

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
Resilient nations.*

AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

EMERGENCY SUPPORT AND ADVANCED PLAN FOR EARLY RECOVERY - GAZA
(Directly Implemented Project No. 50123, Output Nos. 92145, 92457, and 92895)

Report No. 1801

Issue Date: 7 September 2017

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People
Emergency Support and Advanced Plan for Early Recovery - Gaza
(Project No. 50123, Output Nos. 92145, 92457, and 92895)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Deloitte (the audit firm), from 6 June to 3 July 2017, conducted an audit of Emergency Support and Advanced Plan for Early Recovery – Gaza, Project No. 50123, Output Nos. 92145, 92457, and 92895 (the Project), which is directly implemented and managed by the UNDP Programme of Assistance to the Palestinian People (the Office). The last audit of the Project was conducted by OAI in 2016 and covered project expenditure from 1 January to 31 December 2015.

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 2016 and the accompanying Funds Utilization statement¹ as of 31 December 2016 as well as Statement of Assets for Output No. 92457 as of 31 December 2016. The audit did not cover the Statement of Assets for Output Nos. 92145 and 92895, as no assets were held by the outputs. In addition, the audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

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

Audit results

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

Output ID	Project Expenditure		Project Assets	
	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
92145	2,586	Unqualified	N/A	N/A
92457	2,009	Unqualified	51	Unqualified
92895	5,538	Unqualified	N/A	NA

*NFM= Net Financial Misstatement

Key recommendations: Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." This recommendation includes actions to address a misstatement in the commitments balance.

The recommendation aims to ensure the reliability and integrity of financial and operational information.

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) 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.

Implementation status of previous OAI audit recommendations: Report No. 1647, 30 September 2016).

Total recommendations²: two

Implemented: one

In progress: one

Management comments and action plan

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



Brett Simpson
Officer-in-Charge
Office of Audit and Investigations

² Report No. 1647 contained two recommendations in total, out of which one was relevant to Output No. 92895, and it was assessed by the auditors as I in progress as of 31 December 2016.

**Report on Financial Audit of Directly Implemented Projects
Managed by UNDP Programme of Assistance to the Palestinian People (PAPP)**

Emergency Support and Advanced Plan for Early Recovery - Gaza

Project ID 00050123

Outputs IDs 00092145, 00092457, and 00092895

August 24, 2017

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Part I – Executive Summary

To: The Director of the Office of Audit and Investigations (OAI)

United Nations Development Programme (UNDP)

Dear Sir/Madam;

This report represents the results of the financial audit conducted by Deloitte Haskins & Sells LLP (DHS) through Deloitte & Touche (ME) Palestine Office on the project ID 00050123 - Outputs IDs 00092145, 00092457, and 00092895 "Emergency Support and Advanced Plan for Early Recovery - Gaza" (the project), directly implemented by UNDP Programme of Assistance to the Palestinian People for the period from 1 January to 31 December 2016.

The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI) and mandated in accordance with the LTA ACP/8631/2014/04 signed between UNDP and Deloitte India on 31 July 2015.

We have issued audit opinions as summarized in the table below and as detailed in the next sections:

Output ID 00092145 – "Emergency Cash Assistance Sida"

Statement of Expenses	Unmodified
Statement of Fixed Assets	Not applicable
Statement of Cash Position	Not applicable

Output ID 00092457 – "Re-Construction of Houses"

Statement of Expenses	Unmodified
Statement of Fixed Assets	Unmodified
Statement of Cash Position	Not applicable

Output ID 00092895 – "North and south Rubble Removal"

Statement of Expenses	Unmodified
Statement of Fixed Assets	Not applicable
Statement of Cash Position	Not applicable



As a result of our audit, we have raised one audit finding with net financial impact as summarized below:

Output ID	Title of Finding	Priority	Net Financial Impact
Outputs ID 00092145 & ID 00092895	Finding 1: Misstatements of Commitments balance in the CDR	Medium (Important)	74,913.8

Follow up on Previous Audit Reports

The Project ID 00050123 - Outputs IDs 00092145, 00092457, and 00092895 were audited for the period from 1 January to 31 December 2015. Audit ID 1647 – issued on 30 September 2016, no recommendations were raised for outputs IDs 00092145 and 00092457. One recommendation was raised for output ID 00092895; the implementation status of the recommendation is as follows:

Finding: Commitments balance incorrectly stated.

