AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

GAZA DEBRIS MANAGEMENT
EMERGENCY CASH ASSISTANCE SIDA
RECONSTRUCTION OF HOUSES
NORTH AND SOUTH RUBBLE REMOVAL
EMERGENCY EMPLOYMENT SW
CASH ASSISTANCE FOR RECONSTRUCTION
(Directly Implemented Project No. 50123, Output Nos. 91916, 92145, 92457, 92895, 94619, 93992)

Report No. 1647
Issue Date: 30 September 2016
Report on the Audit of UNDP Programme of Assistance to the Palestinian People

Gaza Debris Management
Emergency Cash Assistance SIDA
Reconstruction of Houses
North and South Rubble Removal
Emergency Employment SW
Cash Assistance for Reconstruction

(Project No. 50123, Output Nos. 91916, 92145, 92457, 92895, 94619, 93992)

Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 13 to 25 July 2016, conducted an audit of Project No. 50123, Emergency Supply and Advanced Plan for Early Recovery - Gaza, Gaza Debris Management (Output No. 91916), Emergency Cash Assistance SIDA (Output No. 92145), Reconstruction of Houses (Output No. 92457), North and South Rubble Removal (Output No. 92895), Emergency Employment SW (Output No. 94619), and Cash Assistance for Reconstruction (Output No. 93992) (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 (Output No. 92145) was conducted by OAI in 2015 and covered project expenditure from 1 January to 31 December 2014.

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 statement 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 reports and corresponding management letters submitted by the audit firm, the results are summarized in the table below:

<table>
<thead>
<tr>
<th>Output ID</th>
<th>Project Expenditure</th>
<th>Project Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (in $’000)</td>
<td>Opinion</td>
</tr>
<tr>
<td>91916</td>
<td>3,307</td>
<td>Unqualified</td>
</tr>
<tr>
<td>92145</td>
<td>5,286</td>
<td>Unqualified</td>
</tr>
<tr>
<td>92457</td>
<td>9,234</td>
<td>Unqualified</td>
</tr>
<tr>
<td>92895</td>
<td>3,943</td>
<td>Unqualified</td>
</tr>
<tr>
<td>94619</td>
<td>3,469</td>
<td>Unqualified</td>
</tr>
<tr>
<td>93992</td>
<td>2,960</td>
<td>Unqualified</td>
</tr>
</tbody>
</table>

OAI decided to include in the audit scope the expenditures incurred by the responsible parties totalling $230,150 for Output No. 92145 and $3.1 million for Output No. 94619 because they were processed and

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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.
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.

**Key recommendations:** Total = 2, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are two medium (important) priority recommendations (Output Nos. 91916 and 92895), which means, “Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP.” These recommendations include actions to address the incorrect recording of fund commitments).

The two recommendations aim to ensure reliability and integrity of financial and operational information.

**Implementation status of previous OAI audit recommendations:** Report No. 1507, 11 August 2015

- Total recommendations: 2
- Implemented: 1
- In progress: 1

The pending recommendation pertains to inadequate classification of expenditures. Its implementation was assessed as in progress during the audit fieldwork.

**Management comments and action plan**

The Special Representative accepted both recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.

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Helge S. Ostbyeiten
Director
Office of Audit and Investigations
UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

AUDIT REPORT

15 September 2016

FINANCIAL AUDIT OF THE UNDP DIRECTLY IMPLEMENTED (DIM) PROJECT

Gaza Debris Management

UNDP Office: Programme of Assistance to the Palestinian People
Atlas Project ID: 50123
Atlas Output ID: 91916
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 ‘Gaza Debris Management’ (Project ID 50123 - Output 91916 (the project), 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:

<table>
<thead>
<tr>
<th>Statement of Expenditure</th>
<th>Unqualified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Fixed Assets</td>
<td>Unqualified</td>
</tr>
<tr>
<td>Statement of Cash Position</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

As a result of our audit, we have raised one audit finding with no financial impact as summarised below:

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Priority</th>
<th>Net financial impact $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Commitments balance incorrectly stated</td>
<td>Medium</td>
<td>-</td>
</tr>
</tbody>
</table>

This output ID 91916 “Gaza Debris Management” was not audited in the prior year.

Mark Henderson
Partner
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB
15 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), 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 Auditor’s Report to UNDP – Gaza Debris Management

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 $3,307,361.58 (the statement) of the UNDP output ID 91916 ‘Gaza Debris Management’ for the period from 1 January to 31 December 2015.

Management’s Responsibility for the Statement of Expenditure

Management is responsible for the preparation of the statement for the ‘Gaza Debris Management’ 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 $3,307,361.58 incurred by the project ‘Gaza Debris Management’ 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
15 September 2016
Independent Auditor’s Report to UNDP – Gaza Debris Management

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 91916 ‘Gaza Debris Management’ as at 31 December 2015.

Management’s Responsibility for the Statement of Assets and Equipment

Management is responsible for the preparation of the statement for ‘Gaza Debris Management’ 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 ‘Gaza Debris Management’ amounting to $1,558.33 as at 31 December 2015 in accordance with UNDP accounting policies.

Mark Henderson
Partner
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

15 September 2016
Independent Auditor’s Report to UNDP – Gaza Debris Management

Statement of Cash Position

We noted that the UNDP output ID 91916 ‘Gaza Debris Management’ 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

The finding related to the audit of the financial statements is discussed in our management letter below:

<table>
<thead>
<tr>
<th>Finding n°: 1</th>
<th>Title: Commitments balance incorrectly stated</th>
</tr>
</thead>
</table>

**Observation:**

Under the International Public Sector Accounting Standards (IPSAS) adopted for the project financial reporting, for any purchase orders (PO) created in Atlas, a matching 'commitment' balance is systematically recorded in the funds utilization statement in the project combined delivery report (CDR).

Whenever a 'receipt' is issued in the system (upon receipt of goods or services), the PO and commitment balance should be adjusted accordingly. The adjustment to the commitment can be partial if the PO total amount is split in various receipts of goods / services and payments.

As part of the year-end procedures, the Office's procurement unit should review all POs still open in the system to ensure that the POs for which transactions have been completed (i.e. expensed and recorded in the CDR) are closed so that the commitments recorded in the funds utilization statement are correct.

