

**UNITED NATIONS DEVELOPMENT PROGRAMME**

**Office of Audit and Investigations**



**AUDIT**

**OF**

**LOCAL CLIMATE ADAPTIVE LIVING FACILITY – LOCAL IN MOZAMBIQUE**

**(Directly Implemented Project No. 111062)**

**IN**

**UNITED NATIONS CAPITAL DEVELOPMENT FUND**

**Report No. 2783**

**Issue Date: 13 August 2024**

**Report on the Audit of Local Climate Adaptive Living Facility – LoCAL in Mozambique  
(Project No. 111062)  
Implemented by UNCDF Mozambique  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn LLP (the audit firm), from 3 to 12 June 2024, conducted an audit of Local Climate Adaptive Living Facility – LoCAL in Mozambique (Project No. 111062) (the Project), which is directly implemented and managed by United Nations Capital Development Fund (UNCDF) in Mozambique (the Office). This was the second audit of the Project. The last audit of the Project was conducted by OAI, through the audit firm 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 year from 1 January to 31 December 2023 and the accompanying Funds Utilization statements<sup>1</sup> as of 31 December 2023.

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 UNCDF Regional Centres and UNCDF headquarters) or expenses incurred by other United Nations agencies. In addition, the audit did not cover the Statement of Fixed Assets because the Project did not have any fixed assets as of 31 December 2023. The audit also 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).

**Audit results**

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

<b>Project Expenses *</b>	
<b>Amount (in USD ‘000)</b>	<b>Opinion</b>
4,769	Unmodified

\*Expenses recorded in the Combined Delivery Report amounted to \$5,083,028.54. Excluded from the audit scope were transactions that relate to expenses processed and approved in locations outside of the country (\$313,946.74).

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

<sup>1</sup> 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.



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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.” The recommendation includes actions to improve workflows and procedures to ensure that expenses are recognized in the same period when goods/services are delivered, in compliance with IPSAS and UNCDF/UNDP’s accounting policies and procedures.

The recommendation aims to ensure the reliability and integrity of financial and operational information. The audit team noted that the Project recorded expenses relating to learning costs, facilities, and administration, amounting to \$12,065.79 that were incurred in 2024 but recorded in 2023.

**Implementation status of previous OAI audit recommendations:**

The previous audit (Report No. 2395, Issued on 14 September 2021) did not result in any recommendations.

**Management comments and action plan**

UNCDF management 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.

Sean DeBlieck  
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