

TO: Mr . Abdulie Janneh, Executive Secretary
A: Economic Commission for Africa

DATE: 24 December 2008

REFERENCE: IAD: 08- 02064

FROM: Dagfinn Knutsen, Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AA2008/710/5 - Audit of the "Initiative for Central Africa" - The Natural Resources and Trade Flows in the Great Lakes Region - funded by The Department for International Development (DFID)**

Although the expenditures were incurred for their intended purpose and in accordance with United Nations Regulations and Rules, weak project management resulted in failure to ensure that the projects were delivered in a timely manner

1. I am pleased to present the report on the above-mentioned audit which was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. Based on your comments, we are pleased to inform you that we will close recommendations 3, 4, 5 and 6 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1, 2 and 7), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

I. INTRODUCTION

4. The Office of Internal Oversight Services (OIOS) conducted an audit of expenditures incurred by the project dealing with Natural Resources and Trade Flows in the Great Lakes Region under the Initiative for Central Africa (INICA). The project was funded by the Government of United Kingdom of Great Britain and Northern Ireland acting through the Department for International Development (DFID). The audit of the project was undertaken following a request by the management of the United Nations Economic Commission for Africa (ECA). The audit was conducted at ECA headquarters in Addis Ababa, Ethiopia and the Sub-Regional Office East Africa (SRO-EA) in Kigali, Rwanda, where INICA had its main office.
5. According to Annex 4 of the Memorandum of Understanding (MOU) signed between the ECA and the DFID, the main goal of the project was to "enhance the sustainable and equitable use of natural resources in the Democratic Republic of Congo (DRC) in the

interests of regional stability and helping the poor". The MOU also stated the purpose of the project as being to "provide a regional dimension to the analysis and understanding of natural resources in the DRC, with a view of developing and implementing policies and reforms that improve both governance and the functioning of markets". Under the terms of the MOU, the project was expected to produce four outputs:

- Review, analysis and quantification of trade at four main border points of Rwanda, Burundi, Uganda and Zambia;
- Analysis of the mechanisms of exploitation in the hinterland of border areas for cassiterite, coltan, copper and cobalt with an emphasis on artisanal mining;
- Review regional transport and transit corridors and issues in main transit area countries; and
- An assessment of impact and current practices around the DRC Mining Code.

6. The project was expected to run from 1 February to 31 July 2007. However, the project did not start until 5 April 2007 and was effectively suspended in November 2007. DFID expressed concerns about the project's financial management, suspended the project and requested ECA to conduct an independent audit of the project.

7. DFID provided \$509,065 for the project. As at 15 August 2008, \$312,939 had been spent on the project leaving a balance of \$196,126 held by ECA. The main expenditure, around 60 percent, was on consultants.

8. Comments made by ECA are shown in *italics*.

II. AUDIT OBJECTIVES

9. The overall objective of the audit was to assess the appropriateness of project expenditure which included:

- (a) A review of ECA's compliance with terms and conditions in the MOU with the DFID;
- (b) Determining whether the project expenditures were incurred for the intended purposes and were expended in accordance with the MOU and United Nations Regulations and Rules; and,
- (c) Assessing the accuracy and reliability of ECA's financial reporting to DFID.

III. AUDIT SCOPE AND METHODOLOGY

10. The audit covered activities for the Natural Resources and Trade Flows in the Great Lakes Region, which took place between April 2007 and August 2008. The audit covered expenditures amounting to \$312,939.

11. The audit involved interviewing ECA staff, reviewing project documentation including the MOU, financial statements, payment vouchers and recruitment records for consultants and individual contractors.

IV. OVERALL ASSESSMENT

12. The revised financial report for the period 4 April 2007 to 15 August 2008 was accurate. The funds of \$312,939 were used to purchase services for the project in accordance with the terms and conditions of the MOU. Apart from the instances cited in the report, activities were carried out in accordance with the United Nations Financial Regulations and Rules. However, project management was weak and resulted in delay in delivery of intended outputs.

