

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP LEBANON

CEDRO IV, ENERGY AND WASTE SOLUTIONS
(Directly Implemented Project No. 77650, Output No. 90039)

Report No. 1934

Issue Date: 20 July 2018

**Report on the Audit of UNDP Lebanon
CEDRO IV, Energy and Waste Solutions (Project No. 77650, Output No. 90039)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 14 to 21 May 2018, conducted an audit of CEDRO IV, Energy and Waste Solutions (Project No. 77650, Output No. 90039) (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 through the firm in 2017 and covered project expenses from 1 January to 31 December 2016.

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 expenses for the period from 1 January to 31 December 2017 and the accompanying Funds Utilization statement¹ as of 31 December 2017 as well as Statement of Assets as of 31 December 2017. 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 submitted by the audit firm, the results are summarized in the table below:

Project Expenses		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
4,716	Unmodified*	38	Unmodified

*Unmodified = unqualified or clean audit opinion.

The audit did not result in any recommendations.

The previous audit (Report No. 1798, issued on 8 August 2017) did not result in any recommendations.

Management comments and action plan

Management comments and/or additional information provided have been incorporated into the report, where appropriate.

Helge S. Osttveiten
Director
Office of Audit and Investigations

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated 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.

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

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

Output name:	Energy and waste solutions
UNDP Country Office:	Lebanon
Atlas Project ID:	77650
Atlas Output ID:	90039
Auditor:	Moore Stephens LLP
Period subject to audit:	1 January to 31 December 2017

Table of Contents

EXECUTIVE SUMMARY	3
THE AUDIT ENGAGEMENT.....	4
AUDIT OPINIONS	5
PROJECT FINANCIAL POSITION	5
STATEMENT OF FIXED ASSETS	7
STATEMENT OF CASH POSITION	9
ANNEXES	10
ANNEX 1: COMBINED DELIVERY REPORT	10
ANNEX 2: STATEMENT OF FIXED ASSETS	15

EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of Output ID 90039 'Energy and waste solutions', part of Project ID 77650 'CEDRO IV' (the project), directly implemented by UNDP Lebanon for the year ended 31 December 2017. 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:

Project Financial Position	Unmodified
Statement of Fixed Assets	Unmodified
Statement of Cash Position	Not applicable

We have not raised any audit findings or recommendations as a result of our audit.

The project was audited in the prior year. The previous year's audit report No. 1798 issued on 8 August 2017 for project no. 77650 - "CEDRO IV" - Output nos. 88302 and 90039, for the period from 1 January to 31 December 2016, did not result in any recommendations or findings.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

16 July 2018

MOORE STEPHENS

THE AUDIT ENGAGEMENT

Audit Objectives and Scope

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

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2017 in the Combined Delivery Report (CDR), the Funds Utilization statement as at 31 December 2017 and the accounts receivable and accounts payable as at 31 December 2017 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, at net book value, presents fairly the balance of depreciated assets of the UNDP project as at 31 December 2017. This statement must include all assets available as at 31 December 2017 and not only those purchased in a given period.

Where a DIM project does not have any assets or equipment, it is not necessary to express such an opinion.

- Expressing an opinion on whether the Statement of Cash Position held by the project presents fairly the cash and bank balance of the UNDP project as at 31 December 2017.

In cases where the cash transactions of the audited DIM project are made through the country office bank accounts, this type of opinion is not required.

The financial audit was conducted in accordance with International Standards of Auditing (ISA), the 700 series. As applicable, the audit report provides the progress made in implementing the recommendations raised in the previous year's audit report.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 January and 31 December 2017. 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 - CEDRO IV

Project Financial Position

To the Director of the Office and Audit and Investigations, United Nations Development Programme

We have audited the financial position of the UNDP project ID 77650 'CEDRO IV' output ID 90039 'Energy and waste solutions' for the period from 1 January to 31 December 2017 which includes: (a) the accompanying Combined Delivery Report (CDR); (b) the Funds Utilization statement ("the statement"); and (c) the project-related accounts receivable and accounts payable.

Unmodified opinion

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of US\$ 4,715,901 directly incurred by the UNDP Country Office in Lebanon and charged to the project for the period from 1 January to 31 December 2017 in accordance with UNDP 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 regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities' section of this report.

