

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP LEBANON

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

Report No. 1514
Issue Date: 13 August 2015

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

The UNDP Office of Audit and Investigations (OAI), from 31 May to 10 June 2015, through Talal Abu – Ghazaleh & Co. (the audit firm), conducted an audit of The Rehabilitation of Saida Dumpsite (Project No. 68385, Output No. 83622) (the Project), which is directly implemented and managed by the UNDP Country Office in Lebanon (the Office). This was the first audit of the Project.

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 2014 and the accompanying Funds Utilization statement¹ as of 31 December 2014 as well as Statement of Assets as of 31 December 2014. 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
11,558	Unqualified	3	Unqualified

The audit did not result in any recommendations.



Antoine Khoury
Officer-in-Charge
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) 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.

Auditor's Report

Financial audit of “The Rehabilitation of Saida Dumpsite” (The Project) implemented by UNDP - Lebanon for the year ended 31 December 2014.

PROJECT TITLE AND IDs:

Title: “The Rehabilitation of Saida Dumpsite”

IDs: (Atlas Project ID: 68385, Output No: 83622)

FUNDED BY

Government of Lebanon through the Ministry of Environment

Talal Abu - Ghazaleh & Co.

Certified Public Accountants



The Rehabilitation of Saida Dumpsite
Implemented by
UNDP - Lebanon
Funded by
Government of Lebanon through the Ministry of Environment

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To: The Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme

This report represents the results of our financial audit of Output ID: 83622 titled
"The Rehabilitation of Saida Dumpsite", for the year ended 31 December 2014.

This financial audit was mandated in accordance with the audit contract for
professional service signed with UNDP/OAI (Ref.PS 2015-03 dated 11 May
2015).

Sincerely yours,

Jamal Milhem, CPA

Certified Accountant License # (100/98)

Jamal Milhem
Talal Abu - Ghazaleh & Co.



License No. 251/1997

Ramallah - Palestine, 12 June 2015

1. PART I – EXECUTIVE SUMMARY

The Executive Summary recapitulates the important issues raised in the financial audit of “The Rehabilitation of Saida Dumpsite”.

1.1. Background information about the Project

This project aims at rehabilitating the existing Saida landfill to solve an environmentally unacceptable situation and to use the land again for the benefit of the Saida municipality. The procedure of the rehabilitation is “Landfill Mining” which includes a treatment of excavated waste at site to produce secondary construction material complying with local and EU standards. To enable rehabilitation of the Saida landfill, acceptance of waste will have to cease at the moment the rehabilitation starts. Daily incoming municipal solid waste will be transported to and processed at an alternative facility.

The project is coordinating all activities with the Ministry of Environment through the Chief of the Urban Environment Service as assigned focal point. Periodic meetings are held with the Minister to brief about the progress achieved and/or constraints encountered. In addition, the project is closely coordinating with the municipality of Saida, and with the management of other ongoing projects in the area of implementation of the “Rehabilitation of Saida Dumpsite” project.

1.2. Project identification information

The following table summarizes the amount of expenditures for the year under review.

Project Name	Output number	Atlas Project ID	2014 Budget (USD)	2014 Actual expenditures as per CDR (USD)
The Rehabilitation of Saida Dumpsite	83622	68385	15,642,059	11,558,107

The audit covered the Project activities during the period from 1 January to 31 December 2014. During the period under review, the Office recorded project expenditures totaling USD 11,558,107 as reported through the Combined Delivery Report (CDR).

1.3. Project budget:

The total budget for the year 2014 is USD 15,642,059.

1.4. Project duration:

Based on the agreements signed with UNDP, the Project duration is from 01 September 2012 to 31 September 2015.

1.5. Audit objectives

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

- 1) Expressing an opinion on whether the expenses incurred by the Project during year ended 31 December 2014 and the funds utilization as at 31 December 2014 were 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. The Combined Delivery Report (CDR) and the accompanying Funds Utilization statement were the mandatory and official statement upon which the audit opinion was to be expressed.
- 2) Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP Project as at 31 December 2014. This statement should include all assets available as at 31 December 2014 and not only those purchased in the period under audit.
- 3) Expressing an opinion on whether the statement of cash held by the Project presents fairly the cash and bank balance of the UNDP Project as at 31 December 2014, only if a dedicated bank account was established specifically for the project.

