

# **UNITED NATIONS DEVELOPMENT PROGRAMME**

## **EDUCARE LIBERIA- PEACEBUILDING FUND AUDIT REPORT AND MANAGEMENT LETTER**

**Financial audit of UN Peacebuilding Fund**

**“Strengthening Women’s Right and Participation in Peacebuilding”  
MPTFO Project: 104810**

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## **1. GENERAL INFORMATION**

### **1.1. Background**

The United Nations Development Programme, is a subsidiary organ of the United Nations established by the General Assembly of the United Nations. The Peace Building Fund has been developed and established by the United Nations, General Assembly to support peace building efforts in conflict areas across the world. The project of “Strengthening Women’s Rights and Participation on Peacebuilding” in Liberia focused on the role of women in the conflict prone provinces as a result of extractive industry activities and or large scale agricultural use of natural resources and land. This targeted 23 counties in Liberia.

EDUCARE Liberia is a Non-Governmental-Organization that promotes community development with a special focus on the economic empowerment of women. EDUCARE has worked with several development partners to promote economic development in deprived communities and empower economically the vulnerable members of poor communities in Liberia.

### **1.2. Audit Objectives and Scope**

The purpose of the audit was to express an opinion on the project’s financial statements including:

- Whether the statement of expenditure presents fairly the expenditure reported by the project from 1 April 2017 to 30 September 2018 in accordance with UNDP accounting policies and that the expenditures incurred are: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of the Government or UN and (iv) supported by properly approved vouchers and other supporting documents.
- Whether the issues raised in the prior year’s audit that had resulted in a modified audit opinion on the UNDP PBF Project Financial Statement have been properly addressed with conclusive actions.
- Whether the statement of cash balances presents fairly the value and existence of the cash held by the project as at 30 September 2018, where a dedicated bank account for the project has been established and/or the project holds petty cash.

Our Terms of Reference also stated that a management letter should be attached to the audit report and cover the following topics / issues:

- A general review of a project’s progress and timeliness in relation to progress milestones and the planned completion date;
- An assessment of a project's internal control system with equal emphasis on: (i) the effectiveness of the system in providing the project management with useful and timely information for the proper management of the project; and (ii) the general

effectiveness of the internal control system in protecting the assets and resources of the project;

- A description of any specific internal control weaknesses noted in the financial management of the project and recommendations to resolve/eliminate the weaknesses.

The scope of audit services was in accordance with International Standards on Auditing (ISAs) and covered the overall management of the project's implementation, monitoring and supervision. The audit work included the review of work plans, progress reports, project resources, project budgets, project expenditure, project delivery, recruitment, operational and financial closing of projects (if applicable) and disposal or transfer of assets. To this effect, the scope of the audit covered the following areas where they related to the project:

### **Human resources**

The competitiveness, transparency and effectiveness of the recruitment and hiring of personnel and including performance appraisal, attendance control, calculation of salaries and entitlements, payroll preparation and payment, and management of personnel records.

### **Finance**

The adequacy of the accounting and financial operations and reporting systems. These include budget control, cash management, certification and approving authority, receipt and disbursement of funds, recording of financial transactions in expenditure reports, and records maintenance.

### **Procurement**

The competitiveness, transparency and effectiveness of the procurement activities of the project in order to ensure that the equipment and services purchased meet the requirement of either the government (or NGO) or UNDP including the following:

- As applicable, delegations of authorities, procurement thresholds, call for bids and proposals, evaluation of bids and proposals and approval/signature of contracts and purchase orders;
- Receiving and inspection procedures to determine the conformity of equipment with the agreed specifications and, when applicable, the use of independent experts to inspect the delivery of highly technical and expensive equipment;
- Evaluation of the procedures established to mitigate the risk of purchasing equipment that does not meet specifications or is later proven to be defective;
- Management and control over variation orders.
- The use of consulting firms and the adequacy of procedures to obtain fully qualified and experienced personnel combined with an assessment of their work before final payment is made.

## **Asset management**

The adequacy of the procedures surrounding equipment (typically vehicles and office equipment) purchased for use of the project, such as receipt, storage, and disposal.

## **Cash management**

The adequacy of the review procedures enforced by the project for the safeguarding of cash.

## **General administration**

The adequacy of the procedures surrounding travel activities, vehicle management, shipping services, office premises and lease management, office communications and IT systems, and records maintenance.