We noted that at 31 December 2015, the project’s funds utilization statement showed commitments totalling $215,750.00. However, all the transactions had already been completed and paid for during the year 2015, and were included in the 2015 CDR. Details of the relevant transactions are shown below:

<table>
<thead>
<tr>
<th>PO ID</th>
<th>Commitment $</th>
<th>Amount expensed in 2015 $</th>
<th>Transaction ID on 2015 CDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>15077</td>
<td>170,000.00</td>
<td>34,000.00</td>
<td>87189</td>
</tr>
<tr>
<td></td>
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<td>53,269.74</td>
<td>87954</td>
</tr>
<tr>
<td></td>
<td></td>
<td>61,712.89</td>
<td>88819</td>
</tr>
<tr>
<td></td>
<td></td>
<td>21,017.37</td>
<td>89260</td>
</tr>
<tr>
<td></td>
<td></td>
<td>170,000.00</td>
<td></td>
</tr>
<tr>
<td>14464</td>
<td>44,050.00</td>
<td>44,049.04</td>
<td>83684</td>
</tr>
<tr>
<td>14678</td>
<td>1,700.00</td>
<td>1,700.00</td>
<td>84990</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>215,750.00</strong></td>
<td><strong>215,749.04</strong></td>
<td></td>
</tr>
</tbody>
</table>

The above transactions were incorrectly recorded as commitments at 31 December 2015 because their respective POs were still open in the system. The review of the POs by the procurement unit, which should have been performed as part of the year-end procedures, was only done in February 2016.

**Priority:** Medium

**Recommendation:** The review of all outstanding POs should be undertaken as part of the year-end procedures to ensure that the funds utilization statement at 31 December only includes commitment balances in relation to transactions that have not yet been completed and for which expenditure is expected to be incurred during the following financial year.

**Management comments:**

Procurement has further investigated the source of the issue raised, and found out that it is actually because the user has set the receiving required mode to 'optional' or 'no receipt required' within the PO in the system. UNDP confirms agreement to audit recommendation in this connection, and
willingness to setup needed actions as part of the year end procedure to ensure that a matching commitment balance is systematically recorded in the funds utilization statement in the project combined delivery report.

Mark Henderson
Partner
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB
15 September 2016
Annexes

Annex 1: Combined Delivery Report
### Combined Delivery Report By Project

**Project ID:** 09890122 Emergency Resp. & Advocacy Pla  
**Output #:** 00091916 Gaza Debris Management

<table>
<thead>
<tr>
<th>Project</th>
<th>Impl Partner</th>
<th>Location</th>
<th>Govt Exp</th>
<th>UNDP Exp</th>
<th>UN Agencies Exp</th>
<th>Total Exp</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:001(PAPP - Central)</td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>Fund: 30000 (Programme Cost Sharing)</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>7:105</td>
<td>Service Contracts-Individuals</td>
<td>0.00</td>
<td>223,411.14</td>
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<td>223,411.14</td>
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<td>Contribution to Security SC</td>
<td>0.00</td>
<td>9,766.10</td>
<td>0.00</td>
<td>9,766.10</td>
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<td>7:120</td>
<td>Payroll Mgt Cost Recovery SC</td>
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<td>0.00</td>
<td>55,000.00</td>
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<td>UN Volunteers-Stipend &amp; Allow</td>
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<td>7:135</td>
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<td>7:155</td>
<td>UNV-Sum</td>
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<tr>
<td>7:165</td>
<td>UNV-Debt Management</td>
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<td>593.61</td>
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<td>7:175</td>
<td>Daily Subsistence Allowance</td>
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<td>Travel - Others</td>
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<tr>
<td>7:195</td>
<td>Software &amp; Hardware</td>
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<td>2,570,752.00</td>
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</tr>
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<td>7:200</td>
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<tr>
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<td>250.00</td>
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<tr>
<td>7:220</td>
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<tr>
<td>7:230</td>
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<td>7:240</td>
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<tr>
<td>7:260</td>
<td>Claims and Adjustments</td>
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<tr>
<td>7:270</td>
<td>sundry</td>
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<td>297.65</td>
<td>0.00</td>
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<tr>
<td>7:280</td>
<td>PME Expenses Items</td>
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<td>0.00</td>
<td>204,012.72</td>
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<tr>
<td>7:290</td>
<td>Facilities &amp; Admin - Implement</td>
<td>0.00</td>
<td>7.65</td>
<td>0.00</td>
<td>7.65</td>
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<tr>
<td>7:300</td>
<td>Realized Gain</td>
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<td>-104.64</td>
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<tr>
<td>7:310</td>
<td>Dep Expense Owned - ITC</td>
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<td>141.67</td>
<td>0.00</td>
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</tr>
</tbody>
</table>

Total for Fund: 30000  
Total for Dept: 70001  
Total for Output: 00091916

**Signed By:**  
Mark Henderson  
Partner  
Moore Stephens LLP
## 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:** 00391816

### Table:

<table>
<thead>
<tr>
<th>Output #</th>
<th>Project</th>
<th>Period</th>
<th>Impl. Partner</th>
<th>Location</th>
<th>Govt Exp</th>
<th>UNDP Exp</th>
<th>UN Agencies Exp</th>
<th>Total Exp</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL</td>
<td>70001 - RAPP - Central</td>
<td>Jan-Dec (2015)</td>
<td></td>
<td></td>
<td>0.00</td>
<td>3,307,361.58</td>
<td>0.00</td>
<td>3,307,361.58</td>
</tr>
</tbody>
</table>
## 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:** 000891916

### Project/Award: 90059123, Emergency Supp. & Advanced Pts

<table>
<thead>
<tr>
<th>Output #</th>
<th>Impl. Partner: 72386 UNDP - PAPP</th>
<th>UNDP Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding NEX advances</td>
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<td>216,750.00</td>
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Annex 2: Statement of Assets and Equipment
<table>
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<th>Category</th>
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<th>Value USD</th>
<th>Book Value</th>
</tr>
</thead>
<tbody>
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<td>UNDP Gaza</td>
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<tr>
<td>Total Value</td>
<td></td>
<td>1,700</td>
<td>1558.33 $</td>
</tr>
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</table>
## Assets Management

**Date:** 15 September 2016  
**City:** Gaza  
**UNDPO Name:**  

**Mark Henderson**  
**Partner Moore Stephens LLP**  

---

**Profile ID**  
**Detailed Description**  
**Serial Number**  
**Quantity**  
**Acquisition Cost**  
**Price in US Dollar**  
**Location**  
**Acquisition Date**  
**Business Unit**  
**Operator**  
**Funding Code**  
**Implementing Agent**  
**Donor**  
**Project ID**  
**Debt Relief**  
**Activity**  

