



**AUDIT**

**OF**

**SOMALIA MULTI WINDOW TRUST FUND**  
**(Directly Implemented Award Project No.113178, Output No.111465)**

**IMPLEMENTED BY THE**

**UNITED NATIONS CAPITAL DEVELOPMENT FUND**

**Report No. 2509**  
**Issue Date: 23 August 2022**

## Report on the Audit of Somalia Multi Window Trust Fund (Project No.113178, Output No. 111465) Executive Summary

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn LLP (the audit firm), from 6 to 15 June 2022, conducted an audit of Somalia Multi Window Trust Fund (Project No.113178, Output No. 111465) (the Project), which is directly implemented and managed by the United Nations Capital Development Fund. The last audit of the Project was conducted by OAI, through PKF Littlejohn LLP in 2021 and covered project expenses from 1 January to 31 December 2020.

The audit firm conducted a financial audit in accordance with the International Standards of Auditing (ISA), the 700 series, 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 2021, the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2021. The audit did not include activities and expenses incurred or processed and approved in locations outside of the country (such as UNCDF Regional Offices and UNCDF Headquarters). The audit did not cover the statement of assets as no assets was held by the Project. In addition, 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* of the Institute of Internal Auditors (The IIA). Due to the COVID pandemic the audit was conducted remotely. These did not have an impact on the audit opinion.

### 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 Expenses*	
Amount (in \$ '000)	Opinion
4,034	Unmodified

\* Expenses recorded in the Combined Delivery Report amounted to \$4,567,654. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNCDF offices outside of the country amounting to \$533,316.

**Key recommendations:** Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is a medium (important) priority recommendation, which means, "Action is required to ensure that UNCDF is not exposed to risks. Failure to take action could result in negative consequences for UNCDF."

This recommendation includes actions to address: Non-compliance with the schedule of payments of letters of agreements signed with implementing partners.

<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.

Delay in payments may result in risk that adversely impact the capacity of the implementing partners to implement project activities as and when agreed, in a timely and efficient manner.

The recommendation aims to ensure compliance with legislative mandates, regulations and rules, policies and procedures.

**Implementation status of previous OAI audit recommendations:** Report No. 2413, issued on 20 September 2021.

Total recommendations: 1

Implemented: 1

### Management comments and action plan

The Global Advisor, UNCDF Somalia 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.



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Osttveiten  
2022.08.23  
14:53:41 -04'00'

Helge S. Osttveiten  
Director  
Office of Audit and Investigations

**AUDIT**

**OF**

**UNITED NATIONS CAPITAL DEVELOPMENT FUND  
SOMALIA**

**SOMALIA MULTI WINDOW TRUST FUND**

**(Directly Implemented Award No. 113178, Project No. 111465)**

Issue Date: 1 August 2022

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**United Nations Capital Development Fund  
(UNCDF)**

Report of the Independent Auditor on  
the United Nations Capital Development Fund  
Directly Implemented (DIM) Project –113178

Award name:	Somalia Multi Window Trust Fund
Project name:	Somalia Multi Window Trust Fund
UNCDF Country Office:	Somalia
Atlas Award ID:	113178
Atlas Project ID:	111465
Auditor:	PKF Littlejohn LLP
Period subject to audit:	1 January to 31 December 2021

## EXECUTIVE SUMMARY

PKF Littlejohn conducted the financial audit of United Nations Capital Development Fund (UNCDF) DIM Award ID 113178, Award name "Somali Multi Window Trust Fund" - Project no. 111465 implemented by UNCDF Somalia following the Direct Implementation Modality for the period from 1 January to 31 December 2021. The audit was undertaken on behalf of the Office of Audit and Investigations (OAI) United Nations Development Programme (UNDP).

The fieldwork has been completed on a remote basis from 6-15 June 2022. We confirm that the remote nature of the audit did not limit the scope of the audit in any respect.

### Audit opinions

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


Project Financial Position	Unmodified
Statement of Fixed Assets	Not applicable because the project did not maintain any fixed assets as at 31 December 2021
Statement of Cash	Not applicable because the project did not maintain a separate bank account as at 31 December 2021

### Management letter summary

There was one finding raised during our audit, which we have included under the management letter section of our report.

