

UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME  
CPI – INVESTMENT PROMOTION CENTRE  
PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE  
BUSINESS (GSB)

**Audit Report**

*31 December 2011*

UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME

CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE

BUSINESS (GSB)

PROJECT FINANCIAL STATEMENTS - FOR THE PERIOD 1 JANUARY 2011 TO 31 DECEMBER 2011

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(FREE TRANSLATION FROM THE ORIGINAL IN PORTUGUESE)

## **INDEPENDENT AUDITOR'S REPORT**

To the Management of:

**-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME**

**-CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 –  
GROWING SUSTAINABLE BUSINESS (GSB)**

### **Report on the Financial statements**

We have audited the accompanying financial statement schedules of the **CPI – INVESTMENT PROMOTION CENTRE PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, for the period ended 31 December 2011, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

**CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**'s management is responsible for the preparation and fair presentation of the financial statement schedules in accordance with UNDP accounting requirements. This responsibility includes designing, implementing and maintaining such internal control as management determines is necessary to enable the fair presentation of the financial statement schedules that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statement schedules 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 financial statement schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement schedules. These procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statement schedules 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 by the management, as well as, evaluating the overall presentation of the financial statement schedules. Thus our audit covered, but was not necessarily limited to, the following:

- (i) Assessment of the rate of delivery;
- (ii) Management systems for recording, documenting, and reporting on resources utilization;
- (iii) management structure, including the adequacy and reliability of appropriate internal controls;
- (iv) the Periodic Financial Requests/Reports and Non-Expendable Property Reports are fairly and accurately presented and disbursements are made in accordance with the activities and budgets of the CPAP/AWP/MOU/PCA/FLA - specifically:
  - Funding Authorisation and Certificate of Expenditure (FACE)
  - Annual Non-Expendable Property Report with reference to project Assets (Form C);
  - Annual Status of Funds Report (Form D); and
  - Annual Disbursement Report (Form E).
- (v) Funding Authorization and Certificate of Expenditures (FACE) are attached to the audit reports and are certified by the implementing Partner (s) and signed and stamped by auditors;
- (vi) The balance of outstanding funds available (OFA) as per UN Country Office's general ledger (GL) has been reconciled to the year end balance of unspent funds as per the Funding Authorization and Certificate of Expenditure (FACE) ;
- (vii) Monitoring, Evaluation and Reporting of activities and the progress towards expected results are undertaken as planned;
- (viii) The implementing Partner(s) and the UN Country Office have fulfilled their other substantive responsibilities, including the submission of periodic reports for monitoring and evaluation of the programme/work plan activities;
- (ix) The procurement, use, custodial control and disposal of non-expendable equipment are in accordance with the procurement procedures of the Implementing Partner(s) or UN's procedures; and

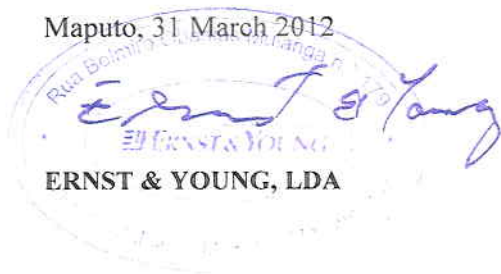
- (x) Satisfactory measures have been taken by the designated institution and by the Country Office to comply with the recommendations of prior audits.

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

### Opinion

In our opinion: (a) the financial statement schedules present fairly the financial position of the **CPI – INVESTMENT PROMOTION CENTRE PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, at the end of the period and the results of its operations for the period then ended, (b) the financial statement schedules were prepared in accordance with the UNDP accounting requirements and are duly certified by the proper authorities, (c) the accounting principles were applied on a basis consistent with that of the preceding financial period, and (d) transactions were in accordance with the financial regulations and institutional authority.

Maputo, 31 March 2012





**INDEPENDENT AUDITOR'S REPORT**

To the Management of:

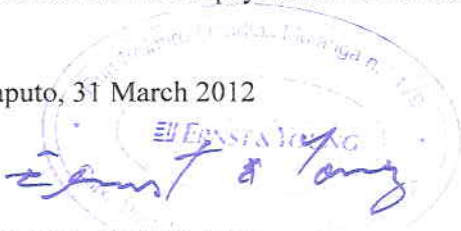
**-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME**

**-CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**

**Report on the Statement of cash position**

We have noted that there was no Cash position for the **CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, as at 31 December 2011. All payments were made directly by UNDP Mozambique.

Maputo, 31 March 2012



**ERNST & YOUNG, LDA**

## **INDEPENDENT AUDITOR'S REPORT**

To the Management of:

**-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME**

**-CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 –  
GROWING SUSTAINABLE BUSINESS (GSB)**

### **Report on the Combined Delivery Report (CDR)**

We have audited the project financial information contained in accompanying CDR schedule of the **CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, for the period ended 31 December 2011 (reflecting a total “UNDP Disb” of USD 57,005.24), and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

**CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**'s management is responsible for the preparation and fair presentation of the project financial information contained in CDR schedule in accordance with UNDP accounting requirements. This responsibility includes designing, implementing and maintaining such internal control as management determines is necessary to enable the fair presentation of the project financial information contained in CDR schedule that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the project financial information contained in CDR schedule 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 project financial information contained in CDR schedule is free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the project financial information contained in CDR schedule. These procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the project financial information contained in CDR schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the project financial information contained in CDR schedule 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 by the management, as well as, evaluating the overall presentation of the project financial information contained in CDR schedule.

### Opinion

In our opinion, the project financial information contained in CDR schedule presents fairly, in all material respects, the expenditures incurred by the **CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, for the period ended 31 December 2011, in accordance with UNDP accounting requirements.

Maputo, 31 March 2012



**ERNST & YOUNG, LDA**

Combined Delivery Report by Activity With Encumbrance

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Development Programme  
143b

Area :

Activity: MOZ10  
Period: Jan-Dec (2011)  
Activity Id: 00046333  
Activity Code: ALL  
Activity Code: ALL

00046333 Trade and Private Sector Devel	Period :	Jan-Dec (2011)
00055103 Trade and Private Sector Devel	Impl. Partner :	02172 National Execution
	Location :	Mozambique

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
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OUTPUT 2 (GSB - CPI)

04000 (TRAC (Lines 1.1.1 and 1.1.2))

5 - Service Contracts-Individuals	0.00	33,669.84	0.00	-3,000.00	30,669.84
25 - Svc Co-Studies & Research Serv	0.00	14,491.18	0.00	0.00	14,491.18
35 - Svc Co-Communications Service	0.00	207.22	0.00	0.00	207.22
0 - Publications	0.00	0.00	0.00	-255.27	-255.27
5 - Grants to Instit & other Benef	0.00	11,200.00	0.00	0.00	11,200.00
5 - Sundry	0.00	-2,563.00	0.00	0.00	-2,563.00
Fund 04000	0.00	57,005.24	0.00	-3,255.27	53,749.97
Activity OUTPUT 2	0.00	57,005.24	0.00	-3,255.27	53,749.97

OUTPUT 3 (GSB - Millenium Villages)

30000 (Programme Cost Sharing)