We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with these requirements, and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management responsibilities

Management is responsible for the preparation of the CDR and the Funds Utilization statement of the project and for such internal control as management determines is necessary to enable the preparation of a CDR and Funds Utilization statement that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the CDR and the Funds Utilization statement are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the CDR and the Funds Utilization statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mark Henderson
Partner

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150 Aldersgate Street
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16 July 2018

MOORE STEPHENS

Independent Auditor's Report to UNDP - CEDRO IV

Statement of Fixed Assets

To the Director of the Office and Audit and Investigations, United Nations Development Programme

We have audited the accompanying Statement of Fixed Assets of the UNDP project ID 77650 'CEDRO IV' output ID 90039 'Energy and waste solutions' as at 31 December 2017

Unmodified opinion

In our opinion, the attached Statement of Fixed Assets presents fairly, in all material respects, the assets status of the UNDP project CEDRO IV output ID 90039 'Energy and waste solutions' amounting to \$ 38,246.91 as at 31 December 2017 in accordance with UNDP accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those provisions and standards are further described in the Auditor's responsibilities section of this report.

We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management responsibilities

Management is responsible for the preparation of the Statement of Fixed Assets of the project, and for such internal control as management determines is necessary to enable the preparation of a Statement of Fixed Assets that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the Statement of Fixed Assets is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement of Fixed Assets.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement of Fixed Assets, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

16 July 2018

MOORE STEPHENS

Independent Auditor's Report to UNDP - CEDRO IV

Statement of Cash Position

To the Director of the Office and Audit and Investigations, United Nations Development Programme

We noted that the UNDP project ID 77650 'CEDRO IV' output ID 90039 'Energy and waste solutions' did not have a dedicated bank account for the DIM project activities subject to audit and accordingly a Statement of Cash Position was not produced.

Annexes

Annex 1: Combined Delivery Report



Combined Delivery Report By Project

Selection Criteria :

Business Unit : LBN10
Period : Jan-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : B0456
Selected Outputs : 00090039

Project Id : 00077650 CEDRO IV		Period :	Jan-Dec (2017)	
Output # : 00090039 Energy and waste solutions		Impl. Partner :	99999 UNDP	
		Location :		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 45603 (Lebanon - Crisis Prev & Rcvry)

Fund : 30000 (PROGRAMME COST SHARING)

72810 - Acquis of Computer Software	0.00	0.00	0.00	0.00
Total for Fund 30000	0.00	0.00	0.00	0.00
Total for Dept : 45603	0.00	0.00	0.00	0.00

Dept: 45605 (Lebanon - Energy & Envirnmnt)

Fund : 30000 (PROGRAMME COST SHARING)

64397 - Services to projects -CO staff	0.00	93,432.64	0.00	93,432.64
71205 - Intl Consultants-Sht Term-Tech	0.00	5,400.00	0.00	5,400.00
71305 - Local Consult.-Sht Term-Tech	0.00	113,778.30	0.00	113,778.30
71360 - Local Consult-Security	0.00	3,819.28	0.00	3,819.28
71405 - Service Contracts-Individuals	0.00	220,769.99	0.00	220,769.99
71410 - MAIP Premium SC	0.00	470.99	0.00	470.99
71415 - Contribution to Security SC	0.00	8,006.60	0.00	8,006.60
71505 - UN Volunteers-Stipend & Allow	0.00	30,504.58	0.00	30,504.58
71520 - UNV-Language Allowance	0.00	1,200.00	0.00	1,200.00
71535 - UNV-Medical Insurance	0.00	1,023.84	0.00	1,023.84
71540 - UNV-Global Charges	0.00	1,392.42	0.00	1,392.42
71541 - UNVs-Contribution to security	0.00	1,255.60	0.00	1,255.60
71550 - UNV-Resettlement Allowance	0.00	2,462.08	0.00	2,462.08
71590 - UNV Development Effectiveness	0.00	5,976.00	0.00	5,976.00
71620 - Daily Subsistence Allow-Local	0.00	882.00	0.00	882.00
71635 - Travel - Other	0.00	331.24	0.00	331.24
72105 - Svc Co-Construction & Engineer	0.00	3,789,309.45	0.00	3,789,309.45
72120 - Svc Co-Trade and Business Serv	0.00	303.08	0.00	303.08
72125 - Svc Co-Studies & Research Serv	0.00	282.03	0.00	282.03
72215 - Transporation Equipment	0.00	1,000.00	0.00	1,000.00
72311 - Fuel, petroleum and other oils	0.00	5,997.55	0.00	5,997.55
72399 - Other Materials and Goods	0.00	339.94	0.00	339.94
72405 - Acquisition of Communic Equip	0.00	3,050.00	0.00	3,050.00
72420 - Land Telephone Charges	0.00	1,143.24	0.00	1,143.24
72425 - Mobile Telephone Charges	0.00	3,040.69	0.00	3,040.69
72435 - E-mail-Subscription	0.00	360.00	0.00	360.00
72440 - Connectivity Charges	0.00	198.72	0.00	198.72
72505 - Stationery & other Office Supp	0.00	1,042.48	0.00	1,042.48
72805 - Acquis of Computer Hardware	0.00	528.00	0.00	528.00
72810 - Acquis of Computer Software	0.00	518.19	0.00	518.19
72815 - Inform Technology Supplies	0.00	1,860.00	0.00	1,860.00
73110 - Custodial & Cleaning Services	0.00	1,120.33	0.00	1,120.33
73120 - Utilities	0.00	189.41	0.00	189.41



