



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

GENDER EQUALITY AND WOMEN'S EMPOWERMENT
(Directly Implemented Project No. 60507)

Report No. 1275
Issue Date: 21 February 2014

**Report on the audit of UNDP Programme of Assistance to the Palestinian People
Gender Equality and Women's Empowerment (Project No. 60507)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 1 October to 10 November 2013, through Talal Abu-Ghazaleh & Co. (the audit firm), conducted an audit of Gender Equality and Women's Empowerment, Project No. 60507 (the Project), which is directly implemented and managed by the UNDP Programme of Assistance to the Palestinian People (the Office). The last audit of the Office was conducted by OAI in 2010.

The audit firm conducted a financial audit 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 Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2012.

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

Project Expenditure			Project Assets		
Amount (in \$ '000)	Opinion	NFI (in \$ '000)	Amount (in \$ '000)	Opinion	NFI (in \$ '000)
777	Qualified	8	N/A	N/A	N/A

NFI = Net Financial Impact

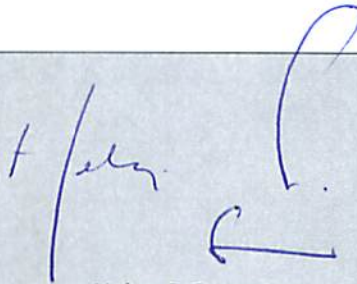
The audit firm qualified its opinion on project expenditure due to a difference of \$8,063 between the amount reported in the Combined Delivery Report and the amount reported in the transaction file. The difference was due to a system error.

Key recommendations:

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 risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." This recommendation includes actions to address an output error in the financial management system.

Management comments and action plan

The Special 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.

A handwritten signature in blue ink, which appears to read 'H. Osttveiten', is written over a light blue rectangular background. The signature is stylized and includes a large loop at the end.

Helge S. Osttveiten
Director
Office of Audit and Investigations

Auditor's Report

Financial audit of “Gender Equality & Women’s Empowerment” (The Project) implemented by “United Nation Development Programme UNDP”- Palestine (West Bank & Gaza) for the Year Ended 31 December 2012.

PROJECT TITLE AND ID:

Title: “Gender Equality & Women’s Empowerment”

IDs: (Atlas Award ID: 49552, Project ID: 60507)

FUNDED BY:

Spain

Talal Abu - Ghazaleh & Co.

Certified Public Accountants



Financial audit of the locally incurred costs in the “Combined Delivery Report (CDR)” of the Project ID: 60507 titled “Gender Equality & Women’s Empowerment - West Bank and Gaza Strip” for the year ended 2012

Funded by: Spain

Implemented by: United Nation Development Programme (UNDP) in Palestine.

Gender Equality & Women’s Empowerment

Implemented By

“United Nation Development Programme UNDP”

Palestine (West Bank & Gaza)

Funded by Spain

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To: Director

Office of Audit and Investigations (OAI)

United Nations Development Programme

Dear Mr. Helge Osttveiten,

This report represents the results of our financial audit of the locally incurred costs in the "Combined Delivery Report (CDR)" of the Project ID: 60507 entitled "Gender Equality & Women's Empowerment - West Bank and Gaza Strip", for the Year ended 31 December 2012.

This Financial audit was mandated in accordance with the Audit contract for professional service with UNDP/OAI Ref. 2013/04 dated 20 September 2013.

Sincerely yours,

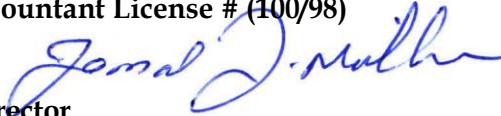
Jamal Milhem, CPA

Certified Accountant License # (100/98)

Executive Director

Talal Abu- Ghazaleh & Co.

