(Free translation from Portuguese original version)

A. BACKGROUND

A.1 The United Nations Organization (UNO) is an international organization founded in 1945, whose stated aim is achieving peace and international security; facilitating the establishment of fair relations between countries on the grounds of equal rights and self-determination interests of peoples; and encouraging international cooperation in solving global economic, social, cultural and humanitarian problems.

The UNO is present in Cabo Verde since Independence Day. The government of Cabo Verde, the civil society as well as the private sector and other development partners consider the UNO as a reliable partner.

The role of the United Nations system in Cabo Verde is closely linked to helping national partners identify, plan and execute national development strategies.

The United Nations system provides technical assistance to the production of factual data, to monitoring and evaluation of economic and social development trends at the national and regional level. It ensures the participation of domestic partners in regional meetings, workshops and seminars. This assistance from the United Nations system helps to contribute to share good practices and to foster the participation of the country in regional networks of cooperation.

In 2006 the Joint Office of the Agencies of the Executive Committee of the United Nations (WFP, UNFPA, UNDP and UNICEF) was formally opened its first office in Cabo Verde, the first country to host such event. The UN office complex is officially designated United Nations Programs and Funds Joint Office. With the departure of the WFP in 2010, the Office was renamed the Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde. This is an important milestone in UN Reform whose stated aim is accomplishing harmonization and simplification of their activities. This Office is a One sole structure of participating Agencies, managed by a sole In-Country Development Manager who is equally the Resident Coordinator of the United Nations System in charge of implementing the UNDAF – United Nations Framework for the Assistance to Development for the period 2012 – 2016, by integrating the activities of the 4 agencies and other residents and non-residents in Cabo Verde. This program aims to ensure that the value added, the mandate and the role of each agency of the Executive Committee are clearly perceived by partners throughout the implementation of this Program.

The goal of the Program is to maximize and to use efficiently the joint contribution of the participating agencies to better assist Cabo Verde in the context of national policies to accelerate economic growth, to promote competitiveness and job creation and fight against poverty.

The four areas of the UNDAF 2012 - 2016 are:

1- Inclusive growth and poverty reduction

Assistance under this pillar will focus on the following three priorities:

- (a) Increased economic competitiveness, particularly related to the restructuring of the trade sector
- (b) Formulation and implementation of evidence-based policies for gender-sensitive and child-friendly social protection, as well as for sustainable social-sector financing

(c) Identification and implementation of program and policy options for poverty/vulnerability monitoring and reduction.

2- Consolidation of institutions, democracy and citizenship

Interventions under this pillar will focus on the following four priorities:

- (a) Improved efficiency and efficacy of public administration
- (b) Improved capacities of the statistical system through: financial support to a selected number of statistical operations; institutional support to the National Institute of Statistics; capacity building in the above-mentioned sectors
- (c) Capacity development of control institutions, notably the Tribunal of Accounts, for increased and improved control over the use of central and decentralized public resources
- (d) Supporting mechanisms for improved dialogue and participation of social actors and citizens, particularly women and youth, in the planning and evaluation of public policies and programs.

3- Reducing disparities and equity promotion

Assistance under this pillar will focus on three priorities:

- (a) Understanding of the nature, determinants, depth and manifestation of disparities and inequities in the realization of MDGs throughout the country
- (b) Building the capacity of municipalities and local service providers in full coordination with the Ministry of Territorial Management, to plan, finance and deliver quality services adapted to the local situation, guaranteeing equitable access to the most vulnerable groups, particularly youths, adolescents and women
- (c) Develop and improve community-based and family approaches for social-change initiatives.

4- Environmental sustainability and climate change adaptation

Interventions under this pillar will focus on the following three priorities.

- (a) Consolidating environmental governance and mainstreaming environmental sustainability, climate change adaptation and mitigation, disaster risk reduction and management in policies and programs at national and local levels.
- (b) Reinforcing the development of an integrated and gender-sensitive approach to the protection of biodiversity, to be implemented by both the public and private sectors.
- (c) Capacity building of civil society and municipal actors for gender-sensitive advocacy, and the formulation and implementation of community-based sustainable natural-resources management projects.