V. AUDIT FINDINGS AND RECOMMENDATIONS

A. Memorandum of Understanding (MOU)

Lack of timeliness in delivery of agreed outputs in the MOU

13. The project was not implemented in a timely manner, which impacts on donor perception of the ability of ECA to manage and deliver projects as agreed. Originally planned to take place between February and July 2007, the project did not get underway until April 2007 and was in operation for eight months until it was suspended. ECA attributed the delays to the following:

- The original timeframe did not take into account the United Nations operating environment: For example, the timeframe did not adequately consider time required to undertake the following activities under United Nations' Regulations and Rules: recruitment of consultants, procurement of services and payment for the services. The original estimates turned out to be unrealistic and could not be achieved, giving a poor impression to donors on the effectiveness and efficiency of ECA.
- Delays in release of funds: The first installment of \$254,533 was only received on 14 March 2007. The Office of Strategic Planning and Programme Management (OPM) approved the budget for the project on 29 March 2007, and the funds were finally made available to the project on 5 April 2007. The combined effect was the delayed execution of critical project activities. For example, the first contract for consultancy under the grant was approved only on 17 April 2007.
- Weak communications infrastructure: The planning timelines did not reflect that several countries involved with the project had varying levels of development of communication infrastructures and skill bases. Therefore, identifying local researchers with appropriate skills took time and execution of the research relied on, in some cases, underdeveloped communication infrastructures. This impacted adversely on the smooth running of the project.

Recommendation 1

(1) The ECA Director of the Office of Strategic Planning and Programme Management should take immediate steps to improve procedures dealing with creation of project agreements and establishment of project timelines, to ensure that they take account of all factors which might affect timely delivery of project outputs.

14. *ECA accepted recommendation 1 and stated that it has updated the result based guidelines for the development of project documents. The Commission agrees with OIOS that the delays experienced in the mobilization of the needed funds and implementation of this project were not envisaged at the planning stage. This should have been considered as part of the risk assessment during the planning stage to guide the setting of the time frame for project completion. This was a joint project between INICA and ECA and is uniquely different from other projects. The project went through a series of internal reviews and revision to ensure that it meets the timeline and other expectations of both ECA and other stakeholders including funding partners who promised to provide funding for the project. For multi-partner and multi-donor projects of this nature, where a project proposal is usually developed before fundraising, this kind of delay is not uncommon. ECA has learned a number of valuable lessons from it, which will be vital in the planning and execution of similar projects in the future. Recommendation 1 remains open pending receipt of documentation from ECA providing guidance on all factors that should be considered when establishing project timelines.*

Partial delivery of outputs hindering assessment of project performance

15. Under the terms of the MOU, ECA was supposed to prepare and send a final report to DFID upon completion of the project. This was not done because the project was suspended. In the absence of a final report, the achievements and outcomes of the project up to the time of the suspension have not been consolidated. Therefore, ECA and DFID are not in a position to adequately assess the project's overall performance and the impact of tasks not completed at the time the project was suspended.

Recommendation 2

(2) The ECA Director of Sub-Regional Office for East Africa should prepare the final report for the project that should be sent to the Department for International Development. The report should consolidate achievements of the project and highlight any tasks that remained undone at the time the project was suspended.

16. *ECA accepted recommendation 2 and stated that since the project was operationally closed, a final report will be prepared before end of March 2009 and forwarded to DFID as provided in the MOU. Recommendation 2 remains open pending receipt of the final report sent to DFID.*

No formal acknowledgement of receipt of funds

17. ECA did not formally acknowledge receipt of funds from DFID. On 14 March 2007 and 3 July 2007, ECA received \$254,533 and \$254,532 respectively from the donor but did

not formally advise the donor. ECA explained that it advised donors of receipt of funds through emails. This is not in compliance with United Nations Financial Rule 103.8 (a) which requires that "an official receipt shall be issued within two business days of receipt for all cash and negotiable instruments received".

Recommendation 3

(3) The ECA Administration should put in place procedures to ensure that a formal acknowledgement is sent to donors in compliance with United Nations Financial Rule 103.8 (a) whenever funds are received.

18. *ECA accepted recommendation 3 and commented that a memorandum had been issued by the Chief Finance Officer addressed to cashiers reminding them to issue receipts to donors for all monies received. Cashiers have been reminded to adhere to Financial Rules with regard to receipt of funds. Based on the action taken by ECA, recommendation 3 has been closed.*

B. Expenditure

Errors in processing transactions

19. The overall figures in the revised financial reports for the period 4 April 2007 to 15 August 2008 (summarized in Annex 2) were accurate. The original financial report contained errors in the processing of transactions totaling \$44,435.65, which were mainly due to wrong use of budget lines, which were all corrected by ECA (see Annex 3). Posting transactions to wrong budget lines adversely affects the accuracy and reliability of financial statements. This can also lead to inability to accurately determine the cost of various components of the project.

