

UNITED NATIONS DEVELOPMENT PROGRAMME  
Office of Audit and Investigations



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

EXPORT DEVELOPMENT IN THE WEST BANK  
(Directly Implemented Project No. 61765, Output No. 78517)

Report No. 1649

Issue Date: 29 September 2016

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People  
Export Development in the West Bank (Project No. 61765, Output No. 78517)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephen LLP (the audit firm), from 18 to 20 July 2016, conducted an audit of Export Development in the West Bank (Project No. 61765, Output No. 78517) (the Project), which is directly implemented and managed by the UNDP Programme of Assistance to the Palestinian People (the Office). This was the first audit of the Project.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2015 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2015 as well as Statement of Assets as of 31 December 2015. The audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

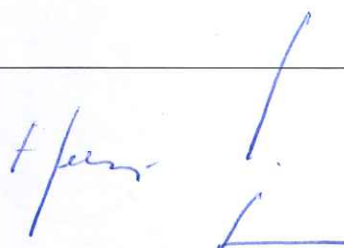
**Audit results**

Based on the audit report and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenditure*		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
1,156	Unqualified	22	Unqualified

OAI decided to include in the audit scope the expenditures incurred by the responsible party (totalling \$922,275) because they were processed and approved at the level of the Office. The audit firm reported that all supporting documents were available in the Office and were reviewed by them.

The audit did not result in any recommendations.



Helge S. Osttveiten  
Director  
Office of Audit and Investigations

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

**UNITED NATIONS DEVELOPMENT PROGRAMME  
(UNDP)**

**AUDIT REPORT**

**28 September 2016**

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

**Export Development in the West Bank**

<b>UNDP Office:</b>	<b>Programme of Assistance to the Palestinian People</b>
<b>Atlas Project ID:</b>	<b>61765</b>
<b>Atlas Output ID:</b>	<b>78517</b>
<b>Auditor:</b>	<b>Moore Stephens LLP</b>
<b>Period subject to audit:</b>	<b>1 January to 31 December 2015</b>

---

## Table of Contents

---

<b>EXECUTIVE SUMMARY</b> .....	<b>3</b>
<b>THE AUDIT ENGAGEMENT</b> .....	<b>4</b>
STATEMENT OF EXPENDITURE .....	5
STATEMENT OF ASSETS AND EQUIPMENT .....	6
STATEMENT OF CASH POSITION .....	7
<b>MANAGEMENT LETTER</b> .....	<b>8</b>
<b>ANNEXES</b> .....	<b>9</b>
ANNEX 1: COMBINED DELIVERY REPORT .....	9
ANNEX 2: STATEMENT OF ASSETS AND EQUIPMENT .....	12
ANNEX 3: AUDIT FINDING PRIORITY RATINGS .....	14

## EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of ‘Export Development in the West Bank’ (Project ID 61765 - Output ID 78517 (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:

<b>Statement of Expenditure</b>	Unqualified
<b>Statement of Fixed Assets</b>	Unqualified
<b>Statement of Cash Position</b>	Not applicable

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

This output ID 78517 “Export Development in the West Bank” was not audited in the prior year.



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

28 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 – Export Development in the West Bank**

### **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 \$1,156,276.92 (the statement) of the UNDP output ID 78517 ‘Export Development in the West Bank’ for the period from 1 January to 31 December 2015. CDR expenditure totalling \$922,275.36 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 Export Development in the West Bank project 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 \$1,156,276.92 incurred by the project ‘Export Development in the West Bank’ 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  
28 September 2016

## **Independent Auditors’ Report to UNDP – Export Development in the West Bank**

### **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 78517 ‘Export Development in the West Bank’ 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 Export Development in the West Bank project 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 ‘Export Development in the West Bank’ amounting to \$22,283.60 as at 31 December 2015 in accordance with UNDP accounting policies.



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

28 September 2016



## **Independent Auditor’s Report to UNDP – Export Development in the West Bank**

### **Statement of Cash Position**

We noted that the UNDP output ID 78517 ‘Export Development in the West Bank’ did not have a dedicated bank account for DIM project activities subject to audit and accordingly a Statement of Cash Position was not produced.

## MANAGEMENT LETTER

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



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

28 September 2016

## **Annexes**

### **Annex 1: Combined Delivery Report**



**Selection Criteria :**

Business Unit : PAL10  
Period : Jan-Dec (2015)  
Selected Award id : 00061765  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Projects : 00078517

Award Id : 00061765 EXPORT DEV WB - CIDA	Period : Jan-Dec (2015)
Project # : 00078517 Export Development 1	Impl. Partner : 02388 UNDP - PAPP Location : United Nations Development Pro

Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
-----------	-----------	-------------	-------------	-----------

Dept: 70001 (PAPP - Central)

Fund : 40500 (TF PAPP Voluntary Contrb Actvt)