<table>
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<th>Detailed Description</th>
<th>Serial Number</th>
<th>Quantity</th>
<th>Acquisition Cost</th>
<th>Price in US Dollar</th>
<th>Location</th>
<th>Acquisition Date</th>
<th>Business Unit</th>
<th>Operator</th>
<th>Funding Code</th>
<th>Implementing Agent</th>
<th>Donor</th>
<th>Project ID</th>
<th>Debt Relief</th>
<th>Activity</th>
</tr>
</thead>
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<td>Canon EOS 7D(W) + Bag + Tripod + Memory Card</td>
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<td>$1,700.06</td>
<td>$1,258.33</td>
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<td>14/06/2015</td>
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<td>PAL</td>
<td>50000</td>
<td>MOIS</td>
<td>000019158</td>
<td>1592</td>
<td>00001916</td>
<td>7001</td>
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**Net book value USD**  
1,558.33

---

Prepared by: Dalal Abu Khial  
Project Manager: Ahmad El Khartoubi  
Pr Analyst: Hosam Zabali

---

Mark Henderson  
Partner  
Moore Stephens LLP  

15 September 2016
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.
FINANCIAL AUDIT OF THE UNDP DIRECTLY IMPLEMENTED (DIM) PROJECT

Emergency Cash Assistance SIDA

UNDP Office: Programme of Assistance to the Palestinian People
Atlas Project ID: 50123
Atlas Output ID: 92145
Auditor: Moore Stephens LLP
Period subject to audit: 1 January to 31 December 2015
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
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<tbody>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>3</td>
</tr>
<tr>
<td>THE AUDIT ENGAGEMENT</td>
<td>4</td>
</tr>
<tr>
<td>AUDIT OPINIONS</td>
<td>5</td>
</tr>
<tr>
<td>STATEMENT OF EXPENDITURE</td>
<td>5</td>
</tr>
<tr>
<td>STATEMENT OF ASSETS AND EQUIPMENT</td>
<td>6</td>
</tr>
<tr>
<td>STATEMENT OF CASH POSITION</td>
<td>7</td>
</tr>
<tr>
<td>MANAGEMENT LETTER</td>
<td>8</td>
</tr>
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<td>ANNEXES</td>
<td>9</td>
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<td>ANNEX 1: Combined Delivery Report</td>
<td>9</td>
</tr>
<tr>
<td>ANNEX 2: Statement of Assets and Equipment</td>
<td>14</td>
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<tr>
<td>ANNEX 3: Audit Finding Priority Ratings</td>
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EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of ‘Emergency Cash Assistance SIDA’ (Project ID 50123 - Output ID 92145) (the project), 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:

<table>
<thead>
<tr>
<th>Statement of Expenditure</th>
<th>Unqualified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Fixed Assets</td>
<td>Unqualified</td>
</tr>
<tr>
<td>Statement of Cash Position</td>
<td>Not applicable</td>
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</table>

As a result of our audit, we have not raised any audit findings.

The output ID 92145 “Emergency Cash Assistance SIDA” was audited in the prior year and the implementation status of the recommendations is as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Summary of observation</th>
<th>Summary of recommendation</th>
<th>Recommendation implemented?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inadequate classification of expenditures</td>
<td>UNDP expenditures totalling $2m were recorded as government expenditures in the Combined Delivery Report.</td>
<td>The Office should correctly record expenditures and classify them under the correct relevant category.</td>
<td>No. UNDP expenditures totalling $230,151 were recorded as government expenditures in the Combined Delivery Report for the year ended 31 December 2015. This finding is considered low priority and therefore has not been recorded separately in this report.</td>
</tr>
<tr>
<td>2</td>
<td>General Management Support fees not charged to the project.</td>
<td>General Management support fees amounting to $0.2 million were not charged to the project in 2014.</td>
<td>The Office should collect the General Management Support fees as stipulated in the donor agreement.</td>
<td>Yes. General Management Support fees for 2014 have been charged to the project during the year. In addition, General Management Support fees for 2015 have also been charged.</td>
</tr>
</tbody>
</table>

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:

口 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.

口 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.

口 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:

口 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.

口 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 – Emergency Cash Assistance SIDA

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 $5,286,483.14 (the statement) of the UNDP output ID 92145 ‘Emergency Cash Assistance SIDA’ for the period from 1 January to 31 December 2015.

Management’s Responsibility for the Statement of Expenditure

Management is responsible for the preparation of the statement for the Emergency Cash Assistance SIDA 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 $5,286,483.14 incurred by the project Emergency Cash Assistance SIDA 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

Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

30 September 2016
Independent Auditor’s Report to UNDP – Emergency Cash Assistance SIDA

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 92145 ‘Emergency Cash Assistance SIDA’ as at 31 December 2015.

Management’s Responsibility for the Statement of Assets and Equipment

Management is responsible for the preparation of the statement for Emergency Cash Assistance SIDA 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 ‘Emergency Cash Assistance SIDA’ amounting to $3,944.05 as at 31 December 2015 in accordance with UNDP accounting policies.

Mark Henderson
Partner
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB
30 September 2016
Independent Auditor’s Report to UNDP – Emergency Cash Assistance SIDA

Statement of Cash Position

We noted that the UNDP output ID 92145 ‘Emergency Cash Assistance SIDA’ 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 not raised any 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

UN Development Programme
Report ID: ungdocp
Page 1 of 4
Run Time: 26-02-2016 13:02:29

Selection Criteria:

Business Unit: PAM10
Period: Jan-Dec (2015)
Selected Project Id: ALL
Selected Fund Code: ALL
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Dept: 70001 (PAPP - Central)

Fund: 30000 (PROGRAMME COST SHARING)

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Total for Fund 30000: 230,150.50 5,056,332.64 0.00 5,286,483.14

Total for Dept: 70001 230,150.50 5,056,332.64 0.00 5,286,483.14

Signed by: Ramsey Mansour - Project Manager 28-2-2016

Signed by: Helene S. A. K.- Deputy Head of Implementation 28-2-2016

Signed by: Juan Ali Hussein - Project Specialist 28-2-2016
### Combined Delivery Report By Project

**UN Development Programme**

**Report ID:** uncldp

**Page 2 of 4**

**Run Time:** 28-02-2016 13:02:29

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<td>5,056,332.64</td>
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**Project Total:**

|                     | 230,150.50 | 5,056,332.64 | 0.00 | 5,286,483.14 |

---

*Mark Henderson*
Partner
Moore Stephens LLP
30 September 2016

---

**MOORE STEPHENS**

---

*Ramzy Khader - Project Manager*

Signed By: [Signature]
Date: 28-2-2016

*Signed By: [Signature]*
Date: [Signature]
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: ALL

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Ramyaz Munder - Project Manager
28-2-2016

Abdul Elkhayy - Deputy Head of Infrastructur
28/1/2016

Ivan Al Hussein - Program Specialist
28/11/2016
## 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:** 00092145