20. One of budget lines in error related to payment of visa costs for two interns. This was contrary to the Administrative Instruction on the United Nations internship programme (Section 6.1 of ST/AI/2000/9) which requires that "Interns are not financially remunerated by the United Nations. Costs and arrangements for travel, visas, accommodation, and living expenses are the responsibilities of interns or their sponsoring institutions."

Recommendations 4 and 5

The ECA Chief Finance Officer should:

(4) Remind Finance staff and certifying officers to post transactions to correct budget lines in order to respect the approved budget and ensure accuracy and reliability of financial statements; and

(5) Remind Finance staff and certifying officers not to pay for visa fees for interns as stipulated in Section 6.1 of ST/AI/2000/9.

21. *ECA accepted recommendation 4 and stated that Finance staff and certifying officers have been reminded to post transactions against correct budget lines. Based on the action taken by ECA, recommendation 4 has been closed.*

22. ECA accepted recommendation 5 and stated that Finance staff and certifying officers have been reminded not to pay for visa fees for interns. Based on the action taken by ECA, recommendation 5 has been closed.

Use of inappropriate identities in processing transactions

23. Three payments to institutional contractors amounting to \$14,350 (details shown in Table 1) were processed in the Integrated Management Information System (IMIS) using an individual consultant's identity number 126011 and cheques were made in the names of the owners of the institutions. The Finance Officer explained that this was human error. IMIS was new to staff members at the time and the owners of the institutions preferred to be paid as individuals. This is contrary to payment instructions from the Assistant Secretary-General, Controller dated 2 August 2007 which state that "under no circumstances will the United Nations effect payment to a personal or numbered account when the contract is with a vendor" and that "no change in payee beneficiary name or bank account information shall be allowed unless requested in writing and signed by an authorized official of the vendor and approved by the head of Procurement Section".

Table 1: Payments to institutional contractors processed using a wrong identity

Date	Cheque Number	Institutional contractor	Payee	Amount (in \$)
26.09.07	10710176	Institut Supérieur de Développement Rural (ISDR)	Augustine Mutabazi	5,000
06.11.07	10733117	GIS Solutions	Maurice Habiyambere	4,350
06.11.07	10733118	BEAT	Minani Longin	5,000
Total				14,350

24. OIOS confirmed that the correct vendor had been paid and that the correct amount was shown in the accounts. However, processing transaction using wrong identities in the system could expose ECA to the risk of fraud as cheques could be issued to any party other than the one whose identity is used in processing the payment. It could also give rise to the danger of duplicate payments and ECA could be facilitating tax evasion by paying individuals for work contracted with institutions. This could also damage the reputation of ECA.

Recommendation 6

(6) The ECA Chief Finance Officer should instruct Finance staff and certifying officers to comply with the payment instructions from the Controller, dated 2 August 2007. In particular, payments should not be made to individuals for work done under institutional contracts and transactions in the Integrated Management Information System should be processed using appropriate identities.

25. ECA accepted recommendation 6 and stated that Finance staff and certifying officers have been instructed to process individual contractors and Short Service Agreements' (SSAs) payments using appropriate identities. Based on the action taken by ECA, recommendation 6 has been closed.

Hiring of consultants without involvement of Human Resources Services Section (HRSS)

26. Two consultants were hired by the INICA Project Director for 14 days at a cost of \$4,200 per consultant without the involvement of HRSS. This was contrary to existing Staff Regulations and Rules and ECA guidelines on engagement of consultants which require consultants to sign valid contracts before commencing work.

27. In the absence of valid contracts, ECA could not pay the consultants for the work done. However, at the time of the audit, ECA was resolving the matter.

Full payments made for partially completed work

28. Two consultants were paid in full although they partially fulfilled the contract requirements. The consultants with contract numbers 6341 and 6342 were paid \$6,668 and \$6,000 respectively in November 2007, despite partially meeting the goals and deadlines specified in the terms of reference. This is contrary to the Administrative Instruction on consultants and individual contractors (Section 5.11 of ST/AI/1999/7) which requires that “No payment shall be made if the consultant fails to complete the service specified in the contract to the satisfaction of the United Nations. If the service is carried out partially, a determination shall be made as to what amount, if any, is to be paid, based on that part of the work completed”.

