

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

Audit Report

31 December 2011

UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT N° 72366 – AWARD ID N° 46359 – SUPPORT TO CAPACITY DEVELOPMENT (CPAP)

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

<u>CONTENTS</u>	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1 - 3
INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF CASH POSITION	4
INDEPENDENT AUDITOR'S REPORT ON COMBINED DELIVERY REPORT	5 - 6
INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF FIXED ASSET AND EQUIPMENT	7 - 8
NOTES TO THE PROJECT FINANCIAL STATEMENTS	9
MANAGEMENT LETTER REPORT ON INTERNAL CONTROL PROCEDURES	10 - 12

(FREE TRANSLATION FROM THE ORIGINAL IN PORTUGUESE)

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.

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° 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

Voucher	MOZ10-00042247-1-1-ACCR-DST	8-Mar-11	21-Mar-11	72366	ACTIVITY1	5086	SIXPENCE	HELIO PEDRO	INTER	DSA FOR MR SIXPENCE FROM 26/3	9 Days DSA -26/3 to 03/04/10	AP037768	15	53	8-Mar-11	2093	USD	2093
Voucher	MOZ10-00042372-1-1-ACCR-DST	16-Mar-11	18-Mar-11	72366	ACTIVITY4	224	RENT LDA	INTER	EXPENSE DISTRIBUTION	#27534Vehicle Rental to Xai-Xai		AP037890	05	3	16-Mar-11	24238.29	MZN	779.37
Voucher	MOZ10-00042383-1-1-ACCR-DST	16-Mar-11	17-Mar-11	72366	ACTIVITY4	3343	TRAVEL	SKY	MPM/NA	INV.859-ROSE		AP037872	87	18	16-Mar-11	28094	MZN	903.34
Voucher	MOZ10-00042397-1-1-ACCR-DST	17-Mar-11	18-Mar-11	72366	ACTIVITY1	3286	LDA	HELIO PEDRO SIXPENCE	BLUE SKY - AIR TRAVEL MANAGEMENT,	INV.FA110 0000940-Helio Sixpence		AP037890	06	22	17-Mar-11	46019	MZN	1479.71
Voucher	MOZ10-00042453-1-1-ACCR-DST	19-Mar-11	20-Mar-11	72366	ACTIVITY3	5086	SIXPENCE	HELIO PEDRO	MIMI	DAILY SUBSISTENCE	DSA JHB, Workshop for M&E	AP037910	42	11	19-Mar-11	1644	USD	1644
Voucher	MOZ10-00042683-1-1-ACCR-DST	4-Apr-11	6-Apr-11	72366	ACTIVITY1	1989	LDA	SERVICOS, LDA	CATERING OF SERVICES - INVOICE	PAYMENT OF SERVICES - INVOICE	IPS TRAINING NR. 1447	AP038127	09	26	4-Apr-11	152925	MZN	4965.1
Voucher	MOZ10-00042932-1-1-ACCR-DST	19-Apr-11	20-Apr-11	72366	ACTIVITY2	5496	BULE	TEODOSIO JULIO	TRAINING IMPACT ASSESSMENT REPORT	PMT 40% SSA - FINAL REPORT		AP038354	30	125	19-Apr-11	6620	USD	6620
Voucher	MOZ10-00043258-1-1-ACCR-DST	4-May-11	5-May-11	72366	ACTIVITY1	3286	LDA	HELIO PEDRO	BLUE SKY - TRAVEL MANAGEMENT,	INV.FA110 0000357-BACKSON SIBANDA		AP038546	51	27	4-May-11	19497	MZN	641.35
Voucher	MOZ10-00043260-1-1-ACCR-DST	4-May-11	7-May-11	72366	ACTIVITY1	5086	SIXPENCE	HELIO PEDRO	F10 TURIN 26-	F10 TURIN 26-		AP038578	95	11	4-May-11	849.01	USD	849.01

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Voucher	MOZ10-00043400-1-1-ACCR-DST	12-May-11	13-May-11	72366	ACTIVITY1	1989	LDA	MIMI CATERING E SERVICOS, IPS TRAINI	1447, second installmen t	91	AP038674	67	12-May-11	152925	MZN	5030,43
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49,619,45