### Project/Award: 00050123  Emergency Supp. & Advanced Pla  Period: As at Dec 31, 2015

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Ramy Moktar - Project Manager  
28-2-2016

Hebaat El-Khayy - Deputy Head, Infrastructure Unit  
28/2/2016

Ihsan Al Hussein - Program Specialist  
28/2/2016
Annex 2: Statement of Assets and Equipment
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Prepared By: Majda Shofars

Project Manager: Ramzy Khader  28-2-2016

Deputy Head of Infrastructure Unit - Hekmat El Khairy  28/2/2016

Program Specialist: Iman Hussein  28/2/2016

Mark Henderson
Partner
Moore Stephens LLP
30 September 2016
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.
FINANCIAL AUDIT OF THE UNDP DIRECTLY IMPLEMENTED (DIM) PROJECT

Reconstruction of houses

UNDP Office: Programme of Assistance to the Palestinian People
Atlas Project ID: 50123
Atlas Output ID: 92457
Auditor: Moore Stephens LLP
Period subject to audit: 1 January to 31 December 2015
# Table of Contents

- EXECUTIVE SUMMARY ............................................................... 3
- THE AUDIT ENGAGEMENT .......................................................... 4
  - STATEMENT OF EXPENDITURE .................................................. 5
  - STATEMENT OF ASSETS AND EQUIPMENT .................................. 6
  - STATEMENT OF CASH POSITION .............................................. 7
- MANAGEMENT LETTER ............................................................... 8
- ANNEXES .................................................................................... 9
  - ANNEX 1: COMBINED DELIVERY REPORT .................................. 9
  - ANNEX 2: STATEMENT OF ASSETS AND EQUIPMENT .................. 14
  - ANNEX 3: AUDIT FINDING PRIORITY RATINGS ............................ 16
EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of ‘Reconstruction of houses’ (Project ID 50123 - Output ID 92457) (the project), 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:

<table>
<thead>
<tr>
<th>Statement of Expenditure</th>
<th>Unqualified</th>
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<tbody>
<tr>
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<td>Unqualified</td>
</tr>
<tr>
<td>Statement of Cash Position</td>
<td>Not applicable</td>
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</table>

As a result of our audit, we have not raised any audit findings.

The output ID 92457 “Reconstruction of houses” was not audited in the prior year.

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 – Reconstruction of houses

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 $9,234,312.41 ("the statement") of the UNDP output ID 92457 "Reconstruction of houses" for the period from 1 January to 31 December 2015.

Management’s Responsibility for the Statement of Expenditure

Management is responsible for the preparation of the statement for the Reconstruction of homes 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 $9,234,312.41 incurred by the project Reconstruction of homes 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 – Reconstruction of houses

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 92457 'Reconstruction of houses' as at 31 December 2015.

Management’s Responsibility for the Statement of Assets and Equipment

Management is responsible for the preparation of the statement for Reconstruction of houses 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 Reconstruction of houses amounting to $8,959.43 as at 31 December 2015 in accordance with UNDP accounting policies.

Mark Henderson
Partner
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

30 September 2016
Independent Auditor’s Report to UNDP – Emergency Cash Assistance SIDA

Statement of Cash Position

We noted that the UNDP output ID 92457 ‘Reconstruction of houses’ 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 not raised any 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

### UN Development Programme

- **Report ID:** ungdcrp
- **Run Time:** 28-02-2016 14:02:50

### Selection Criteria:
- **Business Unit:** PAL10
- **Period:** Jan-Dec (2015)
- **Selected Project Id:** ALL
- **Selected Fund Code:** ALL
- **Selected Dept. IDs:** ALL
- **Selected Outputs:** 00092457

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### Dept: 70001 (PAPP - Central)

**Fund:** 30000 (PROGRAMME COST SHARING)

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**Total for Dept: 70001**

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Handwritten notes:
- "Ramzy Khader - Project Manager 28-2-2016" (28/2/2016)
- "Helmi Abd El-Khairy - Deputy Head of Infrastructure Unit 28/2/2016" (28/2/2016)
- "Sra. M. Tabsh - Program Specialist 28/2/2016" (28/2/2016)
### Combined Delivery Report By Project

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---

Mark Henderson  
Partner  
Moore Stephens LLP  
30 September 2016

MOORE STEPHENS

Signed By:  
Ramy El Khoury - Project Manager  
28-2-2016

Signed By:  
Umam Al Hassani - Program Specialist  
28-2-2016
## Combined Delivery Report By Project

**UN Development Programme**  
**Report ID:** ungdip  
**Page 3 of 4**  
**Run Time:** 28-02-2016 14:02:51

### Selection Criteria:
- **Business Unit:** PAL10  
- **Period:** Jan-Dec (2015)  
- **Selected Project Id:** ALL  
- **Selected Fund Code:** ALL  
- **Selected Dept. IDs:** ALL  
- **Selected Outputs:** 000992467

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### Signatures:
- **Ramy Khulier - Project Manager**  
  **28-2-2016**
- **Hatem El Kheiry - Deputy Head of Information**  
  **28/12/2016**
- **Issa Al Kasasbeh - Program Specialist**  
  **28/12/2016**
## 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:** 00092457

### Project/Award: 00050123  Emergency Supp. & Advanced Pla  Period: As at Dec 31, 2015

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<td></td>
<td>Outstanding NEX advances</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Undepreciated Fixed Assets</td>
<td>6,955.43</td>
</tr>
<tr>
<td></td>
<td>Inventory</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Prepayments</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Commitments</td>
<td>0.00</td>
</tr>
</tbody>
</table>

---

*Ramzi Wahdat - project Manager  28-2-2016*

*Helmi El-Kheiry - Deputy Head of Funds Management  28-2-2016*

*Nur A1 Hussein - Program Specialist  28-12-2016*
Annex 2: Statement of Assets and Equipment
### Statement of Assets

**As at 31 December 2015 - Project # PAL10 - 92457**

<table>
<thead>
<tr>
<th>Category</th>
<th>Location</th>
<th>Original Amount USD (A)</th>
<th>Depreciated Amount USD (B)</th>
<th>NET Book Value Amount USD (C=A-B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen vehicle (TIGUAN 4 TSI(180 HP))</td>
<td>Gaza</td>
<td>7057.45</td>
<td>98.02</td>
<td>6959.43</td>
</tr>
<tr>
<td><strong>Total Value</strong></td>
<td></td>
<td>7057.45</td>
<td>98.02</td>
<td>6959.43</td>
</tr>
</tbody>
</table>

Prepared By: Majda Shofars

Project Manager: Ramzy Khader

Deputy Head of Infrastructure Unit - Hekmat El Khairy

Program Specialist: Iman Husseini

Mark Henderson
Partner
Moore Stephens LLP
30 September 2016
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.
UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