29. The payments were made because the overall performance rating of the work done was evaluated to be satisfactory. The performance evaluation did not detail the results that had been achieved and no assessment was made of the consultant’s strengths and weaknesses in skills relating to the accomplishment of goals as required on the performance evaluation forms. The Director of SRO-EA explained that the partial completion of the work was due to the suspension of the project and as the work which had been done up to the point of the suspension was satisfactory, full payment was made. Failure to complete the work was outside of the control of the consultants.

30. The documentation on file did not clearly explain why the consultants had been paid when they had only partially completed the work. While there were valid reasons in this case, it is important that the documentation is present to explain. Paying consultants without fully meeting the terms of reference of work could result in wastage of resources as consultants may be hired with pay for re-doing the work. For example, ECA had already paid in full the project director, the technical advisor and the information systems expert at the time the project was suspended even though not all the project outputs were delivered.

Recommendations 7 and 8

The ECA Administration should ensure that:

(7) Consultants that partially complete the requirements of the assigned terms of reference are not paid in full, in accordance with Section 5.11 of ST/AI/1999/7; and

(8) Officers who evaluate consultants as having satisfactorily performed, despite partially accomplishing the goals and deadlines

specified in the terms of reference, provide justification for such evaluation.

31. *ECA accepted recommendations 7 and 8, stating that it had taken note of the recommendations.* Recommendation 7 remains open pending receipt of a copy of procedures put in place by ECA to ensure that consultants that partially complete the requirements of the assigned terms of reference are not paid in full. Recommendation 8 remains open pending receipt of documentation from ECA on the measures put in place to ensure that officers who evaluate consultants' performance as satisfactory despite partially accomplishing the goals and deadlines provide justification for such evaluation.

Non-availability of project data

32. Data that was accumulated during the project was no longer available to ECA. During the audit, it was also brought to the attention of OIOS that the INICA website and database that was hosted in Paris, France, was no longer accessible due to non-payment of maintenance fees. The Sub Regional Office for East Africa explained that the website was only meant to be available during the life of the project and that the data accumulated was no longer useful to ECA. The officers further explained that they had contacted the Information Technology Services Section (ITSS) on the possibility of hosting the website and database within ECA but was advised that it would be uneconomical to do so. Therefore, INICA decided to retain the resources in Paris where they had been maintained even during the period INICA was under the Organization for Economic Cooperation and Development (OECD).

33. OIOS is of the opinion that the data accumulated by projects, such as those under INICA, should be maintained within ECA. This is because ECA undertakes a lot of research through various projects and therefore the data could be useful in future.

Recommendation 9

(9) The ECA Administration should ensure retention of data compiled during projects that are undertaken.

34. *ECA accepted recommendation 9 and stated that it had taken note of the recommendation.* Recommendation 9 remains open pending receipt of details of the mechanism put in place to ensure retention of data compiled for projects.

Allegations of misuse of funds

35. ECA brought to the attention of OIOS nine cases (see Annex 4) of allegations of possible misuse of the project funds. OIOS reviewed these cases and obtained confirmation that the payments were certified and approved by the designated officers. While the payments were found to be in order, the controls over their processing were found to be in need of improvement as described in the Section B under the heading 'Use of inappropriate identities in processing transactions'.

C. Financial reporting

36. The revised statement on project expenditure for the period 4 April 2007 to 15 August 2008 (summarized in Annex 2) was found to be accurate based on an analysis of the underlying records which supported the figures shown in the statement.

VI. ACKNOWLEDGEMENT

37. We wish to express our appreciation to the Management and staff of ECA for the assistance and cooperation extended to the auditors during this assignment.

cc: Ms. Lalla Ben Barka, Deputy Executive Secretary, ECA
Ms. Doreen Bongoy-Mawalla, Officer-In-Charge, Division of Administration, ECA
Mr. Urbain Zadi, Director, Office of Strategic Planning and Programme Management, ECA
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management
Ms. Byung-Kun Min, Programme Officer, OIOS
Mr. Normand Ouellet, Chief, Nairobi Audit Service, OIOS

CONTACT INFORMATION:

DIRECTOR:

Dagfinn Knutsen, Tel: +1.212.963.5650, Fax: +1.212.963.2185,
e-mail: knutsen2@un.org