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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 Statement of cash position

We have noted that there was no Cash position for the **PROJECT N° 72366 – AWARD ID N° 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

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 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° 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





Selection Criteria :

Business Unit : MOZ10
Period : Jan-Dec (2011)
Selected Award Id : 00046359
Selected Fund Code : 11888
Selected Dept. IDs : B0358
Selected Projects : 00072366

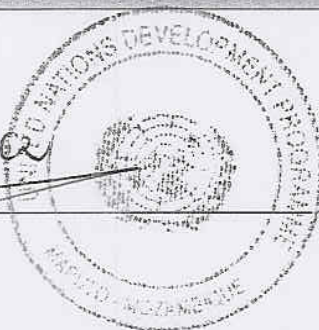
Award Id : 00046359 Support to Capacity Developmen	Period : Jan-Dec (2011)
Project # : 00072366 Cpacity Building CPAP	Impl. Partner : 02172 National Execution
	Location :

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
Dept: 35801 (Mozambique - Central)					
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 Consult.-Sht Term-Tech	0.00	11,978.75	0.00	0.00	11,978.75
71310 - Local Consult.-Short 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
Total for Fund 11888	0.00	681,991.31	0.00	-38,202.28	643,789.03
Total for Dept : 35801	0.00	681,991.31	0.00	-38,202.28	643,789.03
Total for 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
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Signed By :

J. J. J. J.



Date :

26-03-2012

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ERNST & YOUNG, Lda.

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 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 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 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 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 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



