

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP SOMALIA**

**CONSTITUTIONAL REVIEW SUPPORT**  
**(Directly Implemented Project No. 99032, Output No. 108659)**

**Report No. 2143**

**Issue Date: 9 August 2019**

**Report on the Audit of UNDP Somalia**  
**Constitutional Review Support (Project No. 99032, Output No.108659)**  
**Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG SA (the audit firm), from 3 May to 10 June 2019, conducted an audit of Constitutional Review Support (Project No. 99032, Output No. 108659) (the Project), which is directly implemented and managed by the UNDP Country Office in Somalia (the Office). This was the first audit of the Project.

The audit work covered financial transactions as well as internal controls and systems for the purpose of expressing an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations, as well as assess compliance with UNDP regulations, rules, policies and procedures and donor agreements. The audit covered the Project's Combined Delivery Report, which includes expenses for the period from 1 January to 31 December 2018 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2018 as well as Statement of Assets as of 31 December 2018. It also reviewed the relevant systems, procedures and practices in place as they relate to the Project, in the areas of: governance, programme, and operations. 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*.

**Overall audit rating**

Based on the audit report and corresponding management letter submitted by the audit firm, OAI assessed the management of the Project as **partially satisfactory/some improvement needed**, which means that "The assessed governance arrangements, risk management practices and controls, as applicable to the Project's financial statements, were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area." This rating was mainly due to the inaccurate presentation of assets and inadequate asset verification and reconciliation. The details of the audit results are presented in the table below:

Project Expenses*		Project Assets		
Amount (in \$ '000)	Opinion**	Amount (in \$ '000)	Opinion	NFM (in \$ '000)
3,535	Unmodified	25	Adverse	7

\*Expenses recorded in the Combined Delivery Report were \$4,436,508. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$564,359). Also excluded were expenses incurred at the "responsible party" level (\$337,525).

\*\*There was a Net Financial Misstatement (NFM) of \$849 but it did not affect the audit opinion as it was not financially material.

<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) 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.

The audit firm issued an adverse opinion on the project assets due to assets that were included in the 2018 Statement of Assets that had been transferred to beneficiaries in 2017 valued at \$6,792, equivalent to 28 percent of the total project assets.

**Key recommendation:** Total = 1, high priority = 1

The recommendation aims to ensure the safeguarding of assets.

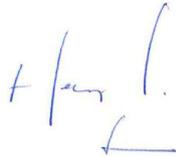
For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. The high (critical) priority recommendation is presented below:

Inaccurate presentation of assets (Issue 1)	Two computer printers had been transferred to an implementing partner in 2017 but were included in the project's asset statement as of 31 December 2018. It resulted in a material overstatement totalling \$6,792 that represented approximately 28 percent of the Statement of Assets as at 31 December 2018.
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Recommendation: The Office should put in place robust control measures pertaining to the review and approval of the asset register and ensure that only assets meeting the "use and control" principle are recorded in Atlas.

#### Management comments and action plan

The Resident Representative accepted the recommendation and is in the process of implementing it. Comments and/or additional information provided have been incorporated into the report, where appropriate.

	Helge Osttveiten 2019.08.09 02:39:52 -04'00'
Helge S. Osttveiten Director Office of Audit and Investigations	



**United Nations Development Programme  
(UNDP)**

Report of the Independent Auditor on  
the United Nations Development Programme (UNDP)  
Directly Implemented (DIM) Project ID 00099032 “Constitutional  
Review Support” – Output no. 00108659  
- Mogadishu, Somalia -  
For the period from 1 January to 31 December 2018



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**KPMG SA**  
**Audit Western Switzerland**  
 111 Rue de Lyon  
 CH-1203 Geneva

PO Box 347  
 CH-1211 Geneva 13

T +41 58 249 25 15  
 E infogeneva@kpmg.com

**Executive Summary**

KPMG Geneva conducted the financial audit of UNDP Project ID 00099032 “Constitutional Review Support” – Output no. 00108659, directly implemented by UNDP Somalia for the period from 1 January to 31 December 2018. The audit was undertaken on behalf of the Office of Audit and Investigations (OAI) United Nations Development Programme (UNDP).

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

**Financial Position**  
**Statement of Fixed Assets**  
**Statement of Cash**

**Unmodified**  
**Adverse**  
**Not Applicable as UNDP Country**  
**Office did not maintain dedicated**  
**bank accounts for the project.**

As a result of our audit, we have raised one audit finding with a net financial impact of USD 6,791.57 on the Statement of Fixed Assets, as summarized below and detailed in the management letter.

No.	Title	Priority	Net Financial Impact USD
1	Inaccurate presentation of assets.	High	The Statement of Fixed Assets total Net Book Value was overstated at 31 December 2018 by amount of USD 6,791.57

The Project ID 00099032 “Constitutional Review Support” – Output no. 00108659 was not audited in the prior year and therefore no recommendations to follow up on.

We conducted a combined financial audit and an audit of internal controls and systems of the project. Based on our assessment, the internal controls and systems of the project was **partially satisfactory**, which means that the assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.

