



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

HIV/AIDS RESPONSE PROGRAM AND TUBERCULOSIS RESPONSE PROGRAM
(Directly Implemented Project No. 51220, Output Nos. 63662 and 63663)

Report No. 1511

Issue Date: 6 August 2015

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People
HIV/AIDS Response Program and Tuberculosis Response Program
(Project No. 51220, Output Nos. 63662 and 63663)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 18 May to 2 June 2015, through Talal Abu – Ghazaleh & Co. (the audit firm), conducted an audit of HIV/AIDS Response Program and Tuberculosis Response Program (Project No. 51220, Output Nos. 63662 and 63663) (the Project), which is directly implemented and managed by the UNDP Programme of Assistance to the Palestinian People (the Office) as the Principal Recipient, since the Project was funded by the Global Fund to Fight AIDS, Tuberculosis and Malaria. The last audit of the Office as Principal Recipient was conducted by OAI in 2014 and covered project expenditure from 1 January to 31 December 2013.

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 Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2014 and the accompanying Funds Utilization statement as of 31 December 2014 as well as Statement of Assets as of 31 December 2014. 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 UNDP Regional Centres and UNDP Headquarters), or where supporting documentation was not retained at the UNDP Country Office level. 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*.

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	
Output Nos.	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
63662	509	Unqualified	8	Unqualified
63663	125	Unqualified	-	N/A
Total	634		8	

* Expenditures recorded in the Combined Delivery Report were \$1.69 million. Excluded from the audit scope were transactions that relate to expenditures of other United Nations agencies (\$0.57 million) and expenditures processed and approved by other UNDP offices outside of the country (\$0.25 million). Also excluded were expenditures incurred at the "responsible party" level (\$0.24 million).

The audit firm issued an unqualified opinion on the Funds Utilization statement.

Key recommendation: Total = 1, high priority = 1

The recommendation aims to ensure the reliability and integrity of financial and operational information.

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. The high (critical) priority recommendation is presented below:

Inaccurate recording of expenditures (Issue 1)	Expenditures totalling \$567,798 incurred by other United Nations agencies were incorrectly recorded as UNDP expenditures in the Combined Delivery Report.
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Recommendation: The Office should correctly record expenditures and classify them under the relevant category.

The previous audit (Report No. 1303, issued on 9 July 2014) had one recommendation, and based on OAI's desk review, it is fully implemented.

Management comments and action plan

The United Nations Special Representative of the Administrator 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. Osttveiten
Director
Office of Audit and Investigations

Auditor's Report

Financial audit of “HIV/AIDS Response Program” and “Tuberculosis Response Program” (The Projects) implemented by UNDP/PAPP - The State of Palestine (West Bank & Gaza) for the year ended 31 December 2014.

PROJECT TITLES AND IDs:

Titles: “HIV/AIDS Response Program” and “Tuberculosis Response Program”

IDs: (Atlas Project ID: 51220, Output ID's: 63662 & 63663)

FUNDED BY

The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Talal Abu – Ghazaleh & Co.

Certified Public Accountants



Financial audit of Output IDs: 63662 & 63663 titled “HIV/AIDS Response Program” and “Tuberculosis Response Program” for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

“HIV/AIDS Response Program” and “Tuberculosis Response Program”

Implemented by

UNDP/PAPP the State of Palestine (West Bank & Gaza)

Funded by

The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

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To: The Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme

This report represents the results of our financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program", for the year ended 31 December 2014.

This financial audit was mandated in accordance with the audit contract for professional service signed with UNDP/OAI (Ref.PS 2015-03 dated 11 May 2015).

Sincerely yours,

Jamal Milhem, CPA

Certified Accountant License # (100/98)

Talal Abu-Ghazaleh & Co.