Ramallah - Palestine, 10 November 2013



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مكتب رام الله: هاتف: ٢٢٩ ٨٨ ٢٢٠ / ١ ، فاكس: ٢٢٩ ٨٨ ٢١٩ (+٩٧٠)

بناية البرج الاخضر، شارع الشهيد نزيه قورة، ص ب: ١١١٠ رام الله، الضفة الغربية

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نعمل بجهد لنبقى في المقدمة

Financial audit of the locally incurred costs in the “Combined Delivery Report (CDR)” of the Project ID: 60507 titled “Gender Equality & Women’s Empowerment - West Bank and Gaza Strip” for the year ended 2012

Funded by: Spain

Implemented by: United Nation Development Programme (UNDP) in Palestine.

1. PART I – EXECUTIVE SUMMARY

The Executive Summary summarizes the important issues raised in the financial audit of the above mentioned award.

1.1. Background Information about Project

The joint Program on Gender Equality and Womens Empowerment in the Occupied Palestinian Territory (oPt) will promote Palestinian women’s social, economic and political empowerment through the following three outcomes: by reducing gender-based violence and all forms of violence against women and the girl child; increasing the representation of women’s and women’s issues in decision –making bodies; and advancing equal opportunities for women’s economic participation , especially women survivors of gender –based violence. The UNDP, UNIFEM, UNFPA, ILO, UNESCO, and UNRWA will work jointly in the oPt with relevant ministries of the PA (MOWA, Ministry of Social Affairs, Ministry of Local Government, Ministry of Labor, Ministry of Education, Ministry of Youth and Sport), other governmental institutions, with effective partners from civil society and with private sector. The duration of the program were three years funded by Spain, total numbers of personnel recruited to support the program is three.

The total budget of the grant is USD 791,770 for 2012. The financial audit covered the amount of USD 777,198 of total expenditures incurred locally during the period from 1 January to 31 December 2012.

The project aims at achieving the following objectives and results:

- 1- Reducing gender-based violence and all forms of violence against women and the girl child;
- 2- Increasing the representation of women’s and women’s issues in decision – making bodies and;
- 3- Advancing equal opportunities for women’s economic participation, especially women survivors of gender-based violence.

Financial audit of the locally incurred costs in the “Combined Delivery Report (CDR)” of the Project ID: 60507 titled “Gender Equality & Women’s Empowerment - West Bank and Gaza Strip” for the year ended 2012

Funded by: Spain

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1.2. Project Identification information

The following table summarizes the amount of expenditures for year the under review.

Table 1:

Project Name	Project Number	Atlas Award ID	2012 Budget (USD)	2012 Actual Expenditure Per CDR (USD)
“Gender Equality & Women’s Empowerment – West Bank and Gaza Strip”	60507	49552	791,770	777,198

Financial audit of the locally incurred costs in the “Combined Delivery Report (CDR)” of the Project ID: 60507 titled “Gender Equality & Women’s Empowerment - West Bank and Gaza Strip” for the year ended 2012

Funded by: Spain

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1.3. Audit Objectives

The objective of the financial audit is to express an opinion on a project’s financial statements which include:

- 1) Expressing an opinion on whether the expenses incurred by the project during year ended 2012 and the funds utilization as at 31 December 2012 are fairly presented in accordance with UNDP accounting policies and that the expenses incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents. The Combined Delivery Report (CDR) is the mandatory and official statements upon which the audit opinion should be expressed.
- 2) Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP project as at 31 December 2012. This statement must include all assets available as at 31 December 2012 and not only those purchased in the period under audit. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.

Given that no fixed assets were purchased / acquired under “Gender Equality & Women’s Empowerment Project – West Bank and Gaza Strip”, therefore no statement of fixed assets was prepared.

- 3) Expressing an opinion on whether the statement of cash held by the project presents fairly the cash and bank balance of UNDP project as at a given date. Disbursements made against a DIM project are usually financed from the regular country office bank accounts. Exceptionally, a dedicated bank account may be opened and used solely for the cash transactions of a DIM project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash only where dedicated banks account for the DIM project has been established. In cases where the cash transactions of the audited DIM project are made through the country office bank accounts, this type of opinion is not required.

Financial audit of the locally incurred costs in the “Combined Delivery Report (CDR)” of the Project ID: 60507 titled “Gender Equality & Women’s Empowerment - West Bank and Gaza Strip” for the year ended 2012

Funded by: Spain

Implemented by: United Nation Development Programme (UNDP) in Palestine.