KPMG SA

Pierre-Henri Pingeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 29 July 2019



## **Audit Objectives and Scope**

### **A. Financial Audit**

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

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2018 as well as the Fund Utilization statement, the accounts receivable and the accounts payable as at 31 December 2018 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. The Combined Delivery Report (CDR) and the accompanying Funds Utilization statement are the mandatory and official Statements. Other forms of Statements of expenses that may be prepared by a project office are not accepted.
- 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 2018. This Statement must include all assets available as at 31 December 2018 and not only those purchased in a given period. The opinion is rendered on the Net Book value balance of the Assets. 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 2018. Disbursements made against a DIM project are usually financed from regular country office bank accounts. Exceptionally, a dedicated account may be opened and used solely for the cash transactions of a DIM project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash only where a dedicated bank account for the DIM project has been established. 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.
- As maybe applicable, providing the progress made in implementing the recommendations raised in previous year audit report.

The Financial Audit was conducted in accordance with the International Standards of Auditing (ISA), the 700 series.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project, between 1 January and 31 December 2018. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of "responsible parties" or other UN agencies, 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.



## **B. Audit of internal controls and systems of the project**

In addition, we conducted the necessary audit steps to cover the project's internal controls and systems in order to assess:

- Reliability and integrity of project financial and operational information;
- Effectiveness and efficiency of project operations;
- Safeguarding of project assets;
- Compliance with legislative mandates, regulations and rules, policies and procedures, as well as donor agreements.

Specifically, we assessed the internal controls with regard to the audited project in the following areas:

- (i) **Organization and Staffing:** Assess the overall project structure for effective work flows and management arrangements, including assignment of authority, accountability and responsibility to staff.
- (ii) **Programme and project management:** Assess the management aspects in terms of approval of the project, financial management of project funds, and monitoring of implementation towards achievement of project objectives. This includes reporting to the, Steering Committee, Project Board and/or Donors.
- (iii) **Human Resources:** Assess competitiveness and transparency of the recruitment process; and effectiveness of the management of project personnel, including contract administration, performance evaluation and payment of salaries and allowances.
- (iv) **Finance:** Assess the compliance with UNDP policies with respect to the safe custody and adequate management of cash, commitment of expenditures against approved budget, disbursement or payments against liabilities and cash advances to field offices, project staff, etc.
- (v) **Procurement:** Assess whether goods, services and civil works for the project are procured competitively and in a transparent manner in accordance with UNDP policies and procedures. This includes management of obligations and appropriate assessment of goods or services delivered and monitoring performance of the contractors, before payment.
- (vi) **Asset Management:** Assess whether project assets are adequately recorded, safeguarded, monitored, including periodic physical verification of their use and existence.
- (vii) **Cash Management:** Review the safeguarding of all cash (including bank accounts) held separately for the purposes of the project either in the UNDP country office or at the project field offices, including cash held as advances or imprest in any sub-office or field office.
- (viii) **Information Systems:** Assess the efficiency and security of the information systems established and maintained from project funds and their adequacy to meet the management and reporting requirements of the projects.
- (ix) **General Administration:** These include areas of operations not specifically covered above and for which expenses are charged to the project covering such areas as: travel of project staff, use and maintenance of project vehicles, lease and maintenance of office premises.
- (x) **Follow-up on previous audits:** As may be applicable, assess the status of implementation of the previous year's audit recommendations.



**KPMG SA**  
**Audit Western Switzerland**  
111 Rue de Lyon  
CH-1203 Geneva

PO Box 347  
CH-1211 Geneva 13

T +41 58 249 25 15  
E infogeneva@kpmg.com

## **A. Financial Audit**

### **Independent Auditors' Report**

Opinion on Financial Position

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

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We have audited the financial position of the UNDP Project ID 00099032 – Output no. 00108659 “Constitutional Review Support” for the period from 1 January to 31 December 2018 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.

The CDR expenditure totaling USD 4,436,507.82, is comprised of expenditure directly incurred by the UNDP Country Office in Somalia for an amount of USD 3,534,623.73 and expenditure incurred by entities other than the Country Office for an amount of USD 901'884.09. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Somalia of USD 3,534,623.73.

### **Unmodified Opinion**

In our opinion, the attached CDR and the Funds Utilization statement presents fairly, in all material respects, the expenses of USD 3,534,623.73 directly incurred by the UNDP Country Office in Somalia and charged to the project for the period from 1 January to 31 December 2018 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 (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the CDR and Funds Utilization section of our 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 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 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.

KPMG SA

Pierre-Henri Pingeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 29 July 2019



**KPMG SA**  
**Audit Western Switzerland**  
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## **Independent Auditors' Report**

### Opinion on Statement of Fixed Assets

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

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We have audited the accompanying Statement of Fixed Assets of the UNDP Project ID 00099032 "Constitutional Review Support" - Output no. 00108659 as at 31 December 2018.

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the Basis for opinion section of our report, the accompanying statement of fixed assets does not present fairly the assets status of the UNDP Project ID 00099032 with a Net Book Value amounting to USD 24,558.43 as at 31 December 2018 in accordance with UNDP accounting policies.

### **Basis for adverse opinion**

Based on our audit procedures, we identified assets that were reported on the fixed asset register that had been previously been transferred to implementing partners (IPs) for their use in the prior year. The resulting impact was a material overstatement in the amount of USD 6,791.57 that represented approximately 28% of the Statement of Fixed Assets Net Book Value as at 31 December 2018.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the statement of fixed assets. 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 for the audit**

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 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 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.

KPMG SA

Pierre-Henri Pingeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 29 July 2019



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**Audit Western Switzerland**  
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 CH-1203 Geneva

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**B. Audit of internal control and systems of the project**

**Independent Auditors' Report**

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

Results of the project's internal control and systems assessment.