DEPUTY DIRECTOR:

Fatoumata Ndiaye: Tel: +1.212.963.5648, Fax: +1.212.963.3388,
e-mail: ndiaye@un.org

CHIEF, NAIROBI AUDIT SERVICE:

Normand Ouellet: Tel: +254 20 762 5391, Fax: +254 20 762 4125,
e-mail: normand.ouellet@unon.org

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	The ECA Director of the Office of Strategic Planning and Programme Management should take immediate steps to strengthen procedures dealing with creation of project agreements and establishment of project timelines, to ensure that they take account and reflect all factors which might affect timely delivery of project outputs.	Strategy	High	O	Documentation providing guidance on all factors that should be considered when establishing project timelines.	Not provided
2	The ECA Director of Sub-Regional Office for East Africa should prepare the final report for the project that should be sent to The Department for International Development. The report should consolidate achievements of the project and highlight any tasks that remained undone at the time the project was suspended.	Operational	High	O	ECA's preparation and forwarding of the final project report to DFID and a copy to OIOS.	31 March 2009
3	The ECA Administration should put in place procedures to ensure that a formal acknowledgement is sent to donors in compliance with United Nations Financial Rule 103.8 (a) whenever funds are received.	Financial	Moderate	C	Action completed.	Implemented.
4	The ECA Chief Finance Officer should remind Finance staff and certifying officers to post transactions to correct budget lines in order to respect the approved budget and ensure accuracy and reliability of financial statements.	Financial	High	C	Action completed.	Implemented.
5	The ECA Chief Finance Officer should remind Finance staff and certifying officers not to pay for visa fees for interns as stipulated in Section 6.1 of ST/AI/2000/9.	Compliance	Low	C	Action completed.	Implemented.

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
6	The ECA Chief Finance Officer should instruct Finance staff and certifying officers to comply with the payment instructions from the Controller, dated 2 August 2007. In particular, payments should not be made to individuals for work done under institutional contracts, and transactions in the Integrated Management Information System should be processed using appropriate identities.	Financial	High	C	Action completed.	Implemented.
7	The ECA Administration should ensure that consultants that partially complete the requirements of the assigned terms of reference are not paid in full in accordance with Section 5.11 of ST/AI/1999/7.	Compliance	High	O	Provide OIOS with a copy of procedures put in place by ECA to ensure that consultants that partially complete the requirements of the assigned terms of reference are not paid in full, in accordance with Section 5.11 of ST/AI/1999/7.	Not provided
8	The ECA Administration should ensure that officers who evaluate consultants as having satisfactorily performed, despite partially accomplishing the goals and deadlines specified in the terms of reference, provide justification for such evaluation.	Operational	Moderate	O	Provide OIOS with a copy of procedures put in place by ECA to ensure that officers who evaluate consultants as having satisfactorily performed, despite partially accomplishing the goals and deadlines, provide justification for such evaluation.	Not provided
9	The ECA Administration should ensure retention of data compiled during projects that are undertaken.	Information resources	Moderate	O	Provide OIOS with details of the mechanism put in place to ensure retention of data compiled during projects.	Not provided

1. C = closed, O = open

2. Date provided by ECA in response to recommendations.

UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA
AS AN EXECUTING AGENCY
Statement on Project Expenditure, expressed in United States Dollars
for the period from 04 April 2007 to 15 August 2008

Donor: DFID
Project Title: Natural Resources & Trade Flows in the Great Lakes Region (INICA)
Project Number: UK07055-C
Account Number: HGC-7414-1678

