

**STRENGTHENING RECOVERY, RECONCILIATION, PEACE BUILDING  
AND DEVELOPMENT IN NORTHERN UGANDA**

**PROJECT NAME: 00036601-00057715 - CRISIS MANAGEMENT & RECOVERY PROGRAMME**

**GRANT PERIOD AUDITED: FROM 1<sup>ST</sup> JANUARY 2011 TO 31<sup>ST</sup> DECEMBER 2011**

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*Team & Co.*

*"We serve beyond your expectations"*

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## 1.0 INTRODUCTION

In terms of the scope of work identified in the agreement for the provision of audit services to the United Nations Development Programme and also in the provisions contained in project documents regarding the financing of Strengthening recovery, Reconciliation, Peace Building and Development in Northern Uganda Project by the United Nations Development Programme (UNDP), we carried out an audit of the transactions pertaining to this project for the period ending 31<sup>st</sup> December 2011.

## 2.0 BACKGROUND

The project document was signed in October 2011 with the following contribution:

Source of funds	Amount in USD
UNDP	538,697
<b>TOTAL</b>	<b>538,697</b>

The Project is implemented by the Canadian Physicians for Aid and Relief (CPAR) Uganda. The project is expected to end in June 2012.

## 3.0 PROJECT OBJECTIVES

### Project background

Canadian Physicians for Aid and Relief (CPAR) Uganda developed a proposal to partner with UNDP in implementing an eight months project on Strengthening recovery, reconciliation, peace building and development in Northern Uganda. The project seeks to strengthen the capacities of local communities and authorities for sustained recovery, reconciliation and peace building with a view to achieving sustainable development in four target districts of Pader, Agago, Lamwo and Nwoya. The project beneficiaries are mainly women, youth and extremely vulnerable individuals.

### Project objectives

Targeting particularly women and youth in the four Northern Uganda districts, the project's main objectives are:

- To strengthen the capacity of local authorities to manage recovery and reintegration

processes.

- To enhance community security and social cohesion
- To revitalise community livelihoods and create conflict sensitive income generation and employment opportunities.
- To build peace and promote reconciliation.

#### 4.0 SCOPE OF AUDIT

The audit was conducted in conformity with the provisions of the project document, generally accepted common auditing standards, and the principles and procedures prescribed for the United Nations with respect to funds obtained from or through UNDP. The audit accordingly included such tests of accounting records, internal control and other procedures as were considered essential for due performance of this audit. Discussions on management and accountability were held with the executing agents and the management of the Strengthening recovery, reconciliation, peace building and development in Northern Uganda Project.

##### Scope Limitation

The audit opinion is limited to funds received and expenditures incurred by the Canadian Physicians for Aid and Relief (CPAR) Uganda from UNDP, and the opinion does not cover expenditures made by UNDP amounting to US\$ 193,197.34 as part of direct support services.

**5.0 AUDITOR'S REPORT TO:**

**THE AUDITOR GENERAL, THE NATIONAL PROJECT DIRECTOR AND  
THE RESIDENT REPRESENTATIVE**

**Report of the independent auditors to UNDP on the financial statements of  
Strengthening recovery, reconciliation, peace building and development in  
Northern Uganda Project for the year ended 31<sup>st</sup> December 2011**

*(I) Certification for Statement of Expenditure*

We have audited the accompanying Statement of expenditure ("the statement") of the UNDP Project number 00036601-00057715 Strengthening recovery, reconciliation, peace building and development in Northern Uganda project for the period 1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2011.

Management is responsible for the preparation of the statement for Strengthening recovery, reconciliation, peace building and development in Northern Uganda Project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards of Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

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

In our opinion, the attached statement of expenditure presents fairly, in all material respects the expenditure of **US\$ 100,071.75** incurred by Strengthening recovery, reconciliation, peace building and development in Northern Uganda project for the period 1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2011 in accordance with agreed upon accounting policies and were; (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant UNDP regulations and rules, policies and procedures; and (iv) supported by properly approved vouchers and other supporting documents.