Specifically, the following internal controls were assessed with regard to the audited project in the following areas:

Terms of reference	Conclusion	Reference
Organization and Staffing	Satisfactory	Not applicable
Programme and project management	Satisfactory	Not applicable
Human Resources	Satisfactory	Not applicable
Finance	Satisfactory	Not applicable
Procurement	Satisfactory	Not applicable
Asset Management	Unsatisfactory	See opinion and management letter
Cash Management	Satisfactory	Not applicable
Information Systems	Satisfactory	Not applicable
General Administration	Satisfactory	Not applicable
Follow-up on previous audits	Not Applicable	Not applicable

KPMG SA

Pierre-Henri Pingeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 29 July 2019

**Annexes:**

Annex 1: Combined Delivery Report and Funds Utilization Statement – Output no. 00108659 (USD)



**Selection Criteria :**

Business Unit : SOM10  
Period : Jan-Dec (2018)  
Selected Project Id : 00099032  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : ALL

Project Id : 00099032	Constitutional Review Support	Period :	Jan-Dec (2018)
Output # : 00108659	Constitution Review Support	Impl. Partner :	02834 United Nations Development P
		Location :	
		Govt Exp	UNDP Exp
		UN Agencies Exp	Total Exp

Dept: 46801 (Somalia - Central)

Fund : 04000 (Core Programme, UNU Centre)

61305 - Salaries - IP Staff	0.00	0.00	0.00	0.00
61310 - Post Adjustment - IP Staff	0.00	0.00	0.00	0.00
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	0.00	0.00	0.00
62315 - Contrib. to medical, social in	0.00	0.00	0.00	0.00
62320 - Mobility, Hardship, Non-remova	0.00	0.00	0.00	0.00
62335 - Hazard Duty Station Allow-IP	0.00	0.00	0.00	0.00
62340 - Annual Leave Expense - IP	0.00	-452.13	0.00	-452.13
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	0.00	0.00	0.00
63350 - Reimb of Income Tax-IP Staff	0.00	0.00	0.00	0.00
63365 - Special Oper Living Allow-IP	0.00	0.00	0.00	0.00
63530 - Contribution to EOS Benefits	0.00	0.00	0.00	0.00
63535 - Contribution to Security	0.00	0.00	0.00	0.00
63540 - Contribution to Training	0.00	0.00	0.00	0.00
63545 - Contribution to ICT	0.00	0.00	0.00	0.00
63550 - Contributions to MAIP	0.00	0.00	0.00	0.00
63555 - Contribution to UN JFA	0.00	0.00	0.00	0.00
63560 - Contributions to Appendix D	0.00	0.00	0.00	0.00
64310 - Separations - IP Staff	0.00	0.00	0.00	0.00
64397 - Services to projects -CO staff	0.00	27.15	0.00	27.15
65115 - Contributions to ASHI Reserve	0.00	0.00	0.00	0.00
65135 - Payroll Mgt Cost Recovery ATLA	0.00	0.00	0.00	0.00
71205 - Intl Consultants-Sht Term-Tech	0.00	4,896.58	0.00	4,896.58
71510 - UNV Settling-In-Grant	0.00	4,453.12	0.00	4,453.12
71635 - Travel - Other	0.00	1,340.00	0.00	1,340.00
72215 - Transportation Equipment	0.00	1,770.00	0.00	1,770.00
72415 - Courier Charges	0.00	49.39	0.00	49.39
72425 - Mobile Telephone Charges	0.00	-5.47	0.00	-5.47
74510 - Bank Charges	0.00	1,736.00	0.00	1,736.00
74596 - Services to projects -GOE	0.00	11.64	0.00	11.64
74725 - Other L.T.S.H.	0.00	881.44	0.00	881.44
75705 - Learning costs	0.00	400.00	0.00	400.00
76125 - Realized Loss	0.00	0.00	0.00	0.00
76135 - Realized Gain	0.00	0.00	0.00	0.00
<b>Total for Fund 04000</b>	<b>0.00</b>	<b>15,107.72</b>	<b>0.00</b>	<b>15,107.72</b>

Fund : 30000 (PROGRAMME COST SHARING)

61305 - Salaries - IP Staff	0.00	118,992.52	0.00	118,992.52
61310 - Post Adjustment - IP Staff	0.00	44,800.37	0.00	44,800.37
62305 - Dependency Allowances-IP Staff	0.00	6,365.07	0.00	6,365.07
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	39,930.89	0.00	39,930.89
62315 - Contrib. to medical, social in	0.00	1,117.26	0.00	1,117.26
62320 - Mobility, Hardship, Non-remova	0.00	36,918.29	0.00	36,918.29





**Combined Delivery Report By Project**

<b>Project Id : 00099032 Constitutional Review Support</b>	<b>Period :</b>	<b>Jan-Dec (2018)</b>
<b>Output # : 00108659 Constitution Review Support</b>	<b>Impl. Partner :</b>	<b>02834 United Nations Development P</b>
	<b>Location :</b>	

