



**AUDIT**

**OF**

**UNDP SOMALIA**

**GENDER EQUALITY AND WOMEN'S EMPOWERMENT IN SOMALIA**  
**(Directly Implemented Project No. 85380, Output No. 93050)**

**Report No. 1679**

**Issue Date: 9 September 2016**

**Report on the Audit of UNDP Somalia  
Gender Equality and Women's Empowerment in Somalia  
(Project No. 85380, Output No. 93050)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Deloitte and Touche LLP (the audit firm), from 30 May to 29 June 2016, conducted an audit of 'Gender Equality and Women's Empowerment in Somalia' (Project No. 85380, Output No. 93050) (the Project), which is directly implemented and managed by the UNDP Country Office in Somalia operating from Nairobi, Kenya (the Office). This was the first audit of the Project.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2015 and the accompanying Funds Utilization statement<sup>1</sup> as well as Statement of Assets as of 31 December 2015. 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). 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*.

### Audit results

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

Project Expenditure*		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
1,397	Unqualified	6	Unqualified

\*Expenditures recorded in the Combined Delivery Report were \$2,003,060. Excluded from the audit scope were transactions that relate to expenditures processed and approved by other UNDP offices outside of the country (\$345,034). Also excluded were expenditures incurred at the "responsible party" level (\$261,503), which were not required to be audited through a separate HACT/NGO/NIM audit due to expenditures falling below the HACT/NGO/NIM audit expenses threshold.

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

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, which means, "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." The recommendation includes actions to address the misallocation of expenses amounting to \$49,000 (without any impact on the audit opinion rendered).

<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) 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 recommendation aims to ensure the reliability and integrity of financial and operational information.

**Management comments and action plan**

The UN Resident Coordinator and UNDP 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.

A handwritten signature in blue ink, appearing to read 'H. Osttveiten', is located above the printed name.

Helge S. Osttveiten  
Director  
Office of Audit and Investigations