5 - Intl Consultants-Sht Term-Tech	0.00	7,288.76	0.00	2,500.00	9,788.76
5 - Local Consult.-Sht Term-Tech	0.00	-2,831.80	0.00	0.00	-2,831.80
10 - Local Consult.-Short Term-Supp	0.00	6,294.97	0.00	0.00	6,294.97
05 - Service Contracts-Individuals	0.00	145,448.68	0.00	0.00	145,448.68
15 - Travel Tickets-International	0.00	1,486.36	0.00	0.00	1,486.36
0 - Travel Tickets-Local	0.00	577.60	0.00	0.00	577.60
5 - Daily Subsistence Allow-Intl	0.00	1,132.00	0.00	490.00	1,622.00
20 - Daily Subsistence Allow-Local	0.00	818.00	0.00	0.00	818.00
35 - Travel - Other	0.00	1,199.63	0.00	152.00	1,351.63
5 - Svc Co-Construction & Engineer	0.00	4,206.93	0.00	0.00	4,206.93
0 - Machinery and Equipment	0.00	58,468.25	0.00	456,770.40	515,238.65
15 - Courier Charges	0.00	-0.19	0.00	0.00	-0.19
30 - Postage and Pouch	0.00	371.88	0.00	0.00	371.88
35 - E-mail-Subscription	0.00	256.00	0.00	0.00	256.00
5 - Stationery & other Office Supp	0.00	241.13	0.00	0.00	241.13
5 - Acquis of Computer Hardware	0.00	1,067.76	0.00	-1,067.76	0.00
210 - Printing and Publications	0.00	153.10	0.00	0.00	153.10
25 - Other Media Costs	0.00	1,104.27	0.00	0.00	1,104.27
10 - Bank Charges	0.00	10.00	0.00	0.00	10.00
5 - Sundry	0.00	15.09	0.00	0.00	15.09
05 - Facilities & Admin - Implement	0.00	10,959.44	0.00	0.00	10,959.44
705 - Learning costs	0.00	100.00	0.00	0.00	100.00
25 - Realized Loss	0.00	8.40	0.00	0.00	8.40
Fund 30000	0.00	238,376.26	0.00	458,844.64	697,220.90
Activity OUTPUT 3	0.00	238,376.26	0.00	458,844.64	697,220.90

OUTPUT 6 (DTIS Priorities Actioned)

35504 (UNDP/ITF ASSIST TO LDC WIN II)

305 - Local Consult.-Sht Term-Tech	15,350.00	0.00	0.00	0.00	15,350.00
125 - Svc Co-Studies & Research Serv	3,414.17	0.00	0.00	0.00	3,414.17
25 - Sundry	0.00	136.39	0.00	0.00	136.39

NOT VALID FOR IDENTIFICATION  
PURPOSES  
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Combined Delivery Report by Activity With Encumbrance

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Run Time: 22-03-2012 15:03:04

146333 Trade and Private Sector Devel		Period :		Jan-Dec (2011)	
055103 Trade and Private Sector Devel		Impl. Partner :		02172 National Execution	
		Location :		Mozambique	
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
165504	18,764.17	136.39	0.00	0.00	18,900.56
OUTPUT 6	18,764.17	136.39	0.00	0.00	18,900.56
OUTPUT 9 (Research on Trade- UEM-FL)					
3000 (Programme Cost Sharing)					
Travel Tickets-International	0.00	0.00	0.00	-4,265.53	-4,265.53
Daily Subsistence Allow-Intl	0.00	0.00	0.00	-4,678.00	-4,678.00
Svc Co-Studies & Research Serv	0.00	4,216.98	0.00	0.00	4,216.98
Facilities & Admin - Implement	0.00	295.19	0.00	0.00	295.19
30000	0.00	4,512.17	0.00	-8,943.53	-4,431.36
OUTPUT 9	0.00	4,512.17	0.00	-8,943.53	-4,431.36
OUTPUT 10 (Improvement of Trade Statistic)					
(Programme Cost Sharing)					
Travel Tickets-International	0.00	13,535.76	0.00	-1,043.18	12,492.58
Travel Tickets-Local	0.00	15,707.74	0.00	0.00	15,707.74
Daily Subsistence Allow-Intl	0.00	13,628.00	0.00	0.00	13,628.00
Daily Subsistence Allow-Local	0.00	9,171.18	0.00	0.00	9,171.18
Daily Subsist Allow-Mtg Partic	0.00	1,512.28	0.00	0.00	1,512.28
Svc Co-Studies & Research Serv	0.00	56,160.29	0.00	0.00	56,160.29
Facilities & Admin - Implement	0.00	7,680.06	0.00	0.00	7,680.06
Realized Loss	0.00	6.09	0.00	0.00	6.09
Realized Gain	0.00	-66.06	0.00	0.00	-66.06
30000	0.00	117,335.34	0.00	-1,043.18	116,292.16
OUTPUT 10	0.00	117,335.34	0.00	-1,043.18	116,292.16
OUTPUT 11 (Trade Policies Management)					
(Programme Cost Sharing)					
Service Contracts-Individuals	0.00	3,500.00	0.00	0.00	3,500.00
Travel Tickets-International	0.00	29,229.52	0.00	0.00	29,229.52
Travel Tickets-Local	0.00	10,094.75	0.00	0.00	10,094.75
Daily Subsistence Allow-Intl	0.00	27,705.00	0.00	0.00	27,705.00
Daily Subsistence Allow-Local	0.00	0.00	0.00	0.00	0.00
Daily Subsist Allow-Mtg Partic	0.00	6,358.03	0.00	0.00	6,358.03
Travel - Other	0.00	152.00	0.00	0.00	152.00
Svc Co-Trade and Business Serv	0.00	77,050.12	0.00	-76,349.66	700.46
Svc Co-Studies & Research Serv	0.00	77,624.26	0.00	0.00	77,624.26
Svc Co-Information Technology	0.00	-29,116.80	0.00	0.00	-29,116.80
Facilities & Admin - Implement	0.00	5,620.79	0.00	0.00	5,620.79
Realized Gain	0.00	14,575.23	0.00	0.00	14,575.23
Realized Loss	0.00	-139.41	0.00	0.00	-139.41
30000	0.00	222,653.49	0.00	-76,349.66	146,303.83
OUTPUT 11	0.00	222,653.49	0.00	-76,349.66	146,303.83

Combined Delivery Report by Activity With Encumbrance

Development Programme  
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Run Time: 22-03-2012 15:03:04

00046333 Trade and Private Sector Devel	Period :	Jan-Dec (2011)			
00055103 Trade and Private Sector Devel	Impl. Partner :	02172 National Execution			
	Location :	Mozambique			
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp

Project : 00055103	18,764.17	640,018.89	0.00	369,253.00	1,028,036.06
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00060966 Youth Employment Promotion	Impl. Partner :	02172 National Execution
	Location :	Mozambique

<b>OUTPUT 1 (Microfinance)</b>					
<b>30000 (Programme Cost Sharing)</b>					
1305 - Local Consult.-Sht Term-Tech	0.00	422.78	0.00	0.00	422.78
510 - Bank Charges	0.00	40.00	0.00	0.00	40.00
105 - Facilities & Admin - Implement	0.00	32.39	0.00	0.00	32.39
<b>Fund 30000</b>	<b>0.00</b>	<b>495.17</b>	<b>0.00</b>	<b>0.00</b>	<b>495.17</b>
<b>Activity OUTPUT 1</b>	<b>0.00</b>	<b>495.17</b>	<b>0.00</b>	<b>0.00</b>	<b>495.17</b>