License No. 251/1997

Ramallah - Palestine, 4 June 2014



1. PART I – EXECUTIVE SUMMARY

The Executive Summary recapitulates the important issues raised in the financial audit of “HIV/AIDS Response Program” and “Tuberculosis Response Program”

1.1. Background Information about the Project

1.1.1 HIV/AIDS Response Program – Output ID: 63662

In 2008, The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM) approved a comprehensive proposal, submitted by the United Nations Theme Group (UNTG) on HIV and AIDS, to scale up prevention, treatment and care services in the Occupied Palestinian Territories (oPt) for 5 years for an amount of approximately USD 10 million. The Round 7 HIV Grant continued until end of 2013. The country is now supported through the Transitional Funding Mechanism (TFM) until November 2015. The Global Fund sponsored grants are managed based on a pyramidal structure composed as follows:

1. The Principal Recipient (UNDP/PAPP), legally bound to the Global Fund and responsible for the supervision and coordination of the overall implementation of the programme; and
2. Sub-Recipients (currently WHO, UNODC, and Ministry of Health (MOH)), responsible for the direct implementation on the ground either through their own capacities and expertise or through the Sub-Sub-Recipients (the National AIDS Committee (NAC), other line ministries, UNRWA, and relevant NGOs).

The programme mainly focuses on the following:

- prevention of HIV and AIDS in the oPt;
- reduction of the vulnerability of most at risk population groups;
- strengthening the capacities and systems of the national counterparts in order to provide a stronger response; and
- increase access to treatment.

1.1.2 Tuberculosis Response Program – Output ID: 63663

In 2009, The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM) approved a comprehensive proposal to implement quality DOTS (Directly Observed Treatment, Short-Course) services in the Occupied Palestinian Territory (oPt) for 5 years for a total budget of EUR 2,041,525. The Round 8 TB Grant ended in 2014 and a no cost extension of one year was granted to the country until November 2015. The Global Fund sponsored grants are managed based on a pyramidal structure composed as follows:

1. The Principal Recipient (UNDP/PAPP), legally bound to the Global Fund and responsible for the supervision and coordination of the overall implementation of the programme;

Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

2. Sub-Recipients (WHO, UNRWA WB, UNRWA Gaza and MoH), responsible for the direct implementation on the ground either through their own capacities and expertise or through the Sub-Sub-Recipients.

The programme focuses on strengthening the already existing TB programme at the MoH in cooperation with UNRWA. Activities include the development of TB guidelines, access to treatment and expanding the DOTS centers in the West Bank and Gaza to provide services to the most at risk populations. In addition, the TB extension period has components of Multidrug-resistant tuberculosis treatment, Atypical TB types and how to address them including a study to provide further data about this area.

1.2. Project identification information

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

Project Name	Output Number	Atlas Project ID	2014 Budget (USD)	2014 Actual Expenditures as per CDR (USD)
HIV/AIDS Response Program	63662	51220	1,237,774	1,236,677
Tuberculosis Response Program	63663	51220	477,960	457,436
Total			1,715,734	1,694,113

The audit covered the project activities during the period from 1 January to 31 December 2014. During the period under review, the Office recorded project expenditures totaling USD 1,694,113 as reported through the Combined Delivery Reports (CDR).

A total amount of USD 1,059,346 was excluded from our audit scope since the related expenditures were either incurred by the Government or other UN sister agencies or processed and approved in locations outside the country. The details are presented in the below table:

Project Name	Output ID	Expenditures incurred outside the country (USD) ¹	Other UN Agencies Expenditures (USD) ²	Government Expenditures (USD) ³	Total amounts out of scope
HIV/AIDS Response Program	63662	234,747	357,552	135,259	727,558

¹ Expenses processed and approved in locations outside the country such as UNDP Regional Centres and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office are not covered under our financial audit.

² Activities and expenses incurred or undertaken at the level of "responsible parties" are not covered under our financial audit.

³ Activities and expenses incurred or undertaken at the level of "responsible parties" are not covered under our financial audit.

Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

Tuberculosis Response Program	63663	17,999	210,246	103,543	331,788
Total		252,746	567,798	238,802	1,059,346

As a result, the financial audit covered project expenditures incurred locally totaling USD 634,767.