Scope of Audit:

We performed our audit in accordance with the International Standards of Auditing (ISA) and in compliance with the UNDP rules and regulations. We also reviewed the internal controls and compliance with procurement guidelines issued by UNDP and submitted the necessary recommendations to management.

The scope of the audit includes various audit steps that have been performed on a sample basis, obtaining adequate and sufficient coverage based on the audit objectives and comfort required.

This audit covers the local direct and indirect costs incurred in West Bank and Gaza including Jerusalem for the total amount of USD 777,198 for the period from 1 January to 31 December 2012. This report does not cover amounts disbursed during other periods and does not include any amounts received or disbursed under any other agreements with UNDP.

The following are the main steps performed and followed as the basis for preparing the audit programs. They are not considered all-inclusive or restrictive in nature and do not constitute relief from exercising due professional care and judgment. The steps were modified to correspond with local conditions and specific project design, implementation procedures, and contract provisions which may vary from project to project.

- 1- Performing pre-audit steps which include reviewing project documents, UNDP’s internal manual procedures and UNDP policies;
- 2- Evaluating the program implementation actions and accomplishments,
- 3- Obtaining a sufficient understanding of the internal control structure related to the agreement’s different activities, internal environment, assessing the control risks, monitoring controls, control over compliance, and information and communication,
- 4- Identifying areas where fraud and illegal acts have occurred or likely to have occurred as a result of inadequate controls.
- 5- Examining the Combined Delivery Report (CDR) and related notes, this includes testing expenditures, bank account and related budgets,
- 6- Performing tests of compliance with agreement’s terms and applicable laws and regulations related to UNDP programs.

Financial audit of the locally incurred costs in the “Combined Delivery Report (CDR)” of the Project ID: 60507 titled “Gender Equality & Women’s Empowerment - West Bank and Gaza Strip” for the year ended 2012

Funded by: Spain

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The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project over a given period. The scope of the audit does not include:

- Activities and expenses incurred or undertaken at the level of “responsible parties”, unless the inclusion of these expenses is specifically required in the request for proposal; and
- Expenses processed and approved in locations outside the country such as UNDP Regional Centers and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.

The audit Covered:

- All activities of the project 60507 – PAL / Gender Equality & Women’s Empowerment during the period from 1 January to 31 December 2012; and
- Include a review of project reports and records located at the UNDP Programme of Assistance to the Palestinian People (PAPP) office, and, as applicable, field offices of the project/programme and other field locations.

Specifically, the audit covered the following:

- a) The expenses incurred and recorded in the Combined Delivery Reports (CDR) of the project 60507 during the period from 1 January to 31 December 2012, as reported by the PAPP Office;
- b) If applicable, the value and existence of the fixed assets held by the project 60507 as at 31 December 2012; and

If applicable, the value and existence of cash held by the project 60507 as at 31 December 2012, either as cash at hand or in the bank account (Statement of Cash is required only if there is separate bank account for the DIM project under review).

Financial audit of the locally incurred costs in the “Combined Delivery Report (CDR)” of the Project ID: 60507 titled “Gender Equality & Women’s Empowerment - West Bank and Gaza Strip” for the year ended 2012

Funded by: Spain

Implemented by: United Nation Development Programme (UNDP) in Palestine.

1.4. Summary of the work done and audit results:

1.4.1. Work Done:

This summary represents the results of our financial audit of the locally incurred costs in the “Combined Delivery Report (CDR)” of the Project ID: 60507 titled “Gender Equality & Women’s Empowerment - West Bank and Gaza Strip”, for the year ended 31 December 2012.

The total costs incurred by United Nation Development Programme (UNDP) in Palestine on the above mentioned project is USD 777,198 of which we approximately covered 86 percent in substantive test of details. As shown in the following table:

Table 2:

Project Location	No. of Samples	Total Expenditures (USD)	Total Expenditures Tested (USD)	Percentage
West Bank and Gaza including Jerusalem	18	777,198	669,730	86%
Total	18	777,198	669,730	86%

Financial audit of the locally incurred costs in the "Combined Delivery Report (CDR)" of the Project ID: 60507 titled "Gender Equality & Women's Empowerment - West Bank and Gaza Strip" for the year ended 2012

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1.4.2. Results of Audit:

- **The Combined Delivery Report (CDR)**

The results of our tests disclosed total financial errors of USD 8,063. Details of these errors are described in Part III of this report.