<b>OUTPUT 2 (ICT)</b>					
<b>30000 (Programme Cost Sharing)</b>					
4220 - Translation Costs	0.00	228.50	0.00	0.00	228.50
105 - Facilities & Admin - Implement	0.00	16.00	0.00	0.00	16.00
<b>Fund 30000</b>	<b>0.00</b>	<b>244.50</b>	<b>0.00</b>	<b>0.00</b>	<b>244.50</b>
<b>Activity OUTPUT 2</b>	<b>0.00</b>	<b>244.50</b>	<b>0.00</b>	<b>0.00</b>	<b>244.50</b>

<b>OUTPUT 3 (Training - GSB)</b>					
<b>30000 (Programme Cost Sharing)</b>					
1305 - Local Consult.-Sht Term-Tech	0.00	12,500.00	0.00	0.00	12,500.00
105 - Service Contracts-Individuals	0.00	21,839.05	0.00	0.00	21,839.05
105 - Travel Tickets-Local	0.00	8,131.44	0.00	0.00	8,131.44
105 - Daily Subsistence Allow-Intl	0.00	498.00	0.00	0.00	498.00
1620 - Daily Subsistence Allow-Local	0.00	5,373.57	0.00	0.00	5,373.57
1635 - Travel - Other	0.00	121.71	0.00	0.00	121.71
105 - Svc Co-Studies & Research Serv	0.00	25,655.28	0.00	0.00	25,655.28
105 - Svc Co-Information Technology	0.00	1,211.46	0.00	0.00	1,211.46
12210 - Machinery and Equipment	0.00	59,723.64	0.00	0.00	59,723.64
12345 - Contraceptives-Spermicides	0.00	256.00	0.00	0.00	256.00
105 - Grants to Instit & other Benef	0.00	48,800.00	0.00	0.00	48,800.00
105 - Sundry	0.00	168.30	0.00	0.00	168.30
105 - Facilities & Admin - Implement	0.00	12,899.49	0.00	0.00	12,899.49
1125 - Realized Loss	0.00	1.33	0.00	0.00	1.33
1135 - Realized Gain	0.00	0.00	0.00	0.00	0.00
<b>Fund 30000</b>	<b>0.00</b>	<b>197,179.27</b>	<b>0.00</b>	<b>0.00</b>	<b>197,179.27</b>
<b>Activity OUTPUT 3</b>	<b>0.00</b>	<b>197,179.27</b>	<b>0.00</b>	<b>0.00</b>	<b>197,179.27</b>

Project : 00060966	0.00	197,918.94	0.00	0.00	197,918.94
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 PURPOSES ONLY  
 ERNST & YOUNG, Ltd

Combined Delivery Report by Activity With Encumbrance

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046333 Trade and Private Sector Devel	Period :	Jan-Dec (2011)			
0060966 Youth Employment Promotion	Impl. Partner :	02172 National Execution			
	Location :	Mozambique			
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
	18,764.17	837,937.83	0.00	369,253.00	1,225,955.00



APPROVED FOR IDENTIFICATION  
PURPOSES ONLY  
ERNST & YOUNG, Lda

Date : 05/04/2012

## **INDEPENDENT AUDITOR'S REPORT**

To the Management of:

**-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME**

**-CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 –  
GROWING SUSTAINABLE BUSINESS (GSB)**

### **Report on the Statement of Fixed Asset and Equipment**

We have audited the project financial information contained in accompanying Fixed asset and equipment schedule of the **CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, for the period ended 31 December 2011, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

**CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**'s management is responsible for the preparation and fair presentation of the project financial information contained in Fixed asset and equipment schedule in accordance with UNDP accounting requirements. This responsibility includes designing, implementing and maintaining such internal control as management determines is necessary to enable the fair presentation of the project financial information contained in Fixed asset and equipment schedule that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the project financial information contained in Fixed asset and equipment schedule based on our audit. Except as discussed in the paragraph of the qualification below, 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 project financial information contained in Fixed asset and equipment schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the project financial information contained in Fixed asset and equipment schedule. These procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the project financial information contained in Fixed asset and equipment schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the project financial information contained in Fixed asset and equipment schedule 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 polices used and the reasonableness of accounting estimates made by the management, as well as, evaluating the overall presentation of the project financial information contained in Fixed asset and equipment schedule.

#### **Qualification**

We have noted that the fixed assets and equipment inventory list, included item not valued. Consequently we are unable to validate the cost of the fixed asset and equipment incurred by the project until 31 December 2011.

#### **Disclaimer of opinion**

Due to the limitation reflected in the qualification paragraph above, we are not able to express and consequently do not express, an independent opinion on the Fixed asset and equipment schedule of the **CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, as at 31 December 2011.

Maputo, 31 March 2012

  
ERNST & YOUNG, LDA





**1**      ***Basis of preparation***

The Financial statements were prepared on a Cash basis in accordance with the management procedures agreed with the Donor. Thus, the receipts are not recorded until received in cash and expenditures are assigned to the period in which the respective payments are made.

This basis is not intended to be a presentation in conformity with the International Accounting Standards.

**2**      ***Currencies***

Financial statements are presented in USD. Payments based in Meticais or other currency than USD are converted into USD at exchange rate of the transaction date. At year end all amounts or balances in Meticais were converted into USD at general exchange rate of 1 USD = 26.50 Meticais.

**3**      ***Fixed assets***

Fixed assets are recorded as current expenditure in the Project financial statements in the period which they arise. However, the Project management maintains a detailed inventory of all non-expendable property.

To the Management of:

**-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME**

**-CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**

## **EXECUTIVE SUMMARY**

Following our audit work of the **CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, for the period ended 31 December 2011, as agreed and for internal and for management purposes, we have reviewed the internal control procedures related to the following internal control/ management areas:

- i. Procurement procedures for goods and services;
- ii. Appropriateness of transactions including process of approval and supporting documentation;
- iii. Adequacy of financial record keeping system;
- iv. Adequacy of management structure;
- v. Banks and budgetary control and related reconciliation;
- vi. Report preparation and review procedures;
- vii. Adequacy of the filing system of the project documentation;
- viii. Management of funds received as advance from UNDP;
- ix. Combined Delivery Report (CDR) and other forms records and related reconciliation;
- x. Non- expendable property registers and control; and
- xi. Monitoring, evaluation and reporting of the progress of the project activities.

The audit findings are categorised by level of risk and classified by the possible causes.

<b>CATEGORIZATION OF AUDIT FINDINGS BY THE RISK SEVERITY</b>	
<b>RISK:</b>	
<b>HIGH</b>	Action that is considered imperative to ensure that UNDP is not exposed to high risks (i.e. failure to take action could result in major consequences and issues).
<b>MEDIUM</b>	Action that is considered necessary to avoid exposure to significant risks (i.e. failure to take action could result in significant consequences).
<b>LOW</b>	Action that is considered desirable and should result in enhanced control or better value for money.
<b>CATEGORIZATION OF POSSIBLE CAUSES OF AUDIT FINDINGS</b>	
<b>CAUSES:</b>	
<b>COMPLIANCE</b>	Failure to comply with prescribed UNDP regulations, rules and procedures and local legislation.
<b>GUIDELINES</b>	Absence of written procedures to guide staff in the performance of their functions.
<b>GUIDANCE</b>	Inadequate or lack of supervision by supervisors.
<b>HUMAN ERROR</b>	Mistakes committed by staff entrusted to perform assigned functions.
<b>RESOURCES</b>	Lack o for inadequate resources (funds, skills, staff, etc.) to carry out an activity or function.