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
<b>Dept: 46823 (North West Somalia)</b>				
<b>Fund : 04000 (Core Programme, UNU Centre)</b>				
72440 - Connectivity Charges	0.00	175.00	0.00	175.00
74510 - Bank Charges	0.00	2.63	0.00	2.63
<b>Total for Fund 04000</b>	<b>0.00</b>	<b>177.63</b>	<b>0.00</b>	<b>177.63</b>
<b>Fund : 30000 (PROGRAMME COST SHARING)</b>				
71620 - Daily Subsistence Allow-Local	0.00	1,415.80	0.00	1,415.80
74510 - Bank Charges	0.00	21.24	0.00	21.24
75105 - Facilities & Admin - Implement	0.00	100.59	0.00	100.59
<b>Total for Fund 30000</b>	<b>0.00</b>	<b>1,537.63</b>	<b>0.00</b>	<b>1,537.63</b>
<b>Total for Dept : 46823</b>	<b>0.00</b>	<b>1,715.26</b>	<b>0.00</b>	<b>1,715.26</b>
<b>Dept: 46824 (North East Somalia)</b>				
<b>Fund : 04000 (Core Programme, UNU Centre)</b>				
72425 - Mobile Telephone Charges	0.00	160.00	0.00	160.00
72435 - E-mail-Subscription	0.00	160.00	0.00	160.00
74510 - Bank Charges	0.00	4.80	0.00	4.80
<b>Total for Fund 04000</b>	<b>0.00</b>	<b>324.80</b>	<b>0.00</b>	<b>324.80</b>
<b>Fund : 30000 (PROGRAMME COST SHARING)</b>				
71620 - Daily Subsistence Allow-Local	0.00	666.00	0.00	666.00
71810 - Contractual Svcs-indiv ImpPtr	0.00	24,850.00	0.00	24,850.00
72215 - Transporation Equipment	0.00	290.00	0.00	290.00
72220 - Furniture	6,220.00	0.00	0.00	6,220.00
72435 - E-mail-Subscription	0.00	240.00	0.00	240.00
72440 - Connectivity Charges	600.00	0.00	0.00	600.00
72505 - Stationery & other Office Supp	1,000.00	0.00	0.00	1,000.00
73440 - Lease Heavy equip/other equip	1,950.00	0.00	0.00	1,950.00
74510 - Bank Charges	0.00	858.54	0.00	858.54
75105 - Facilities & Admin - Implement	0.00	4,102.32	0.00	4,102.32
75709 - Learning - training of counter	17,290.00	0.00	0.00	17,290.00
75711 - TrnWrkshp&Conf - Stipends	4,640.00	0.00	0.00	4,640.00
<b>Total for Fund 30000</b>	<b>31,700.00</b>	<b>31,006.86</b>	<b>0.00</b>	<b>62,706.86</b>
<b>Total for Dept : 46824</b>	<b>31,700.00</b>	<b>31,331.66</b>	<b>0.00</b>	<b>63,031.66</b>
<b>Dept: 46825 (South Central Somalia)</b>				
<b>Fund : 04000 (Core Programme, UNU Centre)</b>				

**KPMG**  
INITIALED FOR IDENTIFICATION  
PURPOSES ONLY



Combined Delivery Report By Project

<b>Project Id : 00099032 Constitutional Review Support</b>	<b>Period :</b>	<b>Jan-Dec (2018)</b>		
<b>Output # : 00108659 Constitution Review Support</b>	<b>Impl. Partner :</b>	<b>02834 United Nations Development P</b>		
	<b>Location :</b>			
	<b>Govt Exp</b>	<b>UNDP Exp</b>	<b>UN Agencies Exp</b>	<b>Total Exp</b>

62335 - Hazard Duty Station Allow-IP	0.00	0.00	0.00	0.00
71205 - Intl Consultants-Sht Term-Tech	0.00	- 4,896.58	0.00	- 4,896.58
71405 - Service Contracts-Individuals	0.00	- 5,386.05	0.00	- 5,386.05
71410 - MAIP Premium SC	0.00	- 3.60	0.00	- 3.60
71415 - Contribution to Security SC	0.00	- 223.95	0.00	- 223.95
71505 - UN Volunteers-Stipend & Allow	0.00	0.00	0.00	0.00
71510 - UNV Settling-In-Grant	0.00	- 4,453.12	0.00	- 4,453.12
71520 - UNV-Language Allowance	0.00	0.00	0.00	0.00
71525 - UNV-Hazard Pay	0.00	0.00	0.00	0.00
71530 - UNV-Rest and Recuperation	0.00	0.00	0.00	0.00
71535 - UNV-Medical Insurance	0.00	0.00	0.00	0.00
71540 - UNV-Global Charges	0.00	0.00	0.00	0.00
71541 - UNVs-Contribution to security	0.00	0.00	0.00	0.00
71545 - UNV-Home Leave Travel & Allowa	0.00	0.00	0.00	0.00
71550 - UNV-Resettlement Allowance	0.00	0.00	0.00	0.00
71560 - UNV-Intl Appoint/Sep incl Trvl	0.00	0.00	0.00	0.00
71590 - UNV Development Effectiveness	0.00	0.00	0.00	0.00
71610 - Travel Tickets-Local	0.00	655.81	0.00	655.81
71620 - Daily Subsistence Allow-Local	0.00	834.00	0.00	834.00
71635 - Travel - Other	0.00	- 1,246.00	0.00	- 1,246.00
71810 - Contractual Svcs-indiv ImpPtr	0.00	8,200.00	0.00	8,200.00
72215 - Transportation Equipment	0.00	- 1,770.00	0.00	- 1,770.00
72425 - Mobile Telephone Charges	0.00	1,189.72	0.00	1,189.72
72440 - Connectivity Charges	0.00	80.00	0.00	80.00
72505 - Stationery & other Office Supp	0.00	0.00	0.00	0.00
73125 - Common Services-Premises	0.00	0.00	0.00	0.00
73420 - Leased Vehicles	0.00	0.00	0.00	0.00
74510 - Bank Charges	0.00	2,519.17	0.00	2,519.17
75708 - Learning - subcontracts	0.00	0.00	0.00	0.00
75709 - Learning - training of counter	0.00	34,857.51	0.00	34,857.51
75710 - Participation of counterparts	38,845.00	- 47,810.00	0.00	- 8,965.00
<b>Total for Fund 04000</b>	<b>38,845.00</b>	<b>- 17,453.09</b>	<b>0.00</b>	<b>21,391.91</b>

