

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNCDF PROJECT IN SOMALIA

SOMALIA MULTI WINDOW TRUST FUND
(Directly Implemented Project, Project No. 94467, Output No. 98569)

Report No. 1829

Issue Date: 11 August 2017

**Report on the Audit of UNCDF Project in Somalia
Somalia Multi Window Trust Fund (Project No. 94467, Output No. 98569)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Deloitte (the audit firm), from 8 May to 2 June 2017, conducted an audit of Somalia Multi Window Trust Fund (Project No. 94467, Output No. 98569) (the Project), which is directly implemented and managed by the UNCDF Office in Somalia (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 2016 and the accompanying Funds Utilization statement¹ as of 31 December 2016. The audit did not cover the Statement of Assets as there were no assets held by the project as of 31 December 2016. 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	
Amount (in \$ '000)	Opinion
4,272	Unqualified

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. Failure to take action could result in negative consequences for UNDP." The recommendation includes actions to address inconsistencies in signing project technical reports by the certifying engineers, before payments are made.

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

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.

Management comments and action plan

UNCDF Management of the Somalia Country Office (operating from Nairobi, Kenya), accepted the recommendation and is in the process of implementing it. Comments and/or additional information provided by management have been incorporated into the report, where appropriate.

A handwritten signature in blue ink, appearing to read 'H. Ostveiten', is written over the printed name. A blue checkmark is drawn to the right of the signature.

Helge S. Ostveiten
Director
Office of Audit and Investigations