

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

COMMUNITY RESILIENCE AND DEVELOPMENT PROGRAMME
FOR AREA C AND EAST JERUSALEM (CRDP)
(Directly Implemented Project No. 69435, Output No. 84013)

Report No. 1650
Issue Date: 30 September 2016

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People
Community Resilience and Development Programme for Area C and East Jerusalem (CRDP)
(Project No. 69435, Output No. 84013)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 21 to 27 July 2016, conducted an audit of Community Resilience and Development Programme for Area C and East Jerusalem (CRDP) (Project No. 69435, Output No. 84013) (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 Project 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 2015 and the accompanying Funds Utilization statement¹ as of 31 December 2015 as well as Statement of Assets as of 31 December 2015. 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	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
4,855	Unqualified	24	Unqualified

OAI decided to include in the audit scope the expenditures incurred by the responsible party (totalling \$2,682,558) because they were processed and approved at the level of the Office. The audit firm reported that all supporting documents were available in the Office and were reviewed by them.

The audit did not result in any recommendations.



Helge S. Osttveiten
Director
Office of Audit and Investigations

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated 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.

**UNITED NATIONS DEVELOPMENT PROGRAMME
(UNDP)**

AUDIT REPORT

30 September 2016

**FINANCIAL AUDIT OF THE UNDP DIRECTLY
IMPLEMENTED (DIM) PROJECT**

**Community Resilience and Development Programme for
Area C and East Jerusalem (CRDP)**

UNDP Office:	Programme of Assistance to the Palestinian People
Atlas Project ID:	69435
Atlas Output ID:	84013
Auditor:	Moore Stephens LLP
Period subject to audit:	1 January to 31 December 2015

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EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of 'Community Resilience and Development Programme for Area C and East Jerusalem' (Project ID 69435 - Output ID 84013), directly implemented by UNDP Programme of Assistance to the Palestinian People (PAPP, 'the Office') for the year ended 31 December 2015. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI).

We have issued audit opinions as summarised in the table below and as detailed in the next section:

Statement of Expenditure	Unqualified
Statement of Fixed Assets	Unqualified
Statement of Cash Position	Not applicable

As a result of our audit, we have raised no audit findings.

This output ID 84013 "Community Resilience and Development Programme for Area C and East Jerusalem" was audited in the prior year but there were no audit findings or recommendations raised.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

30 September 2016

THE AUDIT ENGAGEMENT

Audit Objectives and Scope

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

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2015 and the funds utilization as at 31 December 2015 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.
- Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP project as at 31 December 2015. This statement must include all assets available as at 31 December 2015 and not only those purchased in a given period. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.
- 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 31 December 2015. In cases where the audited DIM project does not have a dedicated bank account for the project and the cash transactions are made through the country office bank accounts, this type of opinion is not required.

The Financial Audit was conducted in accordance with the International Standards of Auditing (ISA), the 700 series

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 January and 31 December 2015. The scope of the audit did 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 Centres and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.

Independent Auditors' Report to UNDP – Community Resilience and Development Programme for Area C and East Jerusalem

Statement of Expenditure

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

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization statement totalling \$4,854,905.68 (the statement) of the UNDP output ID 84013 'Community Resilience and Development Programme for Area C and East Jerusalem' for the period from 1 January to 31 December 2015. CDR expenditure totalling \$2,682,558.48 was processed and approved by implementing partners rather than the Office, therefore our audit testing was limited to testing controls and validating payments at the level of the Office.

Management's Responsibility for the Statement of Expenditure

Management is responsible for the preparation of the statement for 'Community Resilience and Development Programme for Area C and East Jerusalem' 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 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 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 statement 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 audit opinion.

Unqualified Opinion

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization statement presents fairly, in all material respects, the expenses of \$4,854,905.68 incurred by the project 'Community Resilience and Development Programme for Area C and East Jerusalem' for the period 1 January to 31 December 2015 in accordance with UNDP accounting policies and were (i) in conformity with the approved budget; (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.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB
30 September 2016

Independent Auditors' Report to UNDP – Community Resilience and Development Programme for Area C and East Jerusalem

Statement of Assets and Equipment

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

We have audited the accompanying Statement of Fixed Assets ('the statement') of the UNDP output ID 84013 'Community Resilience and Development Programme for Area C and East Jerusalem' as at 31 December 2015.

Management's Responsibility for the Statement of Expenditure

Management is responsible for the preparation of the statement for 'Community Resilience and Development Programme for Area C and East Jerusalem' 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 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 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 audit opinion.

