



AUDIT

OF

UNDP SOMALIA

RULE OF LAW – JUSTICE AND CORRECTIONS AND CIVILIAN POLICE PROJECT
(Directly Implemented Project No. 85372, Output Nos. 93042 and 93856)

Report No. 1826

Issue Date: 14 August 2017

Report on the Audit of UNDP Somalia
Rule of Law – Justice and Corrections and Civilian Police Project
(Project No. 85372, Output Nos. 93042 and 93856)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Deloitte (the audit firm), from 10 May to 2 June 2017, conducted an audit of Rule of Law – Justice and Corrections and Civilian Police, Project No. 85372, Output Nos. 93042 and 93856 (the Project), which is directly implemented and managed by the UNDP Country Office in Somalia (the Office). The last audit of the Project was conducted by OAI in 2016 and covered project expenditure from 1 January to 31 December 2015.

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 2016 and the accompanying Funds Utilization statement¹ as of 31 December 2016, as well as Statement of Assets as of 31 December 2016, only for Output No. 93856, as there were no assets held by the Project for Output No. 93042. 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(s) and corresponding management letter(s) submitted by the audit firm, the results are summarized in the table below:

Output No.	Project Expenditure*		Project Assets	
	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
93042	3,099	Unqualified	-	-
93856	1,734	Unqualified	44	Unqualified

*Output No. 93042: Expenditures recorded in the Combined Delivery Report for Output No. 93042 were \$5,111,014. Excluded from the audit scope were transactions that relate to expenditures of other United Nations agencies (\$158,987) and expenditures processed and approved by other UNDP offices outside of the country (\$1,086,534). Also excluded were expenditures incurred at the "responsible party" level (\$766,747).

*Output No. 93856: Expenditures recorded in the Combined Delivery Report were \$2,333,677. Excluded from the audit scope were transactions that relate to expenditures processed and approved by other UNDP offices outside of the country (\$7,449). Also excluded were expenditures incurred at the "responsible party" level (\$592,083).

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.

Key recommendations

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." The recommendation includes actions to address the incorrect recording of advances as expenditures, and the issue was also noted in the prior audit. The recommendation aims to ensure the reliability and integrity of financial and operational information.

Implementation status of previous OAI audit recommendations: Report No. 1677, 9 September 2016.

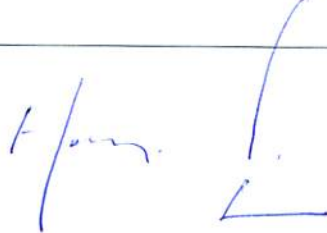
Total recommendations: 1

In progress: 1

The pending recommendation is related to advances erroneously recorded as expenditures for the financial year 2015.

Management comments and action plan

The Deputy Special Representative of the Secretary-General, Resident and Humanitarian Coordinator for Somalia and UNDP Resident Representative of 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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