In the review of internal control procedures related to the abovementioned management are we have noted the following significant findings:

#### **I – OBSERVATIONS AND RECOMMENDATIONS FOR CURRENT YEAR**

1.1 Non-expendable property registers and control

#### **II – RESULTS OF THE FOLLOW UP OF THE PRIOR YEAR AUDIT RECOMMENDATIONS**

None to refer because the **CPI – INVESTMENT PROMOTION CENTRE - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)** started its activities in 2011.

#### **I – OBSERVATIONS AND RECOMMENDATIONS FOR CURRENT YEAR**

<b>Observation</b>	<b>Recommendation</b>	<b>Possible Causes</b>	<b>Risk Severity</b>	<b>Management comments</b>
<b>1.1 Non-expendable property registers and control</b>				
We have noted that the Project inventory list of fixed assets and equipment presented not valued item.	All items listed in Project inventory list of fixed assets and equipment should be valued in Meticais.  For all goods donated should be contacted the Donor to obtain copies of documents that give the information related to price, reference code and as well as the identification of the respective suppliers.	Compliance	High	

**UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME  
PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE  
BUSINESS (GSB)**

**Audit Report**

*31 December 2011*

**UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME**

**PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**

**PROJECT FINANCIAL STATEMENTS - FOR THE PERIOD 1 JANUARY 2011 TO 31 DECEMBER 2011**

<b><u>CONTENTS</u></b>	<b><u>PAGES</u></b>
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(FREE TRANSLATION FROM THE ORIGINAL IN PORTUGUESE)

## **INDEPENDENT AUDITOR'S REPORT**

To the Management of:

**-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**

### **Report on the Financial statements**

We have audited the accompanying financial statement schedules of the **PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, for the period ended 31 December 2011, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

**PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**'s management is responsible for the preparation and fair presentation of the financial statement schedules in accordance with UNDP accounting requirements. This responsibility includes designing, implementing and maintaining such internal control as management determines is necessary to enable the fair presentation of the financial statement schedules that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statement schedules 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 financial statement schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement schedules. These procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statement schedules 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 by the management, as well as, evaluating the overall presentation of the financial statement schedules. Thus our audit covered, but was not necessarily limited to, the following:

- (i) Assessment of the rate of delivery;
- (ii) Management systems for recording, documenting, and reporting on resources utilization;
- (iii) management structure, including the adequacy and reliability of appropriate internal controls;
- (iv) the Periodic Financial Requests/Reports and Non-Expendable Property Reports are fairly and accurately presented and disbursements are made in accordance with the activities and budgets of the CPAP/AWP/MOU/PCA/FLA - specifically:
  - Funding Authorisation and Certificate of Expenditure (FACE)
  - Annual Non-Expendable Property Report with reference to project Assets (Form C);
  - Annual Status of Funds Report (Form D); and
  - Annual Disbursement Report (Form E).
- (v) Funding Authorization and Certificate of Expenditures (FACE) are attached to the audit reports and are certified by the implementing Partner (s) and signed and stamped by auditors;
- (vi) The balance of outstanding funds available (OFA) as per UN Country Office's general ledger (GL) has been reconciled to the year end balance of unspent funds as per the Funding Authorization and Certificate of Expenditure (FACE) ;
- (vii) Monitoring, Evaluation and Reporting of activities and the progress towards expected results are undertaken as planned;
- (viii) The implementing Partner(s) and the UN Country Office have fulfilled their other substantive responsibilities, including the submission of periodic reports for monitoring and evaluation of the programme/work plan activities;
- (ix) The procurement, use, custodial control and disposal of non-expendable equipment are in accordance with the procurement procedures of the Implementing Partner(s) or UN's procedures; and

- (x) Satisfactory measures have been taken by the designated institution and by the Country Office to comply with the recommendations of prior audits.

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

### Opinion

In our opinion: (a) the financial statement schedules present fairly the financial position of the **PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, at the end of the period and the results of its operations for the period then ended, (b) the financial statement schedules were prepared in accordance with the UNDP accounting requirements and are duly certified by the proper authorities, (c) the accounting principles were applied on a basis consistent with that of the preceding financial period, and (d) transactions were in accordance with the financial regulations and institutional authority.

Maputo, 31 March 2012



ERNST & YOUNG, LDA



## **INDEPENDENT AUDITOR'S REPORT**

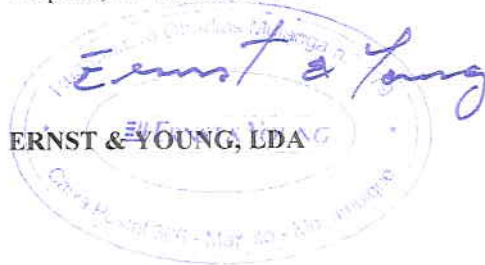
To the Management of:

**-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**

### **Report on the Statement of cash position**

We have noted that there was no Cash position for the **PROJECT PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, as at 31 December 2011. All payments were made directly by UNDP Mozambique.

Maputo, 31 March 2012



## **INDEPENDENT AUDITOR'S REPORT**

To the Management of:

**-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**

### **Report on the Combined Delivery Report (CDR)**

We have audited the project financial information contained in accompanying CDR schedule of the **PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, for the period ended 31 December 2011 (reflecting a total “UNDP Disb” of USD 238,376.26), and a summary of significant accounting policies and other explanatory information.

### **Management’s responsibility for the financial statements**

**PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**’s management is responsible for the preparation and fair presentation of the project financial information contained in CDR schedule in accordance with UNDP accounting requirements. This responsibility includes designing, implementing and maintaining such internal control as management determines is necessary to enable the fair presentation of the project financial information contained in CDR schedule that is free from material misstatement, whether due to fraud or error.

### **Auditor’s responsibility**

Our responsibility is to express an opinion on the project financial information contained in CDR schedule 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 project financial information contained in CDR schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the project financial information contained in CDR schedule. These procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the project financial information contained in CDR schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the project financial information contained in CDR schedule 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 by the management, as well as, evaluating the overall presentation of the project financial information contained in CDR schedule.

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

### Opinion

In our opinion, the project financial information contained in CDR schedule presents fairly, in all material respects, the expenditures incurred by the **PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, for the period ended 31 December 2011, in accordance with UNDP accounting requirements.

Maputo, 31 March 2012



ERNST & YOUNG, LDA

Combined Delivery Report by Activity With Encumbrance

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Development Programme  
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Area :

Activity: MOZ10  
Period: Jan-Dec (2011)  
Activity Id: 00046333  
Activity Code: ALL  
Activity Code: ALL

00046333 Trade and Private Sector Devel	Period :	Jan-Dec (2011)
00055103 Trade and Private Sector Devel	Impl. Partner :	02172 National Execution
	Location :	Mozambique

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
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OUTPUT 2 (GSB - CPI)

04000 (TRAC (Lines 1.1.1 and 1.1.2))

5 - Service Contracts-Individuals	0.00	33,669.84	0.00	-3,000.00	30,669.84
25 - Svc Co-Studies & Research Serv	0.00	14,491.18	0.00	0.00	14,491.18
35 - Svc Co-Communications Service	0.00	207.22	0.00	0.00	207.22
0 - Publications	0.00	0.00	0.00	-255.27	-255.27
5 - Grants to Instit & other Benef	0.00	11,200.00	0.00	0.00	11,200.00
5 - Sundry	0.00	-2,563.00	0.00	0.00	-2,563.00
Fund 04000	0.00	57,005.24	0.00	-3,255.27	53,749.97
Activity OUTPUT 2	0.00	57,005.24	0.00	-3,255.27	53,749.97

OUTPUT 3 (GSB - Millenium Villages)