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

Current Status: Per our review of CDR report for the project ID 00050123 for the period from 1 January to 31 December 2016; the commitments balance misstatement still exists for POs that already processed and paid before the year-ended. The issue is still outstanding as of 31 December 2016.

Deloitte & Touche (M.E.)

Ramallah, Palestine

August 24, 2017



Audit objectives

The objective of the financial audit was to express an opinion on the project's financial statements which include:

- 1) Expressing an opinion on whether the expenses incurred by the project between 1 January to 31 December 2016 and the funds utilization as at 31 December 2016 were fairly presented in accordance with UNDP accounting policies and that the expenses incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents. The Combined Delivery Report (CDR) and the accompanying Funds Utilization statement are the mandatory and official statements upon which the audit opinion should be expressed. Other forms of statement of expenses that may be prepared by a project office are not accepted.
- 2) Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP Project as at 31 December 2016. This statement includes all assets available as at 31 December 2016 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.
- 3) Expressing an opinion on whether the statement of cash held by the Project presents fairly, the cash and bank balance of UNDP Project as at 31 December 2016, only if a dedicated bank account was established specifically for the project.

The Financial Audit was conducted in accordance with the International Standards of Auditing (ISA), the 700 series.

Scope of Audit

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project for the period 1 January to 31 December 2016. 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 Centers and UNDP Headquarters and where the supporting documentation were not retained at the level of the UNDP country office.

INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF EXPENSES

**To the Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme (UNDP)**

Unmodified Opinion

We have audited the accompanying Combined Delivery Report (CDR), and the Funds Utilization Statement ("the statement") of the UNDP Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"- Output ID 00092145 "Emergency Cash Assistance Sida" for the period from 1 January to 31 December 2016.

In our opinion, the accompanying Combined Delivery Report (CDR), and the Funds Utilization Statement presents fairly, in all material respects, the expenses of US\$ 2,585,513.91 incurred by the UNDP under project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery – Gaza", Output ID 00092145 "Emergency Cash Assistance Sida", for the period from 1 January to 31 December 2016, in accordance with UNDP accounting policies, and were (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the CDR and Funds Utilization section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management responsibilities

Management is responsible for the preparation of the CDR and Funds Utilization statement of the project, and for such internal control as management determines is necessary to enable the preparation of a CDR and Funds Utilization Statement that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the CDR and Funds Utilization statement are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also,

- Identify and assess the risks of material misstatement of the CDR and Funds Utilization statement, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Deloitte & Touche (M.E.)

Ramallah, Palestine

August 24, 2017



Financial audit of Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"

For the year ended 31 December 2016

Combined Delivery Report (CDR) – Output ID 00092145



UN Development Programme
Report ID: unglcdrip

Combined Delivery Report By Project

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Run Time: 23-02-2017 13:02:27

Selection Criteria:

Business Unit : PAL10
Period : Jan-Dec (2016)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00092145

Project Id : 00050123 Emergency Supp. & Advanced Pla	Period :	Jan-Dec (2016)		
Output # : 00092145 Emergency Cash Assistance Sida	Impl. Partner :	02388 UNDP - PAPP		
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 70001 (PAPP - Central)

Fund : 30000 (PROGRAMME COST SHARING)

