

**United Nations Development Programme
"UNDP"**

Auditors' Report and Management Letter

Project No. 40776 / Atlas Award No. 39858

Enabling Activities for the preparation of
Commonwealth of Dominica's Second National
Communication to the UNFCCC ("the Project")

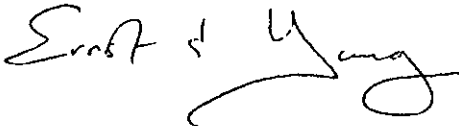
31 December 2010

AUDITORS' REPORT**The National Project Director and The Resident Representative****Certification of UNDP Statements of Expenditure - Combined Delivery Reports (CDRs)**

We have audited the accompanying UNDP Statements of Expenditure ("the CDRs") of the UNDP award and project number 40776 (Atlas award no.39858) for the period 1 January 2005 to 31 December 2010. The CDRs are the responsibility of the UNDP CO. Our responsibility is to express an opinion on the CDRs based on our audit.

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

In our opinion, the CDRs present fairly, in all material respects the expenditure of US\$373,502 incurred by the project and audited by us for the period 1 January 2005 to 31 December 2010 in accordance with UNDP accounting requirements.



CHARTERED ACCOUNTANTS

Barbados
6 May 2011



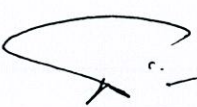
Selection Criteria :

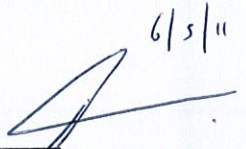
Business Unit: BRB10
Period: Jan-Dec (2005)
Selected Award Id: 00037268
Selected Activity Code: ALL
Selected Fund Code: ALL

Award Id : 00039858 PIMS 3089 CC FSP: National Co	Period :	Jan-Dec (2005)
Project # : 00040776 PIMS 3340 CC: Dominica SNC	Impl. Partner :	00199 National Execution Barbados
	Location :	

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
Activity : ACTIVITY1 (STOCKTAKING EXERCISE)					
Fund : 62000 (GEF Voluntary Contribution)					
71305 - Local Consult.-Sht Term-Tech	0.00	3,142.47	0.00	0.00	3,142.47
Total for Fund 62000	0.00	3,142.47	0.00	0.00	3,142.47
Total for Activity ACTIVITY1	0.00	3,142.47	0.00	0.00	3,142.47
Activity : ACTIVITY2 (STAKEHOLDER CONSULTATION)					
Fund : 62000 (GEF Voluntary Contribution)					
71305 - Local Consult.-Sht Term-Tech	0.00	3,847.80	0.00	0.00	3,847.80
Total for Fund 62000	0.00	3,847.80	0.00	0.00	3,847.80
Total for Activity ACTIVITY2	0.00	3,847.80	0.00	0.00	3,847.80
Activity : ACTIVITY3 (PREPARE. PROJECT PROPOSAL)					
Fund : 62000 (GEF Voluntary Contribution)					
71305 - Local Consult.-Sht Term-Tech	0.00	3,538.72	0.00	0.00	3,538.72
Total for Fund 62000	0.00	3,538.72	0.00	0.00	3,538.72
Total for Activity ACTIVITY3	0.00	3,538.72	0.00	0.00	3,538.72
Total for Project : 00040776	0.00	10,528.99	0.00	0.00	10,528.99
Award Total :	0.00	10,528.99	0.00	0.00	10,528.99


UNITED NATIONS DEVELOPMENT PROGRAMME

Signed By: ANDERSON PARILLON 

Date: 18.03.2011 

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



Selection Criteria :

Business Unit : BRB10
Period : Jan-Dec (2006)
Selected Award Id : 00037268
Selected Fund Code : ALL

Award Id : 00037268 PIMS 3340 CC, ESP, National Co	Period : Jan-Dec (2006)
Project Id : 00040776 PIMS 3340 CC, Dominica SNC	Impl. Partner : BRB10 National Education
	Location : Barbados

	Govt Disb	UNDP Disb	UN Agencies	Total Disb
Fund : 62000 (GEF Voluntary Contribution)				
71305 - Local Consult.-Sht Term-Tech	5,900.00	0.00	0.00	5,900.00
71405 - Service Contracts-Individuals	10,500.00	0.00	0.00	10,500.00
71615 - Daily Subsistence Allow-Intl	0.00	856.02	0.00	856.02
74525 - Sundry	166.55	56.82	0.00	223.37
Total for Fund 62000	16,566.55	912.84	0.00	17,479.39
Total for Project : 00040776	16,566.55	912.84	0.00	17,479.39
Award Total:	16,566.55	912.84	0.00	17,479.39

