

NORTHERN UGANDA EARLY RECOVERY

PROJECT NAME: 00058469-00072643 - NORTHERN UGANDA EARLY RECOVERY

GRANT PERIOD AUDITED: FROM 1ST JANUARY 2011 TO 31ST DECEMBER 2011

Team & Co.

"We serve beyond your expectations"

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1.0 INTRODUCTION

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

2.0 BACKGROUND

The project document was submitted on 15th April 2009 with the following funding per agency:

Source of funds	Amount in USD
UNDP	1,826,873.06
WHO	664,470
WFP	1,316,100
TOTAL	3,807,443.06

The Project is implemented by World Vision. The project was expected to end in December 2011.

3.0 PROJECT OBJECTIVES

Project background

During the past 20 years, some 1.5 million persons have been displaced as a consequence of the war between the Lord's Resistance Army (LRA) and the Government of Uganda. Following the signature by the two parties of a cessation of hostilities agreement on 26th August 2007 and the progress on the Juba Peace Talks, the rate of return of internally displaced persons (IDPs) to their communities has increased as a result of improved security and the hope that peace is finally at hand. However, returning former IDPs have little to return to, having spent the better part of almost two decades in camps with little access to their lands and with local government structures having been taken over by camp management structures.

Recognizing the urgent need for transitional support, especially in areas where the security situation is constantly improving, UN agencies have shifted their support from humanitarian and emergency relief towards support to rehabilitation and development in order to bring about sustainable development in return communities. This project will build on that paradigm shift so as to bring about improved coordination and heightened effectiveness and impact to the population. UN joint efforts will guide this project in responding to the multi-sectoral and

interconnected needs of vulnerable populations in the most efficient way by harmonizing respective expertise of participating agencies.

The main goal of this project is to support the rapid and self-sustainable recovery of the conflict-affected returning population and their communities through an integrated service delivery and community-based recovery approach.

Project objectives

The main goal of this project is to support the rapid and self-sustainable recovery of the conflict-affected returning population and their communities through an integrated service delivery and community-based recovery approach. It has four objectives which are to be achieved by the following UN agencies at the end of the project period:

- To facilitate resettlement and recovery among the target population through enhancing the physical and organisational assets in 16 sub-counties that are areas of return (UNDP/WFP);
- To improve the production capacity and income of 8,000 households (48,000 individuals) through agricultural and non-agricultural activities and access to credit and savings (UNDP/WFP);
- To improve the health, nutritional, and HIV/AIDS status of at least 30% of the 228,190 persons in 16 sub-counties and uphold their right to health through improved accessed to quality health and nutritional services (WHO); and
- To allow 16 sub-counties where people have returned to engage in peace building and conflict prevention processes involving women, youth, religious, and cultural/local leaders (UNDP).

4.0 SCOPE OF AUDIT

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

The audit opinion is limited to funds received and expenditures incurred by World Vision from UNDP in relation to the Northern Uganda Early Recovery Project, and the opinion does not cover expenditures made by UNDP amounting to US\$ 100,065.69 as part of direct support services.

5.0 AUDITOR'S REPORT TO:

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

Report of the independent auditors to UNDP on the financial statements of Northern Uganda Early Recovery Project for the year ended 31st December 2011

(I) Certification for Statement of Expenditure

We have audited the accompanying Statement of Expenditure ("the statement") of the UNDP Project number 00058469 - 00072643 Northern Uganda Early Recovery for the period 1st January 2011 to 31st December 2011.

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

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

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

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

Opinion

In our opinion, the attached statement of expenditure presents fairly, in all material respects, the expenditure of **US\$ 740,006** incurred by Northern Uganda Early Recovery project for the period from 1st January 2011 to 31st December 2011 in accordance with agreed upon accounting policies and were; (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant UNDP regulations and rules, policies and procedures; and (iv) supported by properly approved vouchers and other supporting documents.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3 to the financial statements. Northern Uganda Early Recovery Project is part of the bigger programme funded by UN Trust Fund for Human Security (UNFTHS). This programme is implemented by UNDP, WHO and WFP through an agreement with UNFTHS. UNDP contracted World Vision for the delivery of project outputs stipulated for implementation by UNDP in the project agreement.