64398 - Direct Project Cost-Staff	0.00	2,381.62	0.00	2,381.62
71305 - Local Consult.-Sht Term-Tech	0.00	12,860.00	0.00	12,860.00
71405 - Service Contracts-Individuals	0.00	50,677.19	0.00	50,677.19
71410 - MAIP Premium SC	0.00	83.89	0.00	83.89
71415 - Contribution to Security SC	0.00	2,097.20	0.00	2,097.20
71505 - UN Volunteers-Stipend & Allow	0.00	18,020.16	0.00	18,020.16
71520 - UNV-Language Allowance	0.00	955.17	0.00	955.17
71535 - UNV-Medical Insurance	0.00	2,571.03	0.00	2,571.03
71540 - UNV-Global Charges	0.00	838.15	0.00	838.15
71541 - UNVs-Contribution to security	0.00	1,126.40	0.00	1,126.40
71550 - UNV-Resettlement Allowance	0.00	1,501.64	0.00	1,501.64
71590 - UNV Development Effectiveness	0.00	3,057.96	0.00	3,057.96
71605 - Travel Tickets-International	0.00	1,768.00	0.00	1,768.00
71615 - Daily Subsistence Allow-Intl	0.00	306.85	0.00	306.85
71620 - Daily Subsistence Allow-Local	0.00	3,511.27	0.00	3,511.27
71635 - Travel - Other	0.00	415.84	0.00	415.84
72105 - Svc Co-Construction & Engineer	0.00	2,196,435.00	0.00	2,196,435.00
72170 - Svc Co-Humanitarian Aid & Relf	0.00	44,743.52	0.00	44,743.52
72220 - Furniture	0.00	6,301.89	0.00	6,301.89
72311 - Fuel, petroleum and other oils	0.00	1,134.52	0.00	1,134.52
72402 - Building Maintenance	0.00	435.34	0.00	435.34
72425 - Mobile Telephone Charges	0.00	561.78	0.00	561.78
72505 - Stationery & other Office Supp	0.00	1,179.18	0.00	1,179.18
72705 - Hospitality-Special Events	0.00	1,663.12	0.00	1,663.12
72805 - Acquis of Computer Hardware	0.00	2,779.44	0.00	2,779.44
72810 - Acquis of Computer Software	0.00	560.00	0.00	560.00
72815 - Inform Technology Supplies	0.00	245.00	0.00	245.00
73405 - Rental & Maint-Other Office Eq	0.00	2,068.80	0.00	2,068.80
73406 - Maintenance of Equipment	0.00	42.35	0.00	42.35
73410 - Maint, Oper of Transport Equip	0.00	1,844.99	0.00	1,844.99
73420 - Leased Vehicles	0.00	1,716.07	0.00	1,716.07
73440 - Lease Heavy equip/other equip	0.00	614.60	0.00	614.60
74110 - Audit Fees	0.00	14,856.00	0.00	14,856.00
74505 - Insurance	0.00	1,258.54	0.00	1,258.54
74515 - Claims and Adjustments	0.00	1,482.98	0.00	1,482.98
74525 - Sundry	0.00	23.95	0.00	23.95
74598 - Direct Project Costs - GOE	0.00	15,120.98	0.00	15,120.98
75105 - Facilities & Admin - Implement	0.00	188,199.77	0.00	188,199.77
76125 - Realized Loss	0.00	75.27	0.00	75.27
76135 - Realized Gain	0.00	- 1.55	0.00	- 1.55
77640 - Dep Exp Owned - F&F	0.00	0.00	0.00	0.00
Total for Fund 30000	0.00	2,585,513.91	0.00	2,585,513.91

Ramy Khalil
Project Manager

23-2-2017

Ima Al Hussein
Proj Specialist

23/2/2017



Financial audit of Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"
For the year ended 31 December 2016



UN Development Programme
Report ID: ung/cdrp

Combined Delivery Report By Project

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Run Time: 23-02-2017 13:02:28

Project Id : 00050123 Emergency Supp. & Advanced Pla	Period :	Jan-Dec (2016)		
Output # : 00092145 Emergency Cash Assistance Sida	Impl. Partner :	02388 UNDP - PAPP		
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Total for Dept : 70001	0.00	2,585,513.91	0.00	2,585,513.91
Total for Output : 00092145	0.00	2,585,513.91	0.00	2,585,513.91
Project Total :	0.00	2,585,513.91	0.00	2,585,513.91

Signed By : Ramzy Khader Date : _____
Signed By : Tuna Al Hussein Date : _____



Financial audit of Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"

For the year ended 31 December 2016



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 23-02-2017 13:02:29

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2016)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00092145