[Handwritten Signature]
 UNITED NATIONS DEVELOPMENT PROGRAMME

[Handwritten Signature] 6/5/11

Signed By : *[Handwritten Signature]*
 ANDERSON PARILLON

Date : 18.03.2011

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



Combined Delivery Report by Activity With Encumbrance

UN Development Programme
Report ID: ungl143b

Page 1 of 2
Run Time: 06-03-2011 22:03:35

Selection Criteria :

Business Unit: BRB10
Period: Jan-Dec (2007)
Selected Award Id: 00037268
Selected Activity Code: ALL
Selected Fund Code: ALL

Award Id : 00039858 PIMS 3089 CC FSP: National Co	Period :	Jan-Dec (2007)			
Project # : 00040776 PIMS 3340 CC: Dominica SNC	Impl. Partner :	00199 National Execution Barbados			
	Location :				
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp

Activity : ACTIVITY10(MISCELLANEOUS)

Fund : 62000 (GEF Voluntary Contribution)

74525 - Sundry	161.55	138.11	0.00	0.00	299.66
Total for Fund 62000	161.55	138.11	0.00	0.00	299.66
Total for Activity ACTIVITY10	161.55	138.11	0.00	0.00	299.66

Activity : ACTIVITY3 (PREPARE. PROJECT PROPOSAL)

Fund : 62000 (GEF Voluntary Contribution)

71305 - Local Consult.-Sht Term-Tech	5,150.00	0.00	0.00	0.00	5,150.00
Total for Fund 62000	5,150.00	0.00	0.00	0.00	5,150.00
Total for Activity ACTIVITY3	5,150.00	0.00	0.00	0.00	5,150.00

Activity : ACTIVITY5 (TA GHG ADOPT. & MITIGATION)

Fund : 62000 (GEF Voluntary Contribution)

71205 - Intl Consultants-Sht Term-Tech	0.00	12,357.70	0.00	0.00	12,357.70
Total for Fund 62000	0.00	12,357.70	0.00	0.00	12,357.70
Total for Activity ACTIVITY5	0.00	12,357.70	0.00	0.00	12,357.70

Activity : ACTIVITY6 (TA GHG ADAPT. & MIGITATION)

Fund : 62000 (GEF Voluntary Contribution)

71205 - Intl Consultants-Sht Term-Tech	0.00	6,063.34	0.00	0.00	6,063.34
71305 - Local Consult.-Sht Term-Tech	15,000.00	0.00	0.00	0.00	15,000.00
Total for Fund 62000	15,000.00	6,063.34	0.00	0.00	21,063.34
Total for Activity ACTIVITY6	15,000.00	6,063.34	0.00	0.00	21,063.34

Activity : ACTIVITY7 (CONTRACTUAL SERVICES)

Fund : 62000 (GEF Voluntary Contribution)

71305 - Local Consult.-Sht Term-Tech	25,000.00	0.00	0.00	0.00	25,000.00
71405 - Service Contracts-Individuals	30,000.00	5,513.22	0.00	0.00	35,513.22
74525 - Sundry	10,000.00	0.00	0.00	0.00	10,000.00
Total for Fund 62000	65,000.00	5,513.22	0.00	0.00	70,513.22



Combined Delivery Report by Activity With Encumbrance

UN Development Programme
Report ID: ungl143b

Page 2 of 2
Run Time: 06-03-2011 22:03:35

Award Id : 00039858 PIMS 3089 CC FSP: National Co	Period :	Jan-Dec (2007)
Project # : 00040776 PIMS 3340 CC: Dominica SNC	Impl. Partner :	00199 National Execution
	Location :	Barbados

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
Total for Activity ACTIVITY7	65,000.00	5,513.22	0.00	0.00	70,513.22
Total for Project : 00040776	85,311.55	24,072.37	0.00	0.00	109,383.92
Award Total :	85,311.55	24,072.37	0.00	0.00	109,383.92

UNITED NATIONS DEVELOPMENT PROGRAMME

6/5/11

Signed By : ANDERSON PARILLON

Date : 18.03.2011

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



Combined Delivery Report by Activity With Encumbrance

UN Development Programme
Report ID: ungl143b

Page 2 of 2
Run Time: 06-03-2011 22:03:07

Award Id : 00039858 PIMS 3089 CC FSP: National Co	Period :	Jan-Dec (2008)			
Project # : 00040776 PIMS 3340 CC: Dominica SNC	Impl. Partner :	00199 National Execution			
	Location :	Barbados			
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp

