



**AUDIT**

**OF**

**UNDP LEBANON**

**REHABILITATION OF THE SAIDA DUMPSITE**  
**(Directly Implemented Project No. 68385, Output No. 83622)**

**Report No. 1645**  
**Issue Date: 3 August 2016**

**Report on the Audit of UNDP Lebanon  
Rehabilitation of the Saida Dumpsite (Project No. 68385, Output No. 83622)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 16 to 27 May 2016, conducted an audit of Rehabilitation of the Said Dumpsite (Project No. 68385, Output No. 83622) (the Project), which is directly implemented and managed by the UNDP Country Office in Lebanon (the Office). The last audit of the Project was conducted by OAI in 2015 and covered project expenditure from 1 January 2014 to 31 December 2014.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2015 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2015 as well as Statement of Assets as of 31 December 2015. The audit did not include activities and expenses incurred or undertaken at the "responsible party" level, or expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters). The audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.


The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

**Audit results**

Based on the audit report and corresponding management letter submitted by the audit firm, the results are summarized in the table below:


Project Expenditure		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$'000)	Opinion
5,583	Unqualified	74	Unqualified

The audit did not result in any recommendations.



Antoine Khoury  
Officer-In-Charge  
Office of Audit and Investigations

<sup>1</sup> The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.



**MOORE STEPHENS**

**UNITED NATIONS DEVELOPMENT PROGRAMME  
(UNDP)  
AUDIT REPORT**

**21 July 2016**

**FINANCIAL AUDIT OF THE UNDP DIRECTLY  
IMPLEMENTED (DIM) PROJECT**

**Rehabilitation of the Saida Dumpsite**

<b>Project name:</b>	<b>Rehabilitation of the Saida Dumpsite</b>
<b>UNDP Country Office:</b>	<b>Lebanon</b>
<b>Atlas Project ID:</b>	<b>68385</b>
<b>Atlas Output number:</b>	<b>83622</b>
<b>Auditor:</b>	<b>Moore Stephens LLP</b>
<b>Period subject to audit:</b>	<b>1 January to 31 December 2015</b>

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## EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of the UNDP project 'Rehabilitation of the Saida Dumpsite' (Project ID 68385 and Output 83622) ("the Project") directly implemented by UNDP Lebanon ("the Office") for the year ended 31 December 2015. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI).

We have issued audit opinions as summarised in the table below and as detailed in the next section:

<b>Statement of Expenditure</b>	Unqualified
<b>Statement of Fixed Assets</b>	Unqualified
<b>Statement of Cash Position</b>	Not applicable

We did not raise any findings as a result of our audit.



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

21 July 2016

## THE AUDIT ENGAGEMENT

### **Audit Objectives and Scope**

The objective of the financial audit was to express an opinion on the DIM project's financial statements which include:

- Expressing an opinion on whether the financial expenses incurred by the Project between 1 January and 31 December 2015 and the funds utilization as at 31 December 2015 are fairly presented in accordance with UNDP accounting policies and that the expenses incurred were: (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 UNDP; and (iv) supported by properly approved vouchers and other supporting documents.
- Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the Project as at 31 December 2015. This statement must include all assets available as at 31 December 2015 and not only those purchased in a given period. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.
- Expressing an opinion on whether the statement of cash held by the Project presents fairly the cash and bank balance of the Project as at 31 December 2015.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 January and 31 December 2015. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of "responsible parties", unless the inclusion of these expenses is specifically required in the request for proposal; and
- Expenses processed and approved in locations outside the country such as UNDP Regional Centres and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.

## AUDIT OPINIONS

### Independent Auditor's Report to UNDP - Rehabilitation of the Saida Dumpsite

#### Statement of Expenditure

#### Unqualified Opinion

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization statement totalling \$5,582,825.69 ("the statement") of the UNDP project 'Rehabilitation of the Saida Dumpsite' (Project ID 68385 and Output 83622) for the period from 1 January to 31 December 2015.

Management is responsible for the preparation of the statement for the Rehabilitation of the Saida Dumpsite and for such internal control 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. 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 the project's 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.

#### Unqualified Opinion

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization statement presents fairly, in all material respects, the expenses of \$5,582,825.69 incurred by the project Rehabilitation of the Saida Dumpsite for the period 1 January to 31 December 2015 in accordance with UNDP accounting policies and were (i) in conformity with the approved budget; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

21 July 2016



## Independent Auditor's Report to UNDP - Rehabilitation of the Saida Dumpsite

### Statement of Assets and Equipment

#### Unqualified Opinion

We have audited the accompanying Statement of Fixed Assets ('the statement') of the UNDP project 'Rehabilitation of the Saida Dumpsite' (Project ID 68385 and Output 83622) as at 31 December 2015.