Table 3

Project Location	No. of Samples	Total Expenditures (in USD)	Total Financial Error	Percentage
Total	18	777,198	8,063	1.04%

Except for the effect of financial errors mentioned above, the "Combined Delivery Report" fairly presents, in all material respects, program incurred costs and commodities procured in accordance with the terms of the agreement and in conformity with the basis of accounting described in Note (1) to "Combined Delivery Report".

- **The Statement of Fixed Assets**

Given that no fixed assets were purchased /acquired under "Gender Equality & Women's Empowerment Project - West Bank and Gaza Strip", therefore no statement of fixed assets was prepared.

- **The Statement of Cash held by the project**

The Statement of Cash Position for the Project "Atlas Award ID: 49552", "Gender Equality & Women's Empowerment", is not applicable due that cash transactions of the project mentioned above were made through the country office bank accounts. Accordingly, no expression of opinion on the statement of cash position is required.

Jamal Milhem, CPA

Certified Accountant License # (100/98)

Executive Director

Talal Abu - Ghazaleh & Co.

Ramallah - Palestine, 10 November 2013



2. PART II – AUDITOR’S REPORT WITH OPINION

2.1. Auditor’s Report – Year Ended 2012

REPORT OF THE INDEPENDENT AUDITORS TO UNDP DIM PROJECT “GENDER EQUALITY & WOMEN’S EMPOWERMENT IN PALESTINE (WEST BANK AND GAZA STRIP)

To Mr. Helge Osttveiten
Director
Office of Audit and Investigation (OAI)

Report on the Project Financial Statement

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization Statement (“the Statement”) of the UNDP Project “Atlas Award ID: 49522, “Gender Equality & Women’s Empowerment in Palestine (West Bank and Gaza Strip), for the period from 1 January to 31 December 2012.

Management’s Responsibility

Management is responsible for the preparation and fair presentation of the statement for “Gender Equality & Women’s Empowerment in Palestine (West Bank and Gaza Strip)” Project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project’s preparation of the statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.



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بناية البرج الاخضر، شارع الشهيد نزيه قوره، ص ب: ١١١٠ رام الله، الضفة الغربية

Financial audit of the locally incurred costs in the "Combined Delivery Report (CDR)" of the Project ID: 60507 titled "Gender Equality & Women's Empowerment - West Bank and Gaza Strip" for the year ended 2012

Funded by: Spain

Implemented by: United Nation Development Programme (UNDP) in Palestine.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for a Modified Opinion

Difference between the amounts reported in the CDR and amount reported in transaction file due of system error by the amount of USD 8,063, for more information refer to the point 3.1.1 in Part III in this report.

Modified Opinion

In our opinion, the attached Combined Delivery Report (CDR), except for the reasons indicated in "basis for a modified opinion" paragraphs mentioned above, presents fairly in all material respects the expenditure of USD 777,198 incurred by the project Atlas Award ID: 49552, "Gender Equality & Women's Empowerment" for the period 1 January to 31 December 2012 in accordance with UNDP accounting policies and basis of the accounting used in note (1) to Combined Delivery Report.

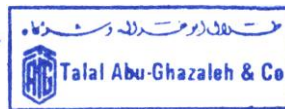
Jamal Milhem, CPA

Certified Accountant License # (100/98)

Executive Director

Talal Abu- Ghazaleh & Co.

Ramallah - Palestine, 10 November 2013



Financial audit of the locally incurred costs in the “Combined Delivery Report (CDR)” of the Project ID: 60507 titled “Gender Equality & Women’s Empowerment - West Bank and Gaza Strip” for the year ended 2012

Funded by: Spain

Implemented by: United Nation Development Programme (UNDP) in Palestine.