### **1.2 .2. Scope limitation**

There were no limitations to our audit scope.

### **1.3.0 Summary of audit results**

#### **1.3.1 Statement of Expenses**

Our review and evaluation of the statement of expenses disclosed an instance of deficiency.

- Overspent of budget category 3, 7 and 8, (Note 2.2.2).

#### **1.3.3 Status of Prior Year Audit Recommendations**

There was no prior year audit to follow up on corrective measures.

#### **1.3.4 Summary of Management comments**

- **Finding:** Overspent of budget category 3, 7 and 8, (Note 2.2.2).

**Management Comments:** “EDUCARE team acknowledges that there were overspent in the categories mentioned. The letter explaining the overspent was however sent to PBSO Office and a copy was provided to the auditor”

## **2.0 INDEPENDENT’S AUDITORS’ REPORT ON THE STATEMENT OF EXPENSES FOR THE PERIOD APRIL 1, 2017 TO SEPTEMBER 30, 2018.**

We have audited the accompanying statements of expenses (“the Statement”) of EDUCARE Liberia engaged by the United Nations Development Programme (UNDP) under the agreement dated 1<sup>st</sup> April, 2017 (“the Agreement”) in connection with the project “Project “Strengthening Women’s Right and Participation in Peacebuilding” under Project No. 104810: PBF/IRF-160” for the period ended September 30, 2018. The Statement has been prepared by management of EDUCARE in accordance with UNDP accounting policies.

### **Management’s Responsibility for the Financial Statements**

Management of EDUCARE Liberia is responsible for the preparation of the statement in accordance with the UNDP accounting policies and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our responsibility is to express an opinion on these financial statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, 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 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 management, as well as evaluating the overall presentation of the financial 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 statement of expenses of the EDUCARE under the Agreement for the period April 1, 2017 to September 30, 2018 is prepared, in all material respects, in accordance with the UNDP accounting policies.

*Christoph JMY Anagbonu*

Partner .....

Christoph JMY Anagbonu FCCA. ICAG (Gh)  
(Practice License # ICAG/P/1071)

Date: November 12, 2018

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Ghana

**2.1 Statement of Expenses**  
**For the period from 1 April 2017 to 30 September, 2018**

**Award ID: 104810**

**Agency Project: PBF/ IRF -160**

Category	Description	Budget	Actual Expenses	Notes
		USD	USD	
	<b>Total Funds received into Bank Account</b>		<b><u>449,888</u></b>	
1	Staff and other personnel	68,750	60,909	
2	Supplies, Commodities, Materials	19,579	14,457	
3	Equipment, Vehicles and Furniture (Including Depreciation)	36,000	44,795	<b>2.2.2</b>
4	Contractual Services	52,000	48,407	
5	Travel	62,740	61,608	
6	Transfer and Grants to Counterparts	-	-	
7	General Operation and Other Direct Cost	189,396	197,915	<b>2.2.2</b>
	<b>Sub Total Project Cost</b>	428,465	<b>428,090</b>	
8	Indirect Support Cost	21,423	21,684	<b>2.2.2</b>
	<b>Total</b>	449,888	<b><u>449,775</u></b>	
	<b>Fund Balance (Fund Received less Expenses)</b>		<b><u><u>113</u></u></b>	

**BANK RECONCILIATION AS AT 30 /09/2018**

Balance per Bank Statement as at 01/09/2018

USD

**5,816**

Checks issued, but not cleared:

5,703

**Cash on Hand and Balance at Bank**

**113**

## **2.2 Notes to the Statement of Expenses**

### **2.2.1 Basis of accounting**

EDUCARE Liberia uses a cash basis of accounting. Under the cash basis of accounting, funds received is not recorded until received in cash and expenses are assigned to the period in which cash payment is made.

### **2.2.2 Overspent on budgeted category 3, 7 and 8.**

**Condition:** During our audit, we found that funds were overspent on Category 3 – Equipment, Vehicle and Furniture; Category 7- General Operating and Other Direct Cost and Category 8 – Indirect Support Cost without prior approval.

**Criteria:** According to the grant agreement funds should not be shifted among cost categories except by prior approval.

**Effect:** Shifting funds without prior approval which will amount to non-compliance with grant agreement and also affect the prudent use of funds for their intended purposes.

