

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP SOMALIA

**SOMALIA CAPACITY DEVELOPMENT
STRENGTHENING INSTITUTIONAL PERFORMANCE (SIP)
(Directly Implemented Project No. 85379, Output No. 96643)**

Report No. 1973

Issue Date: 15 August 2018

**Report on the Audit of UNDP Somalia
Somalia Capacity Development – Strengthening Institutional Performance (SIP)
(Project No. 85379, Output No. 96643)
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 Somalia Capacity Development – Strengthening Institutional Performance (SIP) (Project No. 85379, Output No. 96643) (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 statement¹ 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). 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	NFM*** (in \$ '000)	Amount (in \$ '000)	Opinion
3,727	Unmodified**	36	3	Unmodified

*Expenses recorded in the Combined Delivery Report were \$5,288,009. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$834,082), and expenses incurred at the “responsible party” level (\$727,229).

**Unmodified = unqualified or clean opinion

***NFM= Net Financial Misstatement

Key recommendation: Total = 1, high priority = 1

The one recommendation aims to ensure 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.

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to act could result in major negative consequences for UNDP. The high (critical) priority recommendation is presented below:

Insufficient supporting documentation maintained (Issue 1)

A responsible party reported expenses totalling \$36,275 relating to the purchase of computers and office furniture. However, there was inadequate evidence to support the expenses incurred. Specifically, original vendor invoices, delivery notes, and evidence of payments to vendors were missing.

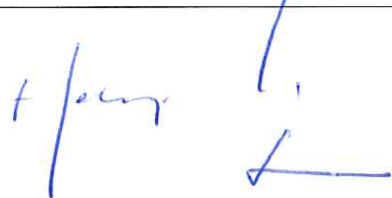
Recommendation: The Office should ensure that adequate supporting documents are maintained for all expenses reported in the Funding Authorization and Certificate of Expenditure forms.

The previous audit (Report No. 1678, 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 them.

Comments and/or additional information provided have been incorporated into the report, where appropriate.



Helge S. Osttveiten
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