## ***(II) Certification for Statement of Assets***

We have audited the accompanying statement of assets ("the statement") of the UNDP project number 00036601-00057715 Strengthening recovery, reconciliation, peace building and development in Northern Uganda as at 31<sup>st</sup> December 2011.

Management is responsible for the preparation of the statement for Strengthening recovery, reconciliation, peace building and development in Northern Uganda Project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement 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 project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

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

In our opinion, the attached statement of assets presents fairly, in all material respects, the balance of inventory of the Strengthening recovery, reconciliation, peace building and development in Northern Uganda Project amounting to US\$ 40,146.35 as at 31<sup>st</sup> December 2011 in accordance with UNDP accounting policies.

### *(III) Certification for Statement of Cash Position*

We have audited the accompanying statement of cash position ("the statement") of the UNDP project number 00036601-00057715 Strengthening recovery, reconciliation, peace building and development in Northern Uganda as at 31<sup>st</sup> December 2011.

Management is responsible for the preparation of the statement for Northern Uganda Early Recovery Project and for such internal controls as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards of Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the project's preparation of the statements in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

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

In our opinion, the attached statement of cash position presents fairly, in all material respects the cash balance of the project amounting to US\$ 15,981.81 as at 31<sup>st</sup> December 2011 in accordance with UNDP requirements.

This report is intended solely for the information and use of UNDP, the Government of Uganda and Canadian Physicians for Aid and Relief (CPAR) Uganda.

Date of issuance: ..20-04-2012..

AUDITOR'S NAME: TEAM & CO CERTIFIED PUBLIC ACCOUNTANTS

AUDITOR'S SIGNATURE: .....Team & Co.....

AUDITOR'S/FIRM ADDRESS: P.O.BOX 8128 KAMPALA

AUDIT FIRM TEL No: 0414-258408





5.0 MANAGEMENT LETTER

	Audit observation	Impact on Audit opinion	Possible cause	Risk severity	Recommendation	Management and UNDP comments
1	<p>We noted that although bank reconciliations were prepared, they were not correctly done. The reconciliation for December although indicated as being for the project bank account No. 01103500453523 also includes balances of cash at hand, the field project bank account and funds held in Kampala bank accounts.</p>	None	Human error and inadequate guidance	High	<p>Bank reconciliation should be correctly done. A separate reconciliation should be prepared for each project bank account. Only actual cheques written and issued but not presented should be included as reconciling items. Field cash balances should not be excluded from the reconciliation.</p>	<p><b>Management Comments</b></p> <p>The reconciliation we are expected to make is in relation to the general expenditure balance and the bank account balance. The reconciliation indicated all funds held at the end of the reporting period, which the observation, opinion and recommendation has ignored. The reconciliation showed;</p> <ul style="list-style-type: none"> <li>• Cash at hand in Pader-889,650</li> <li>• The cash we had in the field bank account-2,270,729</li> <li>• The cash we had in other accounts-12,707,184</li> </ul> <p><b>UNDP Comments</b></p> <p>Please see clarification from IP. I believe this is sufficient to address the</p>

2	At 31.December 2011, the funds held in Kampala bank accounts other than the designated project bank account amounted to UGX 12,707,184. This may imply that project funds were advanced to other CPAR activities. This also contravenes the requirement in the Standard Letter of Agreement for CPAR to maintain a separate bank account for the project.	None	Poor internal controls	Medium	Project funds should be maintained on the Project bank account at all times and only used on project activities.	<p>auditor concern.</p> <p><b>Management Comments</b></p> <p>The funds were transferred to our other account to buy US dollars for payment of motorcycles; both the dollar rates and the final price later reduced hence the general savings under that budget line item. Also not all are directly made from this account. Most of the payments are made from our field office and small cash payments such as per diems are also made from all offices and we just recover later.</p> <p><b>UNDP Comments</b></p> <p>Auditor concern noted. Will work with IP to ensure that this practice by IP is not repeated.</p>
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UNDP AWARD ID: 00036601-00057715 STRENGTHENING RECOVERY, RECONCILIATION, PEACE BUILDING  
 AND DEVELOPMENT IN NORTHERN UGANDA  
 GRANT PERIOD AUDITED: FROM 1<sup>st</sup> JANUARY 2011 TO 31<sup>st</sup> DECEMBER 2011

