

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP LIBYA

RESILIENCE OF LOCAL COMMUNITIES
(Directly Implemented Project No. 101890, Output No. 104137)

Report No. 1936

Issue Date: 20 July 2018

**Report on the Audit of UNDP Libya
Resilience of Local Communities (Project No. 101890, Output No. 104137)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 13 to 21 May 2018, conducted an audit of Resilience of Local Communities (Project No. 101890, Output No. 104137) (the Project), which is directly implemented and managed by the UNDP Country Office in Libya (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 expenses for the period from 1 January to 31 December 2017 and the accompanying Funds Utilization statement¹ as of 31 December 2017. 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*.

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 Expenses		
Amount (in \$ '000)	Opinion	NFM* (in \$ '000)
5,821	Unmodified**	19

*NFM= Net Financial Misstatement

**Unmodified – unqualified or clean opinion

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.” This recommendation includes actions to address expenditure incurred for another project but charged to the Project.

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) 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

The UNDP Resident Representative/Deputy Special Representative of the Secretary-General, United Nations/ Humanitarian Coordinator 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.

Helge S. Osttveiten
Director
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