1.3. Project duration:

Project Name	Program Start Date	Program End Date
HIV/AIDS Response Program	December 2008	November 2015
Tuberculosis Response Program	December 2009	November 2015

1.4. Audit objectives

The objective of the financial audit was to express an opinion on the project's financial statements which include:

- 1) Expressing an opinion on whether the expenses incurred by the projects during year ended 31 December 2014 and the funds utilization as at 31 December 2014 were 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) and the accompanying Funds Utilization statement were the mandatory and official statement upon which the audit opinion was to be expressed.
- 2) Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP Projects as at 31 December 2014. This statement should include all assets available as at 31 December 2014 and not only those purchased in the period under audit.
- 3) Expressing an opinion on whether the statement of cash held by the Projects presents fairly the cash and bank balance of UNDP Project as at 31 December 2014, only if a dedicated bank account was established specifically for the projects.

1.5. Scope of the audit:

We performed our financial audit in accordance with the International Standards on Auditing (ISA 700) and in compliance with the UNDP rules and regulations.

The scope of the audit related to transactions concluded and recorded against the UNDP DIM project for the period from 1 January 2014 to 31 December 2014. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of "responsible parties"; and
- Expenses processed and approved in locations outside the country such as UNDP Regional Centres and UNDP Headquarters and where the supporting documentation were not retained at the level of the UNDP country office

Specifically, the audit covered the following:

- a) The expenses incurred and recorded in the Combined Delivery Reports (CDR) of the project during the period from 1 January 2014 to 31 December 2014;
- b) The value and existence of the fixed assets held by the project as at 31 December 2014; and
- c) The value and existence of Cash held by the project as at 31 December 2014 (in the case there was a separate bank account for the DIM project under review).

Accounting principles:

The Combined Delivery Report (CDR) was prepared on the accrual basis accounting system, therefore expenditures were recognized when incurred rather than when paid.

All assets included in the Statement of Fixed Assets were accounted for according to their historical costs, and in compliance with UNDP's Assets Management Guidelines.

Since 2012, UNDP started applying IPSAS and as a result, fixed assets depreciation expenses are included in the CDR.

Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

1.6. Summary of the Audit performed and results:

1.6.1 Audit performed:

This summary represents the results of our financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program", for the year ended 31 December 2014.

The total expenditures incurred by UNDP on the above Projects are USD 634,767. The audit tests approximately covered 78 percent of the total expenditures, as shown in the following table:

Project Location	Output ID	No. of Samples	Total Expenditures incurred by UNDP (USD)	Total Expenditures Tested	Percentage
Jerusalem	63662	10	509,119	405,503	80%
Jerusalem	63663	4	125,648	88,554	70%
Total			634,767	494,057	78%

1.6.2 Results of Audit:

- **The Combined Delivery Report (CDR) and Funds Utilization Statement**

The review did not disclose any financial errors in the Project's CDR and Funds Utilization statement.

- **The Statement of Fixed Assets**

The results of our review did not disclose any material misstatement that could affect the presentation of the statement of fixed assets as at 31 December 2014.

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

In accordance with the Terms of Reference for the audit, we did not issue an opinion on the Statement of Cash Position as there was no separate bank account for the project under review.

Jamal Milhem, CPA

Certified Accountant License # (100/98)



Talal Abu-Ghazaleh & Co.

License No. 251/1997

Ramallah - Palestine, 4 June 2014



2. PART II – AUDITOR’S REPORT WITH OPINION

2.1. Auditor’s Report

REPORT OF THE INDEPENDENT AUDITORS TO UNDP DIM PROJECT “HIV/AIDS RESPONSE PROGRAM” AND “TUBERCULOSIS RESPONSE PROGRAM”

To the Director of the Office of Audit and Investigations
United Nations Development Programme

Report on the Project Financial Statement

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization Statement (the Statement) of the UNDP Projects “HIV/AIDS Response Program” and “Tuberculosis Response Program”, bearing output numbers 63662 & 63663 for the period from 1 January to 31 December 2014.

Management’s Responsibility

Management is responsible for the preparation and fair presentation of the statement for “HIV/AIDS Response Program” and “Tuberculosis Response Program”, Projects 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 (ISA 700). 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.

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

Unmodified Opinion

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization statement gives a true and fair view of the expenditures of USD 634,767 incurred by the Projects "HIV/AIDS Response Program" and "Tuberculosis Response Program", for the period from 1 January to 31 December 2014 in accordance with UNDP accounting policies and 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.