3	We observed that planned activities were implemented on schedule although funds were received 10 days after commencement of the implementation period.	None	N/A	Low	Funds should be transferred to the implementing partner before commencement of implementation period to ensure timely completion of activities	<p><b>Management Comments</b></p> <p>We did pre-finance activities in order to keep up with the project schedule given the short term nature of the project.</p> <p><b>UNDP Comments</b></p> <p>UNDP will in future liaise with the IP to agree on any pre-financed activities prior to commencement and to also fast track advance requests.</p>
4	Project funds were used to make Christmas gifts payments of UGX 200,000 to field staff. This expenditure was not provided for in the annual work plan and therefore ineligible.	None	Inadequate guidance	Low	CPAR should refund the money used for the staff Christmas gifts.	<p><b>Management Comments:</b></p> <p>This is part of staff cost (salaries) and benefits. In our budgeting for staff cost, we included all costs related to that particular staff.</p> <p><b>UNDP Comments:</b></p> <p>UNDP will investigate this audit finding along with explanation from</p>

						IP. A refund will be requested should it be discovered that the payments alluded to were outside the remuneration package.
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## APPENDICES

*Statement of Management's Responsibilities*

*Combined Delivery Report*

*Statement of Cash Position*

*Statement of Assets and Equipment*

*Notes to the Financial Statements*

*Annex 9*

**00036601-00057715 STRENGTHENING RECOVERY RECONCILIATION PEACE BUILDING AND DEVELOPMENT PROJECT STATEMENT OF MANAGEMENT RESPONSILITIES FOR THE YEAR ENDED 31ST DECEMBER 2011**

The project agreement/document requires the management to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the project as at the end of the financial year and of its operating results. It also requires management to ensure that the project keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the project. The management is also responsible for safeguarding the assets of the project.

Management accepts responsibility for the accompanying annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards and the requirements of UNDP. Management is of opinion that the financial statements give a true and fair view of the state of the financial affairs of the project for the year. Management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.



Project Coordinator

19/03/2012  
Date



**Combined Delivery Report**

UN Development Programme  
ID: UNGL143

Page 1 of 1  
Run Time: 17-04-2012 12:04:15

**Selection Criteria:**

Business Unit : UGA10  
Period : Jan-Dec (2011)  
Award Id : 00036601  
Award Fund Code : 26941

Award Id : 00036601 Transition and Recovery Progra	Period : Jan-Dec (2011)
Project # : 00057715 Crisis Mgmt and Recovery Prg	Impl. Partner : 03141 National Execution
	Location :

