



**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
<b>Total</b>	<b>634</b>		<b>8</b>	

\* 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.
	<u>Recommendation:</u> 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. Ostveiten  
Director  
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