Total for Project : 00040776	98,498.54	4,438.60	0.00	0.00	102,937.14
------------------------------	-----------	----------	------	------	------------

Award Total :	98,498.54	4,438.60	0.00	0.00	102,937.14
---------------	-----------	----------	------	------	------------

[Handwritten Signature]
UNITED NATIONS DEVELOPMENT PROGRAMME

Signed By : ANDERSON PRILLON *[Handwritten Signature]*

Date : 18-03-2011 *[Handwritten Signature]* 6/5/11

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



Selection Criteria :

Business Unit: BRB10
Period: Jan-Dec (2009)
Selected Award Id: 00037268
Selected Activity Code: ALL
Selected Fund Code: ALL

Award Id : 00039858 PIMS 3089 CC FSP: National Co	Period :	Jan-Dec (2009)
Project # : 00040776 PIMS 3340 CC: Dominica SNC	Impl. Partner :	00199 National Execution
	Location :	Barbados

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
Activity : ACTIVITY10(MISCELLANEOUS)					
Fund : 62000 (GEF Voluntary Contribution)					
74525 - Sundry	150.90	145.75	0.00	0.00	296.65
Total for Fund 62000	150.90	145.75	0.00	0.00	296.65
Total for Activity ACTIVITY10	150.90	145.75	0.00	0.00	296.65
Activity : ACTIVITY5 (TA GHG ADOPT. & MITIGATION)					
Fund : 62000 (GEF Voluntary Contribution)					
71205 - Intl Consultants-Sht Term-Tech	0.00	6,849.35	0.00	0.00	6,849.35
Total for Fund 62000	0.00	6,849.35	0.00	0.00	6,849.35
Total for Activity ACTIVITY5	0.00	6,849.35	0.00	0.00	6,849.35
Activity : ACTIVITY6 (TA GHG ADAPT. & MIGITATION)					
Fund : 62000 (GEF Voluntary Contribution)					
71305 - Local Consult.-Sht Term-Tech	10,000.00	10,302.67	0.00	0.00	20,302.67
Total for Fund 62000	10,000.00	10,302.67	0.00	0.00	20,302.67
Total for Activity ACTIVITY6	10,000.00	10,302.67	0.00	0.00	20,302.67
Activity : ACTIVITY7 (CONTRACTUAL SERVICES)					
Fund : 62000 (GEF Voluntary Contribution)					
71405 - Service Contracts-Individuals	15,000.00	0.00	0.00	0.00	15,000.00
Total for Fund 62000	15,000.00	0.00	0.00	0.00	15,000.00
Total for Activity ACTIVITY7	15,000.00	0.00	0.00	0.00	15,000.00
Activity : ACTIVITY9 (EQUIP & SOFTWARE)					
Fund : 62000 (GEF Voluntary Contribution)					
72210 - Machinery and Equipment	10,400.00	0.00	0.00	0.00	10,400.00
Total for Fund 62000	10,400.00	0.00	0.00	0.00	10,400.00
Total for Activity ACTIVITY9	10,400.00	0.00	0.00	0.00	10,400.00



Combined Delivery Report by Activity With Encumbrance

UN Development Programme
Report ID: ungl143b

Page 2 of 2
Run Time: 06-03-2011 22:03:39

Award Id : 00039858 PIMS 3089 CC FSP: National Co	Period :	Jan-Dec (2009)			
Project # : 00040776 PIMS 3340 CC: Dominica SNC	Impl. Partner :	00199 National Execution			
	Location :	Barbados			
	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp

Total for Project : 00040776	35,550.90	17,297.77	0.00	0.00	52,848.67
------------------------------	-----------	-----------	------	------	-----------

Award Total :	35,550.90	17,297.77	0.00	0.00	52,848.67
---------------	-----------	-----------	------	------	-----------

[Handwritten Signature]
UNITED NATIONS DEVELOPMENT PROGRAMME
[Handwritten Signature] 6/5/11

Signed By : ANDERSON PARILLON *[Handwritten Signature]*

Date : 18.03.2011

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



Selection Criteria :

Business Unit: BRB10
Period: Jan-Dec (2010)
Selected Award Id: 00037268
Selected Activity Code: ALL
Selected Fund Code: ALL