2.2. 2012 CDR Project No. 60507



UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

Page 1 of 6
Run Time: 21-06-2013 13:06:16

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2012)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00060507

Project Id : 00049552 Gender Equality and Women Empo	Period : Jan-Dec (2012)
Output # : 00060507 Gender Equality & Women's Empow	Impl. Partner : 02388 UNDP - PAPP
	Location : Palestine

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Activity : 000000001 (Personnel)				
Fund : 30000 (PROGRAMME COST SHARING)				
71405 - Service Contracts-Individuals	0.00	135,996.31	0.00	135,996.31
71410 - MAIP Premium SC	0.00	63.75	0.00	63.75
71415 - Contribution to Security SC	0.00	0.00	0.00	0.00
75105 - Facilities & Admin - Implement	0.00	9,524.20	0.00	9,524.20
75135 - Realized Gain	0.00	- 6.96	0.00	- 6.96
Total for Fund 30000	0.00	143,577.30	0.00	143,577.30
Total for Activity 000000001	0.00	143,577.30	0.00	143,577.30
Activity : 000000003 (Contracts)				
Fund : 30000 (PROGRAMME COST SHARING)				
71205 - Int'l Consultants-Sht Term-Tech	0.00	10,760.28	0.00	10,760.28
71305 - Local Consult.-Sht Term-Tech	0.00	13,805.33	0.00	13,805.33
72105 - Svc Co-Construction & Engineer	0.00	123,849.56	0.00	123,849.56
73104 - Leased Building	0.00	22,335.71	0.00	22,335.71
73205 - Premises Alterations	0.00	232.55	0.00	232.55
74120 - Capacity Assessment	0.00	360,029.81	0.00	360,029.81
75105 - Facilities & Admin - Implement	0.00	37,178.22	0.00	37,178.22
75705 - Learning costs	0.00	104.21	0.00	104.21
Total for Fund 30000	0.00	568,295.67	0.00	568,295.67
Total for Activity 000000003	0.00	568,295.67	0.00	568,295.67
Activity : 000000004 (Training)				
Fund : 30000 (PROGRAMME COST SHARING)				
72705 - Hospitality-Special Events	0.00	1,110.00	0.00	1,110.00
75105 - Facilities & Admin - Implement	0.00	919.18	0.00	919.18
75705 - Learning costs	0.00	12,020.93	0.00	12,020.93
Total for Fund 30000	0.00	14,050.09	0.00	14,050.09
Total for Activity 000000004	0.00	14,050.09	0.00	14,050.09



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UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

Page 2 of 6
Run Time: 21-06-2013 13:06:17

Project Id : 00049552 Gender Equality and Women Empo	Period :	Jan-Dec (2012)		
Output # : 00060507 Gender Equality & Women's Empow	Impl. Partner :	02388 UNDP - PAPP		
	Location :	Palestine		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Activity : 00000005 (Communication)

Fund : 30000 (PROGRAMME COST SHARING)

72405 - Acquisition of Communic Equip	0.00	109.17	0.00	109.17
72415 - Courier Charges	0.00	- 4.96	0.00	- 4.96
72425 - Mobile Telephone Charges	0.00	1,494.30	0.00	1,494.30
74210 - Printing and Publications	0.00	194.48	0.00	194.48
75105 - Facilities & Admin - Implement	0.00	125.52	0.00	125.52
76125 - Realized Loss	0.00	0.71	0.00	0.71

Total for Fund 30000 0.00 1,919.22 0.00 1,919.22

Total for Activity 00000005 0.00 1,919.22 0.00 1,919.22

Activity : 00000006 (Accommodation)

Fund : 30000 (PROGRAMME COST SHARING)

72425 - Mobile Telephone Charges	0.00	142.95	0.00	142.95
75105 - Facilities & Admin - Implement	0.00	10.01	0.00	10.01

Total for Fund 30000 0.00 152.96 0.00 152.96

Total for Activity 00000006 0.00 152.96 0.00 152.96

Activity : 00000007 (Miscellaneous(security, rent))

Fund : 30000 (PROGRAMME COST SHARING)

