

**United Nations Development Programme
"UNDP"**

Auditors' Report and Management Letter

Project No. 45747 / Atlas Award No.37756

Capacity building and Mainstreaming of Sustainable Land
Management in the Commonwealth of Dominica ("the
Project")

31 December 2010

AUDITORS' REPORT

The National Project Director and The Resident Representative

a) Certification of UNDP Statements of Expenditure - Combined Delivery Reports (CDRs)

We have audited the accompanying UNDP Statements of Expenditure (**"the CDRs"**) of the UNDP award and project number 45747 (Atlas award no.37756) for the period 1 January 2005 to 31 December 2010. The CDRs are the responsibility of the UNDP CO. Our responsibility is to express an opinion on the CDRs based on our audit.

We conducted our audit in accordance with International Standards of Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the CDRs are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the CDRs. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the CDRs. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the CDRs present fairly, in all material respects the expenditure of US\$ 332,302 incurred by the project and audited by us for the period 1 January 2005 to 31 December 2010 in accordance with UNDP accounting requirements.



CHARTERED ACCOUNTANTS

Barbados

6 May 2011



Combined Delivery Report

UN Development Programme
Report ID: UNGL143

Page 1 of 1
Run Time: 18-03-2011 18:03:22

Selection Criteria :

Business Unit : BRB10
Period : Jan-Dec (2005)
Selected Award Id : 00040426
Selected Fund Code : ALL

| | | | |
|------------|-------------------------|--------------|---------------------------|
| Award ID | 00045747 | Period | Jan-Dec (2005) |
| Project ID | PMS3410 LDF- DON CAPACT | Imp. Partner | UN/100 National Education |
| | | Location | Barbados |

| | Govt Disb | UNDP Disb | UN Agencies | Total Disb |
|--|------------------|--------------|-------------|------------------|
| Fund : 62000 (GEF Voluntary Contribution) | | | | |
| 71205 - Intl Consultants-Sht Term-Tech | 9,000.00 | 0.00 | 0.00 | 9,000.00 |
| 71305 - Local Consult.-Sht Term-Tech | 3,500.00 | 0.00 | 0.00 | 3,500.00 |
| 74525 - Sundry | 44.14 | 16.00 | 0.00 | 60.14 |
| Total for Fund 62000 | 12,544.14 | 16.00 | 0.00 | 12,560.14 |
| Total for Project : 00045747 | 12,544.14 | 16.00 | 0.00 | 12,560.14 |
| Award Total | 12,544.14 | 16.00 | 0.00 | 12,560.14 |

UNITED NATIONS DEVELOPMENT

ERNST & YOUNG
P.O. BOX 261
BRIDGETOWN
BARBADOS, W.I.

Signed By :
ANDERSON PARILLON

6/5/11 Date: 18-03-2011



Selection Criteria :

Business Unit : BRB10
Period : Jan-Dec (2007)
Selected Award Id : 00040426
Selected Fund Code : ALL

| Award ID : 00040426 PMS 3120 EE PSP EDC/SDS TAR | Period : Jan-Dec (2007) | UNDP National Execution Barbados | | | |
|--|-------------------------|----------------------------------|-------------|-------------|------------------|
| Project : 00040426 PMS 3120 EE PSP EDC/SDS TAR | Impl. Partner Location | Govt Disb | UNDP Disb | UN Agencies | Total Disb |
| Fund : 04000 (TRAC (Lines 1.1.1 and 1.1.2)) | | | | | |
| 71305 - Local Consult.-Sht Term-Tech | | 5,000.00 | 0.00 | 0.00 | 5,000.00 |
| 74525 - Sundry | | 5,000.00 | 0.00 | 0.00 | 5,000.00 |
| Total for Fund 04000 | | 10,000.00 | 0.00 | 0.00 | 10,000.00 |
| Total for Project : 00045747 | | 10,000.00 | 0.00 | 0.00 | 10,000.00 |
| Award Total : | | 10,000.00 | 0.00 | 0.00 | 10,000.00 |

[Signature]
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ERNST & YOUNG
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BRIDGETOWN
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Signed By :

[Signature]
ANDERSON PARILLON

[Signature]
6/5/11

Date :

18-03-2011




Selection Criteria :