AUDIT REPORT

15 September 2016

FINANCIAL AUDIT OF THE UNDP DIRECTLY IMPLEMENTED (DIM) PROJECT

North and South Rubble Removal

UNDP Office: Programme of Assistance to the Palestinian People
Atlas Project ID: 50123
Atlas Output ID: 92895
Auditor: Moore Stephens LLP
Period subject to audit: 1 January to 31 December 2015
# Table of Contents

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EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of ‘North and South Rubble Removal’ (Project ID 50123 – Output ID 92895 (the project), 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:

<table>
<thead>
<tr>
<th>Statement of Expenditure</th>
<th>Unqualified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Fixed Assets</td>
<td>Unqualified</td>
</tr>
<tr>
<td>Statement of Cash Position</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

As a result of our audit, we have raised one audit finding with no financial impact as summarised below:

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Priority</th>
<th>Net financial impact $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Commitments balance incorrectly stated</td>
<td>Medium</td>
<td>-</td>
</tr>
</tbody>
</table>

This output ID 92895 ‘North and South Rubble Removal’ was not audited in the prior year.

Mark Henderson  
Partner  
Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB  
15 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), 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 Auditor’s Report to UNDP – North and South Rubble Removal

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 $3,943,434.75 (the statement) of the UNDP output ID 92895 'North and South Rubble Removal' for the period from 1 January to 31 December 2015.

Management’s Responsibility for the Statement of Expenditure

Management is responsible for the preparation of the statement for the North and South Rubble Removal 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 $3,943,434.75 incurred by the project 'North and South Rubble Removal' 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
15 September 2016
Independent Auditor’s Report to UNDP – North and South Rubble Removal

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 92895 ‘North and South Rubble Removal’ as at 31 December 2015.

Management’s Responsibility for the Statement of Assets and Equipment

Management is responsible for the preparation of the statement for North and South Rubble Removal 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 ‘North and South Rubble Removal’ amounting to $27,108.19 as at 31 December 2015 in accordance with UNDP accounting policies.

Mark Henderson
Partner
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

15 September 2016
Independent Auditor’s Report to UNDP – North and South Rubble Removal

Statement of Cash Position

We noted that the UNDP output ID 92895 ‘North and South Rubble Removal’ 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

The finding related to the audit of the financial statements is discussed in our management letter below:

<table>
<thead>
<tr>
<th>Finding n°: 1</th>
<th>Title: Commitments balance incorrectly stated</th>
</tr>
</thead>
</table>

Observation:

Under the International Public Sector Accounting Standards (IPSAS) adopted for the project financial reporting, for any purchase orders (PO) created in Atlas, a matching 'commitment' balance is systematically recorded in the funds utilization statement in the project combined delivery report (CDR).

Whenever a 'receipt' is issued in the system (upon receipt of goods or services), the PO and commitment balance should be adjusted accordingly. The adjustment to the commitment can be partial if the PO total amount is split in various receipts of goods / services and payments.

As part of the year-end procedures, the Office's procurement unit should review all POs still open in the system to ensure that the POs for which transactions have been completed (i.e. expensed and recorded in the CDR) are closed so that the commitments recorded in the funds utilization statement are correct.

We noted that at 31 December 2015, the project's funds utilization statement showed commitments totalling $74,210. However, all the related transactions had already been completed and paid for during the year 2015, and were included in the 2015 CDR. Details of the relevant transactions are shown below:

<table>
<thead>
<tr>
<th>PO ID</th>
<th>Commitment $</th>
<th>Amount expensed in 2015 $</th>
<th>Transaction ID on 2015 CDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>14666</td>
<td>71,360</td>
<td>71,360</td>
<td>86835</td>
</tr>
<tr>
<td>14465</td>
<td>2,850</td>
<td>2,850</td>
<td>83685</td>
</tr>
<tr>
<td>TOTAL</td>
<td>74,210</td>
<td>74,210</td>
<td></td>
</tr>
</tbody>
</table>

The above transactions were incorrectly recorded as commitments at 31 December 2015 because their respective POs were still open in the system. The review of the POs by the procurement unit, which should have been performed as part of the year-end procedures, was only done in February 2016.

Priority: Medium

Recommendation:

The review of all outstanding POs should be undertaken as part of the year-end procedures to ensure that the funds utilization statement at 31 December only includes commitment balances in relation to transactions that have not yet been completed and for which expenditure is expected to be incurred during the following financial year.

Management comments:

Procurement has further investigated the source of the issue raised, and found out that it is actually because the user has set the receiving required mode to 'optional' or 'no receipt required' within the PO in the system. UNDP confirms agreement to audit recommendation in this connection, and willingness to setup needed actions as part of the year end procedure to ensure that a matching commitment balance is systematically recorded in the funds utilization statement in the project combined delivery report.
Mark Henderson
Partner
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB
15 September 2016
Annexes

Annex 1: Combined Delivery Report
# Combined Delivery Report By Project

**Report ID:** u012dcrp

**Selection Criteria:**
- **Business Unit:** PAL10
- **Period:** Jan-Dec (2016)
- **Selected Project Id:** ALL
- **Selected Fund Code:** ALL
- **Selected Dept. Code:** ALL
- **Selected Outputs:** 00028285

<table>
<thead>
<tr>
<th>Project Code</th>
<th>Project Name</th>
<th>Period</th>
<th>Impl. Partner</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>00028285</td>
<td>Emergency Support &amp; Advanced Pla</td>
<td>Jan-Dec (2016)</td>
<td>02388 UNDP - PAPP</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dept.</th>
<th>Fund</th>
<th>(30000) PROGRAMME COST SHARING</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7105</td>
<td>Local Consult.-Stf Term-Tech</td>
</tr>
<tr>
<td></td>
<td>71405</td>
<td>Service Contracts-Individuals</td>
</tr>
<tr>
<td></td>
<td>71410</td>
<td>MUP Premium SC</td>
</tr>
<tr>
<td></td>
<td>71415</td>
<td>Contribution to Security SC</td>
</tr>
<tr>
<td></td>
<td>71420</td>
<td>Payroll Mgt Cost Recovery SC</td>
</tr>
<tr>
<td></td>
<td>71425</td>
<td>UN Volunteers-Stop &amp; Allow</td>
</tr>
<tr>
<td></td>
<td>71429</td>
<td>UNV-Langauge Allowance</td>
</tr>
<tr>
<td></td>
<td>71433</td>
<td>UNV-Medical Insurance</td>
</tr>
<tr>
<td></td>
<td>71440</td>
<td>UNV-Global Changes</td>
</tr>
<tr>
<td></td>
<td>71441</td>
<td>UNV-Contrib to security</td>
</tr>
<tr>
<td></td>
<td>71445</td>
<td>UNV-Resettlement Allowance</td>
</tr>
<tr>
<td></td>
<td>71455</td>
<td>UNV-Intl Apoint/Dep Ind Trvl</td>
</tr>
<tr>
<td></td>
<td>71520</td>
<td>Daily Subsistence Allow-Local</td>
</tr>
<tr>
<td></td>
<td>71525</td>
<td>Daily Subsistence Allow-Intl</td>
</tr>
<tr>
<td></td>
<td>72015</td>
<td>Med &amp; Suppl/Construction &amp; Engineer</td>
</tr>
<tr>
<td></td>
<td>72020</td>
<td>Phys &amp; Other Expense</td>
</tr>
<tr>
<td></td>
<td>72025</td>
<td>Acquisition of Comm Eqmt</td>
</tr>
<tr>
<td></td>
<td>72095</td>
<td>Management &amp; Reporting Svcs.</td>
</tr>
<tr>
<td></td>
<td>74000</td>
<td>Donation</td>
</tr>
<tr>
<td></td>
<td>74055</td>
<td>Dep Exp Owed-Vehicle</td>
</tr>
</tbody>
</table>