Unqualified Opinion

In our opinion, the attached Statement of Assets presents fairly, in all material respects, the balance of inventory of the UNDP project 'Community Resilience and Development Programme for Area C and East Jerusalem' amounting to \$24,283.45 as at 31 December 2015 in accordance with UNDP accounting policies.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
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30 September 2016

Independent Auditor's Report to UNDP – Export Development in the West Bank

Statement of Cash Position

We noted that the UNDP output ID 84013 'Community Resilience and Development Programme for Area C and East Jerusalem' did not have a dedicated bank account for DIM project activities subject to audit and accordingly a Statement of Cash Position was not produced.

MANAGEMENT LETTER

As a result of our audit, we have raised no audit findings.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

30 September 2016

Annexes

Annex 1: Combined Delivery Report



Combined Delivery Report By Project

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2015)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00059214,00084013

Project Id : 00069435 Community Resilience & Dev. P		Period :	Jan-Dec (2015)	
Output # : 00084013 Community Resilience Program		Impl. Partner :	02388 UNDP - PAPP	
		Location :	Palestine	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 70001 (PAPP - Central)

Fund : 30000 (PROGRAMME COST SHARING)

71305 - Local Consult.-Sht Term-Tech	0.00	51,053.37	0.00	51,053.37
71405 - Service Contracts-Individuals	0.00	267,179.55	0.00	267,179.55
71410 - MAIP Premium SC	0.00	906.47	0.00	906.47
71415 - Contribution to Security SC	0.00	19,873.69	0.00	19,873.69
71420 - Payroll Mgt Cost Recovery SC	0.00	6,066.67	0.00	6,066.67
71615 - Daily Subsistence Allow-Intl	0.00	56.98	0.00	56.98
71635 - Travel - Other	0.00	160.90	0.00	160.90
72130 - Svc Co-Transportation Services	0.00	597.94	0.00	597.94
72145 - Svc Co-Training and Educ Serv	74,288.00	486,916.00	0.00	561,204.00
72155 - Svc Co-Public Admin, Politics	853,516.48	128,356.00	0.00	981,872.48
72160 - Svc Co-Education & Health Serv	31,331.00	0.00	0.00	31,331.00
72170 - Svc Co-Humanitarian Aid & Relf	1,306,036.00	169,427.00	0.00	1,475,463.00
72205 - Office Machinery	0.00	147.95	0.00	147.95
72315 - Food & Textile Products	0.00	177.92	0.00	177.92
72370 - Security related goods and mat	0.00	943.25	0.00	943.25
72405 - Acquisition of Communic Equip	0.00	25.49	0.00	25.49
72410 - Acquisition of Audio Visual Eq	0.00	754.00	0.00	754.00
72425 - Mobile Telephone Charges	0.00	2,995.28	0.00	2,995.28
72435 - E-mail-Subscription	0.00	600.00	0.00	600.00
72505 - Stationery & other Office Supp	0.00	520.66	0.00	520.66
72510 - Publications	0.00	5,000.00	0.00	5,000.00
72605 - Grants to Instit & other Benef	417,387.00	562,163.00	0.00	979,550.00
73101 - Leased/rented land	0.00	2,193.91	0.00	2,193.91
73104 - Leased Building	0.00	17,000.00	0.00	17,000.00
73110 - Custodial & Cleaning Services	0.00	1,937.62	0.00	1,937.62
73120 - Utilities	0.00	2,479.83	0.00	2,479.83
73410 - Maint, Oper of Transport Equip	0.00	27,280.15	0.00	27,280.15
74110 - Audit Fees	0.00	21,001.00	0.00	21,001.00
74120 - Capacity Assessment	0.00	19,538.00	0.00	19,538.00
74210 - Printing and Publications	0.00	823.51	0.00	823.51
74220 - Translation Costs	0.00	174.99	0.00	174.99
74505 - Insurance	0.00	2,566.84	0.00	2,566.84
74510 - Bank Charges	0.00	87.28	0.00	87.28
74525 - Sundry	0.00	16,250.75	0.00	16,250.75
74599 - UNDP cost recovery chrgs-Bills	0.00	209.76	0.00	209.76
74696 - PP&E Expensed Items	0.00	1,079.00	0.00	1,079.00
74710 - Land Transport	0.00	44.61	0.00	44.61
75105 - Facilities & Admin - Implement	0.00	321,061.06	0.00	321,061.06
75705 - Learning costs	0.00	700.00	0.00	700.00
75709 - Learning - training of counter	0.00	31,600.00	0.00	31,600.00
76125 - Realized Loss	0.00	113.46	0.00	113.46
76135 - Realized Gain	0.00	-99.86	0.00	-99.86
77630 - Dep Exp Owned - ITC	0.00	186.90	0.00	186.90
77660 - Dep Exp Owned -Vehicle	0.00	2,196.27	0.00	2,196.27



