



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

RIGHT TO EDUCATION IN THE GAZA STRIP
(Directly Implemented Project No. 87840, Output No. 94739)

Report No. 1947
Issue Date: 22 June 2018

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People
Right to Education in the Gaza Strip
(Project No. 87840, Output No. 94739)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Talal Abu-Ghazaleh Co. (the audit firm), from 30 April to 8 May 2018, conducted an audit of Right to Education in the Gaza Strip (Project No. 87840, Output No. 94739) (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 through Deloitte in 2017 and covered project expenses from 1 January to 31 December 2016.

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 expenses for the period from 1 January to 31 December 2017 and the accompanying Funds Utilization statement¹ as of 31 December 2017. The audit did not cover the Statement of Assets as no assets were held by the Project. In addition, 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 Expenses*		
Amount (in \$ '000)	Opinion	NFM** (in \$ '000)
9,606	Qualified	98

*Included in the audit scope were transactions that relate to expenses incurred at the "responsible party" level (\$237,599) as these were not covered under HACT audits and all related supporting documents were available for review at the level of UNDP PAPP.

**NFM= Net Financial Misstatement

The audit firm qualified its opinion on project expenses due to incorrect recording of prepayments to a contractor as expenses.

Key recommendation Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, which means, "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." This recommendation includes actions to address the incorrect recording of prepayments as expenses (issue 1). The recommendation aims to ensure the reliability and integrity of financial and operational information.

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

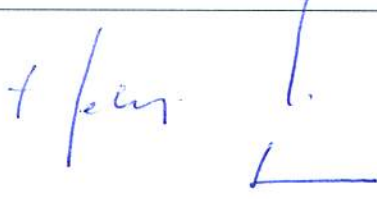
Implementation status of previous OAI audit recommendations: Report No. 1800, 7 September 2017.

Total recommendations: 1

Implemented: 1

Management comments and action plan

The 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.

A handwritten signature in blue ink is located above the printed name. The signature appears to be 'H. Ostveiten' with a stylized flourish at the end.

Helge S. Ostveiten
Director
Office of Audit and Investigations