



AUDIT

OF

SOMALIA MULTI WINDOW TRUST FUND
(Directly Implemented Project No. 113178, Output No. 111465)

BY

UNITED NATIONS CAPITAL DEVELOPMENT FUND

Report No. 2413
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**Report on the Audit of Somalia Multi Window Trust Fund
(Project No. 113178, Output No. 111465) implemented by the
United Nations Capital Development Fund (UNCDF)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn LLP (the audit firm), from 14 to 25 June 2021, conducted an audit of ‘Somalia Multi Window Trust Fund’ (Project No. 113178, Output No. 111465) (the Project), which is directly implemented and managed by UNCDF. This was the first audit of the Project.

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 Projects’ operations. The audit covered the Projects’ 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. The audit did not include expenses processed and approved in locations outside the country (such as UNCDF Regional Centers and UNCDF Headquarters). 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*. Due to the COVID-19 pandemic, the audit was conducted remotely. This did not have an impact on the audit opinion.

Audit results

Based on the audit report and a management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenses *	
Amount (in \$’000)	Opinion
3,555	Unmodified

**Expenses included in the Combined Delivery Reports totaled \$4,340,529. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside the country amounting to \$786,003.*

Key recommendation: Total = **1**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There is a medium (important) priority recommendation, which means “Actions is required to ensure that UNCDF is not exposed to risks. Failure to take action could result in negative consequences for UNCDF.” This recommendation includes actions to ensure compliance with contractual payment terms.

The recommendation aims to ensure compliance with legislative mandates, regulations and rules, policies and procedures.

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 projects; and (e) outstanding commitments held at the project level.



Management comments and action plan

The Chief Technical Advisor, United Nations Capital Development Fund, 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