Emphasis of Matter

We draw attention that some expenditures amounting to USD 567,798 related to other UN Agencies acting as responsible parties to the project were recorded under UNDP expenditures not as UN Agencies expenditures. Our opinion is not qualified in respect of this matter.

Jamal Milhem, CPA

Certified Accountant License # (100/98)

Talal Abu -Ghazaleh & Co.

License No. 251/1997

Ramallah - Palestine, 4 June 2014



Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

2.2. CDR Output No. 63662 for the year ended 31 December 2014

Combined Delivery Report By Project

UN Development Programme

Report ID: unglcdrp

Page 1 of 4

Run Time: 19-03-2015 16:03:59

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2014)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00063662

Project Id : 00051220 GFATM HIV/AIDS & TB	Period : Jan-Dec (2014)
Output # : 00063662 HIV/AIDS Response Program	Impl. Partner : 02388 UNDP - PAPP
	Location : Palestine
Govt Exp	UNDP Exp
UN Agencies Exp	Total Exp

Dept: 70001 (PAPP - Central)

Fund : 04950 (PAPP Core Programme)

74525 - Sundry	0.00	1,999.99	0.00	1,999.99
Total for Fund 04950	0.00	1,999.99	0.00	1,999.99


Fund: 30078 (Global Fund to fight AIDS Tube)

61305 - Salaries - IP Staff	0.00	89,660.46	0.00	89,660.46
61310 - Post Adjustment - IP Staff	0.00	54,898.94	0.00	54,898.94
62305 - Dependency Allowances-IP Staff	0.00	2,693.31	0.00	2,693.31
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	28,604.06	0.00	28,604.06
62315 - Contrib. to medical, social in	0.00	204.60	0.00	204.60
62320 - Mobility, Hardship, Non-remova	0.00	17,869.92	0.00	17,869.92
62340 - Annual Leave Expense - IP	0.00	- 8,340.48	0.00	- 8,340.48
63335 - Home Leave Trvl & Allow-IP Stf	0.00	3,314.55	0.00	3,314.55
63530 - Contribution to EOS Benefits	0.00	5,420.98	0.00	5,420.98
63535 - Contribution to Security	0.00	7,525.20	0.00	7,525.20
63540 - Contribution to Training	0.00	1,734.74	0.00	1,734.74
63545 - Contribution to ICT	0.00	2,168.39	0.00	2,168.39
63550 - Contributions to MAIP	0.00	722.79	0.00	722.79
63555 - Contribution to UN JFA	0.00	3,324.85	0.00	3,324.85
63560 - Contributions to Appendix D	0.00	433.70	0.00	433.70
64308 - Appointments-Lump Sum	0.00	12,173.72	0.00	12,173.72
65115 - Contributions to ASHI Reserve	0.00	11,564.76	0.00	11,564.76
65135 - Payroll Mgt. Cost Recovery ATLA	0.00	772.56	0.00	772.56
71405 - Service Contracts-Individuals	0.00	136,355.43	0.00	136,355.43
71410 - MAIP Premium SC	0.00	592.41	0.00	592.41
71415 - Contribution to Security SC	0.00	12,015.31	0.00	12,015.31
71505 - UN Volunteers-Stipend & Allow	0.00	740.00	0.00	740.00
71520 - UNV-Language Allowance	0.00	49.76	0.00	49.76
71535 - UNV-Medical Insurance	0.00	36.42	0.00	36.42
71540 - UNV-Global Charges	0.00	40.49	0.00	40.49
71550 - UNV-Resettlement Allowance	0.00	61.67	0.00	61.67
71590 - UNV Development Effectiveness	0.00	92.83	0.00	92.83
71605 - Travel Tickets-International	0.00	4,087.88	0.00	4,087.88
71615 - Daily Subsistence Allow-Intl	0.00	9,524.86	0.00	9,524.86
71620 - Daily Subsistence Allow-Local	0.00	931.45	0.00	931.45
71630 - Shipment	0.00	1,981.24	0.00	1,981.24
71635 - Travel - Other	0.00	2,610.19	0.00	2,610.19
72105 - Svc Co-Construction & Engineer	0.00	123,000.00	0.00	123,000.00
72125 - Svc Co-Studies & Research Serv	0.00	348.17	0.00	348.17
72170 - Svc Co-Humanitarian Aid & Relf	135,258.50	357,551.93	0.00	492,810.43
72210 - Machinery and Equipment	0.00	1,674.89	0.00	1,674.89
72215 - Transportation Equipment	0.00	60,800.00	0.00	60,800.00
72330 - Medical Products	0.00	- 1,252.27	0.00	- 1,252.27

Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

 UN Development Programme Report ID: unqldrpr		Combined Delivery Report By Project		Page 2 of 4 Run Time: 19-03-2015 16:03:59
Project Id : 00051220 GFATM HIV/AIDS & TB Output # : 00063662 HIV/AIDS Response Program		Period : Jan-Dec (2014) Impl. Partner : 02388 UNDP - PAPP Location : Palestine		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72350 - Medical Kits	0.00	5,770.35	0.00	5,770.35
72360 - Anti-retroviral drugs (ARV)	0.00	16,955.24	0.00	16,955.24
72405 - Acquisition of Communic Equip	0.00	897.33	0.00	897.33
72425 - Mobile Telephone Charges	0.00	3,012.23	0.00	3,012.23
72435 - E-mail-Subscription	0.00	1,500.00	0.00	1,500.00
72715 - Hospitality Catering	0.00	215.15	0.00	215.15
72815 - Inform Technology Supplies	0.00	81.35	0.00	81.35
73101 - Leased/rented land	0.00	2,406.72	0.00	2,406.72
73120 - Utilities	0.00	3,995.24	0.00	3,995.24
73410 - Maint. Oper of Transport Equip	0.00	1,032.12	0.00	1,032.12
74210 - Printing and Publications	0.00	185.89	0.00	185.89
74525 - Sundry	0.00	6,755.55	0.00	6,755.55
74710 - Land Transport	0.00	101.98	0.00	101.98
75105 - Facilities & Admin - implement	0.00	80,773.00	0.00	80,773.00
75705 - Learning costs	0.00	17,556.00	0.00	17,556.00
75709 - Learning - training of counter	0.00	11,425.39	0.00	11,425.39
76125 - Realized Loss	0.00	5.11	0.00	5.11
76135 - Realized Gain	0.00	-0.75	0.00	-0.75
77630 - Dep Exp Owned - ITC	0.00	660.00	0.00	660.00
Total for Fund 30078	135,258.50	1,099,418.61	0.00	1,234,677.11
Total for Dept : 70001	135,258.50	1,101,418.60	0.00	1,236,677.10
Total for Output : 00063662	135,258.50	1,101,418.60	0.00	1,236,677.10
Project Total :	135,258.50	1,101,418.60	0.00	1,236,677.10

Signed By:  Date: 1/6/2015

Signed By:  Date: 9/6/2015





Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.



UN Development Programme
Report ID: unglcdp

Combined Delivery Report By Project

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Run Time: 19-03-2015 16:03:01

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2014)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00063662

Project Id : ALL		Period : Jan-Dec (2014)		
Output # : ALL		Impl. Partner : Location :		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
70001 - PAPP - Central	135,258.50	1,101,418.60	0.00	1,236,677.10

Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 19-03-2015 16:03:02

Funds Utilization

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2014)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00063662

Project/Award: 00051220 GFTAM HIV/AIDS & TB

Period : As at Dec 31, 2014

Output # 00063662 Impl. Partner :02388 UNDP - PAPP

UNDP AMOUNT

Outstanding NEX advances	0.00
Undepreciated Fixed Assets	8,215.00
Inventory	0.00
Prepayments	0.00
Commitments	17,772.02

Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

2.3. CDR Output No. 63663 for the year ended 31 December 2014

Combined Delivery Report By Project

UN Development Programme
Report ID: unglcdrg

Page 1 of 3
Run Time: 12-03-2015 11:03:04

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2014)
Selected Project Id : ALL
Selected Fund Code : 30078
Selected Dept. IDs : ALL
Selected Outputs : 00063663

Project Id : 00061220 GFATM HIV/AIDS & TB	Period : Jan-Dec (2014)		
Output # : 00063663 Tuberculosis Response Program	Impl. Partner : 02388 UNDP - PAPP		
	Location :		
Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 70001 (PAPP - Central)