1.6. Scope of Audit:

We performed our financial audit in accordance with the International Standards on Auditing (ISA 700) and in compliance with the UNDP rules and regulations.

The scope of the audit related to transactions concluded and recorded against the UNDP DIM project for the period 1 January 2014 to 31 December 2014. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of "responsible parties"; and
- Expenses processed and approved in locations outside the country such as UNDP Regional Centres and UNDP Headquarters and where

the supporting documentation were not retained at the level of the UNDP country office

Specifically, the audit covered the following:

- a) The expenses incurred and recorded in the Combined Delivery Reports (CDR) of the project during the period from 1 January 2014 to 31 December 2014;
- b) The value and existence of the fixed assets held by the project as at 31 December 2014; and
- c) The value and existence of Cash held by the Project as at 31 December 2014 (in the case there was a separate bank account for the DIM project under review).

Accounting principles:

The Combined Delivery Report (CDR) was prepared on the accrual basis accounting system, therefore expenditures were recognized when incurred rather than when paid.

All assets included in the Statement of Fixed Assets were accounted for according to their historical costs, and in compliance with UNDP's Asset Management Guidelines.

Since 2012, UNDP started applying IPSAS and as a result, fixed assets depreciation expenses are included in the CDR.

1.7. Summary of the Audit performed and results:

1.7.1 Audit performed:

This summary represents the results of our financial audit of Output ID: 83622 titled “The Rehabilitation of Saida Dumpsite”, for the year ended 31 December 2014.

The total expenditures incurred by UNDP on the above Project are USD 11,558,107. The audit tests approximately covered 98 percent of the total expenditures, as shown in the following table:

Project location	No. of samples	Total expenditures as per CDR (USD)	Total expenditures tested	Percentage
Saida	19	11,558,107	11,333,369	98%

1.7.2 Results of the Audit:

- **The Combined Delivery Report (CDR) and Funds Utilization Statement**

The review did not disclose any financial errors in the Project's CDR and Funds Utilization statement.

- **The Statement of Fixed Assets**

The results of our review did not disclose any material misstatement that could affect the presentation of the statement of fixed assets as at 31 December 2014.

- **The Statement of Cash held by the Project**

In accordance with the Terms of Reference for the audit, we did not issue an opinion on the Statement of Cash Position as there was no separate bank account for the project under review.

Jamal Milhem, CPA

Certified Accountant License # (100/98)



Talal Abu-Ghazaleh & Co.



License No. 251/1997

Ramallah - Palestine, 12 June 2015

2. PART II – AUDITOR’S REPORT WITH OPINION

2.1. Auditor’s Report

REPORT OF THE INDEPENDENT AUDITORS TO UNDP DIM PROJECT “THE REHABILITATION OF SAIDA DUMPSITE”

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

Report on the Project Financial Statement

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization Statement (the Statement) of the UNDP Project “The Rehabilitation of Saida Dumpsite” bearing output number 83622 for the period from 1 January to 31 December 2014.

Management’s Responsibility

Management is responsible for the preparation and fair presentation of the statement for “The Rehabilitation of Saida Dumpsite” project 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA 700). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statements are 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 statements 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 unmodified audit opinion.

Unmodified Opinion

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization statement gives a true and fair view of the expenditures of USD 11,558,107 incurred by the project "The Rehabilitation of Saida Dumpsite", for the period from 1 January to 31 December 2014 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.

Jamal Milhem, CPA

Certified Accountant License # (100/98)


Talal Abu-Ghazaleh & Co.

License No. 251/1997




Ramallah - Palestine, 12 June 2015

Financial audit of Output ID: 83622 titled "The Rehabilitation of Saida Dumpsite" for the year ended 31 December 2014.

Funded by: Government of Lebanon through the Ministry of Environment

Implemented by: United Nations Development Programme in Lebanon.

