

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Project no. 46008 / Atlas Award no. 40608**  
**Governance Reform in the OECS**

**AUDITORS' REPORT**  
**&**  
**MANAGEMENT LETTER**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**AUDITORS' REPORT**

**To: *The National Project Director &  
The Resident Representative***

**Certification of Combined Delivery Report**

We have audited the accompanying Combined Delivery Report of the UNDP project number **46008 (Atlas award no. 40608)** for the period 1 January 2007 to 31 December 2007. 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.

We noted a difference between the expenditure reported by the executing agency of US\$62,854.90 and the Combined Delivery Report of US\$65,496.85 incurred by the project for the period 1 January 2007 to 31 December 2007. We were able to adequately verify the details of the transactions reported by the executing agency and we are therefore of the opinion that the Combined Delivery Report is overstated. In our opinion, except for the difference described, the Combined Delivery Report presents fairly, in all material respects, the expenditure of \$US\$65,496.85 incurred by the project for the period 1 January 2007 to 31 December 2007 in accordance with UNDP accounting requirements. The total net financial impact of this qualification is US\$2,641.95.

This report is intended solely for the information and use of the UNDP and the OECS.

*Francina Downey & Co*

Chartered Accountants  
May 29, 2008  
Bridgetown, Barbados

*...1988 to 2008...  
... 20 years of personalized professional service...*

Combined Delivery Report By Project

UN Development Programme  
Report ID: ungl143p

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Project #	Project Name	Partner	Year	Period	Start Date	End Date
00040508	Governance Reform in the OROS	UNDP	2005	2005	01-01-2005	12-31-2005
00046008	Governance Reform in the OROS	UNDP	2005	2005	01-01-2005	12-31-2005

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
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Project #	Project Name	Partner	Year	Period	Start Date	End Date
00046008	Governance Reform in the OROS	UNDP	2005	2005	01-01-2005	12-31-2005

Dept: 48201 (Barbados - Central)						
Fund: 04230 (Regional Activities RBAC)						
71305 - Local Consult.-Sht Term-Tech	0.00	63.35	0.00	0.00	0.00	63.35
Total for Fund 04230	0.00	63.35	0.00	0.00	0.00	63.35
Total for Dept: 48201	0.00	63.35	0.00	0.00	0.00	63.35
Dept: 48204 (Barbados - Dem. Governance)						
Fund: 04230 (Regional Activities RBAC)						
71205 - Intl Consultants-Sht Term-Tech	0.00	10,600.00	0.00	0.00	0.00	10,600.00
71305 - Local Consult.-Sht Term-Tech	48,222.02	0.00	0.00	0.00	0.00	48,222.02
74525 - Sundry	6,119.99	491.49	0.00	0.00	0.00	6,611.48
Total for Fund 04230	54,342.01	11,091.49	0.00	0.00	0.00	65,433.50
Total for Dept: 48204	54,342.01	11,091.49	0.00	0.00	0.00	65,433.50
Total for Project: 00046008	54,342.01	11,154.84	0.00	0.00	0.00	65,496.85

*Governance*

Total	54,342.01	11,154.84	0.00	0.00	0.00	65,496.85
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Signed By : \_\_\_\_\_ Date : \_\_\_\_\_

00046008



UN Development Programme  
Report ID: ungl143p

Combined Delivery Report By Project

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Project	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
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Project	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
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<b>Dept: 48201 (Barbados - Central)</b>					
<b>Fund: 04230 (Regional Activities RBAC)</b>					
71305 - Local Consult.-Sht Term-Tech	0.00	63.35	0.00	0.00	63.35
<b>Total for Fund 04230</b>	<b>0.00</b>	<b>63.35</b>	<b>0.00</b>	<b>0.00</b>	<b>63.35</b>
<b>Total for Dept: 48201</b>	<b>0.00</b>	<b>63.35</b>	<b>0.00</b>	<b>0.00</b>	<b>63.35</b>
<b>Dept: 48204 (Barbados - Dem. Governance)</b>					
<b>Fund: 04230 (Regional Activities RBAC)</b>					
71205 - Intl Consultants-Sht Term-Tech	0.00	10,500.00	0.00	0.00	10,500.00
71305 - Local Consult.-Sht Term-Tech	48,222.02	0.00	0.00	0.00	48,222.02
74525 - Sundry	6,119.90	491.49	0.00	0.00	6,611.48
<b>Total for Fund 04230</b>	<b>54,342.01</b>	<b>11,091.49</b>	<b>0.00</b>	<b>0.00</b>	<b>65,433.50</b>
<b>Total for Dept: 48204</b>	<b>54,342.01</b>	<b>11,091.49</b>	<b>0.00</b>	<b>0.00</b>	<b>65,433.50</b>
<b>Total for Project: 00046008</b>	<b>54,342.01</b>	<b>11,154.84</b>	<b>0.00</b>	<b>0.00</b>	<b>65,496.85</b>

*Francina Downey + Co*  
**FRANCINA DOWNEY & CO.**  
 Chartered Accountants

Signed By:

*W. Hall*

Date:

*21.04.08*

May 22, 2008

Dr Len Ishmael  
Director General  
OECS  
Morne Fortune  
P.O. Box 179  
Castries  
St Lucia

**Re: Audit of UNDP project #46008 – Governance Reform in the OECS, for the year ended December 31, 2007**

Dear Dr Ishmael

It was a pleasure visiting your offices and meeting with your staff at OECS. I received a warm welcome and everyone was very co-operative.