63535 - Contribution to Security	0.00	3,060.00	0.00	0.00	3,060.00
71205 - Intl Consultants-Sht Term-Tech	0.00	184.74	0.00	0.00	184.74
71405 - Service Contracts-Individuals	0.00	87,083.56	0.00	0.00	87,083.56
71410 - MAIP Premium SC	0.00	295.84	0.00	0.00	295.84
71415 - Contribution to Security SC	0.00	3,328.07	0.00	0.00	3,328.07
71615 - Daily Subsistence Allow-Intl	0.00	1,601.59	0.00	0.00	1,601.59
71635 - Travel - Other	0.00	488.95	0.00	0.00	488.95
72120 - Svc Co-Trade and Business Serv	26,559.21	50,000.00	0.00	0.00	76,559.21
72140 - Svc Co-Information Technology	91,430.00	0.00	0.00	0.00	91,430.00
72145 - Svc Co-Training and Educ Serv	60,475.63	0.00	0.00	0.00	60,475.63
72170 - Svc Co-Humanitarian Aid & Relf	743,810.52	0.00	0.00	0.00	743,810.52
72311 - Fuel, petroleum and other oils	0.00	1,510.19	0.00	0.00	1,510.19
72420 - Land Telephone Charges	0.00	393.02	0.00	0.00	393.02
72425 - Mobile Telephone Charges	0.00	1,969.93	0.00	0.00	1,969.93
72435 - E-mail-Subscription	0.00	900.00	0.00	0.00	900.00
73410 - Maint, Oper of Transport Equip	0.00	-2,137.95	0.00	0.00	-2,137.95
74220 - Translation Costs	0.00	100.00	0.00	0.00	100.00
74505 - Insurance	0.00	1,385.82	0.00	0.00	1,385.82
74525 - Sundry	0.00	3,604.42	0.00	0.00	3,604.42
74599 - UNDP cost recovery chrgs-Bills	0.00	2,100.00	0.00	0.00	2,100.00
75105 - Facilities & Admin - Implement	0.00	75,644.19	0.00	0.00	75,644.19
75705 - Learning costs	0.00	100.00	0.00	0.00	100.00
76125 - Realized Loss	0.00	5.50	0.00	0.00	5.50
76135 - Realized Gain	0.00	-3.84	0.00	0.00	-3.84
77660 - Dep Exp Owned -Vehicle	0.00	2,387.53	0.00	0.00	2,387.53

Total for Fund 40500	922,275.36	234,001.56	0.00	0.00	1,156,276.92
Total for Dept : 70001	922,275.36	234,001.56	0.00	0.00	1,156,276.92
Total for Project : 00078517	922,275.36	234,001.56	0.00	0.00	1,156,276.92

Award Total :	922,275.36	234,001.56	0.00	0.00	1,156,276.92
---------------	------------	------------	------	------	--------------

Mark Henderson  
Partner  
Moore Stephens LLP  
28 September 2016

MOORE STEPHENS

Signed By :

*Yousuf Sheikh* / *State programme Manager* Date: *25/9/2016*

*Nasser Faqih* / *Team Leader* *26/9/2016* *Nasser*



Combined Delivery Report By Project

UN Development Programme  
Report ID: ungl143p

Page 2 of 2  
Run Time: 24-02-2016 12:02:10

Selection Criteria :

Business Unit : PAL10  
Period : Jan-Dec (2015)  
Selected Award Id : 00061765  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Projects : 00078517

Award Id : 00061765	EXPORT DEV WB - CIDA	Period :	Jan-Dec (2015)
Project # :	Export Development 1	Impl. Partner :	None
		Location :	United Nations Development Pro

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
70001 - PAPP - Central	922,275.36	234,001.56	0.00	0.00	1,156,276.92

*Yous Obaid / Trade Programme Manager 25/9/2016*

*Nasser*

**Annex 2: Statement of Assets and Equipment**

Date : 2015  
City : Karachi  
UIDP/ PMP

Project Name : Export Development Project

78517

Assets Management

UNDP/CONTRIBUTOR/PROJECT ASSETS VERIFICATION 2015

PROFILE ID (vehicles etc)	Detailed Description (Model type / if available)	Serial Number	Quantity (should always be 1)	Acquisition Cost	Price in US Dollar	Net Book Value	Location	ACQUISITION DATE	In Service Date	BUSINESS UNIT	FUND CODE	Implementing Agent	Donor	PROJECT ID	DEPTD (expenditure)	Activity
vehicle (Mazda5)	Mazda 5	AZKEW076-201102	1	102,500 NIS voucher #67683	\$28,650.35	\$22,283.00	Remain in Charge- Export	5/22/2013	5/22/2013	PAL 10	40500	1961	550	78517	70001	Project Management

Programme Manager : Younis Steinh

Younis Steinh  
Programme Manager  
Steinh : 28/9/2016

Team Leader : Nasser Faqih

Nasser Faqih  
Team Leader : Nasser Faqih : 28/9/2016



Mark Henderson

Partner

Moore Stephens LLP

28 September 2016



MOORE STEPHENS

### **Annex 3: Audit finding priority ratings**

The following categories of priorities are used:

**High (Critical)** Action is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues.

**Medium (Important)** Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.

**Low** Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the Auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. **Therefore, low priority recommendations are not included in the audit report.**