



AUDIT

OF

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

IMPLEMENTED BY THE

UNITED NATIONS CAPITAL DEVELOPMENT FUND

Report No. 2509

Issue Date: 23 August 2022

**Report on the Audit of Somalia Multi Window Trust Fund
(Project No.113178, Output No. 111465)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn LLP (the audit firm), from 6 to 15 June 2022, conducted an audit of Somalia Multi Window Trust Fund (Project No.113178, Output No. 111465) (the Project), which is directly implemented and managed by the United Nations Capital Development Fund. The last audit of the Project was conducted by OAI, through PKF Littlejohn LLP in 2021 and covered project expenses from 1 January to 31 December 2020.

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 2021, the accompanying Funds Utilization statement¹ as of 31 December 2021. The audit did not include activities and expenses incurred or processed and approved in locations outside of the country (such as UNCDF Regional Offices and UNCDF Headquarters). The audit did not cover the statement of assets as no assets was 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* of the Institute of Internal Auditors (The IIA). Due to the COVID pandemic the audit was conducted remotely. These did not have an impact on the audit opinion.

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*	
Amount (in \$ '000)	Opinion
4,034	Unmodified

* Expenses recorded in the Combined Delivery Report amounted to \$4,567,654. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNCDF offices outside of the country amounting to \$533,316.

Key recommendations: 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, "Action 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 address: Non-compliance with the schedule of payments of letters of agreements signed with implementing partners.

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.



Delay in payments may result in risk that adversely impact the capacity of the implementing partners to implement project activities as and when agreed, in a timely and efficient manner.

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

Implementation status of previous OAI audit recommendations: Report No. 2413, issued on 20 September 2021.

Total recommendations: 1

Implemented: 1

Management comments and action plan

The Global Advisor, UNCDF Somalia 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