Project Id : 00069435 Community Resilience & Dev. P		Period :	Jan-Dec (2015)	
Output # : 00084013 Community Resilience Program		Impl. Partner :	02388 UNDP - PAPP	
		Location :	Palestine	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Total for Fund 30000	2,682,558.48	2,172,347.20	0.00	4,854,905.68
Total for Dept : 70001	2,682,558.48	2,172,347.20	0.00	4,854,905.68
Total for Output : 00084013	2,682,558.48	2,172,347.20	0.00	4,854,905.68
Project Total :	2,682,558.48	2,172,347.20	0.00	4,854,905.68

Mark Henderson
Partner
Moore Stephens LLP
30 September 2016

MOORE STEPHENS

Signed By : NADER Atta - Deputy Team Leader Date : 30/9/2016

Signed By : Abderrahmane El Yessa Team Leader Date : 30/9/2016



Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2015)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00059214,00084013

Project Id : ALL	Period : Jan-Dec (2015)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
70001 - PAPP - Central	2,682,558.48	2,172,347.20	0.00	4,854,905.68



Funds Utilization

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2015)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00059214,00084013

Project/Award: 00069435 Community Resilience & Dev. P

Period : As at Dec 31, 2015

Output #	00084013	Impl. Partner :02388 UNDP - PAPP	UNDP AMOUNT
Outstanding NEX advances			425,860.35
Undepreciated Fixed Assets			24,283.45
Inventory			0.00
Prepayments			0.00
Commitments			0.00

Annex 2: Statement of Assets and Equipment



CRDP Assets list 2015

Description	TAG Number	Serial Number	Acquisition Date	In Service Date	Cost,USD	Net Book Value
Kia Sportage 4X4 2.0 cc 2014	1905	811DDL392713	5/27/2014	5/27/2014	26,355.25	22,694.80
A Computerprinters- LTA Item	1916	CUN417BTYL	7/17/2014	7/17/2014	1,869.00	1,588.65
					Total	24,283.45

Prepared by : Saad Jaradat

30/9/2016

Mark Henderson
Partner
Moore Stephens LLP
30 September 2016

Nader Atta
30/9/2016

MOORE STEPHENS

Assets Management

Project Name : CRDP

Date : 2015
City : Ramallah
UNDP / PAPP

UNDP COUNTRY OFFICE PAPP PROJECT ASSETS PHYSICAL VERIFICATION 2015

PROFILE ID (electricals, vehicles etc)	Detailed Description (Model type / if available)	Serial Number	Quantity (should always be 1)	Acquisition Cost	Price in US Dollar	Location (Consisting of room number - floor number and city name) Ex : (Room2-Floor 3 - Jerusalem)	ACQUISITION_ DATE	BUSINESS_ UNIT	OPERATIN G_ UNIT	FUND_ CODE	Implementing Agent	Donor	PROJECT_ID	DEPTID (expenditu re)	Activity
Vehicle	Kia Sportage 4*4 2.0 cc 2014	811DDL392713	1	\$26,355.25	\$22,694.80	CRDP Office - Ramallah	27/05/2014	PAL10	PAL	30000	001981	00555	00084013	70001	ACTIVITY5
Electricals	A computer/printers- LTA Item	CUN4178TYL	1	\$1,869.00	\$1,588.65	CRDP Office - Ramallah	17/07/2014	PAL10	PAL	30000	001981	00555	00084013	70001	ACTIVITY5



 30/9/2016

 Prepared by : Nader Atta

 Deputy Team Leader Governance:

 Team Leader Governance: Abderrahmane El Yessa

 30/9/2016



Mark Henderson
 Partner
 Moore Stephens LLP
 30 September 2016

MOORE STEPHENS

Annex 3: Audit finding priority ratings

The following categories of priorities are used:

- | | |
|-------------------------------|---|
| High
(Critical) | Action is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues. |
| Medium
(Important) | Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences. |
| Low | Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the Auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in the audit report. |