

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP SOMALIA**

**ENHANCING CLIMATE RESILIENCE OF THE VULNERABLE COMMUNITIES AND  
ECOSYSTEMS IN SOMALIA**

**(Directly Implemented Project No. 84974, Output Nos. 92743 and 104633)**

**Report No. 1969**

**Issue Date: 15 August 2018**

**Report on the Audit of UNDP Somalia**  
**Enhancing Climate Resilience of the Vulnerable Communities and Ecosystems in Somalia**  
**(Project No. 84974, Output Nos. 92743 and 104633)**  
**Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 21 May to 25 June 2018, conducted an audit of Enhancing Climate Resilience of the Vulnerable Communities and Ecosystems in Somalia (Project No. 84974, Output Nos. 92743 and 104633) (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, through Deloitte in 2016 and covered project expenses 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 expenses for the period from 1 January to 31 December 2017 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2017 as well as Statement of Assets as of 31 December 2017. 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) or expenses of other United Nations agencies. 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*		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
3,648	Unmodified**	13	Unmodified

\*Expenses recorded in the Combined Delivery Report were \$5,570,703. Excluded from the audit scope were transactions that relate to expenses of other United Nations agencies (\$628,709), expenses processed and approved by other UNDP offices outside of the country (\$676,087), and expenses incurred at the "responsible party" level (\$617,760).

\*\*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." The recommendation includes actions to address incorrect recording of cash advance liquidations.

<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) 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.

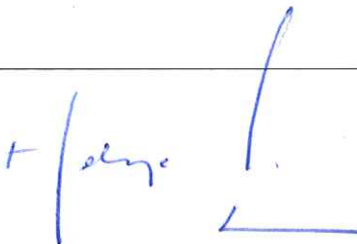
The recommendation aims to ensure the reliability and integrity of financial and operational information.

The previous audit (Report No. 1673, issued on 9 September 2016) did not result in any recommendations.

**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.



Helge S. Osttveiten  
Director  
Office of Audit and Investigations