Award Id : 00039858 PIMS 3089 CC FSP: National Co	Period : Jan-Dec (2010)
Project # : 00040776 PIMS 3340 CC: Dominica SNC	Impl. Partner : 00199 National Execution Location : Barbados

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
Activity : ()					
Fund : 62000 (GEF Voluntary Contribution)					
76130 - Unrealized Gain	0.00	-0.01	0.00	0.00	-0.01
Total for Fund 62000	0.00	-0.01	0.00	0.00	-0.01
Total for Activity	0.00	-0.01	0.00	0.00	-0.01
Activity : ACTIVITY10(MISCELLANEOUS)					
Fund : 62000 (GEF Voluntary Contribution)					
74525 - Sundry	6,073.16	136.08	0.00	0.00	6,209.24
Total for Fund 62000	6,073.16	136.08	0.00	0.00	6,209.24
Total for Activity ACTIVITY10	6,073.16	136.08	0.00	0.00	6,209.24
Activity : ACTIVITY4 (TRAVEL)					
Fund : 62000 (GEF Voluntary Contribution)					
71605 - Travel Tickets-International	3,500.00	0.00	0.00	0.00	3,500.00
Total for Fund 62000	3,500.00	0.00	0.00	0.00	3,500.00
Total for Activity ACTIVITY4	3,500.00	0.00	0.00	0.00	3,500.00
Activity : ACTIVITY5 (TA GHG ADOPT. & MITIGATION)					
Fund : 62000 (GEF Voluntary Contribution)					
71205 - Intl Consultants-Sht Term-Tech	10,737.53	14,074.68	0.00	0.00	24,812.21
Total for Fund 62000	10,737.53	14,074.68	0.00	0.00	24,812.21
Total for Activity ACTIVITY5	10,737.53	14,074.68	0.00	0.00	24,812.21
Activity : ACTIVITY6 (TA GHG ADAPT. & MIGITATION)					
Fund : 62000 (GEF Voluntary Contribution)					
71305 - Local Consult.-Sht Term-Tech	11,000.00	25,702.22	0.00	0.00	36,702.22
72105 - Svc Co-Construction & Engineer	3,099.80	0.00	0.00	0.00	3,099.80
Total for Fund 62000	14,099.80	25,702.22	0.00	0.00	39,802.02



Combined Delivery Report by Activity With Encumbrance

Award Id : 00039858 PIMS 3089 CC FSP: National Co	Period :	Jan-Dec (2010)
Project # : 00040776 PIMS 3340 CC: Dominica SNC	Impl. Partner :	00199 National Execution
	Location :	Barbados

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
Total for Activity ACTIVITY6	14,099.80	25,702.22	0.00	0.00	39,802.02
Activity : ACTIVITY7 (CONTRACTUAL SERVICES)					
Fund : 62000 (GEF Voluntary Contribution)					
71405 - Service Contracts-Individuals	2,000.00	0.00	0.00	0.00	2,000.00
Total for Fund 62000	2,000.00	0.00	0.00	0.00	2,000.00
Total for Activity ACTIVITY7	2,000.00	0.00	0.00	0.00	2,000.00
Activity : ACTIVITY9 (EQUIP & SOFTWARE)					
Fund : 62000 (GEF Voluntary Contribution)					
72205 - Office Machinery	4,000.00	0.00	0.00	0.00	4,000.00
Total for Fund 62000	4,000.00	0.00	0.00	0.00	4,000.00
Total for Activity ACTIVITY9	4,000.00	0.00	0.00	0.00	4,000.00
Total for Project : 00040776	40,410.49	39,912.97	0.00	0.00	80,323.46

Award Total :	40,410.49	39,912.97	0.00	0.00	80,323.46
----------------------	------------------	------------------	-------------	-------------	------------------

[Handwritten Signature]

UNITED NATIONS DEVELOPMENT PROGRAMME

[Handwritten Signature]
6/5/11

Signed By: ANDERSON PARILLON *[Handwritten Signature]*

Date: 18.03.2011

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

e) Certification of Statement of Cash Position.

We have audited the accompanying Statement of Cash Position (“the statement”) of the UNDP project number 40776 (Atlas award no.39858) as at 31 December 2010. The statement is the responsibility of the management of the project. Our responsibility is to express an opinion on the statement based on our audit.

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

In our opinion, the statement of cash position presents fairly, in all material respects the cash balance of the project amounting to US\$92,592 as at 31 December 2010 in accordance with UNDP requirements.

