UNDP - UNITED NATIONS DEVELOPMENT PROGRAMME
PROJECT N° 72366 - AWARD ID N° 46359 - SUPPORT TO CAPACITY
DEVELOPMENT (CPAP)

Audit Report

31 December 2011

## <u>UNDP - UNITED NATIONS DEVELOPMENT PROGRAMME</u> <u>PROJECT N° 72366 - AWARD ID N° 46359 - SUPPORT TO CAPACITY DEVELOPMENT (CPAP)</u> <u>PROJECT FINANCIAL STATEMENTS - FOR THE PERIOD 1 JANUARY 2011 TO 31 DECEMBER 2011</u>

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(FREE TRANSLATION FROM THE ORIGINAL IN PORTUGUESE)

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#### INDEPENDENT AUDITOR'S REPORT

To the Management of:

-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME - PROJECT N° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP)

#### Report on the Financial statements

We have audited the accompanying financial statement schedules of the PROJECT N° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP), 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° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT - CPAP'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.

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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 e 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 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° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP), 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** 

Local Curr USD Amount	588	1323	1377	1377	696.1	756.97	1866.56	1083.56
10.00	3 ZAR	1323 USD	1377 USD	1377 USD	4872 ZAR	5298 ZAR	ZAR	ZAR
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	19	72		10	23	9	21	
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MOZ10-00042044-1- 1-ACCR-DST	MOZ10-00041747-1- 1-ACCR-DST	MOZ10-00041559-1- 1-ACCR-DST	RJB10-00011401-1-1- ACCR-DST	RJB10-00011173-2-1- ACCR-DST	RJB10-00011173-1-1- ACCR-DST	RJB10-00011171-2-1- ACCR-DST	RJB10-00011171-1-1- ACCR-DST	RJ810-00011128-1-1- ACCR-DST
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8-Mar-11	16-Mar-11	16-Mar-11	17-Mar-11	19-Mar-11	4-Apr-11	19-Apr-11	4-May-11	4-May-11
MOZ10-00042247-1- 1-ACCR-DST	MOZ10-00042372-1- 1-ACCR-DST	MOZ10-00042383-1- 1-ACCR-DST	MOZ10-00042397-1- 1-ACCR-DST	MOZ10-00042453-1- 1-ACCR-DST	MOZ10-00042683-1- 1-ACCR-DST	MOZ10-00042932-1- 1-ACCR-DST	MOZ10-00043258-1-/	MOZ10-00043260-1- 1-ACCR-DST
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### INDEPENDENT AUDITOR'S REPORT

Ernst & Young Limitada Rua Belmiro Obadias Mulanga, N° 179 Caixa Postal 366, Maputo República de Moçambique

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To the Management of:

-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME - PROJECT N° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP)

Report on the Statement of cash position

We have noted that there was no Cash position for the PROJECT Nº 72366 – AWARD ID Nº 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP), as at 31 December 2011. All payments were made directly by UNDP Mozambique.

Maputo, 31 March 2012

**ERNST & YOUNG, LDA** 

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Ernst & Young Limitada Rua Belmiro Obadias Mulanga, N° 179 Caixa Postal 366, Maputo República de Moçambique

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#### INDEPENDENT AUDITOR'S REPORT

To the Management of:

-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME - PROJECT N° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP)

Report on the Combined Delivery Report (CDR)

We have audited the project financial information contained in accompanying CDR schedule of the PROJECT N° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP), for the period ended 31 December 2011 (reflecting a total "UNDP Disb" of USD 681,991.31), and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

PROJECT N° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT - CPAP'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 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 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° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP), for the period ended 31 December 2011, in accordance with UNDP accounting requirements.

Maputo, 31 March 2012

**ERNST & YOUNG, LDA** 

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#### Combined Delivery Report By Project

**DIP** UN Development Programme Report ID: ungi143p

Page 1 of 2 Run Time: 03-04-2012 16:04:31

Selection Criteria:

Business Unit: MOZ10

Period: Jan-Dec (2011) Selected Award Id : 00046359

Selected Fund Code: 11888 Selected Dept. IDs: B0358 Selected Projects: 000723

00072366

Award ld: 00046359 Support to Capacity Developmen Project #: 00072366 Cpacity Building CPAP

Jan-Dec (2011)

Period : Impl. Partner : 02172 National Execution

Location:

		Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
Dept:	35801 (Mozambique - Central)					
Dopt.	ooo (mozamsiqae - ochaal)					
Fund:	11888 (Country Co-Financing CS)					
	61105 - Salaries - NP Staff	0.00	307,396.79	0.00	0.00	307,396.79
	61205 - Salaries - GS Staff	0.00	61,728.86	0.00	0.00	61,728.86
	62105 - Dependency Allowance-NP Staff	0.00	7,036.09	0.00	0.00	7,036.09
	62110 - Contrib Joint Staff Pension-NP	0.00	61,732.63	0.00	0.00	61,732.63
	62115 - Contrib to Med, SocIns-NP Staff	0.00	16,697.42	0.00	0.00	16,697.42
	62205 - Dependency Allow - GS Staff	0.00	1,959.00	0.00	0.00	1,959.00
	62210 - Contrib to Jt Staff Pens Fd-GS	0.00	11,973.57	0.00	0.00	11,973,57
	62215 - Contrib. to Medical, social In	0.00	3,247.10	0.00	0.00	3,247.10
	63530 - Contribution to Separations	0.00	9,228.19	0.00	0.00	9,228.19
	63535 - Contribution to Security	0.00	14,765.20	0.00	0.00	14,765,20
	65115 - Contributions to ASHI Reserve	0.00	18,456.27	0.00	0.00	18,456.27
	65135 - Payroll Mgt Cost Recovery ATLA	0.00	1,346.52	0.00	0.00	1,346.52
	71205 - Intl Consultants-Sht Term-Tech	0.00	1,588.37	0.00	0.00	1,588.37
	71305 - Local ConsultSht Term-Tech	0.00	11,978,75	0.00	0.00	11,978,75
	71310 - Local ConsultShort Term-Supp	0.00	479.45	0.00	0.00	479.45
	71405 - Service Contracts-Individuals	0.00	52,700.00	0.00	- 24,960.00	27.740.00
	71505 - UN Volunteers-Stipend & Allow	0.00	15,048.00	0.00	0.00	15,048.00
	71520 - UNV-Language Allowance	0.00	184.00	0.00	0.00	184.00
	71535 - UNV-Medical Insurance	0.00	1,320.13	0.00	0.00	1,320,13
	71540 - UNV-Global Charges	0.00	1,449.00	0.00	0.00	1,449.00
	71545 - UNV-Home Leave Travel & Allowa	0.00	144.00	0.00	0.00	144.00
	71550 - UNV-Resettlement Allowance	0.00	900.00	0.00	0.00	900.00
	71605 - Travel Tickets-International	0.00	8.510.06	0.00	0.00	8,510,06
	71610 - Travel Tickets-Local	0.00	903.34	0.00	0.00	903.34
	71615 - Daily Subsistence Allow-Intl	0.00	4,572.20	0.00	0.00	4,572.20
	72120 - Svc Co-Trade and Business Serv	0.00	6,047.01	0.00	- 5,350.91	696.10
	72145 - Svc Co-Training and Educ Serv	0.00	16,615.53	0.00	-6,620.00	9.995.53
	72215 - Transporation Equipment	0.00	0.00	0.00	- 1,156,14	-1.156.14
	74525 - Sundry	0.00	- 1,201.88	0.00	- 115.23	-1,317.11
	75105 - Facilities & Admin - Implement	0.00	44,613.53	0.00	0.00	44,613.53
	75708 - Learning - subcontracts	0.00	530.62	0.00	0.00	530.62
	76125 - Realized Loss	0.00	41.56	0.00	0.00	41.56
	76135 - Realized Gain	0.00	0.00	0.00	0.00	0.00
otal fo	r Fund 11888	0.00	681,991.31	0.00	-38,202.28	643,789.03
otal fo	r Dept: 35801	0.00	681,991.31	0.00	- 38,202.28	643,789.03
otal fo	r Project : 00072366	0.00	681,991.31	0.00	0.00	643,789.03

Award Total: 0.00 681,991.31 0.00 0.00 643,789.03

Signed By:

Date:

INITIALLED FOR IDENTIFICATION **PURPOSES ONLY** ERNST & YOUNG, Lda.



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#### INDEPENDENT AUDITOR'S REPORT

To the Management of:

-UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME - PROJECT N $^\circ$  72366 – AWARD ID N $^\circ$  46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP)

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° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP), for the period ended 31 December 2011 (reflecting a total cost incurred of USD 3,819.10), and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

PROJECT Nº 72366 - AWARD ID Nº 46359 - SUPPORT TO CAPACITY DEVELOPMENT - CPAP'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. 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° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP), for the period ended 31 December 2011, in accordance with UNDP accounting requirements.