A.2 “**Instituto Nacional de Estadística (INE)**” is one of the various Implementing Partners of the projects for the component Consolidation of institutions, democracy and citizenship. The parties signed in July 2012 a Memorandum of Understanding, as an operational tool that guides the implementation of sectorial activities, the partnership relations for the coordination and monitoring of the implementation, as well as the management of financial resources obtained.

Established by Decree-Law No. 49/96 of 23 December, INE is a personalized service of the state, with legal personality and administrative, financial and property autonomy. It aims the production, coordination and dissemination of official statistics. Guardianship over the INE is exercised by the Minister responsible for Planning area.

A.3 So, it was signed in June 2014 the Annual Work Plan (AWP), related to the Projects Strengthening the statistical data collection system and Program to support the National Job Creation Strategy in Cabo Verde (PSNJC/CV), which INE is the Implementing Partner.

The budgets approved for the projects amounts to 509 229 USD for the year 2014, for performing the following activities:

- (i) Strengthening institutional and technical capacity of INE and its Delegates Bodies (ODINES);
- (ii) Staff training;
- (iii) Technical assistance missions;
- (iv) System for collection and data diffusion;
- (v) Data collection of statistical operations;
- (vi) Data diffusion;
- (vii) Support the strengthening and integration of production systems and administrative and sectorial statistical analysis;
- (viii) Collection data for Employment Module.

B. AUDIT OBJECTIVES AND SCOPE

- B.1** The financial audit was carried out in accordance with the terms of reference for the Financial Audit of the Implementing Partners, for the period from 1 January to 31 December 2014.
- B.2** Our audit was carried out in accordance with generally accepted auditing standards and was planned primarily to examine the existence and functioning of **INE** internal control procedures for reception, record and payments of funds transfer and correctness of expenses incurred.
- B.3** The overall audit objectives include:
- (i) Evaluating whether the fund statements presents, in all material respects, the funds received and expenses incurred for the period defined above, in conformity with generally accepted accounting principles or other comprehensive basis of accounting;
 - (ii) Evaluating and obtaining a sufficient understanding of the internal control structure of the **INE**, assessing control risks, and identifying reportable conditions, including, if applicable, material internal control weaknesses;
- B.4** To accomplish the overall objectives listed above we carried out the following procedures:
- (i) Read the Annual Work Plan (AWP) in order to become familiar with the project;
 - (ii) Obtained copies of the quarterly financial reports, when applicable, and traced data in selected reports to supporting records to determine if the reports contained information that was supported by records from which the basic financial statements had been prepared.
 - (iii) Performed selective tests with respect to the expenditures incurred in order to determine whether costs incurred were properly recorded, documented and supported, and in accordance with AWP terms.

(Free translation from Portuguese original version)

C. SUMMARY OF AUDIT RESULTS

FINANTIAL STRUCTURE

1. BASIS OF PRESENTATION

Fund statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under cash basis of accounting, revenues are not recorded until received and expenses are assigned to the period in which a cash payment is made.

2. BUDGET IMPLEMENTATION LEVEL

The expenses actually incurred in 2014, amounting to USD 488 081, were lower than the budgeted amount of USD 509 229.

INTERNAL CONTROL STRUCTURE

1. VALUE-ADDED TAX - IVA

Under the terms of the legislation in force, the acquisition of goods and services for the execution of projects as well as the execution of works funded by the international cooperation are exempted from the payment of value-added taxes, under the terms, conditions and limits set in international conventions and agreements signed by the State of Cabo Verde. In order to substantiate such tax-exemption the necessary procedures should be adopted.

However, we found that, as a general rule, invoices issued and paid include VAT – Value Added Tax. Demand for refunding said tax is never made.

Accordingly, we recommend that, procedures be made, as soon as possible, to render feasible detailed analysis of this situation in order to confirm or not VAT-exemption in respect of projects financed by the Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde.