2.2. CDR Output No. 83622 for the year ended 31 December 2014:



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 1 of 3
Run Time: 18-02-2015 11:02:54

Selection Criteria :

Business Unit : LBN10
Period : Jan-Dec (2014)
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 (2014)		
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: 45605 (Lebanon - Energy & Envirnmnt)

Fund : 30071 (Programme Cost Sharing GOV1)

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71305 - Local Consult.-Sht Term-Tech	0.00	2,900.00	0.00	2,900.00
71405 - Service Contracts-Individuals	0.00	210,403.15	0.00	210,403.15
71410 - MAIP Premium SC	0.00	907.02	0.00	907.02
71415 - Contribution to Security SC	0.00	8,162.99	0.00	8,162.99
71505 - UN Volunteers-Stipend & Allow	0.00	7,891.33	0.00	7,891.33
71520 - UNV-Language Allowance	0.00	400.00	0.00	400.00
71535 - UNV-Medical Insurance	0.00	291.25	0.00	291.25
71540 - UNV-Global Charges	0.00	324.00	0.00	324.00
71541 - UNVs-Contribution to security	0.00	310.68	0.00	310.68
71550 - UNV-Resettlement Allowance	0.00	657.61	0.00	657.61
71590 - UNV Development Effectiveness	0.00	983.07	0.00	983.07
72105 - Svc Co-Construction & Engineer	0.00	10,752,984.08	0.00	10,752,984.08
72220 - Furniture	0.00	452.00	0.00	452.00
72305 - Agri & Forestry Products	0.00	1,200.00	0.00	1,200.00
72425 - Mobile Telephone Charges	0.00	1,200.00	0.00	1,200.00
72505 - Stationery & other Office Supp	0.00	721.51	0.00	721.51
72805 - Acquis of Computer Hardware	0.00	4,741.25	0.00	4,741.25
73405 - Rental & Maint-Other Office Eq	0.00	254.00	0.00	254.00
73410 - Maint. Oper of Transport Equip	0.00	10,813.70	0.00	10,813.70
73505 - Reimb to UNDP for Supp Srvs	0.00	200,000.00	0.00	200,000.00
74210 - Printing and Publications	0.00	1,000.00	0.00	1,000.00
74215 - Promotional Materials and Dist	0.00	9,680.00	0.00	9,680.00
74505 - Insurance	0.00	2,047.00	0.00	2,047.00
74525 - Sundry	0.00	646.37	0.00	646.37
75105 - Facilities & Admin - Implement	0.00	336,644.27	0.00	336,644.27
75705 - Learning costs	0.00	2,136.50	0.00	2,136.50
76135 - Realized Gain	0.00	-12.28	0.00	-12.28
77660 - Dep Exp Owned -Vehicle	0.00	367.83	0.00	367.83
Total for Fund 30071	0.00	11,558,107.33	0.00	11,558,107.33
Total for Dept : 45605	0.00	11,558,107.33	0.00	11,558,107.33
Total for Output : 00083622	0.00	11,558,107.33	0.00	11,558,107.33



Project Total :	0.00	11,558,107.33	0.00	11,558,107.33
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Signed By: Nicolas Ghani's Miled (Shu)

Signed By: M. Alkhalaf

Date: 17 Feb 2015

Date: 19/2/2015

Tatal Abu-Ghazaleh & Co.

Financial audit of Output ID: 83622 titled "The Rehabilitation of Saida Dumpsite" for the year ended 31 December 2014.

Funded by: Government of Lebanon through the Ministry of Environment

Implemented by: United Nations Development Programme in Lebanon.



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 2 of 3
Run Time: 18-02-2015 11:02:55

Selection Criteria :

Business Unit : LBN10
Period : Jan-Dec (2014)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : B0456
Selected Outputs : 00083622

Project Id : ALL	Period : Jan-Dec (2014)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
45605 - Lebanon - Energy & Envrmmnt	0.00	11,558,107.33	0.00	11,558,107.33

Financial audit of Output ID: 83622 titled "The Rehabilitation of Saida Dumpsite" for the year ended 31 December 2014.

Funded by: Government of Lebanon through the Ministry of Environment

Implemented by: United Nations Development Programme in Lebanon.