I conducted an audit on the captioned project, which entailed the examination of various source documents & reports and discussions with personnel involved in the project (Ms Best and Mrs Camille Evans).

The following observations & concerns are hereby brought to your attention:

**Project Progress**

The UNDP Annual Work Plan was very brief and described the activities in two categories: National Governance Reform and Regional Governance Reform. However, in the "Proposed Plan for the Reprogramming of Resources for 2007" prepared by your office as a detailed plan of action, four activities were identified, coming under three "sub-project" categories:

***(a) Integration Program Support***

The activity defined was the publication and distribution of the new OECS treaty as well as the layman's guide to the new treaty.

While the drafts were completed, the publication and distribution did not take place, due to delays in the ratification of the Draft OECS Treaty by the OECS Heads of Government, who were required to sign off on the draft document before it could be finalized for publishing. This situation was beyond your control. However, you were all set to having the publication completed, having identified and contracted the printers.

*(b) Public Outreach & Education on OECS EU*

The aim of this activity was to educate the public on the OECS mandate through a series of media broadcasts. This activity also fell behind schedule, since its completion was also predicated on the sign off of the draft OECS treaty. The new treaty is instrumental in the public outreach and education activity. Of note is that the necessary groundwork was completed on your part, including the formulation of contracts for its execution. Evidence was seen in 2008 of the realization of this activity.

In addition, the workshop as set out in the action plan was conducted in November 2007 in Guyana - a "Youth Focus Group Session". This was deemed useful in preparation for the involvement of the youth in the public outreach and education activity.

*(c) Sports & Community development*

A contract was established with Mr Joseph Pereira, to operate a 'sports desk' on an on-going basis. The desk served as forum for publicity, co-ordination and sponsorship solicitation of sporting events in the OECS countries. In October 2007, a one-year contract (Nov 2007 – Oct 2008) was established with Mr Pereira to develop a program for sports, i.e. to formulate a vision, including a sports and education awareness program.

I conclude that the planned activity in this area was completed.

*(d) Monitoring & Evaluation*

This activity represented a general support to the various consultations as defined in a) to c) and was carried out as an integral part of the activities.

Internal Controls

Due to the hurricane, the lack of a comprehensive set of DPR documentation available for verification was beyond your control last year. However, you indicated that you had approved them and retained copies prior to submitting them to the UNDP Barbados office.

I am happy to report that there were no significant internal control issues that came to my attention during the course of the audit.

Project Expenditure

Advances received were well accounted for, with all supporting documents appropriately filed. Expenditure vs. budget was as follows:

Total budgeted (2007)	=	\$120,000
Total expenditure	=	\$ 65,497
Balance unspent	=	\$ 54,503

Total expenditure (as per the CDR) consisted of advances and DPRs. However as you indicated, all of the DPRs were not readily available due to the relocation of office files (into a

storage container) on the eve of the hurricane in 2007. We have reviewed the CDR by activity and the copies of DPRs held at UNDP Barbados office.

Our findings are as follows:

Total Government disbursements per CDR	= \$54,342.01
Total Government disbursements per OECS quarterly reports	= \$51,700.06
Difference	= \$ 2,641.95

Note that the opening and closing bank balances as well as ALL of the expenditure incurred by the OECS (through advances from UNDP) as reflected in the quarterly reports, was reconciled and verified.

Total Government disbursements per OECS quarterly reports	= 51,700.06
Total UNDP expenditure per the UNDP detailed listing	= 11,154.84
Total expenditure accounted for	= 62,854.90
Total expenditure per CDR	= 65,496.85
Difference	= \$ 2,641.95

The difference originated in the CDR, since ALL of the detailed expenditure was accounted for. This difference will be addressed in the audit report.

#### Statement of Assets & Statement of Cash Position

While our terms of reference indicated that an audit of these statements was required, we did not receive these statements from UNDP. Nor was there a formal indication from UNDP that statements were not applicable in cases where there was neither cash nor assets. Hence we did not issue an auditor's report on these statements.

#### Recommendations

- (1) Copies of all DPRs should be requested from the UNDP Barbados office.
- (2) In addition to the schedules of expenditure incurred at your office, which you already prepared to support the quarterly reports, a schedule should be prepared of all expenditure incurred via DPRs. Together, these schedules should agree to the total expenditure as per the CDR. Any differences should then be taken up with the UNDP office, so the adjustments/corrections could be made either at your end or by UNDP.

This Procedure should encompass the project from its inception as may be necessary.

#### Risk

The risk associated with the audit findings is of a **LOW** category: Supporting documentation and schedules will serve to enhance the efficiency of project management.

Classification of Audit Findings

The findings and consequential recommendations are classified as a **Guideline** issue: Since the focal point person must sign the CDR as approved, supporting schedules which provide details of all DPRs and OECS expenditure would facilitate an understanding and accountability of the totals reported on the CDR.

Recommendation #1 arose as a result of the hurricane in August 2007.

Management Comments/Response

Both Ms Best (OECS) and Ms Mohamed (UNDP) have given their comments and approval of the content herein. The original draft of this letter was edited to reflect their comments and suggestions.

Conclusion

The project was well managed, within budget and although all of the targets were not achieved in 2007, caused specifically by the delay in the final approval of the revised OECS treaty, which was not within your control, significant progress was subsequently made during the first half of 2008.

Thank you for your kind co-operation in facilitating my visit.

Yours truly



Fran Downey

cc. UNDP Resident Representative

*...1988 to 2008...  
... 20 years of personalized professional service...*