### Prior year audit

The Award ID 113178 "Somalia Multi Window Trust Fund" - Project ID 111465 was audited in the prior year and there was one recommendation raised which had been implemented during the year.



**PKF Littlejohn LLP**

1 August 2022

15 Westferry Circus  
Canary Wharf  
London  
E14 4HD

## 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
4,034	Unmodified	-	Not applicable

Expenses recorded in the Combined Delivery Report amounted to USD 4,567,654.27. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (USD 533,315.54). Our audit only covered the expenditure directly incurred by UNCDF Somalia Office amounting to USD 4,034,338.73.

## Management comments and action plan

Comments and/or additional information provided by the Management UNCDF Somalia has been incorporated into the report, where appropriate.



## 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 to 31 December 2021 as well as the Funds Utilization statement as at 31 December 2021 and the accounts receivable and accounts payable as at 31 December 2021 are fairly presented in accordance with UNCDF and relevant 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 UNCDF and 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 upon which the audit opinion should be expressed. Other forms of statement 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 project as at 31 December 2021. This statement must include all assets available as at 31 December 2021 and not only those purchased in a given period.
- 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 2021. Disbursements made against a 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 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 project has been established. In cases where the cash transactions of the audited project are made through the country office bank accounts this type of opinion is not required.
- As maybe applicable, provide the progress made in implementing the recommendations raised in previous year audit report.

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

The scope of the audit relates only to transactions concluded and recorded against the UNCDF project between 1 January to 31 December 2021. 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 UNCDF Regional Offices and UNCDF Headquarters and where the supporting documentation is not retained at the level of the UNCDF Office and relevant UNDP country office.

## **INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF FINANCIAL POSITION OF UNCDF AWARD ID 113178, SOMALIA MULTI WINDOW TRUST FUND**

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

We have audited the financial position of the UNCDF Award ID 113178, "Somalia Multi Window Trust Fund" Project ID 111465 titled 'Somalia Multi Window Trust Fund', for the period 1 January to 31 December 2021 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 totalling USD 4,567,654.27 is comprised of expenditure directly incurred by the UNCDF Somalia Office for an amount of USD 4,034,338.73 and expenditure incurred by entities other than the Country Office for an amount of USD 533,315.54. Our audit only covered the expenditure directly incurred by the UNCDF Somalia Office amounting to USD 4,034,338.73.

### **Unmodified opinion**

In our opinion, the attached CDRs and Funds Utilization statement present fairly, in all material respects, the expenses of USD 4,034,338.73 directly incurred by the UNCDF Somalia Office and charged to the project for the period 1 January to 31 December 2021 in accordance with UNCDF and relevant 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 UNCDF and UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

### **Basis for unmodified 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 UNCDF 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 skepticism 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.

## Other matters

Due to the on-going COVID-19 pandemic and the security situation in Somalia during which this assignment was formally launched, the fieldwork has been completed wholly on a remote basis. This has not hindered our ability to obtain the evidence necessary to complete the programme of work specified in any material way.

A handwritten signature in blue ink, reading "PKF Littlejohn LLP", with a long horizontal line underneath.

**PKF Littlejohn LLP**

1 August 2022

15 Westferry Circus  
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# COMBINED DELIVERY REPORT AND FUNDS UTILIZATION STATEMENT



UN Capital Development Fund  
Report ID: UNGL143G

## UNCDF Combined Delivery Report

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### Selection Criteria :

Business Unit: UNCDF  
Period: Jan-Dec (2021)  
Selected Award Id: ALL  
Selected Project Id: ALL

Award ID : 00113178 Somalia Multi Window Trust Fun	Period :	Jan-Dec (2021)
Project ID : 00111465 Somalia Multi Window Trust Fun	Impl. Partner :	UNCDF UNCDF
	Location :	Somalia Country office

