



AUDIT

OF

RESILIENCE AND RECOVERY
(Directly Implemented Project No. 104158, Output Nos. 112553 and 119174)

IN

UNDP LIBYA

Report No. 2674
Issue Date: 31 August 2023

**Report on the Audit of Resilience and Recovery
(Project No. 104158, Output Nos. 112553 and 119174)
Implemented by UNDP Libya
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 4 to 15 June 2023, conducted an audit of Resilience and Recovery (Project No. 104158, Output Nos. 112553 and 119174) (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 2021 and covered project expenses (Output No. 112553) 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 2022 and the accompanying Funds Utilization statement¹ as of 31 December 2022 as well as Statement of Assets (Output No. 112553) as of 31 December 2022. The audit did not include activities and expenses incurred or undertaken at the “responsible party” level (Output No. 119174), 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 Assets (Output No. 119174) as no assets were held by the output. In addition, 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* of The Institute of Internal Auditors (The IIA).

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
112553	3,713*	Unmodified	80	Unmodified
119174	5,639**	Unmodified	N/A***	N/A

*Expenses recorded in the Combined Delivery Report were \$4,066,625. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$353,697).

**Expenses recorded in the Combined Delivery Report were \$6,855,494. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$1,030,695). Also excluded were expenses incurred at the “responsible party” level (\$185,593).

***Not Applicable

Key recommendations: Total = 1, high priority = 0

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.



The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, 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 relates to actions to address long payment processing duration.

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

Implementation status of previous OAI audit recommendations:

The previous audit (Report No. 2356, issued on 12 August 2021) did not result in any recommendations.

Management comments and action plan

The Resident Representative a.i. 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.

Moncef Ghrib

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