Combined Delivery Report By Project

Project Id : 00077650 CEDRO IV		Period :	Jan-Dec (2017)	
Output # : 00090039 Energy and waste solutions		Impl. Partner :	99999 UNDP	
		Location :		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
73125 - Common Services-Premises	0.00	12,623.58	0.00	12,623.58
73305 - Maint & Licensing of Hardware	0.00	1,700.00	0.00	1,700.00
73405 - Rental & Maint-Other Office Eq	0.00	965.00	0.00	965.00
73406 - Maintenance of Equipment	0.00	51.10	0.00	51.10
73410 - Maint, Oper of Transport Equip	0.00	15,937.90	0.00	15,937.90
73420 - Leased Vehicles	0.00	2,000.00	0.00	2,000.00
74110 - Audit Fees	0.00	9,191.00	0.00	9,191.00
74205 - Audio Visual Productions	0.00	500.00	0.00	500.00
74210 - Printing and Publications	0.00	4,658.79	0.00	4,658.79
74220 - Translation Costs	0.00	96.25	0.00	96.25
74225 - Other Media Costs	0.00	2,032.70	0.00	2,032.70
74505 - Insurance	0.00	1,311.00	0.00	1,311.00
74525 - Sundry	0.00	85.99	0.00	85.99
74705 - Port Operation	0.00	6,453.52	0.00	6,453.52
75105 - Facilities & Admin - Implement	0.00	348,504.86	0.00	348,504.86
75705 - Learning costs	0.00	434.47	0.00	434.47
75709 - Learning - training of counter	0.00	166.00	0.00	166.00
75710 - Participation of counterparts	0.00	360.00	0.00	360.00
76125 - Realized Loss	0.00	5.74	0.00	5.74
76135 - Realized Gain	0.00	- 3.89	0.00	- 3.89
77630 - Dep Exp Owned - ITC	0.00	1,384.99	0.00	1,384.99
77660 - Dep Exp Owned -Vehicle	0.00	6,401.55	0.00	6,401.55
77670 - Dep Exp-Hvy Mac & Equip	0.00	52.06	0.00	52.06
Total for Fund 30000	0.00	4,715,901.28	0.00	4,715,901.28
Total for Dept : 45605	0.00	4,715,901.28	0.00	4,715,901.28
Total for Output : 00090039	0.00	4,715,901.28	0.00	4,715,901.28
Project Total :	0.00	4,715,901.28	0.00	4,715,901.28



Signed By: Hassan Harajli - Project Manager UNDP Date: 23 Feb. 2018

Signed By: Jihan Seoud, Programme Manager Date: 23 Feb. 2018
Energy and Environment Programme

Jihan Seoud



Selection Criteria :

Business Unit : LBN10
Period : Jan-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : B0456
Selected Outputs : 00090039