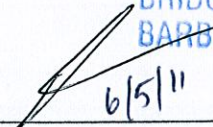
Business Unit : BRB10
Period : Jan-Dec (2008)
Selected Award Id : 00040426
Selected Fund Code : ALL

| Award Id : 00040426 PMS SAT/ED POP DOM CAPACT | Period : Jan-Dec (2008) | Impl. Partner Location : | UNDP National Execution Strategy : | Govt Disb | UNDP Disb | UN Agencies | Total Disb |
|--|-------------------------|--------------------------|------------------------------------|------------------|-----------|-------------|------------|
| Fund : 04000 (TRAC (Lines 1.1.1 and 1.1.2)) | | | | | | | |
| 71615 - Daily Subsistence Allow-Intl | 0.00 | 1,088.91 | 0.00 | 1,088.91 | | | |
| 72115 - Svc Co-Natural Resources & Env | 0.00 | 5,044.79 | 0.00 | 5,044.79 | | | |
| 72120 - Svc Co-Trade and Business Serv | 0.00 | 3,755.29 | 0.00 | 3,755.29 | | | |
| 74525 - Sundry | 0.00 | 71.70 | 0.00 | 71.70 | | | |
| Total for Fund 04000 | 0.00 | 9,960.69 | 0.00 | 9,960.69 | | | |
| Fund : 62000 (GEF Voluntary Contribution) | | | | | | | |
| 71405 - Service Contracts-Individuals | 8,559.96 | 18,251.17 | 0.00 | 26,811.13 | | | |
| 71615 - Daily Subsistence Allow-Intl | 0.00 | 24.13 | 0.00 | 24.13 | | | |
| 72120 - Svc Co-Trade and Business Serv | 0.00 | 808.88 | 0.00 | 808.88 | | | |
| Total for Fund 62000 | 8,559.96 | 19,084.18 | 0.00 | 27,644.14 | | | |
| Total for Project : 00045747 | 8,559.96 | 29,044.87 | 0.00 | 37,604.83 | | | |
| Award Total | 8,559.96 | 29,044.87 | 0.00 | 37,604.83 | | | |


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Signed By : 
ANDERSON PARIKHUN

 6/5/11 Date : 18.03.2011



Combined Delivery Report

Selection Criteria :

Business Unit : BRB10
Period : Jan-Dec (2009)
Selected Award Id : 00040426
Selected Fund Code : ALL

| Award ID : 00040426 PMS S138 LD / PSP / DCS / SIDS / TAR | Period : Jan-Dec (2009) | | | | |
|--|-------------------------|------------------|------------------|-------------|------------------|
| Project ID : 00045747 PMS S418 LD / PDF - DOM. CAPACT | Impl. Partner : UNDP | | | | |
| | Location : Barbados | | | | |
| | | Govt Disb | UNDP Disb | UN Agencies | Total Disb |
| Fund : 04000 (TRAC (Lines 1.1.1 and 1.1.2)) | | | | | |
| 71305 - Local Consult.-Sht Term-Tech | | 0.00 | 3,088.70 | 0.00 | 3,088.70 |
| 71605 - Travel Tickets-International | | 0.00 | 1,187.69 | 0.00 | 1,187.69 |
| Total for Fund 04000 | | 0.00 | 4,276.39 | 0.00 | 4,276.39 |
| Fund : 62000 (GEF Voluntary Contribution) | | | | | |
| 71205 - Intl Consultants-Sht Term-Tech | | 0.00 | 18,891.10 | 0.00 | 18,891.10 |
| 71305 - Local Consult.-Sht Term-Tech | | 3,638.78 | 4,090.74 | 0.00 | 7,729.52 |
| 71405 - Service Contracts-Individuals | | 0.00 | 57,340.72 | 0.00 | 57,340.72 |
| 72105 - Svc Co-Construction & Engineer | | 4,521.84 | 0.00 | 0.00 | 4,521.84 |
| 72505 - Stationery & other Office Supp | | 2,930.24 | 0.00 | 0.00 | 2,930.24 |
| 74205 - Audio Visual Productions | | 1,992.60 | 0.00 | 0.00 | 1,992.60 |
| 76120 - Unrealized Loss | | 0.00 | 0.01 | 0.00 | 0.01 |
| 76135 - Realized Gain | | 0.00 | -0.01 | 0.00 | -0.01 |
| Total for Fund 62000 | | 13,083.46 | 80,322.56 | 0.00 | 93,406.02 |
| Total for Project : 00045747 | | 13,083.46 | 84,598.95 | 0.00 | 97,682.41 |
| Award Total | | 13,083.46 | 84,598.95 | 0.00 | 97,682.41 |

St. Hillman
UNITED NATIONS DEVELOPMENT PROGRAMME

ERNST & YOUNG
P.O. BOX 261
BRIDGETOWN
BARBADOS, W.I.