	Govt Disb	UNDP Disb	UN Agencies	Total Disb
<b>Fund : 26941 (CPR EARLY R AND CROSS CUTTING)</b>				
61305 - Salaries - IP Staff	0.00	43,143.44	0.00	43,143.44
61310 - Post Adjustment - IP Staff	0.00	11,954.51	0.00	11,954.51
62305 - Dependency Allowances-IP Staff	0.00	1,379.71	0.00	1,379.71
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	13,200.72	0.00	13,200.72
62315 - Contrib. to medical, social in	0.00	685.39	0.00	685.39
62320 - Mobility, Hardship, Non-remova	0.00	8,847.22	0.00	8,847.22
63530 - Contribution to Separations	0.00	1,377.45	0.00	1,377.45
63535 - Contribution to Security	0.00	2,203.90	0.00	2,203.90
63540 - Contribution to Training	0.00	1,377.45	0.00	1,377.45
64310 - Separations - IP Staff	0.00	37,670.20	0.00	37,670.20
65115 - Contributions to ASHI Reserve	0.00	2,754.91	0.00	2,754.91
65135 - Payroll Mgt Cost Recovery ATLA	0.00	387.31	0.00	387.31
71160 - Other Personnel costs ALD(A&T)	5,975.29	0.00	0.00	5,975.29
71305 - Local Consult.-Sht Term-Tech	22,466.50	0.00	0.00	22,466.50
71405 - Service Contracts-Individuals	20,394.62	52,493.68	0.00	72,888.30
71620 - Daily Subsistence Allow-Local	0.00	7,469.86	0.00	7,469.86
72120 - Svc Co-Trade and Business Serv	0.00	2,250.00	0.00	2,250.00
72210 - Machinery and Equipment	1,767.28	0.00	0.00	1,767.28
72425 - Mobile Telephone Charges	0.00	1,408.77	0.00	1,408.77
72440 - Connectivity Charges	0.00	2,070.00	0.00	2,070.00
72505 - Stationery & other Office Supp	0.00	1,444.50	0.00	1,444.50
72510 - Publications	0.00	4.17	0.00	4.17
73110 - Custodial & Cleaning Services	0.00	1,048.94	0.00	1,048.94
73120 - Utilities	0.00	956.22	0.00	956.22
73405 - Rental & Maint-Other Office Eq	0.00	70.46	0.00	70.46
73410 - Maint, Oper of Transport Equip	44,201.30	5,113.64	0.00	49,314.94
74110 - Audit Fees	0.00	3,102.41	0.00	3,102.41
74525 - Sundry	0.00	1,535.00	0.00	1,535.00
74599 - UNDP cost recovery chrgs-Bills	0.00	2,236.32	0.00	2,236.32
75705 - Learning costs	5,266.76	0.00	0.00	5,266.76
76125 - Realized Loss	0.00	343.62	0.00	343.62
76130 - Unrealized Gain	0.00	-12,750.33	0.00	-12,750.33
76135 - Realized Gain	0.00	-582.13	0.00	-582.13
<b>Total for Fund 26941</b>	<b>100,071.75</b>	<b>193,197.34</b>	<b>0.00</b>	<b>293,269.09</b>
<b>Total for Project : 00057715</b>	<b>100,071.75</b>	<b>193,197.34</b>	<b>0.00</b>	<b>293,269.09</b>

<b>Grand Total :</b>	<b>100,071.75</b>	<b>193,197.34</b>	<b>0.00</b>	<b>293,269.09</b>
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Signed by: 



Date: 24/04/2012

Signed By: 



Date: 24/4/2012

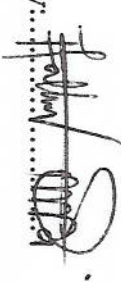
**TC TEAM & CO.**  
Certified Public Accountants

★ 26 APR 2012 ★

P. O. BOX 8128  
KAMPALA - UGANDA

STATEMENT OF CASH POSITION AS AT 31 DECEMBER 2011

BANK	A/C No	CURRENCY	RATE	
			UGX	USD
DFCU NSAMBYA Branch	01103500453523	UGX	24,086,972	9,634.79
DFCU PADER Branch	01406500476218	UGX	2,270,729	908.29
STANBIC Bank		UGX	12,707,184	5,082.87
CASH AT HAND		UGX	889,650	355.86
<b>GRAND TOTAL</b>			<b>39,954,535</b>	<b>15,981.81</b>

Signed by: 

Director - Finance and Administration  
CPAR

Date: 23/3/2012

Signed by: 

