



AUDIT

OF

STABILIZATION FACILITY – NIGERIA, STAB. FACILITY: DUTCH
(Directly Implemented Project No. 123140, Output No. 124282)

IN

UNDP NIGERIA

Report No. 2570
Issue Date: 26 August 2022

**Report on the Audit of Stabilization Facility – Nigeria, Stab. Facility: Dutch
(Project No. 123140, Output No. 124282)
in UNDP Nigeria
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Talal Abu-Ghazaleh & Co. (the audit firm), from 30 May to 14 June 2022, conducted an audit of Stabilization Facility – Nigeria: Dutch (Project No. 123140, Output No. 124282) (the Project), which is directly implemented by the UNDP Country Office in Nigeria. This was the first audit of the Project.

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 and the accompanying Funds Utilization statement¹ as of 31 December 2021. 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 Assets as no assets were 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).

Audit results

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

Project Expenses*	
Amount (in \$ '000)	Opinion
1,128	Unmodified


*Expenses recorded in the Combined Delivery Report were \$4,043,322. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$144,631). Also excluded were expenses incurred at the "responsible party" level (\$2,770,329) which were subject to a separate audit conducted by external auditors that resulted in an unmodified opinion. The total excluded amount from the audit scope was \$2,914,960.

The audit did not result in any recommendations.

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

Management comments and action plan

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

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Helge S. Ostveiten
Director
Office of Audit and Investigations

**United Nations Development Programme
(UNDP)**

**Financial Audit of Directly Implemented Project Managed by
UNDP Country Office in Nigeria**

**“Stabilization Facility – Nigeria, Stab Facility: Dutch”
(Project ID 00123140 - Output ID 00124282)
For the period from 1 January to 31 December 2021**

23 June 2022

**Talal Abu-Ghazaleh & Co. International
Certified Public Accountants**



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1. PART I – EXECUTIVE SUMMARY

1.1. Executive Summary:

This report represents the results of the financial audit conducted by Talal Abu – Ghazaleh & Co. of Project ID 123140 - Output ID 124282 “Stabilization Facility – Nigeria, Stab Facility: Dutch” (the project), directly implemented by UNDP Nigeria for the period from 1 January to 31 December 2021.

The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI) and mandated in accordance with the Contract for professional Services Number UNDP/OAI/LTA-12-2020-DIM-TAGI (471) signed between UNDP and Talal Abu-Ghazaleh and Co. on 1 March 2021.

- Audit Opinions:

The following is the summary of the audit opinions provided:

Report on	Type of Opinion	Note
Financial Position	Unmodified.	No issues were identified.
Statement of Fixed Assets	Not applicable.	There were no fixed assets or equipment, therefore, no audit opinion is to be provided on the statement of fixed assets.
Statement of Cash	Not applicable.	There was no separate bank account for the project under audit, therefore, no audit opinion is to be provided on the Statement of Cash.

- Audit Finding:

There were no reportable findings with medium or high priority ratings, consequently we did not issue a management letter.

- Follow-up on Previous year’s Audit Recommendations:

The Project ID 123140 – Output ID 124282 “Stabilization Facility – Nigeria, Stab Facility: Dutch” was not audited in the prior years.

Sincerely yours,

Jamal Milhem, CPA
Certified Accountant License # (100/98)

Jamal J. Milhem 22



Talal Abu –Ghazaleh & Co. International
License No. 201/2022
Ramallah – Palestine, 23 June 2022

1.2. Audit Objectives

A. The objective of the financial audit is to express an opinion on the project's financial position which includes:

- 1) Expressing an opinion on whether the financial expenses incurred by the project for the period from 1 January to 31 December 2021 and the funds utilization, the accounts receivable and the accounts payable as at 31 December 2021 were fairly presented in accordance with UNDP's 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.
- 2) 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 2021. This statement should include all assets available as at 31 December 2021 and not only those purchased in the year under audit. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.
- 3) Expressing an opinion on whether the statement of cash held by the Project presents fairly the cash and bank balance of UNDP Project as at 31 December 2021. It 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.

B. As applicable, providing the progress made in implementing the recommendations raised in a previous year audit report.

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

1.3. Scope of Audit:

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project for the period from 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 UNDP Regional Centers and UNDP Headquarters and where the supporting documentation are not retained at the level of the UNDP office.

