



AUDIT

OF

RESILIENCE AND RECOVERY
(Directly Implemented Project No. 104158, Output Nos. 105858 and 112553)

IN

UNDP Libya

Report No. 2356
Issue Date: 12 August 2021

**Report on the Audit of Resilience and Recovery implemented by UNDP Libya
(Project No. 104158, Output Nos. 105858 and 112553)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 31 May to 11 June 2021, conducted an audit of ‘Resilience and Recovery’ (Project No. 104158), ‘Strengthening Local Capacities’ (Output Nos. 105858 and 112553) (the Project), which is directly implemented and managed by the UNDP Country Office in Libya (the Office). The last audit of the Project was conducted by OAI, through BDO LLP in 2020 and covered project expenses (Output No. 105858) from 1 January to 31 December 2019.

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 2020 and the accompanying Funds Utilization statement¹ as of 31 December 2020 as well as Statement of Assets as of 31 December 2020. 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). The audit did not cover the Statement of Cash 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 reports and corresponding management letters submitted by the audit firm, the results are summarized in the table below:

Output No.	Project Expenses		Project Assets	
	Amount (in \$ ‘000)	Opinion	Amount (in \$ ‘000)	Opinion
105858	5,191*	Unmodified***	N/A****	N/A
112553	5,455**	Unmodified	99	Unmodified

*Expenses recorded in the Combined Delivery Report were \$6,003,655. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$375,403). Also excluded were expenses incurred at the “responsible party” level (\$437,386).

**Expenses recorded in the Combined Delivery Report were \$5,791,221. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$335,762).

***There was a Net Financial Misstatement (NFM) of \$53,411, but it did not affect the audit opinion as it was not financially material.

****Not Applicable.

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.



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 for Output No. 105858, 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 a cut-off recording error by which a 2019 transaction of \$53,411 was recorded as expenditure in 2020.

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

Implementation status of previous OAI audit recommendations:

The previous audit of Output No. 105858 (Report No. 2246, issued on 3 September 2020) did not result in any recommendations.

Management comments and action plan

The 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. Ostveiten
Director
Office of Audit and Investigations