000000000370	TOYOTA COROLLA SEDAN 2007	2007/12/10	COROLLA SEDAN	JTDBR22E003221521	18,259.00	MOZ0P02	GENERAL SERVICES M08
000000000370	TOYOTA COROLLA SEDAN 2007	2007/12/10	COROLLA SEDAN	JTDBR22E003221521	18,259.00	MOZ0P02	GENERAL SERVICES M08
000000000080	TOYOTA HILUX 2.8 - 2000	2001/01/31		AHT33LNG708002765	29,900.00	MOZ0P02	Gs.M10
000000000080	TOYOTA HILUX 2.8 - 2000	2001/01/31		AHT33LNG708002765	29,900.00	MOZ0P02	Gs.M10
000000000332	Toyota Land Cruiser 2005	2008/12/20		JTECB09J00302 3033	37,003.61	MOZ0P02	Gs.M13
000000000332	Toyota Land Cruiser 2005	2008/12/20		JTECB09J00302 3033	37,003.61	MOZ0P02	Gs.M13
000000000371	TOYOTA LAND CRUISER STWAG2007	2007/12/10	LAND CRUISER STATION W	1HZ0378521	31,748.00	MOZ0P02	GENERAL SERVICES
000000000371	TOYOTA LAND CRUISER STWAG2007	2007/12/10	LAND CRUISER STATION W	1HZ0378521	31,748.00	MOZ0P02	GENERAL SERVICES
000000000372	VOLVO S60 2.5.T 2007	2007/12/10	S60 2.5 T	YV1RS595282670544	33,176.00	MOZ0P02	GENERAL SERVICES
000000000372	VOLVO S60 2.5.T 2007	2007/12/10	S60 2.5 T	YV1RS595282670544	33,176.00	MOZ0P02	GENERAL SERVICES
000000000387	VOLVO S80 3.0T GEARTRONIC	2010/01/29	S80 3.0T	YV1AS9956A1117948	54,896.55	MOZ0P02	RCO,JOSE CRAVEIRINHA
000000000387	VOLVO S80 3.0T GEARTRONIC	2010/01/29	S80 3.0T	YV1AS9956A1117948	54,896.55	MOZ0P02	RCO,RC
000000000107	03 SEATER SOFA/2000+920+760	1999/08/05			1,038.00	MOZCD01	✓
000000000127	AIR CONDITIONER, SHARP	1998/06/08		3103185	1,200.00	MOZCD01	✓
000000000125	AIR CONDITIONER, SHARP, SPLIT	1998/06/08		6105942	1,200.00	MOZCD01	ARMANDA,B. ✓
000000000263	AIRCONDITIONER TENSAT 24000BTU	2006/12/15		6STY01N001477	1,165.47	MOZCD01	ANNAAC. ✓
000000000263	AIRCONDITIONER TENSAT 24000BTU	2006/12/15		6STY01N001477	1,165.47	MOZCD01	MASON,JOCELYN ✓
000000000105	BOARD ROOM/MTG TABLE	1999/08/05			2,832.00	MOZCD01	✓
000000000100	BOOKCASE, WOOD, W/ WITHOU GLS	1999/08/05			1,094.00	MOZCD01	✓
000000000099	BOOKCASE, WOOD, W/ WITHOUT GLS	1999/08/05			1,094.00	MOZED01	✓
000000000089	CABINET WOOD-CRENDENZA1200X640	1999/08/05			1,424.00	MOZCD01	✓
000000000098	DESK CLERICAL, WOOD 2000X100	1999/08/05		MOZ2230	1,638.00	MOZCD01	✓
000000000141	DESK, L ROUND SHAPE(WOOD, 140)	1998/02/04			1,098.00	MOZCD01	✓
000000000181	DESK, L ROUND SHAPE, WOOD (120)	1998/02/04			1,056.00	MOZCD01	✓
000000000428	DESKTOP HP COMPAC 500B MTE300	2010/06/14			906.99	MOZCD01	MAXIME,EDOUARD ✓
000000000473	LAPTOP HP 6550B	2011/01/06		3CB00526WC	1,909.55	MOZCD01	MATSEPA,M. ✓
000000000474	LAPTOP HP 6550B	2011/01/06		CNU03823SY	1,909.55	MOZCD01	SIXPENSE,H. ✓
000000000444	NOTEBOOK HP PROBOOK.4310S	2010/07/14		CN49425DRO	1,215.39	MOZGB01	MASON,JOCELYN ✓
000000000305	PC Dell P4	2008/12/20		CNOY09187982138R21KQ	1,284.66	MOZCD01	
000000000305	PC Dell P4	2008/12/20		CNOY09187982138R21KQ	1,284.66	MOZCD01	KITAHARA,NAOMI ✓
000000000285	PC HPCOMPAC P4 3GHZ	2008/12/20		USH506001T	1,253.07	MOZCD01	GERTRUDES,M. ✓
000000000291	PC HPCOMPAC P4 3GHZ	2008/12/20		USH512005Z	1,253.07	MOZCD01	STELAD. ✓
000000000291	PC HPCOMPAC P4 3GHZ	2008/12/20		USH512005Z	1,253.07	MOZCD01	BUQUE,ARMINDA ✓
000000000106	WALL UNITS W/GLASS3400L+2000L	1999/08/05			1,094.00	MOZCD01	
000000000093	WALL UNITS/GLASS - 3400L+2000	1999/08/05			1,094.00	MOZCD01	
000000000129	AIR CONDITIONER, JOHNSON SPLIT	1998/06/08		2400362458	1,375.00	MOZCOM01	BABEIRO,M. ✓
000000000129	AIR CONDITIONER, JOHNSON SPLIT	1998/06/08		2400362458	1,375.00	MOZCOM01	Mathoqe, Gustavo ✓
000000000438	DESKTOP HP COMPAC 500B E5300	2010/03/11		CZC005169H	950.54	MOZCOM01	PARYAIANEN,Eeva ✓
000000000439	DESKTOP HP COMPAC 500B E5300	2010/03/11		CZC00516LJ	950.54	MOZCOM01	MAHOQUE,GUSTAVO ✓
000000000388	Firewall, CISCO ASA 5510	2007/04/23	CISCO ASA 5510 Firewall	MX1195KQT3	2,607.10	MOZCOM01	
000000000290	PC HPCOMPAC P4 3GHZ	2008/12/20	PURPOSES (REF52MNFZP00W)		1,253.07	MOZCOM01	INACIA,S. ✓

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

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 OF 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 Results			Auditor's comments	Management comments
	No progress	Some progress	Resolved		
2.1 Document cancelling					
The supporting documents are not cancelled by a "UNDP-PAID" stamp or other form of cancellation.	X				We agree with the observations.