	Prepaid DIM Exp	UNCDF Exp	Prepaid NIM Exp	Total Exp
<b>Activity : OUTPUT-4 (Strengthening LG oversight)</b>				
<b>Fund : G2802(PASS THROUGH MDTF FUNDS (AA))</b>				
71205 - Intl Consultants-Sht Term-Tech	0.00	7,240.00	0.00	7,240.00
71305 - Local Consult.-Sht Term-Tech	0.00	110,780.00	0.00	110,780.00
72630 - Capital Grants - Local GOVT	0.00	606,000.99	0.00	606,000.99
74510 - Bank Charges	0.00	11,782.80	0.00	11,782.80
75110 - Facilities & Admin - Services	0.00	52,155.18	0.00	52,155.18
75710 - Participation of counterparts	0.00	9,270.00	0.00	9,270.00
<b>Total for Fund G2802</b>	<b>0.00</b>	<b>797,228.97</b>	<b>0.00</b>	<b>797,228.97</b>
<b>Total for Activity OUTPUT-4</b>	<b>0.00</b>	<b>797,228.97</b>	<b>0.00</b>	<b>797,228.97</b>
<b>Activity : OUTPUT-5 (LDF Investment)</b>				
<b>Fund : G2802(PASS THROUGH MDTF FUNDS (AA))</b>				

72630 - Capital Grants - Local GOVT	0.00	2,697,776.48	0.00	2,697,776.48
74510 - Bank Charges	0.00	40,466.65	0.00	40,466.65
75110 - Facilities & Admin - Services	0.00	191,677.02	0.00	191,677.02
<b>Total for Fund G2802</b>	<b>0.00</b>	<b>2,929,920.15</b>	<b>0.00</b>	<b>2,929,920.15</b>
<b>Total for Activity OUTPUT-5</b>	<b>0.00</b>	<b>2,929,920.15</b>	<b>0.00</b>	<b>2,929,920.15</b>

### Activity : OUTPUT-7 (Operations and HR)

<b>Fund : G2802(PASS THROUGH MDTF FUNDS (AA))</b>				
61105 - Salaries - NP Staff	0.00	134,029.52	0.00	134,029.52
61305 - Salaries - IP Staff	0.00	82,753.70	0.00	82,753.70
61310 - Post Adjustment - IP Staff	0.00	32,368.30	0.00	32,368.30
62105 - Dependency Allowance-NP Staff	0.00	2,177.41	0.00	2,177.41
62110 - Contrib Joint Staff Pension-NP	0.00	26,539.70	0.00	26,539.70
62115 - Contrib to Med,SocIns-NP Staff	0.00	8,367.54	0.00	8,367.54
62120 - Hazard Duty Station Allow-NP	0.00	10,656.00	0.00	10,656.00
62140 - Annual Leave Expense - NO	0.00	16,143.03	0.00	16,143.03
62305 - Dependency Allowances-IP Staff	0.00	6,551.70	0.00	6,551.70
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	28,920.22	0.00	28,920.22
62315 - Contrib. to medical, social in	0.00	642.01	0.00	642.01
62320 - Mobility, Hardship, Non-remova	0.00	19,725.68	0.00	19,725.68
62340 - Annual Leave Expense - IP	0.00	9,681.54	0.00	9,681.54
63335 - Home Leave Trvl & Allow-IP Stf	0.00	2,730.00	0.00	2,730.00
63340 - Proc trips/Rest & Recup-IP Stf	0.00	3,989.12	0.00	3,989.12
63365 - Special Oper Living Allow-IP	0.00	19,800.00	0.00	19,800.00
63515 - Security-related Costs	0.00	3,264.00	0.00	3,264.00
63530 - Contribution to EOS Benefits	0.00	9,120.04	0.00	9,120.04
63535 - Contribution to Security	0.00	14,604.83	0.00	14,604.83
63540 - Contribution to Training	0.00	912.15	0.00	912.15
63545 - Contribution to ICT	0.00	3,908.66	0.00	3,908.66
63550 - Contributions to MAIP	0.00	130.30	0.00	130.30
63555 - Contribution to UN JFA	0.00	7,296.02	0.00	7,296.02