30000 (Programme Cost Sharing)

5 - Intl Consultants-Sht Term-Tech	0.00	7,288.76	0.00	2,500.00	9,788.76
5 - Local Consult.-Sht Term-Tech	0.00	-2,831.80	0.00	0.00	-2,831.80
10 - Local Consult.-Short Term-Supp	0.00	6,294.97	0.00	0.00	6,294.97
05 - Service Contracts-Individuals	0.00	145,448.68	0.00	0.00	145,448.68
15 - Travel Tickets-International	0.00	1,486.36	0.00	0.00	1,486.36
0 - Travel Tickets-Local	0.00	577.60	0.00	0.00	577.60
5 - Daily Subsistence Allow-Intl	0.00	1,132.00	0.00	490.00	1,622.00
20 - Daily Subsistence Allow-Local	0.00	818.00	0.00	0.00	818.00
35 - Travel - Other	0.00	1,199.63	0.00	152.00	1,351.63
5 - Svc Co-Construction & Engineer	0.00	4,206.93	0.00	0.00	4,206.93
0 - Machinery and Equipment	0.00	58,468.25	0.00	456,770.40	515,238.65
15 - Courier Charges	0.00	-0.19	0.00	0.00	-0.19
30 - Postage and Pouch	0.00	371.88	0.00	0.00	371.88
35 - E-mail-Subscription	0.00	256.00	0.00	0.00	256.00
5 - Stationery & other Office Supp	0.00	241.13	0.00	0.00	241.13
5 - Acquis of Computer Hardware	0.00	1,067.76	0.00	-1,067.76	0.00
210 - Printing and Publications	0.00	153.10	0.00	0.00	153.10
25 - Other Media Costs	0.00	1,104.27	0.00	0.00	1,104.27
10 - Bank Charges	0.00	10.00	0.00	0.00	10.00
5 - Sundry	0.00	15.09	0.00	0.00	15.09
05 - Facilities & Admin - Implement	0.00	10,959.44	0.00	0.00	10,959.44
705 - Learning costs	0.00	100.00	0.00	0.00	100.00
25 - Realized Loss	0.00	8.40	0.00	0.00	8.40
Fund 30000	0.00	238,376.26	0.00	458,844.64	697,220.90
Activity OUTPUT 3	0.00	238,376.26	0.00	458,844.64	697,220.90

OUTPUT 6 (DTIS Priorities Actioned)

35504 (UNDP/ITF ASSIST TO LDC WIN II)

305 - Local Consult.-Sht Term-Tech	15,350.00	0.00	0.00	0.00	15,350.00
125 - Svc Co-Studies & Research Serv	3,414.17	0.00	0.00	0.00	3,414.17
25 - Sundry	0.00	136.39	0.00	0.00	136.39

NOT VALID FOR IDENTIFICATION  
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FAST & YOUNG Ltd.

Combined Delivery Report by Activity With Encumbrance

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Run Time: 22-03-2012 15:03:04

146333 Trade and Private Sector Devel		Period :		Jan-Dec (2011)	
055103 Trade and Private Sector Devel		Impl. Partner :		02172 National Execution	
		Location :		Mozambique	
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
165504	18,764.17	136.39	0.00	0.00	18,900.56
OUTPUT 6	18,764.17	136.39	0.00	0.00	18,900.56
OUTPUT 9 (Research on Trade- UEM-FL)					
3000 (Programme Cost Sharing)					
Travel Tickets-International	0.00	0.00	0.00	-4,265.53	-4,265.53
Daily Subsistence Allow-Intl	0.00	0.00	0.00	-4,678.00	-4,678.00
Svc Co-Studies & Research Serv	0.00	4,216.98	0.00	0.00	4,216.98
Facilities & Admin - Implement	0.00	295.19	0.00	0.00	295.19
30000	0.00	4,512.17	0.00	-8,943.53	-4,431.36
OUTPUT 9	0.00	4,512.17	0.00	-8,943.53	-4,431.36
OUTPUT10 (Improvement of Trade Statistic)					
(Programme Cost Sharing)					
Travel Tickets-International	0.00	13,535.76	0.00	-1,043.18	12,492.58
Travel Tickets-Local	0.00	15,707.74	0.00	0.00	15,707.74
Daily Subsistence Allow-Intl	0.00	13,628.00	0.00	0.00	13,628.00
Daily Subsistence Allow-Local	0.00	9,171.18	0.00	0.00	9,171.18
Daily Subsist Allow-Mtg Partic	0.00	1,512.28	0.00	0.00	1,512.28
Svc Co-Studies & Research Serv	0.00	56,160.29	0.00	0.00	56,160.29
Facilities & Admin - Implement	0.00	7,680.06	0.00	0.00	7,680.06
Realized Loss	0.00	6.09	0.00	0.00	6.09
Realized Gain	0.00	-66.06	0.00	0.00	-66.06
30000	0.00	117,335.34	0.00	-1,043.18	116,292.16
OUTPUT10	0.00	117,335.34	0.00	-1,043.18	116,292.16
OUTPUT11 (Trade Policies Management)					
(Programme Cost Sharing)					
Service Contracts-Individuals	0.00	3,500.00	0.00	0.00	3,500.00
Travel Tickets-International	0.00	29,229.52	0.00	0.00	29,229.52
Travel Tickets-Local	0.00	10,094.75	0.00	0.00	10,094.75
Daily Subsistence Allow-Intl	0.00	27,705.00	0.00	0.00	27,705.00
Daily Subsistence Allow-Local	0.00	0.00	0.00	0.00	0.00
Daily Subsist Allow-Mtg Partic	0.00	6,358.03	0.00	0.00	6,358.03
Travel - Other	0.00	152.00	0.00	0.00	152.00
Svc Co-Trade and Business Serv	0.00	77,050.12	0.00	-76,349.66	700.46
Svc Co-Studies & Research Serv	0.00	77,624.26	0.00	0.00	77,624.26
Svc Co-Information Technology	0.00	-29,116.80	0.00	0.00	-29,116.80
Facilities & Admin - Implement	0.00	5,620.79	0.00	0.00	5,620.79
Realized Gain	0.00	14,575.23	0.00	0.00	14,575.23
Realized Loss	0.00	-139.41	0.00	0.00	-139.41
30000	0.00	222,653.49	0.00	-76,349.66	146,303.83
OUTPUT11	0.00	222,653.49	0.00	-76,349.66	146,303.83

Combined Delivery Report by Activity With Encumbrance

Development Programme  
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00046333 Trade and Private Sector Devel	Period :	Jan-Dec (2011)
00055103 Trade and Private Sector Devel	Impl. Partner :	02172 National Execution
	Location :	Mozambique

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
Project : 00055103	18,764.17	640,018.89	0.00	369,253.00	1,028,036.06

00060966 Youth Employment Promotion	Impl. Partner :	02172 National Execution
	Location :	Mozambique

OUTPUT 1 (Microfinance)					
30000 (Programme Cost Sharing)					
1305 - Local Consult.-Sht Term-Tech	0.00	422.78	0.00	0.00	422.78
510 - Bank Charges	0.00	40.00	0.00	0.00	40.00
105 - Facilities & Admin - Implement	0.00	32.39	0.00	0.00	32.39
<b>Fund 30000</b>	<b>0.00</b>	<b>495.17</b>	<b>0.00</b>	<b>0.00</b>	<b>495.17</b>
<b>Activity OUTPUT 1</b>	<b>0.00</b>	<b>495.17</b>	<b>0.00</b>	<b>0.00</b>	<b>495.17</b>