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 3 of 3
Run Time: 18-02-2015 11:02:56

Funds Utilization

Selection Criteria :

Business Unit : LBN10
Period : Jan-Dec (2014)
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, 2014

Output #	00083622	Impl. Partner :01832 Ministry Of Environment	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			3,494.34
Inventory			0.00
Prepayments			0.00
Commitments			0.00

3. CERTIFICATION OF THE STATEMENT OF FIXED ASSETS - 2014

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

Report on the Statement of Fixed Assets

We have audited the accompanying statement of Fixed Assets (the Statement) of the UNDP Output ID: 83622, "The Rehabilitation of Saida Dumpsite", as of 31 December 2014.

Management's Responsibility

Management is responsible for the preparation of the statement for "The Rehabilitation of Saida Dumpsite" project 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 the International Standards on Auditing (ISA 700). 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 unmodified opinion.

Unmodified Opinion

In our opinion, the attached Statement of assets presents fairly in all material respects the balance of fixed assets of USD 3,494 incurred by "The Rehabilitation of Saida Dumpsite" project as at 31 December 2014 in accordance with UNDP accounting policies.

Emphasis of matter

We draw attention that assets amounting to USD 72,300 related to the project were added in 2015 in the Atlas asset register of the project by UNDP Headquarters. These assets were acquired/transferred to the project before the adoption of the Atlas Assets Management System. Our opinion is not qualified in respect of this matter.

Jamal Milhem, CPA

Certified Accountant License # (100/98)



Executive Director



Talal Abu- Ghazaleh & Co.

Ramallah - Palestine, 12 June 2015

Financial audit of Output ID: 83622 titled "The Rehabilitation of Saida Dumpsite" for the year ended 31 December 2014.

Funded by: Government of Lebanon through the Ministry of Environment

Implemented by: United Nations Development Programme in Lebanon.

3.1 Statement of Fixed Assets – 2014

The Rehabilitation of Saida Dumpsite
STATEMENT OF FIXED ASSETS
AS AT 31 DECEMBER 2014

Category	No. of Items	Net Book Value USD
Toyota Land Cruiser	1	3,494
Net Book Value		3,494

Financial audit of Output ID: 83622 titled "The Rehabilitation of Saida Dumpsite" for the year ended 31 December 2014.

Funded by: Government of Lebanon through the Ministry of Environment

Implemented by: United Nations Development Programme in Lebanon.

3.2 List of Assets and Equipment:

United Nations Development Programme

برنامج الأمم المتحدة الإنمائي

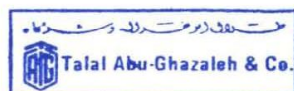


Assets Report / Project 83622 as per 31 Dec 2014

Project	Asset ID	Description	Cost, USD	Depreciation, USD	Net Book Value, USD
00083622 Rehabilitation of Saida Dump Site	1324	Toyota Land Cruiser	4,700.00	1205.66	3,494.34
	N/A Items were not added to Atlas	Toyota Fortuner*	28,900.00	-	N/A Items were not added to Atlas
		Chevrolet Trailblazer LS*	19,500.00	-	
		TOSHIBA SAT PRO U400-130*	1,900.00	-	
		Trail Blazer- Chevrolet 2008*	22,000.00	-	

* NB: These items are currently being uploaded to Atlas by UNDP HQ since they were acquired/transferred to the project before adoption of Atlas Asset Management System.

Talal Abu-Ghazaleh



[Handwritten signature]

Arab African Int'l Bank Bldg. - Riad El Solh Str, Nejme, Beirut 2011 5211 -Tel: 961 1 962500 - Fax: 961 1 962491 - P.O.Box 11-3216 Beirut, Lebanon
 بناية البنك العربي الإفريقي الدولي - شارع رياض الصلح، نجمة - بيروت 2011 5211 - هاتف: 961 1 962500 - فاكس: 961 1 962491 - ص.ب. 11-3216 بيروت، لبنان

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4. PART III - MANAGEMENT LETTER

We have not identified reportable issues during our audit of the Output ID: 83622 "The Rehabilitation of Saida Dumpsite" (The Project) implemented by UNDP - Lebanon for the year ended 31 December 2014.