Project Id : ALL	Period : Jan-Dec (2017)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
45603 - Lebanon - Crisis Prev & Rcvry	0.00	0.00	0.00	0.00
45605 - Lebanon - Energy & Envimmnt	0.00	4,715,901.28	0.00	4,715,901.28



Funds Utilization

Selection Criteria :

Business Unit : LBN10
Period : Jan-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : B0456
Selected Outputs : 00090039

Project/Award: 00077650 CEDRO IV

Period : As at Dec 31, 2017

Output #	00090039	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			38,246.91
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			1,388,567.40

Annex 2: Statement of Fixed Assets as of 31 December 2017

2017 end of year asset certification - Project ID 00090039 - As of 31 December 2017

Business unit	Operating Unit	Asset ID	Profile ID	Description	TAG Number	Serial Number	Location	Acquisition Date	In Service Date	Cost,USD	Net Book Value	Quantity	Department	Impl Agency	Donor	Project	Fund code
LBN10	LBN	000000001405	ITC1	A Notebook computers	CED001	6D060165H	LBNCEDF1	7/3/2014	7/3/2014	1,980.00	1,113.75	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001406	ITC1	A Notebook computers	CED002	9D181416H	LBNCEDF1	7/3/2014	7/3/2014	1,980.00	1,113.75	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001477	ITC1	LAPTOP NOTEBOOK HPDV 9700	000000001477	CNF8243F6Q	LBNCEDF1	10/28/2008	10/28/2008	2,000.00	-	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001479	ITC1	TOSHIBA SAT L755-16Z	000000001479	7B110839W	LBNCEDF1	10/3/2011	10/3/2011	1,552.10	339.53	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001480	MTRV4	CHEVROLET TRAIL BLAZER LS 2008	000000001480	IGNDT13S282153532	LBNCEDF1	2/15/2008	2/15/2008	23,958.00	4,159.37	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001483	HYME4	ALARM 6 ZONE	000000001483	EC301DP	LBNCEDF1	4/3/2008	4/3/2008	1,785.28	914.97	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001487	MTRV4	NISSAN X-TRAIL COMFORT	000000001487	JN1TBNT30Z0145087	LBNCEDF1	10/22/2009	10/22/2009	20,856.00	6,517.50	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001488	ITC2	PC DESKTOP HP DX2420	000000001488	CZC9390B61	LBNCEDF1	12/15/2009	12/15/2009	1,974.50	-	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001490	MTRV4	TOYOTA FORTUNER	000000001490	MHFYU59G807007570	LBNM0EF7	1/22/2009	1/22/2009	28,050.00	7,012.50	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001492	MTRV4	TRAIL BLAZER- CHEVROLET 2008	000000001492	IGNDT13SX82182129	LBNM0EF7	2/26/2008	2/26/2008	22,000.00	3,819.45	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001590	ITC1	A Notebook computers	000000001590	2G086239H	LBNCEDF1	2/21/2017	2/21/2017	1,750.00	1,549.48	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001591	ITC1	A Notebook computers	000000001591	XF043053	LBNM0EF7	2/21/2017	2/21/2017	1,750.00	1,549.48	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001592	ITC1	A Notebook computers	000000001592	5F024557H	LBNM0EF7	2/21/2017	2/21/2017	1,750.00	1,549.48	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001605	ITC1	A Notebook computers	000000001605	XF184798C	LBNAAF1	8/2/2017	8/2/2017	1,950.00	1,848.44	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001609	ITC1	A Notebook computers	000000001609	YG140214H	LBNCEDF1	10/6/2017	10/6/2017	1,545.45	1,497.15	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001612	ITC1	A Notebook computers	000000001612	YG140234H	LBNCEDF1	10/6/2017	10/6/2017	1,545.45	1,497.15	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001614	ITC1	A Notebook computers	000000001614	YG140244H	LBNCEDF1	10/6/2017	10/6/2017	1,545.45	1,497.15	1	45605	001981	00182	00090039	30000
LBN10	LBN	000000001617	ITC1	A Notebook computers	000000001617	C02TJ382GTFM	LBNCEDF1	10/6/2017	10/6/2017	2,340.91	2,267.76	1	45605	001981	00182	00090039	30000
TOTAL										120,313.14	38,246.91						

Jihan Seoud
Programme Analyst
Energy and Environment Programme