Signed By :

Anderson Parillon
ANDERSON PARILLON

6/5/11

Date :

18.03.2011



Selection Criteria :

Business Unit : BRB10
Period : Jan-Dec (2010)
Selected Award Id : 00040426
Selected Fund Code : ALL

| | | |
|--|-------------------------|--------------------------|
| Award No : 00040426 PMS AND LD PDF DOM CAPACIT | Period : Jan-Dec (2010) | 10125 National Execution |
| Project : 00045747 PMS AND LD PDF DOM CAPACIT | Imp Partner Location : | Barbados |

| | Govt Disb | UNDP Disb | UN Agencies | Total Disb |
|--|------------------|-------------------|-------------|-------------------|
| Fund : 04000 (TRAC (Lines 1.1.1 and 1.1.2)) | | | | |
| 71605 - Travel Tickets-International | 0.00 | 323.33 | 0.00 | 323.33 |
| 71615 - Daily Subsistence Allow-Intl | 0.00 | 1,667.95 | 0.00 | 1,667.95 |
| 71635 - Travel - Other | 0.00 | 5,869.71 | 0.00 | 5,869.71 |
| 74525 - Sundry | 0.00 | 30.45 | 0.00 | 30.45 |
| Total for Fund 04000 | 0.00 | 7,891.44 | 0.00 | 7,891.44 |
| Fund : 62000 (GEF Voluntary Contribution) | | | | |
| 71205 - Intl Consultants-Sht Term-Tech | 0.00 | 32,747.36 | 0.00 | 32,747.36 |
| 71305 - Local Consult.-Sht Term-Tech | 0.00 | 31,305.08 | 0.00 | 31,305.08 |
| 71310 - Local Consult.-Short Term-Supp | 0.00 | 3,014.40 | 0.00 | 3,014.40 |
| 71405 - Service Contracts-Individuals | 0.00 | 73,479.71 | 0.00 | 73,479.71 |
| 72510 - Publications | 26,017.11 | 0.00 | 0.00 | 26,017.11 |
| 76120 - Unrealized Loss | 0.00 | 0.01 | 0.00 | 0.01 |
| 76135 - Realized Gain | 0.00 | -0.01 | 0.00 | -0.01 |
| Total for Fund 62000 | 26,017.11 | 140,546.55 | 0.00 | 166,563.66 |
| Total for Project : 00045747 | 26,017.11 | 148,437.99 | 0.00 | 174,455.10 |

| | | | | |
|-------------|-----------|------------|------|------------|
| Award Total | 26,017.11 | 148,437.99 | 0.00 | 174,455.10 |
|-------------|-----------|------------|------|------------|

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UNITED NATIONS DEVELOPMENT PROGRAMME

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BRIDGETOWN
BARBADOS, W.I.

Signed By :

[Signature]
ANDERSON PARILLON

Date :

18-03-2011

AUDITORS' REPORT

The National Project Director and The Resident Representative

b) Certification of Statement of Assets and Equipment

We have audited the accompanying Statement of Assets and Equipment ("the statement") of the UNDP project number 45747 (Atlas award no.37756) as at 31 December 2010. The statement is the responsibility of the management of the project. Our responsibility is to express an opinion on the statement based on our audit.

We conducted our audit in accordance with International Standards of Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the statement of assets and equipment presents fairly, in all material respects the inventory balance of the project amounting to US\$17,610 as at 31 December 2010 in accordance with UNDP requirements.



CHARTERED ACCOUNTANTS

Barbados
6 May 2011

Statement of Assets and Equipment

| Statement of Assets and Equipment | | | | | |
|-----------------------------------|-------------|--|---|---|--|
| Award No. | Project No. | Value of Assets and equipment as at 31 December 2010 (cumulative from project start date) (US\$) | Audit Opinion - Statement of Assets and Equipment | Total amount of qualification on the Statement of assets and equipment (US\$) | Total amount of Net financial impact (NFI) of qualification of audit opinion on Statement of assets and equipment (US\$) |
| 37756 | 45747 | US\$17,610 | Unqualified | N/A | N/A |