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

Date of issuance: **6 MAY 2011**

AUDITOR'S NAME (Please print): **RENDRA GOPEE**

AUDITOR'S SIGNATURE:



STAMP AND SEAL OF AUDIT FIRM:

ERNST & YOUNG

P.O. BOX 261

BRIDGETOWN

BARBADOS, W.I.

AUDIT FIRM ADDRESS:

AUDIT FIRM TEL. NO.



P.O. Box 261, Bridgetown, BB11000
Barbados, W.I.

Street Address
Worthing, Christ Church, BB15008
Barbados, W.I.

Tel: 246 430 3900
Fax: 246 426 9551
246 426 0472
246 435 2079
246 430 3879

www.ey.com

Statement of Cash Position

Statement of Cash Position					
Award No.	Project No.	Value of Cash Position Statement as at 31 December 2010 (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\$)
39858	40776	US\$92,592	Unqualified	N/A	N/A

Signature of Audit firm Official:

Signature of UNDP Official: _____

Name and title (print): _____

Date: _____

Signature of IP Official: _____

Name and title (print): _____

Date: _____

Name and title (print): RENDRA GOPEE

PARTNER

Date: 6 MAY 2011

Stamp and Seal of audit firm:

ERNST & YOUNG
BARBADOS, W.I.




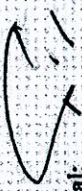

P.O. Box 261, Bridgetown, BB1 1000
Barbados, W.I.

Street Address
Worthing, Christ Church, BB15008
Barbados, W.I.

Tel: 246 430 9500
Fax: 246 426 9551
246 426 0472
246 435 2079
246 430 9879
www.ey.com

Statement of Cash Position

Statement of Cash Position		Statement of Cash Position		Statement of Cash Position		Statement of Cash Position		Statement of Cash Position	
Award No.	Project No.	Value of Cash Position Statement as at 31 December 2010 (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\$)				
39858	40776	US\$92,592	Unqualified	N/A	N/A				

Signature of IP Official:  Name and title (print): <u>LLOYD ASEEL</u> Date: <u>30/5/2011</u> <u>DIRECTOR ECU</u>	Signature of UNDP Official:  Name and title (print): <u>ANDERSON PHILLIS</u> Date: <u>30-05-2011</u> <u>ECONOMIST/UNDP</u> <u>FOCTR POINT</u>	Signature of Audit firm Official:  Name and title (print): <u>RENDRA GOPEE</u> Date: <u>6 MAY 2011</u> Stamp and Seal of audit firm: <u>PARTNER INST & YOUNG</u> <u>PG. BOX 267</u> <u>BRIDGETOWN</u> <u>BARBADOS, W.I.</u>
---	--	--

UNITED NATIONS DEVELOPMENT PROGRAMME

STEIN THASEN
DRR
UNDP, 31/05/11

RAG/BA/ls
gc

6 May 2011

Mr. Anderson Parillon
Ministry of Finance
Roseau,
Dominica

Dear Mr. Parillon:

Audit of UNDP Project # 40776 (Award ID #39858) - Enabling Activities for the Preparation of the Commonwealth of Dominica's Second National Communication to the UNFCCC ("the Project")

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

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

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

Background/summary of project

- This Second national Communication (SNC) is intended to build on activities started in the Initial National Communications and the Phase II Enabling Activities, and other related Climate Change activities identified during the stocktaking exercise. It is also intended to address any new area that may have arisen or needs more emphasis.

Review of project progress

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

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

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

The project coordinator has confirmed that for the period under review there were no major delays in implementation project activities which was further corroborated in performance of our audit procedures.

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

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

Assessment of internal controls

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

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

Based on our assessment above, with the exception of internal control raised above, we have noted that internal controls around the project activities for the period under review appear to be functioning for the period under review. As a result we conclude that internal controls can be deemed effective for the project for the period under review.

Human resources

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

Finance

The accounting and financial operations of the project were maintained by the project coordinator responsible for submitting quarterly reports to the UNDP head office on a quarterly basis.

Recruitment process for project personnel/consultants

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

Asset management

- There were no purchases of assets or equipment purchased for the respective project for the period under review.

Cash management

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

Information system

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

Internal control weaknesses and recommendations for improvement

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

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

Criteria

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

Cause

Inadequate Policies / Guidelines

Separate bank accounts were not opened for individual projects.

Effects/ potential impact of risk

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

Classification by risk severity: low

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

Recommendation

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