

### **Item 3: Audit Report**

---

#### Background

The activities carried out with funding from the EFA and SESP Direct Funding facility during the period from 16<sup>th</sup> July 2008 to 15<sup>th</sup> July 2009 have been audited by the appointed auditors. A report sharing the draft audit findings has been shared with the Secretariat which in turn has distributed the auditors' findings to all implementing agencies along with a request to the implementing agencies to review these findings as well as the initial response prepared by the Secretariat.

In further follow-up, the Auditors have agreed to present their audit findings and recommendations during the SC meeting, thereby providing the SC members with the opportunity to seek further clarifications, if required.

#### Objective:

The objective is to improve the financial management and cost-effectiveness of the Direct Funding facility. This is expected achieved by keeping the Steering Committee and all implementing agencies fully informed about the Auditors' observations and recommendations, and by obtaining the Steering Committees' full support for the Secretariat's implementation of actions aimed at improving the financial management.

#### Expected Outputs:

- a) Members of the Steering Committee informed about the Auditors' observations and recommendations.
- b) Steering Committee endorses the Draft Audit Findings and supports the Secretariat in implementing recommendations for improvement.

#### Financial implications:

Implementation of the recommendations of the Auditors is expected to contribute to improved effectiveness of the resources under Direct Funding.

#### Special Considerations:

None

#### Post Review:

Ongoing

**Recommendation:**

**The Draft Audit Findings are shared and endorsed by the Steering Committee and the Steering Committee express support to the Secretariat in implementing the recommendations.**

**Supporting Documents:**

ESAT Draft Audit Findings for EFA for the period 16<sup>th</sup> July 2008 to 15<sup>th</sup> July 2009  
ESAT Draft Audit Findings for SESP for the period 16<sup>th</sup> July 2008 to 15<sup>th</sup> July 2009