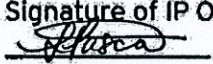
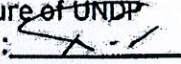
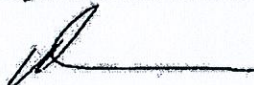
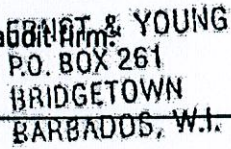
| | | |
|---------------------------|-----------------------------|-----------------------------------|
| Signature of IP Official: | Signature of UNDP Official: | Signature of Audit firm Official: |
| _____ | _____ | _____ |
| Name and title (print): | Name and title (print): | Name and title (print): |
| _____ | STEIN HANSEN DRZ | RENDRA GOPEE - PARTNER |
| Date: _____ | Date: 3/05/11 | Date: 6 MAY 2011 |
| | | Stamp and Seal of audit firm: |
| | | ERNST & YOUNG |
| | | P.O. BOX 261 |
| | | BRIDGETOWN |
| | | BARBADOS |

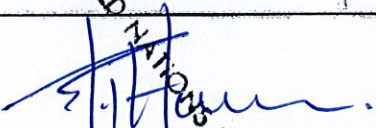
UNITED NATIONS DEVELOPMENT PROGRAMME



Statement of Assets and Equipment

| Statement of Assets and Equipment | | | | | |
|-----------------------------------|-------------|--|---|---|--|
| Award No. | Project No. | Value of Assets and equipment as at 31 December 2010 (cumulative from project start date) (US\$) | Audit Opinion - Statement of Assets and Equipment | Total amount of qualification on the Statement of assets and equipment (US\$) | Total amount of Net financial impact (NFI) of qualification of audit opinion on Statement of assets and equipment (US\$) |
| 37756 | 45747 | US\$17,610 | Unqualified | N/A | N/A |

| | | |
|--|---|---|
| Signature of IP Official:  Name and title (print): LLOYD PASCAL DIRECTOR Date: <u>20/05/2011</u> | Signature of UNDP Official:  Name and title (print): ANDERSON PARILLON ECONOMIST / UNDP FOCAL POINT Date: <u>20/05/11</u> | Signature of Audit firm Official:  Name and title (print): Rendra Gopee Partner Date: <u>6 May 2011</u> Stamp and Seal of audit firm:  |
|--|---|---|


 STEIN HANSEN
 DRP
 31/05/11
 UNITED NATIONS DEVELOPMENT PROGRAMME

STATEMENT OF ASSETS

| QUANTITY | DESCRIPTION | RATE | AMOUNT |
|-----------------|---|------|----------------------|
| 1 | One (1) GeoXH Handheld (Part#79000-00) | | 5,695.00 |
| 1 | One (1) TerraSynce Professional Software with GPS Pathfinder Office Software (Part#50538-00) | | 2,995.00 |
| 6 | Six (6) Juno SC Handhelds (Part#66401-00) | | 5,994.00 |
| 6 | Six (6) TerraSync Software Standard Edition v4.10 (Part#45950-13) | | 1,770.00 |
| | Shipping | | 343.00 |
| ACR - EME527253 | ACER EME527-2537 NOTEBOOK Intel Celeron 900 CPU 2.2Ghz, 1MB L2, 800 mHz FSB 15.6: tft 1366X768 Display 2GB Memory 160gb SATA-150 Hard Disk Drive DVD-RW Drive Wireless B/G/N Network 10/100 Mbps LAN Mobile Intel GL40 Chipset Built in sound card Universal Card Reader Windows 7 Home Premium | | 781.48 |
| GEAR-MP2475PU | GEAR HEAD 2.4GHZ wireless mouse nano purple | | 31.95 |
| TOTAL | | | USD 17,610.43 |

| | | |
|--|--|--|
| Implementing Partner (IP) | UNDP Country Office | Government Auditors/Audit Firm |
| Signature of IP Official: <i>[Signature]</i> | Signature of UNDP Official: <i>[Signature]</i> | Signature of Audit firm Official: <i>[Signature]</i> |
| Name and title (print): Kongit H-Gabriel | Name and title (print): STEPHAN HANSEN, DR R | Name and title (print): P. Guye / Premier |
| Date: __1-04-11 | Date: 31/05/11 | Date: 6/5/11 |
| | | Stamp and Seal of audit firm: ERNST & YOUNG |

ERNST & YOUNG
P.O. BOX 261
BRIDGETOWN
BARBADOS, W.I.