Given the above contractual modality, a Purchase Order indicating deliverables by World Vision was issued and the disbursements made according to the agreed upon milestones. The 2011 disbursements to World Vision are therefore reflected on the UNDP disbursement column of the Combined Delivery Report not on the Government disbursement column

(II) Certification for Statement of Assets

We have audited the accompanying Statement of assets ("the statement") of the UNDP project number 00058469 - 00072643 Northern Uganda Early Recovery as at 31st December 2011.

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

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

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement,

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

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

In our opinion, the attached statement of assets presents fairly, in all material respects the inventory balance of the Northern Uganda Early Recovery project amounting to US\$ 13,339 as at 31st December 2011 in accordance with UNDP accounting policies.

(III) Certification for Statement of Cash Position

We have audited the accompanying Statement of cash position ("the statement") of the UNDP project number 00058469 - 00072643 Northern Uganda Early Recovery as at 31st December 2011.

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

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

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

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

The total amount disbursed to World Vision during the year was US\$ 740,006 and total expenditure included in the statement of expenditure was the same amount as disbursed, implying that the project cash balance at 31 December 2011 should be US\$ NIL. The cash balance on the statement of cash position is given as US\$ 132,496 implying an overstatement of US\$ 132,496.

In our opinion, based on the significance of the matter discussed in the paragraph above, the statement of cash position does not give a true and fair view of the cash and bank balance of US\$ 132,496 audited by us as at 31 December 2011.

This report is intended solely for the information and use of UNDP, the Government of Uganda and World Vision.

Date of issuance: *28 May 2012*

AUDITOR'S NAME: TEAM & CO CERTIFIED PUBLIC ACCOUNTANTS

AUDITOR'S SIGNATURE: *Team & Co*

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



6.0 MANAGEMENT LETTER

	Audit observation	Impact on audit opinion	Recommendation	Audit cause	Risk severity	Management's comments
1	World Vision, the implementing partner had total expenditure of USD 740,006 but this does not appear in the Government disbursement column.	None	Expenditure incurred by the implementing partner should be disclosed in the column for government disbursements in accordance with UNDP regulations.	Lack of clear guidelines	Medium	<p><u>UNDP Comments:</u></p> <p>Northern Uganda Early Recovery Project is part of the bigger programme funded by UN Trust Fund for Human Security (UNFTHS). This programme is implemented by UNDP, WHO and WFP through an agreement with UNFTHS. UNDP contracted World Vision for the delivery of project outputs stipulated for implementation by UNDP in the project agreement.</p> <p>Given the above contractual modality, a Purchase Order indicating deliverables by World Vision was issued and disbursements made according to the agreed upon milestones. The 2011 disbursements to World Vision are therefore reflected</p>

				Medium	against the UNDP disbursement column of the Combined Delivery Report and not on the Government disbursement column.
<p>2 We reviewed the contract between UNDP and World Vision regarding the financing of the project activities. Provisions of the contract show that UNDP will disburse funds to World Vision based on the work done and invoices submitted. The contract title is also a contract for services not a letter of agreement between UNDP and the implementing partner. These provisions imply that World Vision is not an implementing partner but a contractor and therefore the project appears to be directly implemented by UNDP.</p>	Qualified audit opinion	UNDP should clarify on the contract with World Vision.	Inadequate guidelines		<p>UNDP Comments:</p> <p>Refer to comment in 1 above.</p>

APPENDICES

Statement of Management's Responsibilities

Combined Delivery Report

Statement of Cash Position

Statement of Assets

Notes to the Financial Statements

Annex 9

27th March 2012

The Partners
TEAM & CO.
Certified Public Accountants
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Website: www.wvi.org

Dear Sir/Madam,

MANAGEMENT REPRESENTATION LETTER- AUDIT OF NORTHERN UGANDA EARLY RECOVERY PROJECT FOR THE YEAR ENDED 31ST DECEMBER 2011


This representation letter is provided in connection with the audit of the year ended 31st December 2011.

We acknowledge our responsibility for the fair reporting of the project transactions.