Management is responsible for the preparation of the statement for Rehabilitation of the Saida Dumpsite and for such internal control 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. 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 the project's preparation of the 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 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.

#### **Unqualified Opinion**

In our opinion, the attached Statement of Assets presents fairly, in all material respects, the balance of inventory of the UNDP project Rehabilitation of the Saida Dumpsite amounting to \$74,250 as at 31 December 2015 in accordance with UNDP accounting policies.



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

21 July 2016



## Independent Auditor's Report to UNDP - Rehabilitation of the Saida Dumpsite

### Statement of Cash Position

We noted that the UNDP project Rehabilitation of the Saida Dumpsite did not have a dedicated bank account for DIM project activities subject to audit and accordingly a Statement of Cash Position was not produced.

## MANAGEMENT LETTER

We did not raise any findings as a result of our audit.



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

21 July 2016

## **Annexes**

### **Annex 1: Combined Delivery Report**



**Selection Criteria :**

Business Unit : LBN10  
Period : Jan-Dec (2015)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : B0456  
Selected Outputs : 00083622

Project Id : 00068385 The Rehabilitation of Saida Du		Period :	Jan-Dec (2015)	
Output # : 00083622 Rehabilitation of Saida Dump		Impl. Partner :	01832 Ministry Of Environment	
		Location :	UN HOUSE/AR OFFICE	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 45601 (Lebanon - Central)

Fund : 30071 (Programme Cost Sharing GOV1)

33003 - IPSAS adj for Fixed Assets	0.00	- 33,771.53	0.00	- 33,771.53
75105 - Facilities & Admin - Implement	0.00	173.88	0.00	173.88
77660 - Dep Exp Owned -Vehicle	0.00	5,795.83	0.00	5,795.83
<b>Total for Fund 30071</b>	<b>0.00</b>	<b>- 27,801.82</b>	<b>0.00</b>	<b>- 27,801.82</b>
<b>Total for Dept : 45601</b>	<b>0.00</b>	<b>- 27,801.82</b>	<b>0.00</b>	<b>- 27,801.82</b>

Dept: 45605 (Lebanon - Energy & Envirnmnt)

Fund : 30071 (Programme Cost Sharing GOV1)

71305 - Local Consult.-Sht Term-Tech	0.00	10,325.00	0.00	10,325.00
71405 - Service Contracts-Individuals	0.00	210,729.89	0.00	210,729.89
71410 - MAIP Premium SC	0.00	725.12	0.00	725.12
71415 - Contribution to Security SC	0.00	8,158.06	0.00	8,158.06
71610 - Travel Tickets-Local	0.00	270.00	0.00	270.00
71620 - Daily Subsistence Allow-Local	0.00	506.00	0.00	506.00
71635 - Travel - Other	0.00	152.00	0.00	152.00
72105 - Svc Co-Construction & Engineer	0.00	5,200,000.00	0.00	5,200,000.00
72425 - Mobile Telephone Charges	0.00	1,725.00	0.00	1,725.00
72435 - E-mail-Subscription	0.00	385.00	0.00	385.00
72505 - Stationery & other Office Supp	0.00	995.81	0.00	995.81
72805 - Acquis of Computer Hardware	0.00	884.00	0.00	884.00
73310 - Maint & Licencing of Software	0.00	32.72	0.00	32.72
73410 - Maint, Oper of Transport Equip	0.00	7,415.36	0.00	7,415.36
74210 - Printing and Publications	0.00	280.92	0.00	280.92
74505 - Insurance	0.00	1,293.00	0.00	1,293.00
74525 - Sundry	0.00	548.71	0.00	548.71
75105 - Facilities & Admin - Implement	0.00	163,416.37	0.00	163,416.37
75705 - Learning costs	0.00	2,417.86	0.00	2,417.86
76135 - Realized Gain	0.00	- 1.14	0.00	- 1.14
77660 - Dep Exp Owned -Vehicle	0.00	367.83	0.00	367.83
<b>Total for Fund 30071</b>	<b>0.00</b>	<b>5,610,627.51</b>	<b>0.00</b>	<b>5,610,627.51</b>
<b>Total for Dept : 45605</b>	<b>0.00</b>	<b>5,610,627.51</b>	<b>0.00</b>	<b>5,610,627.51</b>
<b>Total for Output : 00083622</b>	<b>0.00</b>	<b>5,582,825.69</b>	<b>0.00</b>	<b>5,582,825.69</b>