63515 - Security-related Costs	0.00	4,880.00	0.00	4,880.00
71615 - Daily Subsistence Allow-Intl	0.00	1,679.94	0.00	1,679.94
71620 - Daily Subsistence Allow-Local	0.00	996.39	0.00	996.39
72120 - Svc Co-Trade and Business Serv	0.00	698.22	0.00	698.22
73205 - Premises Alternations	0.00	27,000.00	0.00	27,000.00
74505 - Insurance	0.00	1,737.29	0.00	1,737.29
74525 - Sundry	0.00	5,466.81	0.00	5,466.81
74705 - Port Operation	0.00	1,609.09	0.00	1,609.09
75105 - Facilities & Admin - Implement	0.00	3,084.75	0.00	3,084.75
76125 - Realized Loss	0.00	13.00	0.00	13.00
76135 - Realized Gain	0.00	- 1.77	0.00	- 1.77

Total for Fund 30000 0.00 47,163.72 0.00 47,163.72

Total for Activity 00000007 0.00 47,163.72 0.00 47,163.72

Activity : JPMGMT (Joint Programme)



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UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

Page 3 of 6
Run Time: 21-06-2013 13:06:17

Project Id : 00049552 Gender Equality and Women Empo	Period :	Jan-Dec (2012)		
Output # : 00060507 Gender Equality & Women's Empow	Impl. Partner :	02388 UNDP - PAPP		
	Location :	Palestine		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Fund : 30000 (PROGRAMME COST SHARING)

72105 - Svc Co-Construction & Engineer	0.00	36.39	0.00	36.39
75105 - Facilities & Admin - Implement	0.00	2.55	0.00	2.55
Total for Fund 30000	0.00	38.94	0.00	38.94
Total for Activity JPMGMT	0.00	38.94	0.00	38.94
Total for Output : 00060507	0.00	777,197.89	0.00	777,197.89

Project Total :	0.00	777,197.89	0.00	777,197.89
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Signed By :

Date :

22/6/2013

Signed By :

Date :

Jamil J. J. J.



Financial audit of the locally incurred costs in the “Combined Delivery Report (CDR)” of the Project ID: 60507 titled “Gender Equality & Women’s Empowerment - West Bank and Gaza Strip” for the year ended 2012

Funded by: Spain

Implemented by: United Nation Development Programme (UNDP) in Palestine.

**PROJECT ID: 60507 TITLED “GENDER EQUALITY & WOMEN’S EMPOWERMENT -
WEST BANK AND GAZA STRIP”, FOR THE YEAR ENDED 2012**

NOTE TO THE COMBINED DELIVERY REPORT (CDR)

Note (1) Basis of Accounting:

The Combined Delivery Report (CDR) was prepared on the Cash Basis of accounting. According to this basis, expenditures are recognized when paid rather than when incurred.

Note (2): General

A. Budget:

The following the budget until 31 December 2012:

Activity	Category	Budget USD 2012
Activity 1	Personnel	144,678
Activity 3	Contracts	583,692
Activity 4	Training	13,992
Activity 5	Communication	2,140
Activity 6	Supplies	535
Activity 7	Miscellaneous, Security and Rent	46,733
TOTAL		791,770

B. Project Duration:

The project duration is three years started from 2011 and the Project geographical location allocated in different areas in West Bank & Gaza Strip including Jerusalem.

CERTIFICATION FOR STATEMENT OF CASH POSITION

To Mr. Helge Osttveiten
Director
Office of Audit and Investigation (OAI)

The Statement of Cash Position for the Project "Atlas Award ID: 49552", "Gender Equality & Women's Empowerment" in Palestine, is not applicable due that cash transactions of the project mentioned above were made through the country office bank accounts. Accordingly, no expression of opinion on the statement of cash position is required.

Talal Abu-Ghazaleh & Co.

Jamal Milhem, CPA

Executive Director

Ramallah - Palestine, 10 November 2013



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Green Tower Bld., Al-Shaheed Nazeq Qurah Street P.O. Box: 1110 Ramallah, The West Bank

مكتب رام الله: هاتف: ٢٢٩ ٨٨ ٢٢٠ / ١ ، فاكس: ٢٢٩ ٨٨ ٢١٩ (+٩٧٠)
بناية البرج الاخضر، شارع الشهيد نزيه قوره، ص ب: ١١١٠ رام الله، الضفة الغربية

3. PART III - MANAGEMENT LETTER

10 November 2013

To: Director

Office of Audit and Investigation (OAI)

United Nation Development Programme (UNDP)

Subject: Letter to Management on auditing Combined Delivery Report (CDR) ("the Statement") of the UNDP Project "Atlas Award ID: 49552".