| Total for Department 70001 | Fund 30000 | 3,943,434.76 | 0.00 | 3,943,434.76 |
| Total for Project | | | | |

Signed By: Amran Al-Kharouby (Project Manager) Date: 10 July 2016
Signed By: Basil Nassar (Head of GPO office) Date: 10 July 2016

Mark Henderson
Partner
Moore Stephens LLP
## Combined Delivery Report By Project

**Selection Criteria:**
- **Business Unit:** P1010
- **Period:** Jan-Dec (2015)
- **Selected Project Id:** ALL
- **Selected Fund Code:** ALL
- **Selected Depl. IDs:** ALL
- **Selected Outputs:** 00502995

<table>
<thead>
<tr>
<th>PROJECT ID</th>
<th>Output #</th>
<th>Period</th>
<th>Impl Partner</th>
<th>Location</th>
<th>Govt Exp</th>
<th>UNDP Exp</th>
<th>UN Agencies Exp</th>
<th>Total Exp</th>
</tr>
</thead>
<tbody>
<tr>
<td>70001</td>
<td>PAPP</td>
<td>Central</td>
<td></td>
<td></td>
<td>0.00</td>
<td>3,943,434.75</td>
<td>0.00</td>
<td>3,943,434.75</td>
</tr>
</tbody>
</table>
### Funds Utilization

**Selection Criteria:**
- **Business Unit:** PAL10
- **Period:** Jan-Dec (2016)
- **Selected Project Id:** ALL
- **Selected Fund Code:** ALL
- **Selected Dept. Ids:** ALL
- **Selected Outputs:** 00092388

**Project Award:** 00090123 | **Emergency Supply & Advanced Proc.**

<table>
<thead>
<tr>
<th>Output Code</th>
<th>Impl. Partner: 002388 UNDP: FAPP</th>
<th>UNDP Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Outstanding NEX advances</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Undepreciated Fixed Assets</td>
<td>27,108.19</td>
</tr>
<tr>
<td></td>
<td>Inventory</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Prepayments</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Commitments</td>
<td>74,210.00</td>
</tr>
</tbody>
</table>
Annex 2: Statement of Assets and Equipment
**STATEMENT OF ASSETS**

AS AT 31 DECEMBER 2015 – Project # PAL10 - 92895

<table>
<thead>
<tr>
<th>Category</th>
<th>Location</th>
<th>Value USD</th>
<th>Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(5) Hp Elite Book Folio 1040 G1</td>
<td>UNDP</td>
<td>7,850</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gaza</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Armored vehicle (TIGUAN 2.0 TSI(180 HP)</td>
<td></td>
<td>27,490</td>
<td></td>
</tr>
<tr>
<td>Total Value</td>
<td></td>
<td>35,340.00</td>
<td>27,108.19$</td>
</tr>
</tbody>
</table>

[Signature]
## Assets Management

**Project Name:** Debris Management Project

<table>
<thead>
<tr>
<th>PROFILE ID</th>
<th>Detailed Description</th>
<th>Serial Number</th>
<th>Quantity</th>
<th>Acquisition Cost</th>
<th>Price in USD</th>
<th>Location</th>
<th>Acquisition Date</th>
<th>BUSINESS UNIT</th>
<th>OPERATING_UNIT</th>
<th>PERIOD_CODE</th>
<th>Implementing Agent</th>
<th>Grade</th>
<th>PROJECT_ID</th>
<th>DEPT_ID</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITC - Laptop</td>
<td>HP EliteBook Folio 1040 G3</td>
<td>ACG5110785Q</td>
<td>1</td>
<td>$3,970.00</td>
<td>ROOM #6, 6th Floor, Gaza</td>
<td>3/3/2015</td>
<td>PAL</td>
<td>PAL</td>
<td>30000</td>
<td>001081</td>
<td>00002885</td>
<td>7001</td>
<td>ACTIVITY1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITC - Laptop</td>
<td>HP EliteBook Folio 1040 G3</td>
<td>ACG5110791M</td>
<td>1</td>
<td>$3,970.00</td>
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<td>3/3/2015</td>
<td>PAL</td>
<td>PAL</td>
<td>30000</td>
<td>001081</td>
<td>00002885</td>
<td>7001</td>
<td>ACTIVITY1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITC - Laptop</td>
<td>HP EliteBook Folio 1040 G3</td>
<td>ACG5110791K</td>
<td>1</td>
<td>$3,970.00</td>
<td>ROOM #6, 6th Floor, Gaza</td>
<td>3/3/2015</td>
<td>PAL</td>
<td>PAL</td>
<td>30000</td>
<td>001081</td>
<td>00002885</td>
<td>7001</td>
<td>ACTIVITY1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITC - Laptop</td>
<td>HP EliteBook Folio 1040 G3</td>
<td>ACG5110795B</td>
<td>1</td>
<td>$3,970.00</td>
<td>ROOM #6, 6th Floor, Gaza</td>
<td>3/3/2015</td>
<td>PAL</td>
<td>PAL</td>
<td>30000</td>
<td>001081</td>
<td>00002885</td>
<td>7001</td>
<td>ACTIVITY1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITC - Laptop</td>
<td>HP EliteBook Folio 1040 G3</td>
<td>ACG5110795D</td>
<td>1</td>
<td>$3,970.00</td>
<td>ROOM #6, 6th Floor, Gaza</td>
<td>3/3/2015</td>
<td>PAL</td>
<td>PAL</td>
<td>30000</td>
<td>001081</td>
<td>00002885</td>
<td>7001</td>
<td>ACTIVITY1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Armored vehicle</td>
<td>TOYOTA 2.0 TDI (152 HP)</td>
<td>SN2269</td>
<td>1</td>
<td>$3,970.00</td>
<td>Gaza Office Rubble Project</td>
<td>4/2/2015</td>
<td>PAL</td>
<td>PAL</td>
<td>30000</td>
<td>001982</td>
<td>00002886</td>
<td>7001</td>
<td>ACTIVITY5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total:** $35,340.00