PART II – FINANCIAL AUDIT REPORTS

2.1 Auditor's Report on Financial Position

Independent Auditor's Report on the Project Financial Position of UNDP DIM Project ID 123140 - Output ID 124282 “Stabilization Facility – Nigeria, Stab Facility: Dutch”

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

We have audited the financial position of UNDP Project ID 123140 - Output ID 124282 “Stabilization Facility – Nigeria, Stab Facility: Dutch” for the period from 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 expenditures totaling at US\$ 4,043,321.88, are comprised of expenditures directly incurred by UNDP Country Office in Nigeria at an amount of US\$ 1,128,361.85 and expenditures incurred by entities other than the UNDP Country Office in Nigeria at an amount of US\$ 2,914,960.03. Our audit only covered the expenditures directly incurred by UNDP Country Office in Nigeria at an amount of US\$ 1,128,361.85.

Unmodified Opinion

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization Statement present fairly, in all material respects, the expenses of US\$ 1,128,361.85 directly incurred by the UNDP Country Office in Nigeria and charged to Project ID 123140 - Output ID 124282 “Stabilization Facility – Nigeria, Stab Facility: Dutch” for the period from 1 January to 31 December 2021 in accordance with UNDP's 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 (ISA). 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's Responsibility

Management is responsible for the preparation of the CDR and the Funds Utilization Statement of the project and for such internal controls as management determines are 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 Responsibility

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 ISA 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 ISA, 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 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 controls.
- Obtain an understanding of internal controls 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 controls.

We communicated 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 controls that we identified during our audit.

Jamal Milhem, CPA

Certified Accountant License # (100/98)

Jamal J. Milhem 22



Talal Abu –Ghazaleh & Co. International

License No. 201/2022

Ramallah - Palestine, 23 June 2022



2.2 Combined Delivery Report (CDR) and Funds Utilization statement:

“Stabilization Facility – Nigeria, Stab Facility: Dutch” Project ID 123140 - Output ID 124282 for the period from 1 January to 31 December 2021



UNDP UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 08-03-2022 12:03:31

Selection Criteria :

Business Unit : NGA10
Period : Jan-Dec (2021)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00124282

Project Id : 00123140 Stabilization Facility-Nigeria	Period : Jan-Dec (2021)
Output # : 00124282 Stab Facility: Dutch	Impl. Partner : 99999 UNDP
	Location :
Govt Exp	UNDP Exp
UN Agencies Exp	Total Exp

Dept: 36401 (Nigeria - Central)

Fund : 30000 (Programme Cost Sharing)

61105 - Salaries - NP Staff	0.00	136,675.79	0.00	136,675.79
61305 - Salaries - IP Staff	0.00	52,513.02	0.00	52,513.02
61310 - Post Adjustment - IP Staff	0.00	25,881.37	0.00	25,881.37
62105 - Dependency Allowance-NP Staff	0.00	2,491.88	0.00	2,491.88
62110 - Contrib Joint Staff Pension-NP	0.00	28,972.86	0.00	28,972.86
62115 - Contrib to Med.SocIns-NP Staff	0.00	7,250.72	0.00	7,250.72
62120 - Hazard Duty Station Allow-NP	0.00	15,244.32	0.00	15,244.32
62140 - Annual Leave Expense - NO	0.00	15,318.70	0.00	15,318.70
62305 - Dependency Allowances-IP Staff	0.00	3,494.34	0.00	3,494.34
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	18,435.77	0.00	18,435.77
62315 - Contrib. to medical, social in	0.00	885.49	0.00	885.49
62320 - Mobility, Hardship, Non-remova	0.00	16,722.49	0.00	16,722.49
62335 - Hazard Duty Station Allow-IP	0.00	6,859.43	0.00	6,859.43
62340 - Annual Leave Expense - IP	0.00	-14,336.77	0.00	-14,336.77
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	8,000.00	0.00	8,000.00
63335 - Home Leave Trvl & Allow-IP Stf	0.00	630.00	0.00	630.00
63350 - Reimb of Income Tax-IP Staff	0.00	2,155.85	0.00	2,155.85
63365 - Special Oper Living Allow-IP	0.00	9,100.00	0.00	9,100.00
63530 - Contribution to EOS Benefits	0.00	7,527.52	0.00	7,527.52
63535 - Contribution to Security	0.00	9,032.61	0.00	9,032.61
63540 - Contribution to Training	0.00	752.75	0.00	752.75
63545 - Contribution to ICT	0.00	3,226.08	0.00	3,226.08
63550 - Contributions to MAIP	0.00	107.50	0.00	107.50
63555 - Contribution to UN JFA	0.00	4,215.25	0.00	4,215.25
63560 - Contributions to Appendix D	0.00	537.66	0.00	537.66
64110 - Separations - NP Staff	0.00	1,708.48	0.00	1,708.48
64310 - Separations - IP Staff	0.00	979.93	0.00	979.93
64397 - Services to projects -CO staff	0.00	7,827.62	0.00	7,827.62
65115 - Contributions to ASHI Reserve	0.00	21,399.50	0.00	21,399.50
65135 - Payroll Mgt Cost Recovery ATLA	0.00	1,232.16	0.00	1,232.16
71205 - Intl Consultants-Sht Term-Tech	0.00	3,400.00	0.00	3,400.00
71211 - Intl Consult Security Charge	0.00	136.00	0.00	136.00
71305 - Local Consult.-Sht Term-Tech	0.00	9,947.19	0.00	9,947.19
71610 - Travel Tickets-Local	0.00	23,922.50	0.00	23,922.50
71620 - Daily Subsistence Allow-Local	0.00	5,257.38	0.00	5,257.38
71635 - Travel - Other	0.00	4,749.70	0.00	4,749.70
72105 - Svc Co-Construction & Engineer	0.00	2,428,818.88	0.00	2,428,818.88
72110 - Svc Co-Agricultural Management	0.00	63,747.90	0.00	63,747.90
72125 - Svc Co-Studies & Research Serv	0.00	482,890.25	0.00	482,890.25
72126 - Svc Co-Security blast assessme	0.00	38,655.00	0.00	38,655.00
72130 - Svc Co-Transportation Services	0.00	729.34	0.00	729.34
72205 - Office Machinery	0.00	6,708.00	0.00	6,708.00
72220 - Furniture	0.00	11,572.22	0.00	11,572.22
72330 - Medical Products	0.00	7,360.08	0.00	7,360.08