We have performed an audit of the Combined Delivery Report (CDR) ("the Statement") of the UNDP Project "Atlas Award ID: 49552", "Gender Equality & Women's Empowerment in Palestine (West Bank and Gaza Strip), for the period from 1 January to 31 December 2012 in accordance with International Standards of Auditing (ISA) and in compliance with the UNDP rules and regulations.

In planning and performing our audit of the project, we considered the Project internal control structure and compliance with terms and conditions of the grant contract in order to determine our auditing procedures for expressing our opinion on the Combined Delivery Report (CDR) ("the Statement") and not to provide assurance on the internal control structure. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statement, whether due to fraud or error.

UNDP Palestine Office Management is responsible for the design, implementation and maintenance of the internal control system over the Projects. To execute this obligation, the UNDP Palestine office Managements is required to assess the expected risks and rewards of the policies and procedures for management control.

Our consideration of the internal control structure was for the limited purpose of expressing an opinion on the Combined Delivery Report (CDR), and therefore would not necessary disclosing all matters that might be reportable conditions. In addition, because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected by such control structure.

Finally, we would like to express our appreciation for the courtesy extended to us by the responsible personnel in UNDP Palestine office management.

Truly yours

Talal Abu - Ghazaleh & Co.

Jamal Milhem, CPA

Executive Director

Certified Accountant License # (100/98)



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بناية البرج الاخضر، شارع الشهيد نزيه قورة، ص ب: ١١١٠ رام الله، الضفة الغربية

Financial audit of the locally incurred costs in the “Combined Delivery Report (CDR)” of the Project ID: 60507 titled “Gender Equality & Women’s Empowerment - West Bank and Gaza Strip” for the year ended 2012

Funded by: Spain

Implemented by: United Nation Development Programme (UNDP) in Palestine.

3.1. Audit Issues and Recommendations

3.1.1. Out-Put Error in the Financial Management system:

Observation

Criteria:

The total amount in the transaction file must match with the total amounts reported in CDR and the two reports explored from the ATLAS must use the same source of data.

Notice Background:

During the audit, we noted difference between the amounts reported in the CDR and amount reported in transaction file due of systematic error, as follows:

Total amount reported in the CDR as at 31 December 2012 Excluding (unrealized loss and gain)	Total amount in the transaction file explored from the ATLAS system	Difference USD
777,192	785,255	8,063

The difference resulted from including transactions related to 2013 in the current transaction file (system error) due of using different source date (program error) when exploring the detailed transactions file and CDR, as follows:

Voucher No.	Description	Amount USD
00066436	S) Local Consultants-Technical	4,500
00066438	S) Intl Consultants-Technical	3,563
Total		8,063

Priority

Medium (Important)

Recommendation

The Office should solve such problem to avoid any future contradiction between the transaction file and CDR.

Management acceptance:

☒ Yes ☐ No

Financial audit of the locally incurred costs in the “Combined Delivery Report (CDR)” of the Project ID: 60507 titled “Gender Equality & Women’s Empowerment - West Bank and Gaza Strip” for the year ended 2012

Funded by: Spain

Implemented by: United Nation Development Programme (UNDP) in Palestine.

Management comments and action plan:

Kindly note the CDR reads data based upon the accounting date used, while the project transaction detail reports reads data based upon the budget date used. To reconcile these reports, we were advised by Atlas support to run the Account Activity Analysis report (AAA) instead of the project transaction detail. The AAA report will match with the total amounts reported in the CDR.

Auditor’s response:

We still recommend to consider our findings and to implement our recommendation; the detailed transaction sheet we have taken must match with total amounts reported in the CDR, and the source used to explore the detailed transaction sheet must be the same source used to explore the CDR.