Ag. Executive Director

Date: 23/3/2012





PROJECT TITLE: STRENGTHENING RECOVERY, PEACE BUILDING AND DEVELOPMENT IN NORTHERN UGANDA

STATEMENT OF ASSETS AS AT 31 DECEMBER 2011

RATE

2565

No	ITEMS	SERIO NO	MODEL	COST		LOCATION
				UGX	USD	
1	Motorcycle Number UDV 471N	LTMID 19A2B5235326	Honda	12,142,614.21	4,733.96	Agago District
2	Motorcycle Number UDV 461N	LTMID 19A8B5235299	Honda	12,142,614.21	4,733.96	Agago District
3	Motorcycle Number UDV 465N	LTMID 19A8B5235296	Honda	12,142,614.21	4,733.96	Lamwo District
4	Motorcycle Number UDV 475N	LTMID 19A8B5235312	Honda	12,142,614.21	4,733.96	Lamwo District
5	Motorcycle Number UDV 467N	LTMID 19A8B5235217	Honda	12,142,614.21	4,733.96	Pader District
6	Motorcycle Number UDV 469N	LTMID 19A8B5235248	Honda	12,142,614.21	4,733.96	Pader District
7	Motorcycle Number UDV 463N	LTMID 19A8B5235361	Honda	12,142,614.21	4,733.96	Nwoya District
8	Motorcycle Number UDV 473N	LTMID 19A8B5235348	Honda	12,142,614.21	4,733.96	Nwoya District
9	Ridding Gears	8 Helmets & 8 Gloves& suits		1,234,476.00	481.28	
10	Lap Top Computer (with Bag)	7B38769K	Toshiba satellite C660-14G	1,750,000.00	682.26	Pader District
11	Lap Top Computer (with Bag)	7B390283K	Toshiba satellite C660-14G	1,750,000.00	682.26	Lamwo District
12	HP Scanjet G3110	L2698A	FCISD-0802	700,000.00	272.90	Pader District
13	Digital still Camera		Sony DSC-W510	400,000.00	155.95	Pader District
	<b>TOTAL</b>			<b>102,975,389.70</b>	<b>40,146.35</b>	

Prepared by: *ONAMA MATHIAS*

Title: *FINANCE DIRECTOR*

Signature: *[Signature]*

Date: *19/3/2012*

Verified by: *Dr. Nalpa Oth Vinita Wakirop-Gi, Ibaab*

Title: *Ag. Executive Director*

Signature: *[Signature]*

Date: *19/3/2012*



## **NOTES TO THE FINANCIAL STATEMENTS**

### **Significant accounting policies**

#### **(a) Basis of preparation**

The financial statements are prepared under the cash basis of accounting. Under the cash basis of accounting, expenses are recognized when paid and revenue is recognized when received.

#### **(b) Translation of foreign currencies**

The financial statements are presented in United States Dollars. Expenses incurred in the local currency are converted into United States Dollars by use of average monthly conversion rates determined by UNDP. Local currency balances are translated into United States Dollars at the UNDP rates of exchange ruling at the year end.

ANNEX 9: AUDIT DATA AND OBSERVATIONS

Table 1 - Auditors report on the audit of the UNDP CDR

UNDP Combined Delivery Report (CDR) as at 31 December 2011							
	Award No.	Project No.	Amount audited and certified (US\$)	Audit opinion (unqualified, qualified, adverse, disclaimer)	Total amount of audit qualification of audit opinion (if qualified, adverse or disclaimer opinion)	Reason(s) for qualification of audit opinion and breakdown of NFI amount (US)	Observation(s) that had impact on qualification of audit opinion (list observation number(s) and page of audit report/ management letter)
1	00036601	00057715	100,071.75	Unqualified	-	-	-

**Table 2 - Auditors report on the audit of the statement of cash position**

Statement of Cash Position						
Award No.	Project No.	Value of Cash Position Statement as at 31 December 2011 (US\$)	Audit Opinion - Statement of Cash Position	Total amount of qualification - Statement of Cash Position (US\$)	Total amount of Net financial impact (NFI) of qualification of audit opinion - Statement of Cash Position (US\$)	
00036601	00057715	15,981.81	Unqualified	-	-	

Table 3 - Auditors report on the audit of the statement of assets and equipment

Statement of assets and equipment					
Award No.	Project No.	Value of Assets and equipment as at 31 December 2011 (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\$)
00036601	00057715	40,146.35	Unqualified	-	-

Name and position of Auditor: BAMWANSIEM SNT 1490090 JOSEPH - PARTNER

Signature of Auditor: [Signature] Date: 20-04-2012

Name and stamp of Audit Firm: TEAM SVO