**Recommendation:** We recommend that EDUCARE should always seek prior approval for any budget shift.

**Management Comment:** “EDUCARE team acknowledges that there were overspent in the categories mentioned. The letter explaining the overspent was sent to PBSO Office and a copy was provided to the auditors”.

### 3.0 INDEPENDENT AUDITOR'S REPORT ON THE STATEMENT OF ASSETS

We have audited the accompanying statement of assets ("the statement") of EDCUCARE Liberia (the "recipient"), engaged by United Nations Development Foundation under the agreement dated 1<sup>st</sup> April (the "Agreement"), in connection with the project "Project "Strengthening Women's Right and Participation in Peacebuilding" under Project No. 104810: PBF/IRF-160" for the period ended September 30, 2018. The statement has been prepared by the recipient in accordance with the United Nations Development Programme accounting policies.

#### **Management's Responsibility for the Statement**

Management of the recipient of funds is responsible for the preparation of the statement in accordance with the United Nations Development Programme accounting policies and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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 the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, 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 United Nation Development Programme preparation of the statement 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 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.

#### **Opinion**

In our opinion, the statement of assets of the recipient under the Agreement as at 30<sup>th</sup> September 2018, is prepared, in all material respects, in accordance with the UNDP accounting policies.



Partner .....

Christoph JMY Anagbonu FCCA. ICAG (Gh)  
(Practice License # ICAG/P/1071)

Date: November 12, 2018

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Accra North. Ghana

### 3.1 Statement of Assets and Equipment As at 30 September, 2018

MPTFO Project ID : 104810

Agency Project: PBF/ IRF -160: Strengthening Women's Rights and Participation in Peace Building

Asset Type	Asset Model	Asset Description	Location	Date of Acquisition	Asset Code	Quantity	Purchase Price (USD)	Total Cost (USD)	Condition
Motor	Motor	Motor Cycle	Counties	20/07/2017	EDU-VH	5	\$2,000	\$10,000	Functional
	Nissan Pick-up	Nissan Pick-up	Head Office	21/07/2017	EDU-VH	1	\$30,400	\$30,400	Functional
Office Equipment	Air Conditioner	Hisense Air Conditioner	Conference Room	25/04/2017	EDU-FF-AC-2	1	\$290	\$290	Functional
	Air Conditioner	Hisense Air Conditioner 9000 BT	UN-V Office	25/04/2017	EDU-FF-AC-1	1	\$290	\$290	Functional
	Carpet	Office Carpet	UN-V Office	25/04/2017	EDU-FF-CAR-1	1	\$145	\$145	Functional
	Cabinet	Cabinet (Metal) Black	UN-V Office	25/04/2017	EDU-FF-CAB-1	1	\$199	\$199	Functional
	Cabinet	Metal Cabinet	Conference Room	25/04/2017	EDU-FF-CAB-2	1	\$199	\$199	Functional
Furniture & Fittings	Chair	Black Chairs	Conference Room	25/04/2017	EDU-FF-CH-5-20	20	\$139	\$2,780	Functional
	Chair	Executive Black Chairs	UN-V Office	25/04/2017	EDU-FF-ECH-1	1	\$169	\$169	Functional
	Chair	Executive Black Chairs	UN-V Office	25/04/2017	EDU-FF-ECH-2	1	\$169	\$169	Functional
	Visitors Chair	Visitors Chair (Black)	UN-V Office	25/04/2017	EDU-FF-CH-1	1	\$59	\$59	Functional
	Visitors Chair	Visitors Chair (Black)	UN-V Office	26/04/2017	EDU-FF-CH-2	1	\$59	\$59	Functional
	Visitors Chair	Visitors Chair (Black)	UN-V Office	27/04/2017	EDU-FF-CH-3	1	\$59	\$59	Functional
	Visitors Chair	Visitors Chair (Black)	UN-V Office	28/04/2017	EDU-FF-CH-4	1	\$59	\$59	Functional
	Office Desk	Wooden Office Desk	UN-V Office	25/04/2017	EDU-FF-DK-1	1	\$149	\$149	Functional
	Office Desk	Wooden Office Desk	UN-V Office	25/04/2017	EDU-FF-DK-2	1	\$149	\$149	Functional
	Table	Conference Table	Conference Room	25/04/2017	EDU-FF-DK-3	1	\$199	\$199	Functional
	Table	Conference Table	Conference Room	25/04/2017	EDU-FF-DK-4	1	\$199	\$199	Functional