Project Id : ALL		Period : Jan-Dec (2016)		
Output # : ALL		Impl. Partner : Location :		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
70001 - PAPP - Central	0.00	2,585,513.91	0.00	2,585,513.91

Ramzy Khader

Iman Al Hussein



Financial audit of Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"

For the year ended 31 December 2016



UN Development Programme
Report ID: ungidrp

Combined Delivery Report By Project

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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 : 00092145

Project/Award: 00050123 Emergency Supp. & Advanced Pla

Period : As at Dec 31, 2016

Output #	00092145	Impl. Partner :02388 UNDP - PAPP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			25,420.77

Ramzy Khader

Iman Al Hussein



INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF EXPENSES

**To the Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme (UNDP)**

Unmodified Opinion

We have audited the accompanying Combined Delivery Report (CDR), and the Funds Utilization Statement ("the statement") of the UNDP Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza" - Output ID 00092457 "Re-Construction of Houses" for the period from 1 January to 31 December 2016.

In our opinion, the accompanying Combined Delivery Report (CDR), and the Funds Utilization Statement presents fairly, in all material respects, the expenses of US\$ 2,009,084.19 incurred by the UNDP under project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza", Output ID 00092457 "Re-Construction of Houses", for the period from 1 January to 31 December 2016, in accordance with UNDP accounting policies, and were (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the CDR and Funds Utilization section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management responsibilities

Management is responsible for the preparation of the CDR and Funds Utilization statement of the project, and for such internal control as management determines is necessary to enable the preparation of a CDR and Funds Utilization Statement that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the CDR and Funds Utilization statement are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also,

- Identify and assess the risks of material misstatement of the CDR and Funds Utilization statement, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Deloitte & Touche (M.E.)

Ramallah, Palestine

August 24, 2017



Financial audit of Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"

For the year ended 31 December 2016

Combined Delivery Report (CDR) – Output ID 00092457



UN Development Programme
Report ID: unglodrp

Combined Delivery Report By Project

Page 1 of 3
Run Time: 23-02-2017 13:02:11

Selection Criteria:

Business Unit : PAL10
Period : Jan-Dec (2016)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00092457

Project Id : 00050123 Emergency Supp. & Advanced Pla	Period :	Jan-Dec (2016)		
Output # : 00092457 Re-construction of houses	Impl. Partner :	02388 UNDP - PAPP		
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 70001 (PAPP - Central)

Fund : 30000 (PROGRAMME COST SHARING)

64398 - Direct Project Cost-Staff	0.00	1,559.22	0.00	1,559.22
71305 - Local Consult.-Shi Term-Tech	0.00	7,840.00	0.00	7,840.00
71405 - Service Contracts-Individuals	0.00	144,852.90	0.00	144,852.90
71410 - MAIP Premium SC	0.00	865.58	0.00	865.58
71415 - Contribution to Security SC	0.00	8,404.13	0.00	8,404.13
71505 - UN Volunteers-Stipend & Allow	0.00	36,908.65	0.00	36,908.65
71520 - UNV-Language Allowance	0.00	1,950.00	0.00	1,950.00
71535 - UNV-Medical Insurance	0.00	3,626.64	0.00	3,626.64
71540 - UNV-Global Charges	0.00	1,652.90	0.00	1,652.90
71541 - UNVs-Contribution to security	0.00	2,292.89	0.00	2,292.89
71550 - UNV-Resettlement Allowance	0.00	3,056.74	0.00	3,056.74
71590 - UNV Development Effectiveness	0.00	5,760.92	0.00	5,760.92
72120 - Svc Co-Trade and Business Serv	0.00	1,607,402.00	0.00	1,607,402.00
72210 - Machinery and Equipment	0.00	7,300.00	0.00	7,300.00
72311 - Fuel, petroleum and other oils	0.00	807.49	0.00	807.49
72445 - Common Services-Communications	0.00	133.05	0.00	133.05
72705 - Hospitality-Special Events	0.00	370.27	0.00	370.27
72805 - Acquis of Computer Hardware	0.00	701.85	0.00	701.85
73420 - Leased Vehicles	0.00	528.71	0.00	528.71
74110 - Audit Fees	0.00	25,951.00	0.00	25,951.00
74210 - Printing and Publications	0.00	194.96	0.00	194.96
74220 - Translation Costs	0.00	0.00	0.00	0.00
74525 - Sundry	0.00	54.60	0.00	54.60
74598 - Direct Project Costs - GOE	0.00	47,568.10	0.00	47,568.10
75105 - Facilities & Admin - Implement	0.00	94,635.82	0.00	94,635.82
76135 - Realized Gain	0.00	- 5.57	0.00	- 5.57
77660 - Dep Exp Owned -Vehicle	0.00	4,671.34	0.00	4,671.34
Total for Fund 30000	0.00	2,009,084.19	0.00	2,009,084.19
Total for Dept : 70001	0.00	2,009,084.19	0.00	2,009,084.19
Total for Output : 00092457	0.00	2,009,084.19	0.00	2,009,084.19

