

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNITED NATIONS CAPITAL DEVELOPMENT FUND-SOMALIA

**SOMALIA UNITED NATIONS JOINT PROGRAMME ON LOCAL GOVERNANCE AND
DECENTRALIZED SERVICE DELIVERY**
(Directly Implemented Project Nos. 81413, 50723 and 77643)

Report No. 1338

Issue Date: 13 November 2014

**Report on the audit of United Nations Capital Development Fund-Somalia
Somalia United Nations Joint Programme on Local Governance and Decentralized Service Delivery
(Project Nos. 81413, 50723 and 77643)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 20 May to 20 June 2014, through BDO East Africa (the audit firm), conducted an audit of the Somalia United Nations Joint Programme on Local Governance and Decentralized Service Delivery (Project Nos. 81413, 50723 and 77643) (the Projects), which are jointly implemented by the following: International Labour Organization (ILO); United Nations Development Programme (UNDP); United Nations Human Settlements Programme (UN-HABITAT); United Nations Children's Fund (UNICEF); and United Nations Capital Development Fund-Somalia (UNCDF). The Projects were managed by UNCDF. This was the first audit of the Projects.

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 Reports, which include expenditure from 1 January 2012 to 31 December 2013 and the corresponding accompanying Funds Utilization statements¹ as well as Statements of Assets. It also reviewed the relevant systems, procedures and practices in place as they relate to the Project, in the areas of: organization and staffing, project management, human resources management, financial management, procurement, asset management, and general administration. The audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Projects.

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 reports and corresponding management letters submitted by the audit firm, OAI assessed the management of the Projects as **satisfactory**, which means, "Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity."

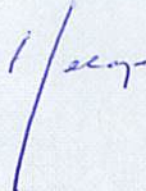
¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments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

The details of the audit results are presented in the table below:

FY	Project	Expenditure		Assets	
		Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
2012	Project No. 81413	121	Unqualified	-	-
	Project No. 50723	483			
	Project No. 77643	1,568			
2013	Project No. 50723	95	Unqualified	50	Unqualified
	Project No. 77643	2,046			
Total		4,313			

The audit firm issued an unqualified opinion on the Funds Utilization statement for all three Projects.

The audit did not result in any recommendations.



Helge S. Ostveiten
Director
Office of Audit and Investigations