2. EVIDENCE OF DIRECT PAYMENTS

We noted that some “vouchers” and evidence of direct payments made by the Joint Office of UNDP, UNFPA and UNICEF in Cabo Verde, are not kept in the INE archives. So, we recommend such “vouchers” be always obtained by INE and kept on archives.

D FOLLOW-UP OF PREVIOUS AUDIT RECOMMENDATIONS

Our audit report of the fund statements of national execution project financed by Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde and implemented by INE, for the periods from 1 January to 31 December 2012, included the following issues and recommendations:

1. VALUE-ADDED TAX - VAT

The same situation described in Chapter C - Summary of audit results above in relation to Value-Added Tax was also included in the previous report and INE made the following comment:

This is a question of competence of fiscal authorities. A dialogue for clarification is needed, eventually with Joint Office and MIREX.

2. ACQUISITION OF SERVICES

We noted that in the process of acquisition of goods and services did not take into account competitive bidding procedures and that no selected number of suppliers has been considered, as the best practices would recommend. In order to ensure enhanced conditions regarding the acquisition of goods and services we recommend that competitive bidding procedures be adopted. If it is not possible to adopt this procedure, we suggest that a statement with the reasons for this limitation should be made, which must be signed by the heads of the project.

We noted that during the year 2014 purchases of goods and services were preceded by competitive bidding.

2. FISCAL ISSUES– UNIQUE INCOME TAX

We found that no withholding of Unique Income Tax have been made at the time of payment of services rendered by foreign entities according to procedures set in the law in force.

Accordingly, we recommend that, as soon as possible, this legal provision is fulfilled.

There were no services rendered by foreign entities in 2014.

(Free translation from Portuguese original version)

E SUMMARY OF IMPLEMENTING PARTNER COMMENTS

We have no additional comments. We remain available to always continue to implement the recommendations of the auditors.

II. FINANTIAL SECTION



Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde
Praia – Cabo Verde

Auditor's Report

(Free translation from Portuguese original version)

Introduction

1 We have audited the accompanying fund statements of national execution projects financed by Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde and implemented by Instituto Nacional de Estatística for the period from 1 January to 31 December 2014 and a summary of significant accounting policies and other explanatory information.

Instituto Nacional de Estatística's responsibility for the fund statements

2 Instituto Nacional de Estatística is responsible for the preparation and fair presentation of these fund statements in accordance with the basis of accounting described in the explanatory note 2 of the fund statements and for such internal control as it determines is necessary to enable the preparation of fund statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3 Our responsibility is to express an opinion on these fund statements based on our audit. We conducted our audit in accordance with 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 fund statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the fund statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the fund statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the fund 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made Instituto Nacional de Estatística, as well as evaluating the overall presentation of the fund statements.

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

*PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. – sucursal em Cabo Verde
BAI Center, Piso 2 Dto, Avenida Cidade de Lisboa, C.P. 303 Praia, República de Cabo Verde*

Tel +238 261 5934/5 Fax +238 261 6028, www.pwc.com/cv

Matriculada na Conservatória dos Registos Prediais, Comerciais e Automóvel de Cabo Verde sob o n.º 893, NIF 200119036

6 As described in the explanatory note 2 of the fund statements, these fund statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under cash basis of accounting, revenue is not recorded until received and expenses are assigned to the period in which a cash payment is made.

Opinion

7 In our opinion, the financial information referred to in paragraph 1 above was prepared, in all material respects, in accordance with the basis of accounting described in the explanatory note 2 of the fund statements.

Restriction on distribution and use

8 This report is intended for the information of Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde and Instituto Nacional de Estatística and should not be distributed to other parties.

20 July 2015

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
represented by:

Carlos Manuel Sim Sim Maia, R.O.C.