**Fund : 30000 (PROGRAMME COST SHARING)**

62335 - Hazard Duty Station Allow-IP	0.00	11,695.35	0.00	11,695.35
63340 - Proc trips/Rest & Recup-IP Stf	0.00	3,939.35	0.00	3,939.35
71205 - Intl Consultants-Sht Term-Tech	0.00	139,294.08	0.00	139,294.08
71305 - Local Consult.-Sht Term-Tech	0.00	13,945.10	0.00	13,945.10
71360 - Local Consult-Security	0.00	163.10	0.00	163.10
71405 - Service Contracts-Individuals	0.00	166,559.77	0.00	166,559.77
71410 - MAIP Premium SC	0.00	120.59	0.00	120.59
71415 - Contribution to Security SC	0.00	7,858.73	0.00	7,858.73
71505 - UN Volunteers-Stipend & Allow	0.00	31,823.42	0.00	31,823.42
71510 - UNV Settling-In-Grant	0.00	4,453.12	0.00	4,453.12
71520 - UNV-Language Allowance	0.00	600.00	0.00	600.00
71525 - UNV-Hazard Pay	0.00	12,000.00	0.00	12,000.00
71530 - UNV-Rest and Recuperation	0.00	10,419.01	0.00	10,419.01
71535 - UNV-Medical Insurance	0.00	1,663.44	0.00	1,663.44
71540 - UNV-Global Charges	0.00	1,899.28	0.00	1,899.28
71541 - UNVs-Contribution to security	0.00	1,651.44	0.00	1,651.44
71545 - UNV-Home Leave Travel & Allowa	0.00	102.00	0.00	102.00



**Combined Delivery Report By Project**

<b>Project Id : 00099032 Constitutional Review Support</b>	<b>Period :</b>	<b>Jan-Dec (2018)</b>
<b>Output # : 00108659 Constitution Review Support</b>	<b>Impl. Partner :</b>	<b>02834 United Nations Development P</b>
	<b>Location :</b>	

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71550 - UNV-Resettlement Allowance	0.00	2,400.00	0.00	2,400.00
71560 - UNV-Intl Appoint/Sep incl Trvl	0.00	1,900.00	0.00	1,900.00
71590 - UNV Development Effectiveness	0.00	7,188.00	0.00	7,188.00
71610 - Travel Tickets-Local	0.00	120,999.19	0.00	120,999.19
71620 - Daily Subsistence Allow-Local	0.00	9,481.46	0.00	9,481.46
71630 - Shipment	0.00	9,079.00	0.00	9,079.00
71635 - Travel - Other	0.00	1,400.00	0.00	1,400.00
71810 - Contractual Svcs-indiv ImpPtr	1,000.00	300,349.50	0.00	301,349.50
72120 - Svc Co-Trade and Business Serv	0.00	371.00	0.00	371.00
72125 - Svc Co-Studies & Research Serv	0.00	7,965.00	0.00	7,965.00
72215 - Transportation Equipment	0.00	25,690.00	0.00	25,690.00
72220 - Furniture	0.00	88,614.32	0.00	88,614.32
72399 - Other Materials and Goods	0.00	2,871.50	0.00	2,871.50
72405 - Acquisition of Communic Equip	0.00	87,752.40	0.00	87,752.40
72410 - Acquisition of Audio Visual Eq	0.00	3,547.50	0.00	3,547.50
72425 - Mobile Telephone Charges	2,360.00	13,847.20	0.00	16,207.20
72440 - Connectivity Charges	0.00	46,200.00	0.00	46,200.00
72505 - Stationery & other Office Supp	1,890.00	47,382.00	0.00	49,272.00
72515 - Print Media	750.00	1,980.00	0.00	2,730.00
72520 - Electronic Media	0.00	1,125.00	0.00	1,125.00
72605 - Grants to Instit & other Benef	0.00	0.00	0.00	0.00
72805 - Acquis of Computer Hardware	0.00	31,491.90	0.00	31,491.90
72815 - Inform Technology Supplies	0.00	891.00	0.00	891.00
73120 - Utilities	0.00	135.00	0.00	135.00
73125 - Common Services-Premises	0.00	30,000.00	0.00	30,000.00
73216 - Construction Cost	0.00	201,102.06	0.00	201,102.06
73410 - Maint, Oper of Transport Equip	0.00	5,850.00	0.00	5,850.00
73420 - Leased Vehicles	6,320.00	88,625.00	0.00	94,945.00
74120 - Capacity Assessment	0.00	4,931.00	0.00	4,931.00
74205 - Audio Visual Productions	0.00	46,965.00	0.00	46,965.00
74210 - Printing and Publications	0.00	8,034.00	0.00	8,034.00
74510 - Bank Charges	0.00	28,191.99	0.00	28,191.99
74725 - Other L.T.S.H.	0.00	50,450.00	0.00	50,450.00
75105 - Facilities & Admin - Implement	0.00	191,425.15	0.00	191,425.15
75705 - Learning costs	186.00	0.00	0.00	186.00
75706 - Learning - ticket costs	400.00	139,196.00	0.00	139,596.00
75708 - Learning - subcontracts	9,226.00	17,310.00	0.00	26,536.00
75709 - Learning - training of counter	35,078.00	171,964.69	0.00	207,042.69
75710 - Participation of counterparts	202,270.00	424,861.00	0.00	627,131.00
75711 - TrnWrkshp&Conf - Stipends	7,500.00	24,860.00	0.00	32,360.00
77630 - Dep Exp Owned - ITC	0.00	4,475.34	0.00	4,475.34
<b>Total for Fund 30000</b>	<b>266,980.00</b>	<b>2,659,089.98</b>	<b>0.00</b>	<b>2,926,069.98</b>
<b>Total for Dept : 46825</b>	<b>305,825.00</b>	<b>2,641,636.89</b>	<b>0.00</b>	<b>2,947,461.89</b>
<b>Total for Output : 00108659</b>	<b>337,525.00</b>	<b>4,098,982.82</b>	<b>0.00</b>	<b>4,436,507.82</b>
<b>Project Total :</b>	<b>337,525.00</b>	<b>4,098,982.82</b>	<b>0.00</b>	<b>4,436,507.82</b>