Project Id : 00068385 The Rehabilitation of Saida Du	Period :	Jan-Dec (2015)		
Output # : 00083622 Rehabilitation of Saida Dump	Impl. Partner :	01832 Ministry Of Environment		
	Location :	UN HOUSE/AR OFFICE		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Project Total :	0.00	5,582,825.69	0.00	5,582,825.69
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Partner  
Moore Stephens  
LLP

21/07/2016

MOORE STEPHENS

Signed By : Nicola Clarit Date : 23 Feb 2016

Signed By : \_\_\_\_\_ Date : \_\_\_\_\_



Selection Criteria :

Business Unit : LBN10  
Period : Jan-Dec (2015)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : B0456  
Selected Outputs : 00083622

Project Id : ALL	Period : Jan-Dec (2015)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
45601 - Lebanon - Central	0.00	- 27,801.82	0.00	- 27,801.82
45605 - Lebanon - Energy & Environmnt	0.00	5,610,627.51	0.00	5,610,627.51



Funds Utilization

Selection Criteria :

Business Unit : LBN10  
Period : Jan-Dec (2015)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : B0456  
Selected Outputs : 00083622

Project/Award: 00068385 The Rehabilitation of Saida Du

Period : As at Dec 31, 2015

Output #	00083622	Impl. Partner :01832 Ministry Of Environment	UNDP AMOUNT
	Outstanding NEX advances		0.00
	Undepreciated Fixed Assets		31,102.21
	Inventory		0.00
	Prepayments		0.00
	Commitments		0.00



**Annex 2: Statement of Assets and Equipment**

## INVENTORY OF NON-EXPENDABLE EQUIPMENT



## PURCHASED AGAINST UNDP PROJECT UNIT VALUE 1,500 USD AND ABOVE FOR ATTRACTIVE ITEMS

As at: Dec.31.2015

Project Title: The Rehabilitation of Saïda Dumpsite

Operating Unit	Project ID	Fund Code	Department ID	Impl Agency	Donor
LBN	83622	30071	45605	1117	1398

Executing Agency:

Description and Model	Serial Number	Profile ID	Tag number (Project)	Asset ID (Atlas)	Purchase Order Number	Acquisition Date	Acquisition Cost (USD)	Custodian Name	Physical Location	Fund Code	Donor Code	Activity
Toyota Land Cruiser 289/45	JTECB011-601018622	Motor vehicle	1018622	1324	N/A	26/7/2012	4,700	Jim Abyad - Carlos Sabbagh	LBNMOEF7	0030071	01398	1
Toyota Fortuner 289/66	MHFYU59G807007570	Motor vehicle	0000000001490	1490	N/A	22/1/2009	28,050	Nicolas Gharib	LBNMOEF7	0030071	01398	1
Chevrolet Trail blazer LS 289/71	IGNDT13S98262277	Motor vehicle	0000000001491	1491	N/A	2/6/2009	19,500	Marwan Rizkallah	LBNMOEF7	0030071	01398	1
Chevrolet Trail blazer 289/64	IGNDT13SX82182129	Motor vehicle	0000000001492	1492	N/A	26/2/2008	22,000	Edgard Chehab	LBNMOEF7	0030071	01398	1
<b>TOTAL (USD)</b>							<b>74,250.00</b>					

The physical verification of the items was done by:

Name: Mr. Assaad Kayal

Title: Facilities and Bldg. Management Supervisor, UNDP Country Office

Approved by:

Name: Mr. Nicolas Gharib

Title: Project Manager

Name: Mr. Bassam Sabbagh

Title: National Focal Point

Name: Mr. Jihan Seoud

Title: Programme Manager

Name: Mr. Luca Renda

Title: UNDP Country Director

21 July 2016

Moore Stephens  
LLP

Partner

Signature:

Date:

Signature:

Date:

Signature:

Date:

Signature:

Date:

Signature:

Date:

### **Annex 3:     Audit finding priority ratings**

The following categories of priorities are used:

<b>High (Critical)</b>	Action is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues.
<b>Medium (Important)</b>	Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
<b>Low</b>	Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the Auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. <b>Therefore, low priority recommendations are not included in the audit report.</b>