Fund : 30078 (Global Fund to fight AIDS Tube)

71405 - Service Contracts-Individuals	0.00	61,147.20	0.00	61,147.20
71410 - MAIP Premium SC	0.00	240.59	0.00	240.59
71415 - Contribution to Security SC	0.00	2,636.58	0.00	2,636.58
71620 - Daily Subsistence Allow-Local	0.00	411.61	0.00	411.61
71630 - Shipment	0.00	985.03	0.00	985.03
72170 - Svc Co-Humanitarian Aid & Relf	103,542.61	210,245.55	0.00	313,788.16
72210 - Machinery and Equipment	0.00	21,364.17	0.00	21,364.17
72225 - Sale of Equip & Furniture	0.00	-0.01	0.00	-0.01
72330 - Medical Products	0.00	2,152.81	0.00	2,152.81
72350 - Medical Kits	0.00	460.00	0.00	460.00
72360 - Anti-retroviral drugs (ARV)	0.00	95.46	0.00	95.46
72405 - Acquisition of Communic Equip	0.00	13,038.61	0.00	13,038.61
72425 - Mobile Telephone Charges	0.00	431.16	0.00	431.16
72435 - E-mail-Subscription	0.00	600.00	0.00	600.00
72815 - Inform Technology Supplies	0.00	2,725.26	0.00	2,725.26
73410 - Maint. Oper of Transport Equip	0.00	795.84	0.00	795.84
74505 - Insurance	0.00	717.73	0.00	717.73
74525 - Sundry	0.00	3,661.06	0.00	3,661.06
74710 - Land Transport	0.00	111.20	0.00	111.20
74720 - Distribution Cost	0.00	1,100.00	0.00	1,100.00
75105 - Facilities & Admin - Implement	0.00	29,925.62	0.00	29,925.62
75109 - Learning costs	0.00	500.00	0.00	500.00
75710 - Participation of counterparts	0.00	546.53	0.00	546.53
76125 - Realized Loss	0.00	4.76	0.00	4.76
76135 - Realized Gain	0.00	-3.81	0.00	-3.81
Total for Fund 30078	103,542.61	353,892.95	0.00	457,435.56
Total for Dept : 70001	103,542.61	353,892.95	0.00	457,435.56
Total for Output : 00063663	103,542.61	353,892.95	0.00	457,435.56

Project Total :	103,542.61	353,892.95	0.00	457,435.56
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Signed By :

Date :

Signed By :

Date :

James J. Gilheane



Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

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Run Time: 12-03-2015 11:03:05

Business Unit : PAL10
Period : Jan-Dec (2014)
Selected Project Id : ALL
Selected Fund Code : 30078
Selected Dept. IDs : ALL
Selected Outputs : 00063663

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Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 12-03-2015 11:03:06

Funds Utilization

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2014)
Selected Project Id : ALL
Selected Fund Code : 30078
Selected Dept. IDs : ALL
Selected Outputs : 00063663

Project/Award: 00061220 : GFTAM HIV/AIDS & TB

Period : As at Dec 31, 2014

Output #	Impl. Partner :02388 UNDP - PAPP	UNDP AMOUNT
Outstanding NEX advances		13,204.39
Undepreciated Fixed Assets		0.00
Inventory		0.00
Prepayments		0.00
Commitments		3,904.00

3. CERTIFICATION OF THE STATEMENT OF FIXED ASSETS - 2014

To the Director of the Office of Audit and Investigations
United Nations Development Programme

Report on the Statement of Fixed Assets

We have audited the accompanying Statement of Fixed Assets (the statement) of the UNDP Output IDs: 63662 & 63663, "HIV/AIDS Response Program" and "Tuberculosis Response Program", as of 31 December 2014.

Management's Responsibility

Management is responsible for the preparation of the Statement for "HIV/AIDS Response Program" and "Tuberculosis Response Program" Projects and for such internal control as management determines is necessary to enable the preparation of the 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 (ISA 700). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is 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 schedule 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.