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

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



Pierre-Henri Pingeon, Partner  
KPMG SA, Geneva  
29 July 2019

Henri Mwaniki, Senior Manager  
KPMG SA, Geneva  
29 July 2019

**Combined Delivery Report By Project**

UN Development Programme  
Report ID: ungrkdrp

Page 5 of 7  
Run Time: 20 07-2019 09 02:59

Project ID: 00098632 Constitutional Review Support	Period: Jan-Dec (2018)
Output #: 00108659 Constitution Review Support	Impl. Partner: 62834 United Nations Development P
	Location:

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71530 - UNV Rescission Allowance	0.00	2,400.00	0.00	2,400.00
71560 - UNV-Intl Appoint/Sep incl Trvl	0.00	1,900.00	0.00	1,900.00
71590 - UNV Development Effectiveness	0.00	7,188.00	0.00	7,188.00
71610 - Travel Tickets Local	0.00	120,999.19	0.00	120,999.19
71670 - Daily Subsistence Allow-Local	0.00	9,481.46	0.00	9,481.46
71690 - Shipment	0.00	3,079.00	0.00	3,079.00
71635 - Travel - Other	0.00	1,400.00	0.00	1,400.00
71810 - Contractual Svcs-indiv ImpPtnr	1,000.00	300,349.50	0.00	301,349.50
72130 - Svc Co-Trade and Business Serv	0.00	371.00	0.00	371.00
72125 - Svc Co-Studies & Research Serv	0.00	7,965.00	0.00	7,965.00
72215 - Transportation Equipment	0.00	25,690.00	0.00	25,690.00
72220 - Furniture	0.00	88,614.32	0.00	88,614.32
72399 - Other Materials and Goods	0.00	2,871.50	0.00	2,871.50
72405 - Acquisition of Communic Equip	0.00	87,752.40	0.00	87,752.40
72410 - Acquisition of Audio Visual Eq	0.00	3,547.50	0.00	3,547.50
72425 - Mobile Telephone Charges	2,360.00	13,847.20	0.00	16,207.20
72440 - Connectivity Charges	0.00	46,200.00	0.00	46,200.00
72505 - Stationary & other Office Supp	1,890.00	47,382.00	0.00	49,272.00
72515 - Print Media	750.00	1,990.00	0.00	2,740.00
72520 - Electronic Media	0.00	1,125.00	0.00	1,125.00
72605 - Grants to Instt & other Benef	0.00	0.00	0.00	0.00
72805 - Acquis of Computer Hardware	0.00	31,491.90	0.00	31,491.90
72815 - Inform Technology Supplies	0.00	891.00	0.00	891.00
73120 - Utilities	0.00	135.00	0.00	135.00
73125 - Common Services-Premises	0.00	30,000.00	0.00	30,000.00
73216 - Construction Cost	0.00	201,102.06	0.00	201,102.06
73410 - Maint. Oper of Transport Equip	0.00	5,850.00	0.00	5,850.00
73420 - Leased Vehicles	6,320.00	86,625.00	0.00	92,945.00
74120 - Capacity Assessment	0.00	4,931.00	0.00	4,931.00
74205 - Audio Visual Productions	0.00	46,965.00	0.00	46,965.00
74210 - Printing and Publications	0.00	8,034.00	0.00	8,034.00
74510 - Bank Charges	0.00	28,191.99	0.00	28,191.99
74725 - Other L.T.S.H.	0.00	50,450.00	0.00	50,450.00
75105 - Facilities & Admin - Implement	0.00	191,425.15	0.00	191,425.15
75705 - Learning costs	186.00	0.00	0.00	186.00
75706 - Learning - ticket costs	400.00	139,396.00	0.00	139,396.00
75708 - Learning - subcontracts	9,226.00	17,310.00	0.00	26,536.00
75709 - Learning - training of counter	35,078.00	171,964.59	0.00	207,042.59
75710 - Participation of counterparts	202,270.00	424,861.00	0.00	627,131.00
75711 - TrnWrkshp&Conf - Stipends	7,500.00	24,860.00	0.00	32,360.00
77630 - Dep Exp Owned - ITC	0.00	4,475.54	0.00	4,475.54
<b>Total for Fund 30000</b>	<b>266,980.00</b>	<b>2,659,089.88</b>	<b>0.00</b>	<b>2,926,069.88</b>
<b>Total for Dept: 46825</b>	<b>305,825.00</b>	<b>2,641,636.89</b>	<b>0.00</b>	<b>2,947,461.89</b>
<b>Total for Output: 00108659</b>	<b>337,525.00</b>	<b>4,098,982.82</b>	<b>0.00</b>	<b>4,436,507.82</b>
<b>Object Total:</b>	<b>337,525.00</b>	<b>4,098,982.82</b>	<b>0.00</b>	<b>4,436,507.82</b>