Maputo, 31 March 2012

**ERNST & YOUNG, LDA** 

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000000000000	TOYOTA HILUX 2.8 - 2000	2001/01/31		AHT33LNG708002765	29,900.00 MOZOP02	MOZOP02		
	OTA HILUX 2.8 - 2000	2001/01/31		AHT33LNG708002765	29,900.00	29,900.00 MOZ0P02	GS,M10	
	Toyota Land Cruiser 2005	2006/12/20		JTECB09J00302 3033	37,003.61	37,003.61 MOZ0P02		
000000000332 Toyo	Toyota Land Cruiser 2005	2006/12/20		JTECB09J00302 3033	37,003.61	37,003.61 MOZ0P02	GS,M13	
000000000371 TOY	00000000371 TOYOTA LAND CRUISER STWAG2007	2007/12/10	2007/12/10 LAND CRUISER STATION W 1HZ0378521	1HZ0378521	31,748.00	31,748.00 MOZ0P02		
000000000371 TOY	TOYOTA LAND CRUISER STWAG2007	2007/12/10	2007/12/10 LAND CRUISER STATION W 1HZ0378521	1HZ0378521	31,748.00	31,748.00 MOZOP02	GENERAL, SERVICES	
	VOLVO S60 2.5.T 2007	2007/12/10 S60 2.5	S60 2.5 T	YV1RS595282670544	33,176.00 MOZ0P02	MOZ0P02		
0000000000372 volv	VOLVO S60 2.5.T 2007	2007/12/10 S60 2.5	S60 2.5 T	YV1RS595282670544	33,176.00	33,176.00 MOZOP02	GENERAL SERVICES	
	VOLVO S80 3.0T GEARTRONIC	2010/01/29	2010/01/29 S80 3.0T	YV1AS9956A1117948	54,896,55 MOZOP02	MOZOP02	RCO JOSE CRAVEIRIMHA	
0000000000387 VOLV	VOLVO S80 3.0T GEARTRONIC	2010/01/29	2010/01/29 S80 3.0T	YV1AS9956A1117948	54,896,55	54.896.55 MOZOPO2	RCO BC	
000000000107 03 St	000000000107 03 SEATER SOFA/2000+920+760	1999/08/05			1.038.00	1.038.00 MOZCD01	1	
000000000127 AIR C	00000000127 AIR CONDITIONER, SHARP	1998/06/08		3103185	1,200.00	1 200 00 MOZCD01	\\	
00000000125 AIR C	00000000125 AIR CONDITIONER, SHARP, SPLIT	1998/06/08		6105942	1,200.00	1,200,00 MOZCD01	ARMINDA B	
000000000083 AIRC	000000000263 AIRCONDITIONER TENSAI 24000BTU	2006/12/15		6STY01N001477	1.165.47	MOZCD01	ANNAC	
00000000263 AIRC	000000000263 AIRCONDITIONER TENSAI 24000BTU	2006/12/15		6STY01N001477	1.165.47	MOZCD01	MASON IOCEI VN	
00000000105 BOAR	000000000105 BOARD ROOM/MTG TABLE	1999/08/05			2,832.00	2,832.00 MOZCD01	\	
00000000000	000000000100 BOOKCASE, WOOD, W/ WITHOU GLS	1999/08/05			1,094.00	1,094,00 MOZCD01	\	
00000000000	0000000000999 BOOKCASE, WOOD, W/ WITHOUT GLS	1999/08/05			1,094.00	1,094.00 MOZEDU1	>	
00000000089 CABI	000000000089 CABINET WOOD-CREDENZA1200X640	1999/08/05			1.424.00	1.424.00 MOZCD01	\	
00000000098 DESP	00000000000000000 DESK CLERICAL, WOOD 2000X100	1999/08/05		MOZ/2230	1,638.00	1,638,00 MOZCD01	_	
00000000141 DESP	00000000141 DESK, L ROUND SHAPE(WOOD,140)	1998/02/04			1,098.00	1.098.00 MOZCD01		
000000000181 pesk	DESK, L ROUND SHAPE, WOOD (120	1998/02/04			1,056.00	1,056,00 MOZCD01	1	
00000000428 DESI	00000000428 DESKTOP HP COMPAC 500B MTE300	2010/06/14		3CB00526WC	906.99	906.99 MOZCD01	MAXIME, EDOUARD	
000000000473 LAPTOP HP 6550B	OP HP 6550B	2011/01/06		CNU03823SY	1,909.55	MOZCD01	MATSEPA M	11/22 6 1/20
000000000474 LAPTOP HP 6550B	OP HP 6550B	2011/01/06		CNU03824C7	1,909.55	MOZCD01	SIXPENSE.H.	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
000000000444 NOTE	000000000444 NOTEBOOK HP PROBOOK 4310S	2010/07/14		CN49425DRO	1,215,39	1,215,39 MOZCD01	MASON JOCELYN	
000000000305 PC Dell P4	ell P4	2006/12/20		CNOY09187982138R21KQ	1,284.66	1,284.66 MOZCD01		
000000000305 PC Dell P4	ell P4	2006/12/20		CNOY09187982138RZ1KQ	1,284.66	1,284.66 MOZCD01	KITAHARA, NAOMI	
00000000285 PC HPCOMPAC P4 3GHz	PCOMPAC P4 3GHz	2006/12/20		USH5O6001T	1,253.07	MOZCD01	GERTRUDES,M.	
	PCOMPAC P4 3GHz	2006/12/20		USH512005Z	1,253.07	1,253.07 MOZCD01	STELLAND.	1
0000000000291 PC HI	PC HPCOMPAC P4 3GHz	2006/12/20		USH512005Z	1,253.07	1,253.07 MOZCD01	BUQUE,ARMINDA	11911 Stopper
00000000106 WALI	00000000106 WALL UNITS W/GLASS3400L+2000L	1999/08/05			1,094.00	1,094.00 MOZCD01		N TO THE
00000000003 WALI	000000000093 WALL UNITS/GLASS - 3400L+2000	1999/08/05			1,094.00	1,094.00 MOZCD01		
00000000129 AIR C	000000000129 AIR CONDITIONER, JOHNSON SPLIT	1998/06/08		2400362458	1,375.00	1,375.00 MOZCOM01	BABREIKO.M.	
00000000129 AIR C	00000000129 AIR CONDITIONER, JOHNSON SPLIT	1998/06/08		2400362458	1,375.00	1,375.00 MOZCOM01	Mahoque, Gustavo	
00000000438 DESK	00000000438 DESKTOP HP COMPAC 500B E5300	2010/03/11		CZC005169H	950.54	950.54 MOZCOM01	PARVIAINEN, EEVA	
00000000439 DESK	00000000439 DESKTOP HP COMPAC 500B E5300	2010/03/11	The same of the sa	CZC00516LJ	950.54	950.54 MOZCOM01	MAHOQUE, GUSTAVO	
000000000388 Firewall, CISCO ASA 5510	all, CISCO ASA 5510		CISCO ASAISE O PIGMAIDE MAX 1105 KOT3	JMX1105KQT3	2,607.10	2,607.10 MOZCOM01		
000000000290 PC HPCOMPAC P4 3GHz	PCOMPAC P4 3GHz	2006/12/20	PURPOSES 0	ORF52MNFZP00W	1,253.07	1,253.07 MOZCOM01	INACIAS	

## UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME PROJECT N° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP) MANAGEMENT LETTER REPORT ON INTERNAL CONTROL PROCEDURES

#### 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° 72366 - AWARD ID N° 46359 - SUPPORT TO CAPACITY DEVELOPMENT (CPAP)

#### **EXECUTIVE SUMMARY**

Following our audit work of the PROJECT N° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP), 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.

CATEGORIZATION O	F AUDIT FINDINGS BY THE RISK SEVERITY
RISK:	
HIGH	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).
MÉDIUM	Action that is considered necessary to avoid exposure to significant risks (i.e. failure to take action could result in significant consequences).
LOW	Action that is considered desirable and should result in enhanced control or better value for money.
CATEGORIZATION OF	POSSIBLE CAUSES OF AUDIT FINDINGS
CAUSES:	
COMPLIANCE	Failure to comply with prescribed UNDP regulations, rules and procedures and local legislation.
GUIDELINES	Absence of written procedures to guide staff in the performance of their functions.
GUIDANCE	Inadequate or lack of supervision by supervisors.
HUMAN ERROR	Mistakes committed by staff entrusted to perform assigned functions.
RESOURCES	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

No relevant issues were raised in the reviewing of internal control procedures followed by the PROJECT N° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP), in the period ended 31 December 2011.

#### II - RESULTS OF THE FOLLOW UP OF THE PRIOR YEAR AUDIT RECOMMENDATIONS

#### 2.1 Document cancelling

#### II - RESULTS OF THE FOLLOW UP OF THE PRIOR AUDIT RECOMMENDATIONS

Prior Year Management Letter Issues		Follow Up Res	sults	Auditor's	Management
	No progress	Some progress	Resolved	comments	comments
2.1 Document cancelling					
The supporting documents are not cancelled by a "UNDP-PAID" stamp or other form of cancellation.					We agree with the observations.