INSITUTO NACIONAL DE ESTATÍSTICA

FUND STATEMENTS OF NATIONAL EXECUTION PROJECT FINANCED BY JOINT OFFICE OF THE UNDP, UNFPA AND UNICEF IN CABO VERDE AND IMPLEMENTED BY INSTITUTO NACIONAL DE ESTATÍSTICA, FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014

(Amounts expressed in Escudos)

	<u>NOTES</u>	<u>2014</u>
Initial balance	3	<u>-</u>
Financings		
Receipts	4	<u>44 958 970</u>
Payments	5	<u>(43 091 857)</u>
Final balance	6	<u><u>1 867 113</u></u>

The attached Notes 1 to 6 form an integral part of these fund statements

INE – INSTITUTO NACIONAL DE ESTATÍSTICA

EXPLANATORY NOTES OF FUND STATEMENTS OF NATIONAL EXECUTION PROJECT FINANCED BY JOINT OFFICE OF THE UNDP, UNFPA AND UNICEF IN CABO VERDE AND IMPLEMENTED BY INSTITUTO NACIONAL DE ESTATÍSTICA, FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

(Amounts expressed in Escudos (ESC) and in Dollar (USD))

(Free translation from Portuguese original version)

1. INTRODUCTORY NOTE

In February 2014 was signed the Annual Work Plans (AWP) for 2014 regarding the projects Strengthening the statistical data collection system and Program to Support the National Job Creation Strategy in Cabo Verde (PSNJC/CV), whose INE is the Implementing Partner. The approved budget for the project exceed 509 299 USD and has the aim of (i) Strengthening institutional and technical capacity of INE and its Delegates Bodies (ODINES); (ii) Staff training; (iii) Technical assistance missions; (iv) System for collection and data diffusion; (v) Data collection of statistical operations; (vi) Data diffusion; (vii) Support the strengthening and integration of production systems and administrative and sectorial statistical analysis; (viii) Collection data for Employment Module.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The fund statements, extracted from INE accounting records, were prepared on the cash basis of accounting.

Under cash basis of accounting, revenues are not recorded until received and expenses are assigned to the period in which a cash payment is made.

The fund statements include only funds related to the program financed by Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde. No other contributions provided from INE's own funds or from other sources are included.

(b) Equipment's and materials

Acquisition of equipment and materials are recorded as operating expenses in the fund statements.

3. PROJECT BANK ACCOUNTS

INE owns a specific bank accounts at Banco Comercial de Atlântico to record the movements of the funds received from Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde.

The account shows a balance of ESC 1 867 113 at 31 December 2014 and the balance as per the bank statement amounts to ESC 6 577 891. The difference represents checks issued and recorded by the INE in 2014 but discounted at the bank in January 2015.

4. FINANCINGS

INE is included in group of implementing partners that uses two methods of payment of expenses, namely:

- (a) Direct payments – under this modality, the expenses are paid to the beneficiaries directly by the Joint Office of the UNDP, UNFPA and UNICEF, according with instructions received from INE.
- (b) Advances of funds - according to this method, the Joint Office makes advances of funds to the INE, which will be used to make payments for the expenses incurred.

Advanced of funds and direct payments for each project are summarized as follows:

	<u>ESC</u>	<u>USD</u>
Advances of funds		
Strengthening the statistical data collection system	29 018 711	328 681
Program to Support the National Job Creation Strategy in Cape Verde (PSNJC/CV)	<u>6 109 465</u>	<u>69 199</u>
	<u>35 128 175</u>	<u>397 881</u>
Direct payments		
Strengthening the statistical data collection system	9 476 838	107 340
Program to Support the National Job Creation Strategy in Cape Verde (PSNJC/CV)	<u>353 956</u>	<u>4 009</u>
	<u>9 830 795</u>	<u>111 349</u>
	<u>44 958 970</u>	<u>509 229</u>

5. PAYMENTS

Expenses incurred in 2014 in the various activities and the respective variations compared to budgeted amounts are summarized in the table below:

		Budget	Realized		Variation
		USD	USD	ESC	USD
		(1)	(2)		(1)-(2)
Strengthening the statistical data collection system	5.1	436 021	436 021	38 495 549	-
Program to Support the National Job Creation Strategy in Cape Verde PSNJC/CV	5.2	73 208	52 060	4 596 308	21 148
		509 229	488 081	43 091 857	21 148

5.1 Strengthening the statistical data collection system

Expenses were as follows:

		ESC
Contracted services	(i)	17 809 834
Per diem	(ii)	10 955 647
Acquisition of equipment	(iii)	9 432 997
Miscellaneous		297 071
		38 495 549

(i) Contracted services

Comprise, essentially, expenses with (i) conception of advertisement materials, such as billboards, calendars, etc, as well as the conception of t-shirts for inquirers and supervisors in the context of the “Inquéritos da Despesas e Receitas Familiares (IDRF)” and “Inquérito Multi Objetivo Contínuo (IMC)”, in the total amount of ESC 4 672 343, (ii) advertising services, radio and television allusive programs, as well as disclosures in newspapers and sites, in the total amount of ESC 3 800 000, (iii) development of mobile application for IDRF, in the amount of ESC 2 300 000, (iv) travel and accommodation expenses, such as acquisition of travel tickets and car rent, in the amount of some ESC 1 900 000 and (v) trainings and workshops/forums, in the amount of some ESC 2 300 000.

(ii) Per diem

Comprise per diem paid to inquirers and supervisors involved in the IDRF and IMC surveys.

(iii) Acquisition of equipment

Refers to the acquisition of (i) measuring equipment (ESC 7 028 098) and (ii) one vehicle Toyota Gibraltar (ESC 2 404 997), in the context of IDRF and IMC surveys.

5.2 Program to Support the National Job Creation Strategy in Cabo Verde (PSNJC/CV)

This program is a result of the agreement signed between INE and Ministry of Youth, Employment and Human Resource Development for carrying out an employment survey with the following goals: (i) to produce labor market indicators, (ii) to produce statistics on decent work, disaggregated by age and sex and (iii) to produce some indicators about technical training.

The expenses comprise basically (i) some ESC 2 000 000 related with per diem paid to agents, supervisors and drivers, (ii) some 1 340 000 related with car rent, vehicles maintenance and fuel acquisition (iii) some ESC 511 000 related to acquisition of several materials, such as t-shirts and notepads, and (iv) some ESC 254 000 related to broadcasting of the spot IMC- employment module.

6. SUBSEQUENT EVENTS

There are no known facts that occurred after December 31, 2014 that can significantly influence the information presented or justify its mention.

- : - : - : - : - : - : -

III. INTERNAL CONTROL STRUCTURE



Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde
Praia – Cabo Verde

Independent Auditors' Report on the Internal Control Structure

(Free translation from Portuguese original version)

We have audited the Fund Statements of national execution projects financed by Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde and implemented by Instituto Nacional de Estatística for the period from 1 January to 31 December 2014, and have issued our report thereon dated 20 July 2015.

We conducted our audit in accordance with International Standards on Auditing issue by IFAC. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement.

Instituto Nacional de Estatística is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition and that the transactions are executed in accordance with management's authorization and with the terms of the agreements and recorded properly to permit the preparation of the fund statements in conformity with the basis of accounting used for their preparation.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of national execution projects financed by Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde and implemented by Instituto Nacional de Estatística for the period from 1 January to 31 December 2014, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing an opinion on the fund statements and not to provide an opinion on the internal control structure. Accordingly we do not express such an opinion.

*PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. – sucursal em Cabo Verde
BAI Center, Piso 2 Dto, Avenida Cidade de Lisboa, C.P. 303 Praia, República de Cabo Verde
Tel +238 261 5934/5 Fax +238 261 6028, www.pwc.com/cv
Matriculada na Conservatória dos Registos Prediais, Comerciais e Automóvel de Cabo Verde sob o nº 893, NIF 200119036*

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all material weaknesses in internal control structure system in place at Instituto Nacional de Estatística. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the fund statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Except for the matter related to the non-preparation of bank reconciliations, referred to above in paragraph C - Summary of audit findings, Chapter I - Introduction, we noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of Joint Office of the UNDP, UNFPA and UNICEF in Cabo Verde and Instituto Nacional de Estatística and should not be used for any other purpose without our written consent.

20 July 2015

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
represented by:

Carlos Manuel Sim Sim Maia, R.O.C.