*Mahid Hussein*

Prepared By: Nahid Hussein

DRRa-i-IP

Date: 21.07.19



Prepared By:

*George Conway*

George Conway  
Resident Representative

*Safwan E. Ousro-Doni*

*Safwan E. Ousro-Doni*

RESIDENT REPRESENTATIVE





Combined Delivery Report By Project

**Selection Criteria :**

Business Unit : SOM10  
Period : Jan-Dec (2018)  
Selected Project Id : 00099032  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : ALL

Project Id : ALL	Period : Jan-Dec (2018)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
46801 - Somalia - Central	0.00	1,417,782.71	0.00	1,417,782.71
46810 - Somalia - Finance	0.00	6,516.30	0.00	6,516.30
46823 - North West Somalia	0.00	1,715.26	0.00	1,715.26
46824 - North East Somalia	31,700.00	31,331.66	0.00	63,031.66
46825 - South Central Somalia	305,825.00	2,641,636.89	0.00	2,947,461.89



Funds Utilization

**Selection Criteria :**

Business Unit : SOM10  
Period : Jan-Dec (2018)  
Selected Project Id : 00099032  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : ALL

Project/Award: 00099032 Constitutional Review Support

Period : As at Dec 31, 2018

Output #	00108659	Impl. Partner :02834 United Nations Development P	UNDP AMOUNT
Outstanding NEX advances			565.00
Undepreciated Fixed Assets			24,558.43
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			91,390.47

Annex 2: Statement of Fixed Assets

AM In Service Report

UN Development Page 1 of 12  
 Report ID: UNAM600 Run Time: 20-02-2019 09:02:58  
 Business U SOM10 Country: Department: Category: In Service

Operating ISOM	Business ur Operating	Asset ID	Profile ID	Description	Impl Agenc Donor:
SOM10	SOM	000000002803	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000002804	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000002805	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000002808	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000002809	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000002810	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000002812	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000002815	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000002816	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000002817	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000002818	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000002820	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000003697	ITC1	A Notebook computers	ITC1
SOM10	SOM	000000003794	ITC4	A Computer printers	ITC4
SOM10	SOM	000000003795	ITC4	A Computer printers	ITC4
SOM10	SOM	000000003918	ITC4	A Computer printers	ITC4
SOM10	SOM	000000003979	ITC1	A Notebook computers	ITC1

Project Type:	Amount	Profile ID:
All	>=	
Project:		
Serial Num Model		
892NPF12		SOMHAR1100
CSMMWF12		SOMMOGI1100
DGNMWF12		SOMMOGI1100
8WNMWF12		SOMMOGI1100
JXNMWF12		SOMMOGI1100
82PMWF12		SOMMOGI1100
36PMWF12		SOMMOGI1100
6NNMWF12		SOMMOGI1100
GVNMWF12		SOMGAR1100
42PMWF12		SOMMOGI1100
58PMWF12		SOMMRB6112
103461		SOMMOGI1100
FSPKPC2		SOMMOGI1100
A789021002239		SOMMOGI1100
A789021002254		SOMMOGI1100
A789021004972		SOMMOGI1100
000000003979		SOM10

Location	Acquisition Date	In Service Date	Cost, USD	Net Book Vali	Quantity	Department/ Impl	Agenc Donor	Project	Fund code
SOMHAR1100	9/4/2014	9/4/2014	1,990.00	912.08	1	46825	001981	12269	00108659 30000
SOMMOGI1100	9/4/2014	9/4/2014	1,990.00	912.08	1	46825	001981	12269	00108659 30000
SOMMOGI1100	9/4/2014	9/4/2014	1,990.00	912.08	1	46825	001981	12269	00108659 30000
SOMMOGI1100	9/4/2014	9/4/2014	1,990.00	912.08	1	46825	001981	12269	00108659 30000
SOMMOGI1100	9/4/2014	9/4/2014	1,990.00	912.08	1	46825	001981	12269	00108659 30000
SOMMOGI1100	9/4/2014	9/4/2014	1,990.00	912.08	1	46825	001981	12269	00108659 30000
SOMGAR1100	9/4/2014	9/4/2014	1,990.00	912.08	1	46825	001981	12269	00108659 30000
SOMMOGI1100	9/4/2014	9/4/2014	1,990.00	912.08	1	46825	001981	12269	00108659 30000
SOMMRB6112	9/4/2014	9/4/2014	1,990.00	912.08	1	46825	001981	12269	00108659 30000
SOMMOGI1100	9/4/2014	9/4/2014	1,990.00	912.08	1	46825	001981	12269	00108659 30000
SOMMOGI1100	9/6/2016	9/6/2016	1,877.00	1,329.54	1	46825	001981	12269	00108659 30000
SOMMOGI1100	1/3/2017	1/3/2017	4,244.73	3,395.79	1	46825	001981	12269	00108659 30000
SOMMOGI1100	1/3/2017	1/3/2017	4,244.73	3,395.79	1	46825	001981	12269	00108659 30000
SOMMOGI1100	2/8/2018	2/8/2018	4,250.12	3,860.53	1	46825	001981	12269	00108659 30000
SOMMOGI1100	12/27/2018	12/27/2018	1,649.00	1,631.82	1	46825	001981	12269	00108659 30000
									24,558.43

