



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

**STRENGTHENING THE RULE OF LAW IN THE OPT - JUSTICE AND SECURITY FOR THE
PALESTINIAN PEOPLE**

(Directly Implemented Project No. 77565, Output No. 88270)

Report No. 1512

Issue Date: 22 July 2015

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People
Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people
(Project No. 77565, Output No. 88270)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 25 May to 4 June 2015, through Talal Abu – Ghazaleh & Co. (the audit firm), conducted an audit of Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people (Project No. 77565, Output No. 88270) (the Project), which is directly implemented and managed by the UNDP Programme of Assistance to the Palestinian People (the Office). This was the first audit of the Project.

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 statement¹ 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*	
Amount (in \$ '000)	Opinion
2,023	Unqualified

* Expenditures recorded in the Combined Delivery Report were \$2.48 million. Excluded from the audit scope were expenditures processed and approved by other UNDP offices outside of the country (\$0.19 million). Also excluded were expenditures incurred at the "responsible party" level (\$0.26 million).

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

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.



The audit did not result in any recommendations.



Helge S. Ostveiten
Director
Office of Audit and Investigations

Auditor's Report

Financial audit of “Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people” (The Project) implemented by UNDP/PAPP - The State of Palestine (West Bank & Gaza) for the year ended 31 December 2014.

PROJECT TITLE AND IDs:

Title: “Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people”

IDs: (Atlas Project ID: 77565, Output No: 88270)

FUNDED BY

Swedish International Development Cooperation Agency “SIDA”,
Netherland Ministry for Foreign Trade and Development
Cooperation

Talal Abu - Ghazaleh & Co.

Certified Public Accountants



Financial audit of Output ID: 88270 titled “Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people” for the year ended 31 December 2014.
Funded by: Swedish International Development Cooperation Agency “SIDA”, Netherland Ministry for Foreign Trade and Development Cooperation.
Implemented by: United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP) in the State of Palestine.

Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people
Implemented by
UNDP/PAPP the State of Palestine (West Bank & Gaza)
Funded by
Swedish International Development Cooperation Agency “SIDA”, Netherland Ministry for Foreign Trade and Development Cooperation

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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 ID: 88270 titled "Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people", 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 2015



Financial audit of Output ID: 88270 titled “Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people” for the year ended 31 December 2014.

Funded by: Swedish International Development Cooperation Agency “SIDA”, Netherland Ministry for Foreign Trade and Development Cooperation.

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

1. PART I - EXECUTIVE SUMMARY

The Executive Summary recapitulates the important issues raised in the financial audit of the project “Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people”.

1.1. Background information about the Project

The overall objective of the programme is to strengthen the rule of Law by developing efficient, accountable and harmonized justice and security institutions, which are gender-sensitive and rights-based, while also improving access to justice and security services to disadvantaged social groups, especially women and girls.

Project objectives:

- 1) Capacity of justice and security institutions strengthened and linkages forged;
- 2) Civil society contribution to rule of law and community access to justice in the West Bank enhanced;
- 3) Civil society contribution to the rule of law and community access to justice in the Gaza Strip enhanced;
- 4) Gender responsiveness of justice, security and legislative actors strengthened;
- 5) Women and girls access to justice and security improved by ensuring accountable service provision to prevent, protect and respond to violence, and by addressing their broader legal needs;
- 6) Juvenile justice and adherence to child rights improved; and
- 7) Capacity of key actors and stakeholders to monitor progress and results in rule of law development increased.

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)
Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people	88270	77565	3,374,618	2,480,496

Financial audit of Output ID: 88270 titled "Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people" for the year ended 31 December 2014.

Funded by: Swedish International Development Cooperation Agency "SIDA", Netherland Ministry for Foreign Trade and Development Cooperation.

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

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 2,480,496 as reported through the Combined Delivery Report (CDR).