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

Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

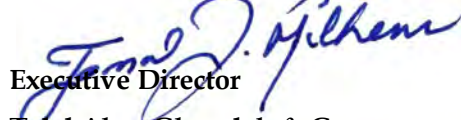
Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

Unmodified Opinion

In our opinion, the attached Statement of assets presents fairly, in all material respects, the balance of fixed assets of USD 8,215 incurred by the projects as at 31 December 2014 in accordance with UNDP accounting policies.

Jamal Milhem, CPA

Certified Accountant License # (100/98)



Executive Director

Talal Abu- Ghazaleh & Co.



Ramallah - Palestine, 4 June 2015

Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

3.1 Statement of Fixed Assets – 2014

"HIV/AIDS Response Program" and "Tuberculosis Response Program"

STATEMENT OF FIXED ASSETS

AS AT 31 DECEMBER 2014

Category	Location	Value USD
5 Notebook Computers XPS	Jerusalem	8,215
Total Book Value		8,215

Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

3.2 List of Assets and Equipment

Project Title: "Future Hope: Ensuring Continued Universal Access to HIV Prevention, Treatment and Care in Palestine"
IDs: (Atlas Project ID: 51220, Output No: 63662)

Business u	Profile ID	Description	Acquisition Date	In Service Date	Cost,USD	Net Book \	Quantity	Project
PAL10	ITC1	A Notebook computers XPS 12A	12/9/2013	6/24/2014	\$1,775.00	\$1,643.00	1	00063662
PAL10	ITC1	A Notebook computers XPS 12	12/9/2013	6/24/2014	\$1,775.00	\$1,643.00	1	00063662
PAL10	ITC1	Notebook computers XPS 12	12/9/2013	6/24/2014	\$1,775.00	\$1,643.00	1	00063662
PAL10	ITC1	Notebook computers XPS 12	12/9/2013	6/24/2014	\$1,775.00	\$1,643.00	1	00063662
PAL10	ITC1	Notebook computers XPS 12	12/9/2013	6/24/2014	\$1,775.00	\$1,643.00	1	00063662
					Total	\$8,215.00		

Date: June 3, 2015

Signature:




4. PART III – MANAGEMENT LETTER

4 June 2015

To the Director of the Office of Audit and Investigations

United Nations Development Programme

Subject: Letter to Management on auditing the Combined Delivery Report (CDR) and Funds Utilization Statement ("the Statement") of the UNDP Project "Atlas Output ID: 63662 & 63663".

We have performed an audit of the Combined Delivery Report (CDR) and Funds Utilization Statement ("the Statement") of the UNDP Projects "Atlas Output IDs: 63662 & 63663", "HIV/AIDS Response Program" and "Tuberculosis Response Program", for the period from 1 January to 31 December 2014 in accordance with International Standards on Auditing (ISA 700) and in compliance with the UNDP rules and regulations.

In planning and performing our audit of the project, we considered HIV/AIDS Response Program and Tuberculosis Response Program's (the Projects) internal control structure and compliance with term and condition 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 Funds Utilization Statement, and therefore would not necessarily be 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.

Jamal Milhem, CPA

Certified Accountant License # (100/98)

Executive Director

Talal Abu- Ghazaleh & Co.

Ramallah - Palestine, 4 June 2015



Financial audit of Output IDs: 63662 & 63663 titled "HIV/AIDS Response Program" and "Tuberculosis Response Program" for the year ended 31 December 2014.

Funded by: The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

4.1. Audit Issues and Recommendations

4.1.1 Expenditures Classification:

Observation

Notice Background:

During our audit, we noticed that some expenditures amounting to USD 567,798 related to other UN Agencies acting as responsible parties to the projects were recorded under UNDP expenditures not as UN Agencies expenditures.

Criteria:

According to the UNDP rules and regulations these expenditures must be classified and presented as UN Agencies expenses.

Priority

High (Important)

Recommendation

The Office should classify these expenditures as UNDP expenses and ensure in the future that expenditures are adequately classified in the CDR depending on the entity which incurred them.

Management acceptance:

☒ Yes ☐ No

Management comments and action plan:

UNDP will seek clear guidance from HQ's on how to record the UN agencies advances correctly, and it will be implemented starting July 2015.