UN Development Programme
Report ID: unglcdp

Combined Delivery Report By Project

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Run Time: 08-03-2022 12:03:32

Project Id : 00123140 Stabilization Facility-Nigeria		Period :		Jan-Dec (2021)	
Output # : 00124282 Stab Facility: Dutch		Impl. Partner :		99999 UNDP	
		Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp	
72370 - Security related goods and mat	0.00	875.51	0.00	875.51	
72399 - Other Materials and Goods	0.00	0.00	0.00	0.00	
72401 - Prefab structure/other buildin	0.00	218,401.49	0.00	218,401.49	
72505 - Stationery & other Office Supp	0.00	9,196.02	0.00	9,196.02	
72805 - Acquis of Computer Hardware	0.00	19,121.86	0.00	19,121.86	
72815 - Inform Technology Supplies	0.00	207.43	0.00	207.43	
73125 - Common Services-Premises	0.00	3,885.53	0.00	3,885.53	
73406 - Maintenance of Equipment	0.00	3,404.79	0.00	3,404.79	
73410 - Maint, Oper of Transport Equip	0.00	2,135.34	0.00	2,135.34	
73420 - Leased Vehicles	0.00	535.28	0.00	535.28	
74505 - Insurance	0.00	4,543.62	0.00	4,543.62	
74705 - Port Operation	0.00	530.00	0.00	530.00	
75105 - Facilities & Admin - Implement	0.00	299,648.36	0.00	299,648.36	
75710 - Participation of counterparts	0.00	30.55	0.00	30.55	
76125 - Realized Loss	0.00	422.94	0.00	422.94	
76135 - Realized Gain	0.00	-2,353.60	0.00	-2,353.60	
Total for Fund 30000	0.00	4,043,321.88	0.00	4,043,321.88	
Total for Dept : 36401	0.00	4,043,321.88	0.00	4,043,321.88	
Total for Output : 00124282	0.00	4,043,321.88	0.00	4,043,321.88	
Project Total :	0.00	4,043,321.88	0.00	4,043,321.88	



Signed By: Mohamed Yahya

Date: 07 June 2022

Signed By: UNDP Resident Representative

Date:



Initiated for identification purposes only



UN Development Programme
Report ID: unglcdp

Combined Delivery Report By Project

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Run Time: 08-03-2022 12:03:32

Selection Criteria :

Business Unit : NGA10
Period : Jan-Dec (2021)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00124282

Project Id : ALL	Period : Jan-Dec (2021)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
36401 - Nigeria - Central	0.00	4,043,321.88	0.00	4,043,321.88



UN Development Programme
Report ID: unglcdp

Combined Delivery Report By Project

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Run Time: 08-03-2022 12:03:33

Funds Utilization

Selection Criteria :

Business Unit : NGA10
Period : Jan-Dec (2021)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00124282

Project/Award: 00123140 Stabilization Facility-Nigeria

Period : As at Dec 31, 2021

Output #	00124282	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			484,365.74