OUTPUT 2 (ICT)					
30000 (Programme Cost Sharing)					
4220 - Translation Costs	0.00	228.50	0.00	0.00	228.50
105 - Facilities & Admin - Implement	0.00	16.00	0.00	0.00	16.00
<b>Fund 30000</b>	<b>0.00</b>	<b>244.50</b>	<b>0.00</b>	<b>0.00</b>	<b>244.50</b>
<b>Activity OUTPUT 2</b>	<b>0.00</b>	<b>244.50</b>	<b>0.00</b>	<b>0.00</b>	<b>244.50</b>

OUTPUT 3 (Training - GSB)					
30000 (Programme Cost Sharing)					
1305 - Local Consult.-Sht Term-Tech	0.00	12,500.00	0.00	0.00	12,500.00
105 - Service Contracts-Individuals	0.00	21,839.05	0.00	0.00	21,839.05
105 - Travel Tickets-Local	0.00	8,131.44	0.00	0.00	8,131.44
105 - Daily Subsistence Allow-Intl	0.00	498.00	0.00	0.00	498.00
1620 - Daily Subsistence Allow-Local	0.00	5,373.57	0.00	0.00	5,373.57
1635 - Travel - Other	0.00	121.71	0.00	0.00	121.71
105 - Svc Co-Studies & Research Serv	0.00	25,655.28	0.00	0.00	25,655.28
1040 - Svc Co-Information Technology	0.00	1,211.46	0.00	0.00	1,211.46
12210 - Machinery and Equipment	0.00	59,723.64	0.00	0.00	59,723.64
12345 - Contraceptives-Spermicides	0.00	256.00	0.00	0.00	256.00
105 - Grants to Instit & other Benef	0.00	48,800.00	0.00	0.00	48,800.00
105 - Sundry	0.00	168.30	0.00	0.00	168.30
105 - Facilities & Admin - Implement	0.00	12,899.49	0.00	0.00	12,899.49
1125 - Realized Loss	0.00	1.33	0.00	0.00	1.33
1135 - Realized Gain	0.00	0.00	0.00	0.00	0.00
<b>Fund 30000</b>	<b>0.00</b>	<b>197,179.27</b>	<b>0.00</b>	<b>0.00</b>	<b>197,179.27</b>
<b>Activity OUTPUT 3</b>	<b>0.00</b>	<b>197,179.27</b>	<b>0.00</b>	<b>0.00</b>	<b>197,179.27</b>

Project : 00060966	0.00	197,918.94	0.00	0.00	197,918.94
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ORIGINALS FOR IDENTIFICATION  
 PURPOSES ONLY  
 ERNST & YOUNG, Ltd

Combined Delivery Report by Activity With Encumbrance

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046333 Trade and Private Sector Devel	Period :	Jan-Dec (2011)			
0060966 Youth Employment Promotion	Impl. Partner :	02172 National Execution			
	Location :	Mozambique			
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
	18,764.17	837,937.83	0.00	369,253.00	1,225,955.00



APPROVED FOR IDENTIFICATION  
PURPOSES ONLY  
ERNST & YOUNG, Lda

Date : 05/04/2012





## **INDEPENDENT AUDITOR'S REPORT**

To the Management of:

**-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**

### **Report on the Statement of Fixed Asset and Equipment**

We have audited the project financial information contained in accompanying Fixed asset and equipment schedule of the **PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, for the period ended 31 December 2011 (reflecting a total Cost incurred of USD 2,404.12), and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

**PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**'s management is responsible for the preparation and fair presentation of the project financial information contained in Fixed asset and equipment schedule in accordance with UNDP accounting requirements. This responsibility includes designing, implementing and maintaining such internal control as management determines is necessary to enable the fair presentation of the project financial information contained in Fixed asset and equipment schedule that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the project financial information contained in Fixed asset and equipment schedule based on our audit. Except as discussed in the paragraph below, 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 project financial information contained in Fixed asset and equipment schedule is free from material misstatement.

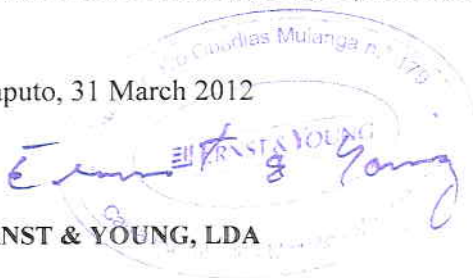
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the project financial information contained in Fixed asset and equipment schedule. These procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the project financial information contained in Fixed asset and equipment schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the project financial information contained in Fixed asset and equipment schedule 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 polices used and the reasonableness of accounting estimates made by the management, as well as, evaluating the overall presentation of the project financial information contained in Fixed asset and equipment schedule.

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

### Opinion

In our opinion, the project financial information contained in Fixed asset and equipment schedule presents fairly, in all material respects, the costs of the fixed asset and equipment incurred by the **PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, for the period ended 31 December 2011, in accordance with UNDP accounting requirements.

Maputo, 31 March 2012



The signature is in blue ink and includes the text "Ernst & Young". Below the signature is a circular blue stamp with the text "V.O. Coordias Mulanga n.º 179" around the perimeter and "ERNST & YOUNG" in the center.