We confirm to the best of our knowledge and belief, the following representations:

- There has been no non-compliance with statutory requirements and UNDP guidelines;
- There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems that could have a material effect on the financial statements;
- We have made available to you all books of accounts and supporting documentation relevant to the audit;
- There has been no non-compliance with requirements of the financial regulations;
- The statements are free from material misstatements including omissions;
- The project has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

Yours Sincerely,

Sign 

National Director

Sign 

Finance Director



Combined Delivery Report

Selection Criteria :

Business Unit : UGA10
Period : Jan-Dec (2011)
Selected Award Id : 00058469
Selected Fund Code : 30000

Award Id : 00058469 Northern Uganda Early Recovery	Period : Jan-Dec (2011)
Project # : 00072643 NORTHERN UGANDA EARLY RECOVERY	Impl. Partner : 03141 National Execution Location : Uganda

Govt Disb	UNDP Disb	UN Agencies	Total Disb
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Fund : 30000 (Programme Cost Sharing)

71305 - Local Consult.-Sht Term-Tech	0.00	832.86	0.00	832.86
71310 - Local Consult.-Short Term-Supp	0.00	3,016.43	0.00	3,016.43
71405 - Service Contracts-Individuals	0.00	26,265.10	0.00	26,265.10
71620 - Daily Subsistence Allow-Local	0.00	4,107.23	0.00	4,107.23
71635 - Travel - Other	0.00	164.65	0.00	164.65
72120 - Svc Co-Trade and Business Serv	0.00	437,998.88	0.00	437,998.88
72205 - Office Machinery	0.00	0.00	0.00	0.00
72215 - Transporation Equipment	0.00	0.00	0.00	0.00
72305 - Agri & Forestry Products	0.00	0.00	0.00	0.00
72445 - Common Services-Communications	0.00	0.00	0.00	0.00
72505 - Stationery & other Office Supp	0.00	396.60	0.00	396.60
72510 - Publications	0.00	0.00	0.00	0.00
73120 - Utilities	0.00	40.00	0.00	40.00
73125 - Common Services-Premises	0.00	0.00	0.00	0.00
73410 - Maint, Oper of Transport Equip	0.00	2,422.75	0.00	2,422.75
74210 - Printing and Publications	0.00	1,035.04	0.00	1,035.04
74525 - Sundry	0.00	309,315.39	0.00	309,315.39
75105 - Facilities & Admin - Implement	0.00	54,996.72	0.00	54,996.72
75705 - Learning costs	0.00	0.00	0.00	0.00
76120 - Unrealized Loss	0.00	4.33	0.00	4.33
76125 - Realized Loss	0.00	248.01	0.00	248.01
76130 - Unrealized Gain	0.00	-4.33	0.00	-4.33
76135 - Realized Gain	0.00	-178.97	0.00	-178.97

Total for Fund 30000 0.00 840,660.69 0.00 840,660.69

Total for Project : 00072643 0.00 840,660.69 0.00 840,660.69

Award Total : 0.00 840,660.69 0.00 840,660.69



[Handwritten signature]

HEBOGANGY MOTOYANA

date

05/04/2012

Uganda

Signed By :

[Handwritten signature]
for Reuben Mawanda
World Vision

Date :

05/04/2012



Uganda

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00058469-00072643 NORTHERN UGANDA EARLY RECOVERY PROJECT

STATEMENT OF CASH POSITION AS AT 31 DECEMBER 2011

BANK	A/C No	CURRENCY	UGX
CASH AT HAND		UGX	1,700
STANBIC BANK	0140074130801	UGX	333,294,193
GRAND TOTAL			333,295,893

Signed by: 

Accountant
NUERP

14/08/2012
Date



Signed by: 

Project Manager
NUERP

14/08/12
Date

Check Applicable Boxes:

Prepared by:

Approved by:

Date:

Asset Sale or Disposal Annual Asset Inventory:

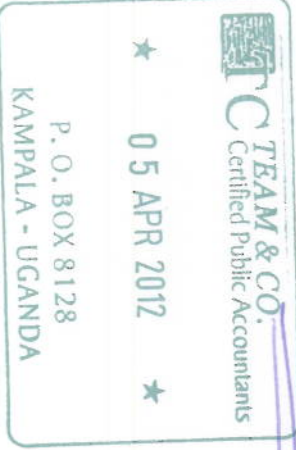
Approved by:

Simpson Biryabaho

31-Dec-11

Asset Number	Description	Serial Number	Assigned to: (Person)	Assigned to: (Department)	Assigned to: (Division)	VOUCHER REFERENCE	Date Acquired	SUNSYT EM PERIOD	FY	Purchase Price \$	ASSET TYPE	Purchase Price (UgShs)	Sale Price (US \$)	Sale Price (Shs)	Status	Remarks
WVU-NUERP-MTC-032-011	HONDA XL125S	L125SE-5608107	Acak Paul Herimos	Peace	NUERP	H01C0311D	22/01/2011	2011006	FY11	\$5,000.00	HONDA	11,091,265			In Service	New got from NO store.
WVU-NUERP-MTC-031-011	HONDA 125S	L125SE-5608198	JAMES OKOT	LIVELIHOOD	NUERP	H01C0311D	22/01/2011	2011006	FY11	\$5,000.00	HONDA	11,091,265			In Service	NEW
WVU-NUERP-LAP-041-011	NETBOOK DELL COMPUTER AND ACCESSORIES		MICHAEL KINTU	FINANCE	NUERP	H01J1311D	14/02/2011	2011004	FY11	1,270					In service	NEW
WVU-NUERP-LAP-010-11	NETBOOK DELL COMPUTER LAP-010-AND ACCESSORIES		SIMPSON BIRYABAHO	ADMINISTRA TION	NUERP	H01J1311D	14/02/2011		FY11	1,270					In Service	NEW
WVU-NUERP-PRT-015-011	LASERJET PRINT N/A		SIMPSON BIRYABAHO	ADMINISTRA TION	NUERP	H0C01116S	1/19/2011	2011/04	FY11	\$ 689.67		1,325,000			In Service	NEW
WVU-NUERP-CMR-056-011	SONY SILVER COLOURED CAMERA	N/A	SIMPSON BIRYABAHO	ADMINISTRA TION	NUERP		02/05/2011	2011/08	FY11	\$ 209.65		465,000			In Service	NEW

913,339



NOTES TO THE FINANCIAL STATEMENTS

Significant accounting policies

1) Basis of preparation

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

2) Translation of foreign currencies

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

3) Implementing modality of the Project

Northern Uganda Early Recovery Project is part of the bigger programme funded by UN Trust Fund for Human Security (UNFTHS). This programme is implemented by UNDP, WHO and WFP through an agreement with UNFTHS. UNDP contracted World Vision for the delivery of project outputs stipulated for implementation by UNDP in the project agreement.

Given the above contractual modality, a Purchase Order indicating deliverables by World Vision was issued and disbursements made according to the agreed upon milestones. The 2011 disbursements to World Vision are therefore reflected against the UNDP disbursement column of the Combined Delivery Report and not on the Government disbursement column.

ANNEX 9: AUDIT DATA AND OBSERVATIONS

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

UNDP Combined Delivery Report (CDR) as at 31 December 2011							
	Award No.	Project No.	Amount audited and certified (US\$)	Audit opinion (unqualified, qualified, adverse, disclaimer)	Total amount of qualification of audit opinion (if qualified, adverse or disclaimer opinion)	Reason(s) for qualification of audit opinion and breakdown of NFI amount (US	Observation(s) that had impact on qualification of audit opinion (list observation number(s) and page of audit report/management letter)
1	00058469	00072643	740,006	Un qualified	-	-	-

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

Statement of Cash Position						
Award No.	Project No.	Value of Cash Position Statement as at 31 December 2011 (US\$)	Audit Opinion - Statement of Cash Position	Total amount of qualification - Statement of Cash Position (US\$)	Total amount of Net financial impact (NFI) of qualification of audit opinion - Statement of Cash Position (US\$)	
00058469	00072643	132,496	Qualified	132,496	132,496	

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

Statement of assets and equipment					
Award No.	Project No.	Value of Assets and equipment as at 31 December 2011 (cumulative from project start date) (US\$)	Audit Opinion - Statement of Assets and Equipment	Total amount of qualification on the Statement of assets and equipment (US\$)	Total amount of Net financial impact (NFI) of qualification of audit opinion on Statement of assets and equipment (US\$)
00058469	00072643	13,339	Unqualified	-	-

Name and position of Auditor: BALMISTEN MISHA MUGONGO JUSIPI - PARTNER

Signature of Auditor: [Signature]

Date: 29-04-2012

Name and stamp of Audit Firm: Team & Co