Budget Line	Descriptions	Total		Disbursements		Unliquidated Obligations	Total Expenditures	Unencumbered balance
		Budget		2007	2008			
1101	Project Director	72,500.00		72,498.00	-	-	72,498.00	2.00
1102	Technical Advisor	40,008.00		40,008.00	-	-	40,008.00	-
1103	Information system expert	36,000.00		36,000.00	-	-	36,000.00	-
1104	Communication expert	6,700.00		1,325.02	-	-	1,325.02	5,374.98
1105	Local researchers	58,000.00		3,200.00	-	-	3,200.00	54,800.00
1106	Kigali antenna manager	9,000.00		-	-	-	-	9,000.00
1107	Lusaka antenna manager	9,000.00		-	-	-	-	9,000.00
1150	International consultants	53,650.00		23,503.57	-	-	23,503.57	30,146.43
1151	IS & Data processing consultants	25,622.24		2,027.43	-	-	2,027.43	23,594.81
1501	Staff travel & DSA	9,000.00		7,391.00	-	-	7,391.00	1,609.00
1601	Consultants Travel & DSA	30,000.00		29,377.00	-	-	29,377.00	623
2301	Subcontracts	16,350.00		16,350.00	-	-	16,350.00	-
3201	Workshop/meetings	42,000.00		22,260.25	-	-	22,260.25	19,739.75
4201	Project Non-Expendable Equipment	4,377.76		4,377.76	-	-	4,377.76	-
5201	Documentation & printing	11,500.00		2,453.18	-	-	2,453.18	9,046.82
5202	Dissemination of communication material	5,000.00		736.88	-	-	-	5,000.00
5301	Sundries	21,792.00		15,429.15	-	-	16,166.03	5,625.97
5400	Programme Support (13%)	58,565.00		36,001.84	-	-	36,001.84	22,563.16
	TOTAL	509,065.00		312,939.08	0	0	312,939.08	196,125.92

FUNDS FLOW SUMMARY AS AT 15 AUGUST 2008

Funds provided:

Received from DFID/INICA 14/03/2007	254,533.00
Received from DFID/INICA 03/07/2007	254,532.00
Total	509,065.00
Less funds applied	312,939.08
Funds available	196,125.92

ANNEX 3

Summary of errors in processing transactions
Based on the interim statement on project expenditure for the period 04 April 2007 to 14 July 2008

No.	Date	Nature of Expenditure	Amount in US \$	Error imputed in budget line	Correction made to budget line
Information systems expert					
1	22.10.07	ECA staff member's travel costs to donor conference in Kinshasa -DRC from 14 to 17 August 2007.	1,422.00	1103	Corrected by posting to staff travel & DSA budget line.
Communication expert					
2	22.08.07	Warehouse charges for INICA documents.	123.10	1104	Corrected by posting to sundries budget line.
IS and data processing consultant					
3	07.02.07	Technical Advisor's Daily Subsistence Allowance (DSA) for travel to Brussels.	1,680.00	1151	Corrected by posting to workshops and meetings budget line.
4	07.02.07	Miscellaneous expenses (such as INICA website hosting costs).	507.25	1151	Corrected by posting to sundries budget line.
5	12.02.07	DSA for Project Director travel expenses to Nairobi and Addis Ababa.	1,587.00	1151	Corrected by posting to workshops and meetings budget line.
6	19.02.07	Telephone Bills.	161.14	1151	Corrected by posting to sundries budget line.
7	20.02.07	Laptop repairs.	218.58	1151	Corrected by posting to sundries budget line.
8	07.02.07	Sundry expenses incurred at Byumba site.	843.82	1151	Corrected by posting to sundries budget line.
9	02.04.07	Website hosting.	1,025.37	1151	Corrected by posting to sundries budget line.
10	30.05.07	Website and server maintenance.	1,396.28	1151	Corrected by posting to sundries budget line.
11	18.06.07	Telephone.	736.90	1151	Corrected by posting to sundries budget line.
12	31.12.07	Laptop Purchase.	4,377.76	1151	Corrected by posting to equipment budget line.
Local researchers					
13	25.06.07	An individual, Anthony Mpolokoso paid instead of SKM Consulting Associates Ltd who had an institutional contract with the ECA.	2,000.00	1105	Corrected by posting to institution budget line and noted for future non-recurrence.