A total amount of USD 457,049 was excluded from our audit scope since the related expenditures were either incurred by the Government or processed and approved in locations outside the country. The details are presented in the below table:

Project name	Output number	Government expenditures (USD) ¹	Expenditures incurred outside the country (USD) ²
Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people	88270	262,496	194,553

1.3. Project Budget:

The following table presents the Project's 2014 budget in USD:

Category/Activity	2014 Budget
Activity 1: Capacity of ROL Institutions	454,552
Activity 2: CSO Component - West Bank	299,448
Activity 3: CSO Component - Gaza	243,999
Activity 4: Gender Responsiveness	100,000
Activity 5: Women Access to Justice	100,000
Activity 6: Juvenile Justice	163,500
Activity 7: Monitoring and Evaluation	100,000
Activity 8: Programme Management costs	576,619
Netherlands 1: Capacity of ROL Institutions	197,950
Netherlands 2: CSO Component - West Bank	128,400
Netherlands 3: CSO Component - Gaza	214,000
Netherlands 5: Women Access to Justice	--
Netherlands 6: Juvenile Justice	--
Netherlands 8: Programme Management costs	796,150
Total Budget for 2014	3,374,618

1.4. Project duration:

Based on the agreements signed with UNDP/PAPP, the Project duration is from 1 May 2014 to 30 April 2017.

¹ Activities and expenses incurred or undertaken at the level of "responsible parties" are not covered under our financial audit.

² 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.

1.5. 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 Project during year ended 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 Project 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 Project 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 project.

Financial audit of Output ID: 88270 titled "Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people" for the year ended 31 December 2014.

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

1.6. Scope of 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 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 ID: 88270 titled “Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people” for the year ended 31 December 2014.

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

1.7. Summary of the Audit performed and results:

1.7.1 Audit performed:

This summary represents the results of our financial audit of Output ID: 88270 titled “Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people”, for the year ended 31 December 2014.

The total expenditures incurred by UNDP on the above Project are USD 2,023,447. The audit tests approximately covered 69 percent of the total expenditures, as shown in the following table:

Project Location	No. of Samples	Total Expenditures incurred by UNDP (in USD)	Total Expenditures Tested	Percentage
Ramallah & Gaza	25	2,023,447	1,389,022	69%

1.7.2 Results of the 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. Accordingly; the "Combined Delivery Report" and Funds Utilization statement fairly present, in all material respects, Project's incurred expenses in accordance with UNDP accounting policies and they 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 Statement of Fixed Assets**

The Project did not purchase or acquire fixed assets, therefore no Statement of Fixed Assets was prepared.

- **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 2015



2. PART II – AUDITOR’S REPORT WITH OPINION

2.1. Auditor’s Report

REPORT OF THE INDEPENDENT AUDITORS TO UNDP DIM PROJECT
“STRENGTHENING THE RULE OF LAW IN THE OPT - JUSTICE AND
SECURITY FOR THE PALESTINIAN PEOPLE”

**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 Project “Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people”, bearing output number 88270 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 the project “Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people”, 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.

Financial audit of Output ID: 88270 titled "Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people" for the year ended 31 December 2014.

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

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 2,023,447 incurred by the project "Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people", 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.

Jamal Milhem, CPA

Certified Accountant License # (100/98)


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License No. 251/1997

Ramallah - Palestine, 4 June 2015



Financial audit of Output ID: 88270 titled "Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people" for the year ended 31 December 2014.

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UN Development Programme
Report ID: unglodrp

Combined Delivery Report By Project

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Run Time: 01-03-2015 12:03:08