Total net book value $27,108.19

---

Mark Henderson
Partner
Moore Stephens LLP

15 September 2016
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.
FINANCIAL AUDIT OF THE UNDP DIRECTLY IMPLEMENTED (DIM) PROJECT

Emergency Employment SW

UNDP Office: Programme of Assistance to the Palestinian People
Atlas Project ID: 50123
Atlas Output ID: 94619
Auditor: Moore Stephens LLP
Period subject to audit: 1 January to 31 December 2015
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  ANNEX 2:  AUDIT FINDING PRIORITY RATINGS ....................................................... 13
EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of ‘Emergency Employment SW’ (Project ID 50123 - Output ID 94619) (the project), 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:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Expenditure</td>
<td>Unqualified</td>
</tr>
<tr>
<td>Statement of Fixed Assets</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Statement of Cash Position</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

We did not raise any findings as a result of our audit.

This output ID 94619 “Emergency Employment SW” was not audited in the prior year.

Mark Henderson
Partner
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

27 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), 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 Auditor’s Report to UNDP - Emergency Employment SW

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 $3,468,994.19 (the statement) of the UNDP output ID 94619 ‘Emergency Employment SW’ for the period from 1 January to 31 December 2015. CDR expenditure totalling $3,100,000.00 was processed and approved by an implementing partner 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 the Emergency Employment SW 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 $3,468,994.19 incurred by the project ‘Emergency Employment SW’ 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
27 September 2016
Independent Auditor’s Report to UNDP - Emergency Employment SW

Statement of Assets and Equipment

We noted that the UNDP output ID 94619 ‘Emergency Employment SW’ had no assets or equipment and accordingly a Statement of Fixed Assets was not produced.
Independent Auditor’s Report to UNDP - Emergency Employment SW

Statement of Cash Position

We noted that the UNDP output ID 94619 ‘Emergency Employment SW’ 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

We did not raise any findings as a result of our audit.

Mark Henderson
Partner
Moore Stephens LLP
27 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: 00094619

**Project Id:** 00094612 Emergency Supp. & Advanced Pkg  
**Output #:** 00094619 Emergency Employment SW  
**Impl. Partner:** 02388 UNDP, PAPP  
**Location:**

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<tr>
<th>Govt Exp</th>
<th>UNDP Exp</th>
<th>UN Agencies Exp</th>
<th>Total Exp</th>
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</thead>
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#### Dept: 70001 (PAPP - Central)

**Fund:** 32045 (JFM-Partnership Devt. Pgm. PCF)

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<thead>
<tr>
<th>Category</th>
<th>Govt Exp</th>
<th>UNDP Exp</th>
<th>UN Agencies Exp</th>
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<td>71405 - Service Contracts-Individuals</td>
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<td>0.00</td>
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<td>71635 - Travel - Other</td>
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<td>72105 - Svc Co-Construction &amp; Engineer</td>
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<td>0.00</td>
<td>64,801.96</td>
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<tr>
<td>72115 - Svc Co-Public Admin, Politics</td>
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<tr>
<td>72425 - E-mail Subscription</td>
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<td>0.00</td>
<td>300.00</td>
</tr>
<tr>
<td>74120 - Capacity Assessment</td>
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<tr>
<td>74525 - Sundry</td>
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<td>713.12</td>
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<tr>
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<tr>
<td>75125 - Realized Loss</td>
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<td>0.00</td>
<td>1.05</td>
</tr>
<tr>
<td>75135 - Realized Gain</td>
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<td>-0.16</td>
</tr>
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</table>

**Total for Fund 32045:**
- 2,100,000.00
- 1,388,994.19
- 0.00
- 3,488,994.19

**Total for Dept: 70001**
- 2,100,000.00
- 1,388,994.19
- 0.00
- 3,488,994.19

**Total for Output: 00094619**
- 2,100,000.00
- 1,388,994.19
- 0.00
- 3,488,994.19

---

Mark Henderson  
Partner  
Moore Stephens LLP  
27 September 2016

Team Leader - Environment: Prima Abumiddain Baghadi, Date: 26/9/2016

Programme Manager: Aman Saleem, Date: July 10, 2016
### Combined Delivery Report By Project

**Selection Criteria:**

- **Business Unit:** PAL.10
- **Period:** Jan-Dec (2015)
- **Selected Project Id:** ALL
- **Selected Fund Code:** ALL
- **Selected Dept. IDs:** ALL
- **Selected Outputs:** 06994619

<table>
<thead>
<tr>
<th>Project Id</th>
<th>Output #</th>
<th>Govt Exp</th>
<th>UNDP Exp</th>
<th>UN Agencies Exp</th>
<th>Total Exp</th>
</tr>
</thead>
<tbody>
<tr>
<td>70001 - PAPP - Central</td>
<td></td>
<td>2,100,000.00</td>
<td>1,388,994.19</td>
<td>0.00</td>
<td>3,458,994.19</td>
</tr>
</tbody>
</table>
## Funds Utilization

### Selection Criteria:
- **Business Unit:** PAL10
- **Period:** Jan-Dec (2018)
- **Selected Project Id:** ALL
- **Selected Fund Code:** ALL
- **Selected Dept. IDs:** ALL
- **Selected Outputs:** 00094619

### Project/Activity: Emergency Supp. & Advanced Pla

<table>
<thead>
<tr>
<th>Output #</th>
<th>Impl. Partner</th>
<th>UNDP: PAPP</th>
<th>UNDP Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>00094619</td>
<td></td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

- Outstanding NEX advances: 0.00
- Undepreciated Fixed Assets: 0.00
- Inventory: 0.00
- Prepayments: 0.00
- Commitments: 0.00
Annex 2: 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.
UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) AUDIT REPORT

30 September 2016

FINANCIAL AUDIT OF THE UNDP DIRECTLY IMPLEMENTED (DIM) PROJECT

Cash Assistance for Reconstruction

UNDP Office: Programme of Assistance to the Palestinian People
Atlas Project ID: 50123
Atlas Output ID: 93992
Auditor: Moore Stephens LLP
Period subject to audit: 1 January to 31 December 2015

www.mooresstephens.co.uk
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EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of ‘Cash Assistance for Reconstruction’ (Project ID 50123 - Output ID 93992) (the project), 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:

<table>
<thead>
<tr>
<th>Statement of Expenditure</th>
<th>Unqualified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Fixed Assets</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Statement of Cash Position</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

As a result of our audit, we have not raised any audit findings.