14	25.06.07	Obligation no longer valid as consultant's services terminated.	6,200.00	1105	Closed.
International consultants					
15	26.09.07	Institut Superieur de Developpement Rural (ISDR) Bukavu, an institutional contractor paid under international consultants.	5,000.00	1150	Corrected by posting to institution budget line.
16	06.11.07	GIS Solutions, an institutional contractor paid under international consultants.	4,350.00	1150	Corrected by posting to institution budget line.
17	06.11.07	BEAT, an institutional contractor paid under international consultants. The work done related to another project - The Cross-border Trade and Investment in Central Africa 2006-2009 that was funded by the Shell Foundation.	5,000.00	1150	Corrected by posting to The Cross-border Trade and Investment in Central Africa 2006-2009 project.
Staff Travel & DSA					
18	02.11.07	Consultant's travel costs to Kinshasa and Lusaka from 8 to 14 May 2007.	385.00	1501	Corrected by posting to workshops and meetings budget line.
19	07.11.07	Consultant's travel costs to Kinshasa and Lusaka from 8 to 14 May 2007.	840.00	1501	Corrected by posting to workshops and meetings budget line.
Consultants travel & DSA					
20	26.11.07	ECA staff member travel costs to from Addis Ababa to Kigali.	574.00	1601	Corrected by posting to staff travel & DSA budget line.
21	26.11.07	ECA staff member travel costs from Kigali to Lusaka.	819.00	1601	Corrected by posting to staff travel & DSA budget line.
22	26.11.07	ECA staff member travel costs from Kigali to Lusaka.	937.00	1601	Corrected by posting to staff travel & DSA budget line.
23	23.04.07	Travel costs for project meeting participant.	343.16	1601	Corrected by posting to workshops and meetings budget line.
Workshop/meetings					
24	14.05.07	ECA staff member's travel costs from Addis Ababa to Kigali.	1,320.00	3201	Corrected by posting to staff travel & DSA budget line.
25	15.05.07	ECA staff members travel costs from Addis Ababa to Kigali.	656.00	3201	Corrected by posting to staff travel & DSA budget line.
Documentation and Printing					

26	20.11.07	Website and database maintenance services.	865.00	5201	Corrected by posting to sundries budget line.
		Dissemination and communication material			
27	19.11.07	Telephone bills.	702.99	5202	Corrected by posting to sundries budget line.
		Sundries			
28	21.09.07	Visa fees for interns.	364.30	5301	Noted for future non-recurrence.
			44,435.65		

Review of allegations of possible misuse of project funds

No.	Date	Allegation of possible misuse of funds	OIOS opinion
1	28/03/2007	\$6,700 paid to Mr. Cyril Musila, the consultant was initially charged to Shell and transferred to DFID upon receipt of DFID's second payment.	Mr. Cyril Musila was originally hired on a contract for the Shell Project, but later signed a contract to assist with the DFID project. Payments out of DFID funds were therefore in order.
2	28/03/2007	\$6,000 paid to Mr. El Hadji Diene, was initially charged to Shell and transferred to DFID upon receipt of DFID's second payment.	Mr. El Hadji Diene was originally hired on a contract for the Shell Project, but later signed a contract to assist with the DFID project. Payments out of DFID funds were therefore in order.
3	18/06/2007	\$2,500 paid to Mr. Abdoul who did not work for the project. It must be an error/misposting.	While the payment voucher incorrectly showed that Mr. Abdoul worked for INICA, he was not paid from the INICA budget and the reference to INICA was an error.
4	26/09/2007	\$4,100 paid to Titanic Construction for repairs of ECA compound. This is not part of the DFID project.	This was an acceptable charge to the project. Rather than rent office space, a decision was made to renovate some existing office space within the ECA compound. Available records indicated that renting office accommodation would have costed INICA \$38,805.91 for rent and office furniture. Therefore, there was a saving of \$34,705.91 by taking the option to renovate existing premises. The renovation contract was done competitively.
5	06/10/2007	\$4,350 was paid to GIS Solutions. \$2000 of the total amount should be charged to Shell.	The work performed related solely to the DFID contract and hence the payment was in order.
6	06/10/2007	\$5,000 paid to BEAT should be charged to Shell not to DFID.	This is correct and OIOS confirmed in the final accounts the \$5,000 is shown as a charge to The Shell Foundation.
7	20/11/2007	\$865 paid to EFEDUS for services that were not rendered and the INICA website is down. Verification of the status of the payment is required.	Payment was made for services rendered to INICA by EFEDUS. The website was no longer in operation at the time of the audit.

8	27/11/2007	\$6,668 paid to Mr. C. Musila for but a deliverable in the contract - proofreading and editing of the reports of cross-border researchers was not provided.	Payment was made on the basis that the overall performance of Mr. Musila was satisfactory, taking into account that some elements could not be provided because of the suspension of the project.
9	27/11/2007	\$6,000 paid to Mr. El Hadji Diene for a deliverable in the contract - supervision and finalisation of the INICA contacts management data base that was not provided.	Payment was made on the basis that the overall performance of Mr. Diene was satisfactory, taking into account that some elements could not be provided because of the suspension of the project.