COMMUNICATIONS DEVELOPMENT PROGRAMME

STATEMENT OF ASSETS

| QUANTITY | DESCRIPTION | RATE | AMOUNT |
|-----------------|--|------|----------------------|
| 1 | One (1) GeoXH Handheld (Part#79000-00) | | 5,895.00 |
| 1 | One (1) TerraSync Professional Software with GPS Pathfinder Office Software (Part#50538-00) | | 2,995.00 |
| 6 | Six (6) Juno SC Handhelds (Part#06401-00) | | 5,994.00 |
| 6 | Six (6) TerraSync Software Standard Edition v4.10 (Part#46950-13) | | 1,770.00 |
| | Shipping | | 343.00 |
| ACR - EME527253 | ACER EME527-2537 NOTEBOOK Intel Celeron 900 CPU 2.2Ghz, 1MB L2, 800 mHz FSB 15.6: in 1366X768 Display 2GB Memory 160gb SATA-150 Hard Disk Drive DVD-RW Drive Wireless B/G/N Network 10/100 Mbps LAN Mobile Intel GL40 Chipset Built in sound card Universal Card Reader Windows 7 Home Premium | | 781.48 |
| GEAR-MP2476PU | GEAR HEAD 2.4GHZ wireless mouse nano purple | | 31.95 |
| TOTAL | | | USD 17,819.43 |

| | | |
|---|---|--|
| Implementing Partner (IP) Signature of IP Official: <i>K.H.G.</i> Name and title (print): Kongit H-Gabriel Date: 1-04-11 | UNDP Country Office Signature of UNDP Official: <i>[Signature]</i> Name and title (print): ANDREW PARR Date: 20.5.11 | Government Auditors/Audit Firm Signature of Audit firm Official: <i>[Signature]</i> Name and title (print): J. G. / Partner Date: 6/1/11 Stamp and Seal of audit firm: ERNST & YOUNG P.O. BOX 201 BRIDGETOWN BARBADOS, W.I. |
|---|---|--|

[Handwritten Signature]
 STEIN HANSEN
 DRR
 UNDP
 31/05/11
 NATIONAL DEVELOPMENT PROGRAMME

RAG/BA/ls
gc

6 May 2011

Mr. Anderson Parillon
The Ministry of Finance
Roseau,
Dominica

Dear Anderson Parillon:

Audit of UNDP Project # 45747 (Award ID # 37756) - Capacity Building and Mainstreaming of Sustainable Land Management in the Commonwealth of Dominica ("the Project")

We thank you for your co-operation and co-ordination during our visit to your offices and your facilitation of meetings with the respective personnel responsible with implementation of the above project.

We performed our audit procedures in Dominica during the period 17- 18, March 31 - April 2, 2011. Prior to our departure to the respective territory we met with the UNDP Project Manager at the head office in Barbados to discuss project for the period under review. In addition on arrival in Dominica we met with the project coordinator who provided updates on the project and facilitated performance of our audit procedures.

We have completed our audit procedures as per our terms of reference and are please to present our draft audit report for your review and comments. Below we have detailed our observations and procedures performed together with our recommendations which are hereby brought to your attention.

Background

The overall objective of this Project is "To develop capacities for sustainable land management in appropriate government, civil society institutions and user groups, and mainstream sustainable land management considerations into government planning and strategy development". The project is the national level slate of actions under the UNDP/GEF LDC and SIDS Targeted Portfolio Approach for Capacity Development and Mainstreaming of Sustainable Land Management. The expected outcomes of this project are consistent with those of the global Portfolio Project.

.../2

Review of project progress

We reviewed the annual and quarterly work plans, quarterly and annual financial reports, and requests for direct payments and assessed in terms of their timeliness and their compliance with the project document. We also verified that amounts included in the quarterly reports reconcile to our detailed expenditure listing as per the (CDRs) which are being audited. We have noted no issues and conclude that project financial reports were prepared in on a timely basis and in compliance with the project document.

We reviewed the annual project report prepared by the implementing partner and assessed in terms of compliance with UNDP guidelines by the implementing partner. Based on our review performed we conclude that the implementing partner met its responsibilities for monitoring described in the project document.

We assessed whether the decisions and recommendations in relation to activities of the project have been implemented by the implementing partner. Also we reviewed the activities as per the quarterly reports and annual plan to assess whether these have been followed through by the implementing partner. Based on our procedures performed in verification of project expenditure, we noted that activities have been appropriately authorized and in line with the project mandates as dictated by the project agreement and annual plans.

We also assessed the pace of the project and discussed with the implementation partner whether there were any delays in implementing activities as per annual plans. The project coordinator has confirmed that for the period under review there were no major delays in implementation project activities and activities are on schedule were on schedule as per the annual plan which was further corroborated in performance of our audit procedures.

We also assessed and conclude that the implementation services for the project were in line with the project document.