This output ID 93992 ‘Cash Assistance for Reconstruction’ was not audited in the prior year.

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 – Cash Assistance for Reconstruction

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 $2,959,940.44 (the statement) of the UNDP output ID 93992 ‘Cash Assistance for Reconstruction’ for the period from 1 January to 31 December 2015.

Management’s Responsibility for the Statement of Expenditure

Management is responsible for the preparation of the statement for the Cash Assistance for Reconstruction 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 $2,959,940.44 incurred by the project Cash Assistance for Reconstruction 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 – Cash Assistance for Reconstruction

Statement of Assets and Equipment

We noted that the UNDP output ID 93992 ‘Cash Assistance for Reconstruction’ had no assets or equipment and accordingly a Statement of Fixed Assets was not produced.
Independent Auditor’s Report to UNDP – Cash Assistance for Reconstruction

Statement of Cash Position

We noted that the UNDP output ID 93992 'Cash Assistance for Reconstruction' 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 not raised any 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

UN Development Programme
Report ID: ungdcrp

Selection Criteria:

Business Unit: PAL10
Period: Jan-Dec (2015)
Selected Project Id: ALL
Selected Fund Code: ALL
Selected Dept. Ids: ALL
Selected Outputs: 00093992

<table>
<thead>
<tr>
<th>Project Id: 00050123 Emergency Supp. &amp; Advanced Pla</th>
<th>Impl. Partner: 02388 UNDP - PAPP</th>
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</thead>
<tbody>
<tr>
<td>Output #: 00083982 Cash Assistance for Recons.</td>
<td>Location:</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Dept: 70001 (PAPP - Central)</th>
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<tbody>
<tr>
<td>Fund: 30000 (PROGRAMME COST SHARING)</td>
</tr>
<tr>
<td>71405 - Service Contracts-Individuals</td>
</tr>
<tr>
<td>71410 - MAIP Premium SC</td>
</tr>
<tr>
<td>71415 - Contribution to Security SC</td>
</tr>
<tr>
<td>71505 - UN Volunteers-Stipends &amp; Allow</td>
</tr>
<tr>
<td>71520 - UNV-Language Allowance</td>
</tr>
<tr>
<td>71535 - UNV-Medical Insurance</td>
</tr>
<tr>
<td>71540 - UNV-Global Charges</td>
</tr>
<tr>
<td>71541 - UNVs-Contrib to security</td>
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<tr>
<td>71550 - UN-V-Resettlement Allowance</td>
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<tr>
<td>71599 - UNV Development Effectiveness</td>
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<tr>
<td>71615 - Daily Subsistence Allow-Infl</td>
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<td>71620 - Daily Subsistence Allow-Local</td>
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<td>72120 - Svc Co-Trade and Business Serv</td>
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<td>72220 - Furniture</td>
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<tr>
<td>72402 - Building Maintenance</td>
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<td>72445 - Common Services-Communications</td>
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<tr>
<td>72505 - Stationery &amp; other Office Supp</td>
</tr>
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<td>72515 - Print Media</td>
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<tr>
<td>72805 - Acquis of Computer Hardware</td>
</tr>
<tr>
<td>72815 - Inform Technol. Supplies</td>
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<tr>
<td>73406 - Maintenance of Equipment</td>
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<tr>
<td>73410 - Maint, Oper of Transport Equip</td>
</tr>
<tr>
<td>73420 - Leased Vehicles</td>
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<tr>
<td>74505 - Insurance</td>
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<tr>
<td>74507 - Warranty Expense</td>
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<tr>
<td>74525 - Sundry</td>
</tr>
<tr>
<td>75105 - Facilities &amp; Admin - Implement</td>
</tr>
<tr>
<td>76126 - Realized Loss</td>
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<td>76136 - Realized Gain</td>
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Total for Fund 30000 | 0.00 | 2,959,940.44 | 0.00 | 2,959,940.44 |

Total for Dept: 70001 | 0.00 | 2,959,940.44 | 0.00 | 2,959,940.44 |

Total for Output: 00093992 | 0.00 | 2,959,940.44 | 0.00 | 2,959,940.44 |

Project Total: | 0.00 | 2,959,940.44 | 0.00 | 2,959,940.44 |

Signed By: Rumiy under - project Manager
Date: 28-2-2016

Signed By: Ima Al Hussein - Program Specialist
Date: 28-12-2016

Mark Henderson
Partner
Moore Stephens LLP
30 September 2016
### Combined Delivery Report By Project

**UN Development Programme**

**Report ID:** ungladrp  
**Page 2 of:** 3  
**Run Time:** 28-02-2016 15:02:53

**Selection Criteria:**
- **Business Unit:** PAL10  
- **Period:** Jan-Dec (2015)  
- **Selected Project Id:** ALL  
- **Selected Fund Code:** ALL  
- **Selected Dept. IDs:** ALL  
- **Selected Outputs:** 00093992

<table>
<thead>
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<th>Project Id</th>
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<th>Govt Exp</th>
<th>UNDP Exp</th>
<th>UN Agencies Exp</th>
<th>Total Exp</th>
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<tr>
<td>70001 - PAPP - Central</td>
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<td>2,959,940.44</td>
<td>0.00</td>
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</tr>
</tbody>
</table>

---

*Ramzy Khader - Project Manager*
*Helmiat E. Khanj - Deputy Head of Finance*
*Imad Al Hussein - Program Specialist*

*28-2-2016*
## 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:** 00093992

<table>
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</thead>
<tbody>
<tr>
<td>Output #</td>
<td>00093992</td>
<td>Impl. Partner: 02388 UNDP - PAPP</td>
</tr>
<tr>
<td>Outstanding NEX advances</td>
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</tr>
<tr>
<td>Undepreciated Fixed Assets</td>
<td>0.00</td>
<td></td>
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<tr>
<td>Inventory</td>
<td>0.00</td>
<td></td>
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<tr>
<td>Prepayments</td>
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<td>Commitments</td>
<td>0.00</td>
<td></td>
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---

**Signature:**
- **Ramyz Khudair - Project Manager**
- **Samir A. Khayyim - Deputy Head of Infrastructure**

**Dates:**
- 28-2-2016
- 28-12-2016
Annex 2: 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.