UN Capital Development Fund  
Report ID: UNGL143G

### UNCDF Combined Delivery Report

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Award ID : 00113178 Somalia Multi Window Trust Fun		Period :		Jan-Dec (2021)	
Project ID : 00111465 Somalia Multi Window Trust Fun		Impl. Partner :		UNCDF UNCDF	
		Location :		Somalia Country office	
	Prepaid DIM Exp	UNCDF Exp		Prepaid NIM Exp	Total Exp
63560 - Contributions to Appendix D	0.00	651.51		0.00	651.51
64110 - Separations - NP Staff	0.00	1,018.15		0.00	1,018.15
64310 - Separations - IP Staff	0.00	575.64		0.00	575.64
64397 - Services to projects -CO staff	0.00	14,604.52		0.00	14,604.52
65115 - Contributions to ASHI Reserve	0.00	15,634.28		0.00	15,634.28
65135 - Payroll Mgt Cost Recovery ATLA	0.00	4,923.91		0.00	4,923.91
71305 - Local Consult.-Sht Term-Tech	0.00	- 27.00		0.00	- 27.00
71405 - Service Contracts-Individuals	0.00	8,773.80		0.00	8,773.80
71410 - MAIP Premium SC	0.00	3.60		0.00	3.60
71415 - Contribution to Security SC	0.00	436.68		0.00	436.68
71505 - UN Volunteers-Stipend & Allow	0.00	22,123.17		0.00	22,123.17
71511 - UNV_Entry_Lump_Sum	0.00	4,000.00		0.00	4,000.00
71520 - UNV_Volunteer_Learning	0.00	390.00		0.00	390.00
71525 - UNV-Hazard Pay	0.00	8,000.00		0.00	8,000.00
71535 - UNV-Medical Insurance	0.00	825.34		0.00	825.34
71540 - UNV-Global Charges	0.00	1,183.47		0.00	1,183.47
71541 - UNVs-Contribution to security	0.00	1,267.09		0.00	1,267.09
71545 - UNV-Home Leave Travel & Allowa	0.00	200.00		0.00	200.00
71550 - UNV RSA / Exit Allowance	0.00	1,926.36		0.00	1,926.36
71592 - UNV_COST_RECOVERY_RECURRING	0.00	4,544.07		0.00	4,544.07
71605 - Travel Tickets-International	0.00	3,816.00		0.00	3,816.00
71615 - Daily Subsistence Allow-Intl	0.00	6,871.72		0.00	6,871.72
71630 - Shipment	0.00	132.00		0.00	132.00
71635 - Travel - Other	0.00	235.00		0.00	235.00
72425 - Mobile Telephone Charges	0.00	1,998.15		0.00	1,998.15
72440 - Connectivity Charges	0.00	689.66		0.00	689.66
72505 - Stationery & other Office Supp	0.00	128.60		0.00	128.60
73105 - Rent	0.00	14,260.00		0.00	14,260.00
73125 - Common Services-Premises	0.00	169,191.17		0.00	169,191.17
73406 - Maintenance of Equipment	0.00	366.70		0.00	366.70
73420 - Leased Vehicles	0.00	3,490.00		0.00	3,490.00
74110 - Audit Fees	0.00	8,529.00		0.00	8,529.00
74510 - Bank Charges	0.00	200.41		0.00	200.41
74599 - UNDP cost recovery chrgs-Bills	0.00	31,167.42		0.00	31,167.42
74696 - PP&E Expensed Items	0.00	9,076.90		0.00	9,076.90
75110 - Facilities & Admin - Services	0.00	54,986.36		0.00	54,986.36
Total for Fund G2802	0.00	840,505.15		0.00	840,505.15
Total for Activity OUTPUT-7	0.00	840,505.15		0.00	840,505.15
Total for Project : 00111465	0.00	4,567,654.27		0.00	4,567,654.27
Award Total :	0.00	4,567,654.27		0.00	4,567,654.27

Award ID: 00113178 Somalia Multi Window Trust Fun		Period : As at Dec 31, 2021
Project ID: 00111465 Impl. Partner :UNCDF UNCDF		UNCDF AMOUNT
Outstanding NIM advances		0.00
Outstanding DIM advances		0.00
Undepreciated Fixed Assets		0.00
Inventory		0.00
Loans & Financial Services		0.00
Commitments		4,160.00

Signed By :

Dmitry Pozhidaev, Global Advisor

Date :

15/03/2022

**INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF FIXED ASSETS  
OF UNCDF AWARD ID 113178, SOMALIA MULTI WINDOW TRUST FUND**

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

UNCDF Award ID 113178 "Somalia Multi Window Trust Fund", Project ID 111465, titled "Somalia Multi Window Trust Fund", as at 31 December 2021, did not maintain any fixed assets for the DIM project subject to audit and accordingly a Statement of Fixed Assets was not produced.

**INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF CASH  
UNCDF AWARD ID 113178, SOMALIA MULTI WINDOW TRUST FUND**

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

UNCDF Award ID 113178 "Somalia Multi Window Trust Fund", Project ID 111465, titled "Somalia Multi Window Trust Fund", as at 31 December 2021, did not maintain a dedicated bank account for the DIM project activities subject to audit and accordingly a Statement of Cash was not produced.

## **MANAGEMENT LETTER**

**Finding no.1:** Non-compliance with schedule of payments stated in the letter of agreements

**Observation:**

As per the schedule of activities payments and facilities/budget - Attachment 3 to the letter of agreements signed between UNCDF and its implementing partners, we observed delays in payments of first tranches and subsequent payments requested by the implementing partners. As per the schedule of disbursements, payments relating to quarter 1 should be paid before the commencement of the activities agreed in the work plan, and subsequent payments made in line with quarterly schedules agreed.

During our testing we identified the following instances where significant time was taken by UNCDF Somalia in order to process the payments from the date of request for funds submitted:

1. First Tranche payment to Ministry of Interior (MOI), Democratisation and federal affairs a total value of USD 68,150 was settled after 41 days of invoice date and /or fund.
2. First instalment to Galmudug state Ministry of Finance (MOF) to construction of Adaado Tarmac a total value of USD 57,209 was settled after 45 days after the invoice receipt date.
3. Second bulk tranche to Puntland state of Somalia Ministry of Finance a total value of USD 54,207.75 was settled after 36 days after the invoice receipt date.
4. Second tranche to South West state of Somalia Ministry of Finance to Rehabilitation Baidoa district municipality a total value of 48,466.19 was settled after 55 days of the invoice receipt date.
5. First bulk tranche to Ministry of finance Office of the accounting General Puntland a total value of USD 45,700 was settled after 40 days of the invoice receipt date.
6. First trench to Ministry of finance office of Director General to construction of diinsoor District council office a total value of USD 43,028 was settled after 116 days of their invoice dates.
7. First payment to Southwest State of Somalia Ministry of finance to Rehabilitation of Baidoa District Municipality Offices a total value of USD 38,773 was settled after 65 days of their request dates.
8. First trench to South West state of Somalia Ministry of Finance for rehabilitation of Hudur District Office a total value of USD 38,200 was settled after 64 days of their request dates.
9. First trench to Southwest state of Somalia Ministry of finance to construction of Berdallie District council office a total value of USD 34,933 was settled after 116 days of their request dates.

Impact: Delay in payments constitutes a non-compliance with provisions of the signed letter of agreements and may adversely impact the capacity of the implementing partners to implement project activities as and when agreed, in a timely and efficient manner.

**Priority:**

Medium



**Recommendation:**

All project-related contractual obligations should be settled in a timely manner to ensure compliance with terms of the agreement signed with third parties/implementing partners. In addition to this, due to the extended time required/anticipated in order to review requests/submissions made, the project team should develop additional protocols or internal review mechanisms of the supporting documents before formal requests are submitted, otherwise, the delays will continue to exist in the future as well.

**Management comments and action plan:**

For issues raised from item number one to nine, delays were caused by the following factors:

The MOF through the MOI collects requests for payment from municipalities/districts, which are not submitted simultaneously and timeously. Requests are checked and verified at the ministry level once all have been collected. Consequently, the processing time for the first request (from submission to authorization) is usually longer.

After payment requests are received, UNCDF Somalia Office also checks the quality and completeness of all submitted documents. During the verification process, UNCDF has to return to the government with additional questions for clarification, which can also take time.

This being grant payments, approval of the transactions is done at the Headquarters level, subjecting the payments to verification before approval.

**Action plan:**

UNCDF has stated that guidance is in place related to reviewing supporting documents on the payment process and that UNCDF shall undertake regular and mandatory meetings/training sessions to conscientize the implementing partners (MOF and MOI) on timeous and thorough reviewing of payment requests before clearing and submitting to the UNCDF field offices.