Based on our assessments and reviews above we have noted no adverse issues with the project progress or implementation for the period under review. We are satisfied that current activities undertaken by the project are within the mandates of the project agreement and implemented within the timelines as stipulated by the project agreement and the implementing agency.

Assessment of Internal Controls

As part of our audit procedures we have assessed the internal controls established by the project in relation to the following areas:

1. Relevance and compliance of expenditure with the project document and budgets. In performing our procedures in relation to verification of expenditure we also assessed whether the expenditure incurred by the project was in line and in accordance with the project agreement and UNDP Policy. Based on procedures performed we conclude that expenditure verified was in line with UNPD policies and the project agreement.
2. Authorization / approval of expenditure by appropriate individuals. Requests for project payments were accompanied by the appropriate supporting documentation with the required approval levels as per the project agreement. There is segregation of duties between the management and accounting function of the project with the accounting records of the Project being maintained by the project coordinator's assistant.
3. Procurement / contracting activities
In our assessment of procurement requests for contract services we noted that most requests required multiple quotes which were assessed by the project coordinator and implementing agency prior to selection of awardees for contracts. Based on above, the process for awarding of contract services appeared transparent and competitive.
4. Maintenance of accounting records by implementing partner, adequacy and completeness of records maintained for supporting of expenditure and reports
There was adequate maintenance of supporting documentation for expenditure incurred under the project during the period under review. We were able to obtain supporting documentation for all expenditure in performance of our verification procedures readily available, adequately maintained and complete.
5. Authorization and approval of requests for direct payments. All requests for direct project payments must be accompanied by appropriate supporting documentation. Payment requests have to be signed off as verified and approved by the project coordinator or project manager of The Environment Division, in addition to the accountant general's department for expenditure items submitted. Based on procedures performed we noted that direct payments requests were appropriately approved and authorized.

Based on our assessments above we have noted that internal controls around the project activities for the period under review appear to be functioning for the period under review. As a result we conclude that internal controls can be deemed effective for the project for the period under review.

Human Resources

- Based on our assessment of the project's recruitment of project personnel we conclude that policies for recruiting and hiring, performance appraisal, remuneration and management of personnel records were in accordance with UNDP Policy. Project personnel hired appeared to have the required level of competence and experience required for recruited roles.

Finance

- The accounting and financial operations of the project were maintained by the project coordinator responsible for submitting quarterly reports to the UNDP head office on a quarterly basis. Accounting records and supporting documentation were adequately maintained and in compliance with UNDP Policy.

Recruitment process for project personnel/consultants

- Based on our review procedures performed and in review of procurement of contracts for services and consultants, the project implementation officers requested a number of different competitive bids which were reviewed and assessed prior to awarding of contract. Recruitment process in accordance with UNDP Policy.

Asset management

- We verified expenditure for equipment purchased for project use as detailed in the Statement of Assets and Equipment without exception. For further details see Statement of Assets and Equipment and Certification of Statement of Assets and Equipment Report. No issues were noted in verification of expenditure for assets and equipment.

Cash management

- We verified cash receipts transferred to the respective bank accounts for project expenditure (*See Internal Control Section for control weakness cash management*).

Information system

- Information and communication system and the control of security and data were adequately maintained.

Internal control weaknesses and recommendations for improvement

1. Condition - Comingling of Project Cash with Cash of Other Non-Related Projects.

During performance of our audit procedures and discussions with the Project management we noted that the project management team maintains a general project account in the name of the UNEP/GEF Bio-safety Framework which includes cash resources of all projects to be implemented by that department. Specific bank accounts are not opened for respective projects.

Criteria

Separate bank accounts should be maintained for all projects to be implemented by the agency, in order to have accurate account of the cash receipts for the respective project and avoid misappropriation of project cash.

Cause

Inadequate Policies / Guidelines

Separate bank accounts were not opened for individual projects.

Effects/ potential impact of risk

Comingling of project cash with cash of other projects being undertaken by the implementing agencies can result in resources allocated to the project being used for other projects being implemented and the implementing agency being unable to fulfill its mandate as agreed in the project agreement due to insufficient cash resources. Also project funds can be misappropriated.

Classification by risk severity: low

The above control weakness may lead to misappropriation of project cash resources.

Recommendation

We recommend that separate Bank accounts be maintained for cash related to the respective projects to avoid comingling of the respective project funds. The above would ensure that projects funds are adequately accounted for and monitored within the objectives and mandates of the respective project agreement.