ERNST & YOUNG, LDA

ISAAC  
8-1-11

Asset ID	Descr	Acq Date	Model	Serial ID	Cost	Location	Custodian	Remarks
000000000463	LENOVO LAPTOP THINKPAD X301	2009/08/30		R8AXP18	2,362.00	AREDXBLOG		
000000000002	AIR CONDITIONER SHARP, SPLIT	1998/02/12		7111898	1,395.00	MOZ0P02	Operations,DRRO	
000000000010	AIR CONDITIONER WESTPOINT, SPL	1998/02/12		20186	1,200.00	MOZ0P02	MARTINS,S.	
000000000019	AIR CONDITIONER, MICOM, SPLI	1996/12/17		2102375	1,800.00	MOZ0P02	CASHIER,EX.	
000000000011	AIR CONDITIONER, SHARP, SPLIT	1998/02/12		7113455	1,395.00	MOZ0P02	AMIEL,J.	
000000000011	AIR CONDITIONER, SHARP, SPLIT	1998/02/12		7113455	1,395.00	MOZ0P02	DRIVERS,GF	
000000000167	AIR CONDITIONER, SPLIT TYPE, S	1998/02/12		7111363	1,200.00	MOZ0P02	BACKYARD,UNDP.	
000000000462	AIRCONDITIONER SHARP SPLIT18000	2010/07/29		810997	655.71	MOZ0P02	PROCUREMENT,GF	
000000000351	CISCO CATALYST SWITCH 2950T-24	2007/12/10		FOC0904X2EN	1,248.00	MOZ0P02		
000000000335	COPIER, XEROX COPY CENTER 128	2006/12/20		KR059K41666581	7,443.80	MOZ0P02	LEONEL,SC.	
000000000335	COPIER, XEROX COPY CENTER 128	2006/12/20		KR059K41666581	7,443.80	MOZ0P02	PROCUREMENT,GF.	
000000000328	Copier, Xerox Work Center M128	2006/12/20		KR-059K41665-55Q	12,500.00	MOZ0P02	ADMINISTRATION,C.	
000000000430	DESKTOP HP COMPAC 500B E5300	2010/02/19		CZ00516FQ	950.54	MOZ0P02	BRAINERD,OLAGBEMIDE	
000000000431	DESKTOP HP COMPAC 500B E5300	2010/03/11		CZ0068PMR	950.54	MOZ0P02	JORGE,BERNARDO	
000000000432	DESKTOP HP COMPAC 500B E5300	2010/03/11		CZ0068PLM	950.54	MOZ0P02	NKUNA,AMY	
000000000422	DESKTOP HP COMPAC 500B MTE300	2010/06/14		3CB0052701	906.99	MOZ0P02	VENTURA,MARINA	
000000000423	DESKTOP HP COMPAC 500B MTE300	2010/06/14		3CB00528K4	906.99	MOZ0P02	DOMINGOS,ONOFFRE	
000000000317	DIGITAL SENDER HP 9200C, PIN	2006/12/20		CNIR006850	4,133.00	MOZ0P02	SERVICE,C.	
000000000317	DIGITAL SENDER HP 9200C, PIN	2006/12/20		CNIR006850	4,133.00	MOZ0P02	GEN SERVICES,EX SC.	
000000000443	DIGITAL SENDER HP 9250C MFP	2010/07/14		CNCNB1WGL7	5,915.00	MOZ0P02	LANGA,VICENTE	
000000000443	DIGITAL SENDER HP 9250C MFP	2010/07/14		CNCNB1WGL7	5,915.00	MOZ0P02	ADMINISTRATION,GF	
000000000248	GENERATOR, ELECTRIC, 70KVA, PE	1990/09/21		TU33516-U835721U	18,546.73	MOZ0P02	BACKYARD,UNDP.	
000000000333	PC DELL P4	2006/12/20		H01522J	1,070.55	MOZ0P02	ORLANDO,B.	
000000000333	PC DELL P4	2006/12/20		H01522J	1,070.55	MOZ0P02	DOMINGOS,ONOFFRE	
000000000333	PC DELL P4	2006/12/20		H01522J	1,070.55	MOZ0P02	DOMINGOS,ONOFFRE	
000000000270	PC HPCOMPAC 4 3.2 Ghz	2006/12/20		RF59NW7ZL010	1,251.90	MOZ0P02	EJUALIA,D.	
000000000270	PC HPCOMPAC 4 3.2 Ghz	2006/12/20		RF59NW7ZL010	1,251.90	MOZ0P02	KUUSIPALO,MARIANNE	
000000000284	PC HPCOMPAC P4 3Ghz	2006/12/20		RF51MNFZL02H	1,253.07	MOZ0P02	ISAC,C.	
000000000294	PC HPCOMPAC P4 3Ghz	2006/12/20		USH515009A	1,253.07	MOZ0P02	LAURA,M.	
000000000315	PC HPCOMPAC P4 3Ghz	2006/12/20		USH43900A6	1,456.65	MOZ0P02	LEONEL,M.	
000000000315	PC HPCOMPAC P4 3Ghz	2006/12/20		USH43900A6	1,456.65	MOZ0P02	MARTINS,ETELVINA	
000000000268	PC HPCompag P43.2Ghz	2006/12/20		RF59MW7ZL00M	1,251.90	MOZ0P02	SAQUINA,M.	
000000000268	PC HPCompag P43.2Ghz	2006/12/20		RF59MW7ZL00M	1,251.90	MOZ0P02	JORGE,BERNARDO	
000000000268	PC HPCompag P43.2Ghz	2006/12/20		RF59MW7ZL00M	1,251.90	MOZ0P02	COSSA,CELSSO CASHIER	
000000000268	PC HPCompag P43.2Ghz	2006/12/20		RF59MW7ZL00M	1,251.90	MOZ0P02	ENTRANCE	
000000000268	PC HPCompag P43.2Ghz	2006/12/20		RF59MW7ZL00M	1,251.90	MOZ0P02	COSSA,CELSSO CASHIER	
000000000448	PRINTER LASERJET HP CP4524DN	2010/07/14		JPBT9CJGBZ	2,849.03	MOZ0P02	ADMIN,GF	
000000000123	TABLE, CONFERENCE, TABLE, 8 MO	1998/05/15			2,539.00	MOZ0P02		

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000000000460	000000000460	PC HP COMPAC 500B E5400 20 G	2010/07/25	3CB0112B0J	00049280	887.990	MOZFIN01	SAETE,VICTOR
000000000460	000000000460	PC HP COMPAC 500B E5400 20 G	2010/07/25	3CB0112B0J	00049280	887.990	MOZFIN01	ICT,GF
000000000461	000000000461	AIRCONDITIONER SHARP SPLT1	2010/07/29	8103428	00049280	655.700	MOZGOV0	KATO,JUNKO
000000000462	000000000462	AIRCONDITIONER SHARP SPLT1	2010/07/29	810997	00049280	655.710	MOZOP02	PROCUREMENT,GF
000000000464	000000000464	PRINTER HP 2550L	2003/06/06	CNJ04544	00049280	2100.000	MOZSVM0	SVM,GF
000000000465	000000000465	PRINTER HP 2500N	2003/01/20	CNFDD5080	00049280	1999.000	MOZSVM0	SVM,GF
000000000466	000000000466	PRINTER HP 2600N	2006/12/20	CNCRJ05396	00049280	1044.000	MOZSVM0	SVM,GF
000000000467	000000000467	PRINTER LEXMARK OPTIMUS SC	1998/10/16	SZ30567P	00049280	4556.000	MOZSVM0	SVM,GF
000000000468	000000000468	DIGITAL SENDER HP 9100C	2006/12/20	JPW8002009	00049280	5800.000	MOZSVM0	SVM,GF
000000000469	000000000469	PROJECTOR EDCOM	1999/07/13	9HB754	00049280	1100.000	MOZSVM0	SVM,GF
000000000470	000000000470	DESKTOP DELL DIMENSION 2400	2006/10/11	DCPNW0J	00049280	1285.000	MOZSVM0	SVM,GF
000000000471	000000000471	PC DELL DIMENSION 2400	2006/10/13	135641J	00049280	1285.000	MOZSVM0	SVM,GF
000000000472	000000000472	PC HP COMPAC DC 7600	2006/12/20	USH620005D	00049280	1253.070	MOZSVM0	SVM,GF
000000000473	000000000473	LAPTOP HP 6550B	2011/01/06	CNU038233SY	00072366	1909.550	MOZCD01	MATSEPA,M.
000000000474	000000000474	LAPTOP HP 6550B	2011/01/06	CNU03824C7	00072366	1909.550	MOZCD01	SIXPENSE,H.
000000000476	000000000476	DESKTOP HP COMPAC 500B MT	2011/01/23	ACE0420D3M	00055103	1152.220	MOZGOV0	FERRAO,TILIA ✓ OK
000000000477	000000000477	AIR CONDITIONER 24 BTUs TENS	2006/12/20	MOZ2573	00032982	1015.470	MOZRCD0	RECEPTION,GF
000000000478	000000000478	AIR CONDITIONER 24 BTUs TENS	2006/12/20	MOZ2579	00032982	1015.470	MOZRCD0	Jennifer,2nd floor
000000000478	000000000478	AIR CONDITIONER 24 BTUs TENS	2006/12/20	MOZ2579	00032982	1015.470	MOZRCD0	MUCHANGA,SERGIO
000000000479	000000000479	AIR CONDITIONER 24 BTUs TENS	2006/12/20	MOZ2582	00032982	1015.470	MOZRCD0	Muchanga,Sergio
000000000479	000000000479	AIR CONDITIONER 24 BTUs TENS	2006/12/20	MOZ2582	00032982	1015.470	MOZRCD0	RR,RC
000000000481	000000000481	PC HP COMPAC P4 3GHZ	2006/12/20	ZAB91101F8	00049280	1253.070	MOZPOV0	HYUN,M
000000000482	000000000482	PC HP COMPAC P4 3GHZ	2006/12/20	ZAB8260265	00049280	1253.070	MOZCPR0	KATO,JUNKO
000000000483	000000000483	PC HP COMPAC P4 3GHZ	2006/12/20	ZAB74400NJ	00049280	1253.070	MOZFIN01	JOAQUIM,CALIXTO
000000000484	000000000484	PC HP COMPAC P4 3GHZ	2006/12/20	ZAB91101DC	00049280	1253.070	MOZPOV0	SAHOSHIRO,UTAKO
000000000485	000000000485	PC DEL OPTILEX GX 260	2006/12/20	2WFR00J	00020366	1002.690	MOZGOV0	UNCDF,CARLOTA
000000000486	000000000486	GENERATOR EP6500CXS	2011/06/29	1046628030	00020366	1727.340	MOZFS00	ELINA,UNDSS
000000000489	000000000489	DESKTOP HP 500 B	2011/06/30	4CE108040T	00049280	1132.840	MOZGOV0	IT,GF
000000000489	000000000489	DESKTOP HP 500 B	2011/06/30	4CE108040T	00049280	1132.840	MOZGOV0	Bila,Francina
000000000490	000000000490	DESKTOP HP 500 B	2011/06/30	4CE1080409	00049280	1132.840	MOZOP02	IT,GF
000000000490	000000000490	DESKTOP HP 500 B	2011/06/30	4CE1080409	00049280	1132.840	MOZOP02	Mausse,Laura
000000000491	000000000491	DESKTOP HP 500 B	2011/06/30	4CE108040N	00049280	1132.840	MOZPOV0	IT,GF
000000000491	000000000491	DESKTOP HP 500 B	2011/06/30	4CE108040N	00049280	1132.840	MOZPOV0	Matavele,Teresa
000000000492	000000000492	DESKTOP HP 500 B	2011/06/30	4CE1080412	00049280	1132.840	MOZCPR0	Manjate,Celma
000000000492	000000000492	DESKTOP HP 500 B	2011/06/30	4CE1080412	00049280	1132.840	MOZCPR0	IT,GF
000000000493	000000000493	LAP TOP HP 6360B	2011/06/30	2CE115194N	00049280	1950.000	MOZOP01	IT,GF
000000000493	000000000493	LAP TOP HP 6360B	2011/06/30	2CE115194N	00049280	1950.000	MOZOP01	Bucyana,Leoncine
000000000494	000000000494	LAP TOP HP 6360B	2011/06/30	2CE1151949	00049280	1950.000	MOZPOV0	Dava,Gabriel