Project Id : 00077585 Strengthen ROL 2nd phase in OP		Period : Jan-Dec (2014)		
Output # : 00088270 Capacity of Justice & Security		Impl. Partner : 02388 UNDP - PAPP		
		Location : Palestine		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71305 - Local Consult.-Sht Term-Tech	0.00	9,504.85	0.00	9,504.85
71405 - Service Contracts-Individuals	0.00	457,262.87	0.00	457,262.87
71410 - MAIP Premium SC	0.00	11,264.14	0.00	11,264.14
71415 - Contribution to Security SC	0.00	13,257.20	0.00	13,257.20
71605 - Travel Tickets-International	0.00	6,187.11	0.00	6,187.11
71610 - Travel Tickets-Local	0.00	757.00	0.00	757.00
71615 - Daily Subsistence Allow-Intl	0.00	14,112.74	0.00	14,112.74
71620 - Daily Subsistence Allow-Local	0.00	1,468.42	0.00	1,468.42
71635 - Travel - Other	0.00	2,726.55	0.00	2,726.55
72105 - Svc Co-Construction & Engineer	262,496.25	24,587.20	0.00	287,083.45
72405 - Acquisition of Communie Equip	0.00	9,702.70	0.00	9,702.70
72410 - Acquisition of Audio Visual Eq	0.00	743.35	0.00	743.35
72425 - Mobile Telephone Charges	0.00	4,280.61	0.00	4,280.61
72435 - E-mail-Subscription	0.00	6,000.00	0.00	6,000.00
72505 - Stationery & other Office Supp	0.00	553.48	0.00	553.48
72510 - Publications	0.00	357.24	0.00	357.24
72605 - Grants to Instit & other Benef	0.00	571,750.67	0.00	571,750.67
72705 - Hospitality-Special Events	0.00	144.62	0.00	144.62
72715 - Hospitality-Catering	0.00	666.93	0.00	666.93
72815 - Inform Technology Supplies	0.00	1,590.00	0.00	1,590.00
73105 - Rent	0.00	31,198.89	0.00	31,198.89
73107 - Rent - Meeting Rooms	0.00	545.63	0.00	545.63
73405 - Rental & Maint-Other Office Eq	0.00	137,523.70	0.00	137,523.70
73405 - Maintenance of Equipment	0.00	466.30	0.00	466.30
73410 - Maint. Oper of Transport Equip	0.00	80.02	0.00	80.02
74210 - Printing and Publications	0.00	5,409.79	0.00	5,409.79
74505 - Insurance	0.00	1,463.27	0.00	1,463.27
74525 - Sundry	0.00	40,689.92	0.00	40,689.92
74965 - Low value equipment	0.00	146.46	0.00	146.46
75105 - Facilities & Admin - Implement	0.00	129,799.96	0.00	129,799.96
75708 - Learning - ticket costs	0.00	757.00	0.00	757.00
75707 - Learning - subsistence allowan	0.00	2,910.99	0.00	2,910.99
75709 - Learning - training of counter	0.00	3,331.51	0.00	3,331.51
76135 - Realized Gain	0.00	-911.68	0.00	-911.68
77360 - Med Exams(incl Pre-empl)-TA	0.00	160.26	0.00	160.26
Total for Fund 30000	262,496.25	1,720,677.31	0.00	1,983,173.56
Total for Dept : 70001	262,496.25	2,218,000.19	0.00	2,480,496.44
Total for Output : 00088270	262,496.25	2,218,000.19	0.00	2,480,496.44
Project Total :	262,496.25	2,218,000.19	0.00	2,480,496.44

Signed By:  Date: 29 June 2015

Signed By:  Date: 29 June 2015





Financial audit of Output ID: 88270 titled "Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people" for the year ended 31 December 2014.
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UN Development Programme
 Report ID: unglodrp

Combined Delivery Report By Project

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 Run Time: 01-03-2015 12:03:09

Selection Criteria :

Business Unit : PAL10
 Period : Jan-Dec (2014)
 Selected Project Id : 00077565
 Selected Fund Code : ALL
 Selected Dept. IDs : B0700
 Selected Outputs : ALL

Project Id : ALL	Period : Jan-Dec (2014)			
Output # : ALL	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
70001 - PAPP - Central	262,496.25	2,218,000.19	0.00	2,480,496.44

Financial audit of Output ID: 88270 titled "Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people" for the year ended 31 December 2014.
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UN Development Programme
 Report ID: unglodrp

Combined Delivery Report By Project

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 Run Time: 01-03-2015 12:03:17

Funds Utilization

Selection Criteria :

Business Unit : PAL10
 Period : Jan-Dec (2014)
 Selected Project Id : 00077565
 Selected Fund Code : ALL
 Selected Dept. IDs : B0700
 Selected Outputs : ALL

Project/Award: 00077565 Strengthen ROL 2nd phase in OP Period : As at Dec 31, 2014

Output #	Impl. Partner :02388 UNDP - PAPP	UNDP AMOUNT
Outstanding NEX advances		191,027.00
Undepreciated Fixed Assets		0.00
Inventory		0.00
Prepayments		0.00
Commitments		28,283.20

Financial audit of Output ID: 88270 titled "Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people" for the year ended 31 December 2014.

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

PART III - MANAGEMENT LETTER

We have not identified reportable issues during our audit of the Output ID: 88270 "Strengthening the Rule of Law in the oPt - Justice and Security for the Palestinian people" (The Project) implemented by UNDP/PAPP - The State of Palestine (West Bank & Gaza) for the Year Ended 31 December 2014.