Location - GAR - Means Garowe, Somalia  
 MOG means Mogadishu, Somalia  
 HAR means - Hargeisa, Somalia

NAME:

SIGNATURE:

Digitally signed by Ifran Mahmood  
 DN: cn=Ifran Mahmood,  
 o=UNDP, ou=Inclusive  
 Politics,  
 email=ifran.mahmood@undp  
 .org, c=SO  
 Date: 2019.04.29 16:09:31  
 +03'00'



*Handwritten signatures and notes:*  
 Ifran Mahmood  
 Operations Specialist  
 Inclusive Politics Portfolio

*Handwritten signature*

Pierre-Henri Pingeon, Partner  
 KPMG SA, Geneva  
 29 July 2019

Henri Mwaniki, Senior Manager  
 KPMG SA, Geneva  
 29 July 2019



Annex 3: Management letter



**United Nations Development Programme  
(UNDP) Somalia**

**Management Letter**

For the period 1 January 2018 to 31 December 2018



**KPMG SA**  
**Audit Western Switzerland**  
111 Rue de Lyon  
CH-1203 Geneva

PO Box 347  
CH-1211 Geneva 13

T +41 58 249 25 15  
E infogeneva@kpmg.com

## Management Letter

**To:** National Project Director and Resident Representative

**Audited Projects:** “Constitutional Review Support - Output no. 00108659”.

**Period covered by the audited CDR:** 1 January 2018 to 31 December 2018

**Project ID:** 00099032

**Location:** Mogadishu, Somalia

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We noted the following finding in relation to the project as a result of our audit. There were no findings presented for the prior year.

### Finding 1: Inaccurate presentation of assets

#### Observation

Per UNDPs Programme and Operations Policies and Procedures (POPP), Property, Plant and Equipment (PP&E), clause 13, *“In determining whether or not an asset should be recorded in UNDP’s books, the substance of the transaction needs to be considered. For example, if UNDP hands over a vehicle to an implementing partner that has total “use and control” over the asset but nevertheless retains the vehicle title in UNDP’s name, then the vehicle should not be recorded in UNDP’s books as UNDP does not manage this vehicle on a daily basis nor does it have control over how it is used”*.

Based on our audit procedures, we identified two assets that had been transferred to the Implementing Partner on 13 March 2017 but which were included in the fixed asset register in Atlas at 31 December 2018. The assets in question were, asset ID 3794 - Computer printers; Serial No:-A789021002239 and Asset ID 3795 - Computer printers; Serial No:-A789021002254 both with a NBV amount of USD 3,395.78.

As per the UNDP POPP on Furniture and Equipment Asset Disposals section 1b –“should the donated asset have a NBV, then the remaining NBV will be absorbed by the transferring out project as a transfer expense on disposal by donation”

The resulting impact of the finding above was a material overstatement totalling US\$ 6,791.57 that represented approximately 28% of the Statement of Fixed Assets Net Book Value as at 31 December 2018. On the CDR, the resulting impact was an overstatement of the depreciation balance in the amount of USD 848.95 for the same period.

The finding above would have been mitigated had management performed a robust reconciliation exercise over their asset with regards to use and control in compliance with the POPPs.

#### Priority

High

### Recommendation

In complying with UNDP's Property, Plant and Equipment (PP&E) policies and procedures, we recommend that UNDP Somalia put in place robust control measures pertaining to the review and approval of the fixed asset register in ATLAS and ensure only assets meeting the "use and control" principle are recorded in the project's asset records in Atlas.

Moreover, we recommend that if project assets are donated to the Government or Implementing Partners at the end or during the project implementation period when beneficial for achieving the goals of the project and UNDP has the agreement of the Donor/s of the project, then such assets should be disposed from ATLAS in compliance with UNDP's policies specifically:

- a. A letter of request from the receiving organization on letterhead paper should be obtained;
- b. Obtain approval from the relevant procurement committees depending on the NBV threshold;
- c. Sanitize the computers / laptops of UNDP data, and ensure they are working properly;
- d. Deliver the computers / laptops or have them picked up by the receiving organization; and
- e. Once the asset has been physically removed from the premises, it should be immediately retired in Atlas by submitting the appropriate forms to the UNDP Global Shared Services Center (GSSC) based in Malaysia

### Management comments and action plan

The two assets were never under use and control of UNDP; they were procured of behalf of Implementing Partner (IP). UNDP transferred ownership to IP through Transfer of Title (ToT). However, since a wrong catalogue was used when procuring, it resulted to the assets being capitalized in UNDP In Service Report (ISR).

### Auditor's reponse

N/A.

KPMG SA



Pierre-Henri Pingeon  
*Partner*



Henri Mwaniki  
*Senior Manager*

Geneva, 29 July 2019

Annex 4: Definitions of Standard Audit Ratings to audit reports covering the audit of internal controls and systems.

## Annex IV

### Definition of Standard Audit Ratings to audit report covering the audit of internal controls and systems (long form management letter)

- **Satisfactory**                      The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory /  
Some Improvement  
Needed**                              The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory /  
Major Improvement  
Needed**                              The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
- **Unsatisfactory**                      The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.