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**1**      ***Basis of preparation***

The Financial statements were prepared on a Cash basis in accordance with the management procedures agreed with the Donor. Thus, the receipts are not recorded until received in cash and expenditures are assigned to the period in which the respective payments are made.

This basis is not intended to be a presentation in conformity with the International Accounting Standards.

**2**      ***Currencies***

Financial statements are presented in USD. Payments based in Meticais or other currency than USD are converted into USD at exchange rate of the transaction date. At year end all amounts or balances in Meticais were converted into USD at general exchange rate of 1 USD = 26.50 Meticais.

**3**      ***Fixed assets***

Fixed assets are recorded as current expenditure in the Project financial statements in the period which they arise. However, the Project management maintains a detailed inventory of all non-expendable property.

To the Management of:

**-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME - PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**

#### **EXECUTIVE SUMMARY**

Following our audit work of the **PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, for the period ended 31 December 2011, as agreed and for internal and for management purposes, we have reviewed the internal control procedures related to the following internal control/ management areas:

- i. Procurement procedures for goods and services;
- ii. Appropriateness of transactions including process of approval and supporting documentation;
- iii. Adequacy of financial record keeping system;
- iv. Adequacy of management structure;
- v. Banks and budgetary control and related reconciliation;
- vi. Report preparation and review procedures;
- vii. Adequacy of the filing system of the project documentation;
- viii. Management of funds received as advance from UNDP;
- ix. Combined Delivery Report (CDR) and other forms records and related reconciliation;
- x. Non- expendable property registers and control; and
- xi. Monitoring, evaluation and reporting of the progress of the project activities.

The audit findings are categorised by level of risk and classified by the possible causes.

<b>CATEGORIZATION OF AUDIT FINDINGS BY THE RISK SEVERITY</b>	
<b>RISK:</b>	
<b>HIGH</b>	Action that is considered imperative to ensure that UNDP is not exposed to high risks (i.e. failure to take action could result in major consequences and issues).
<b>MEDIUM</b>	Action that is considered necessary to avoid exposure to significant risks (i.e. failure to take action could result in significant consequences).
<b>LOW</b>	Action that is considered desirable and should result in enhanced control or better value for money.
<b>CATEGORIZATION OF POSSIBLE CAUSES OF AUDIT FINDINGS</b>	
<b>CAUSES:</b>	
<b>COMPLIANCE</b>	Failure to comply with prescribed UNDP regulations, rules and procedures and local legislation.
<b>GUIDELINES</b>	Absence of written procedures to guide staff in the performance of their functions.
<b>GUIDANCE</b>	Inadequate or lack of supervision by supervisors.
<b>HUMAN ERROR</b>	Mistakes committed by staff entrusted to perform assigned functions.
<b>RESOURCES</b>	Lack of or inadequate resources (funds, skills, staff, etc.) to carry out an activity or function.

In the review of internal control procedures related to the abovementioned management areas we have noted the following significant findings:

#### **I – OBSERVATIONS AND RECOMMENDATIONS FOR CURRENT YEAR**

No relevant issues were raised in the reviewing of internal control procedures followed by the **PROJECT N° 55103 – AWARD ID N° 46333 – GROWING SUSTAINABLE BUSINESS (GSB)**, in the period ended 31 December 2011.

#### **II – RESULTS OF THE FOLLOW UP OF THE PRIOR YEAR AUDIT RECOMMENDATIONS**

- 2.1 Appropriateness of transactions including process of approval and supporting documentation
- 2.2 Prior year expenditures adjustments
- 2.3 Filing system
- 2.4 Document cancelling
- 2.5 Taxes

II – RESULTS OF THE FOLLOW UP OF THE PRIOR AUDIT RECOMMENDATIONS

Prior Year Management Letter Issues	Follow Up Results			Auditor's comments	Management comments
	No progress	Some progress	Resolved		
<b>2.1 Appropriateness of transactions including process of approval and supporting documentation</b>					
a) Expenditure supported by quotations.			X		
b) Project's staff without work contract.			X		
<b>2.2 Prior year expenditures adjustments</b>					
The list of the project expenses presented expenses with the creditor amounts. According to the explanation given this refers to the adjustment of the estimated expenses accounted for in prior years. These situations misstatement the presentation of the total expenses incurred for the year.			X		
<b>2.3 Filing system</b>					
The filing system of the supporting documentation of the project expenses do not obey an accounting sequential numbering				N/A	Filing system, is organized according to codification of the accounting system in use at office. That is ordered in accordance with the requisition or voucher order number.
<b>2.4 Document cancelling</b>					
The supporting documents are not cancelled by a "UNDP-PAID" stamp or other form of cancellation.			X		
<b>2.5 Taxes</b>					
There is no evidence of retention and payment of employee tax (IRPS) in the payment of the services rendered.			X		