



AUDIT

OF

UNDP LEBANON

SUPPORTING LEBANESE HOSTING COMMUNITIES
(Directly Implemented Project No. 65799, Output No. 84708)

Report No. 2242

Issue Date: 27 August 2020

**Report on the Audit of UNDP Lebanon
Supporting Lebanese Hosting Communities
(Project No. 65799, Output No. 84708)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 29 June to 10 July 2020, conducted an audit of Supporting Lebanese Hosting Communities (Project No. 65799, Output No. 84708) (the Project), which is directly implemented and managed by the UNDP Country Office in Lebanon (the Office). The last audit of the Project was conducted by OAI, through Moore Stephens LLP in 2018 and covered project expenses from 1 January to 31 December 2017.

The audit firm conducted a financial audit in accordance with the International Standards of Auditing (ISA), the 700 series, 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 2019 and the accompanying Funds Utilization statement¹ as of 31 December 2019 as well as Statement of Assets as of 31 December 2019. The audit did not include activities and expenses incurred or undertaken at the "responsible party" level. 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
26,727	Unmodified	366	Unmodified

*Expenses recorded in the Combined Delivery Report were \$27,145,631. Excluded from the audit scope were expenses incurred at the "responsible party" level in the amount of \$418,519.

At the time this report was being issued, OAI was investigating complaints relating to parties involved with the project.

Key recommendation: Total = 1, high priority = 0

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." This recommendation includes actions to address incorrectly recorded commitments balances.

The recommendation aims to ensure the reliability and integrity of financial and operational information (Recommendation 1).

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.

Implementation status of previous OAI audit recommendations:

The previous audit (Report No. 1932, issued on 23 July 2018) did not result in any recommendations.

Management comments and action plan

The Resident representative accepted the recommendation and are in the process of implementing it. Comments and/or additional information provided have been incorporated into the report, where appropriate.

Helge S. Ostveiten
Director
Office of Audit and Investigations