Project Total :	0.00	2,009,084.19	0.00	2,009,084.19
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Signed By: Ramzy Whuider project Manager

Date: 23-2-2017

Signed By: Iman Al Hussaini Program Specialist

Date: 23/2/2017

Deloitte & Touche (M.E.)
Certified Public Accountants
Ramallah - Palestine
Deloitte.



Financial audit of Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"

For the year ended 31 December 2016



UN Development Programme
Report ID: unglcdp

Combined Delivery Report By Project

Page 2 of 3
Run Time: 23-02-2017 13:02:19

Selection Criteria:

Business Unit : PAL10
Period : Jan-Dec (2016)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00092457

Project Id : ALL		Period : Jan-Dec (2016)		
Output # : ALL		Impl. Partner :		
		Location :		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
70001 - PAPP - Central	0.00	2,009,084.19	0.00	2,009,084.19



Ramzy Khachik
[Signature]

Iman Al Hussein
[Signature]

[Signature]



Financial audit of Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"

For the year ended 31 December 2016



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 3 of 3
Run Time: 23-02-2017 13:02:21

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 : 00092457

Project/Award: 00050123 Emergency Supp. & Advanced Pla

Period : As at Dec 31, 2016

Output #	Impl. Partner :02388 UNDP - PAPP	UNDP AMOUNT
Outstanding NEX advances		0.00
Undepreciated Fixed Assets		50,606.10
Inventory		0.00
Prepayments		0.00
Commitments		0.00

Ramzy Khader

Iman Al Hussein



INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF FIXED ASSETS

**To the Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme (UNDP)**

Unmodified Opinion

We have audited the accompanying Statement of Fixed Assets of the UNDP project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery – Gaza" - output ID 00092457 "Re-Construction of Houses" as at 31 December 2016.

In our opinion, the accompanying Statement of Fixed Assets presents fairly, in all material respects, the status of the fixed assets of the UNDP project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza" - output ID 00092457 "Re-Construction of Houses" amounting to US\$ 50,606.10 as at 31 December 2016, in accordance with UNDP accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the Statement of Fixed Assets section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities

Management is responsible for the preparation of the statement in accordance with UNDP accounting policies, and for such internal control as management determines is necessary to enable the preparation of the statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial documents.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also,

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Deloitte & Touche (M.E.)

Ramallah, Palestine

August 24, 2017



Statement of Fixed Asset – Output ID 92457

STATEMENT OF ASSETS				
AS AT 31 DECEMBER 2016 – Project # PAL10 - 92457				
Category	Location	Original Amount USD (A)	Depreciated Amount USD (B)	NET Book Value Amount USD (C=A-B)
Volkswagen vehicle (TIGUAN 4 TSI(180 HP) - WVGZZZ5NZFW079396	Gaza	28,028	2,724.95	25,303.05
Volkswagen vehicle (TIGUAN 4 TSI(180 HP)- WVGZZZ5NZFW07350	GAZA	28,028	2,724.95	25,303.05
Total Value		56,056	5,449.9	50,606.10

Prepared By: Majda Shofars

Project Manager: Ramzy Khader

Deputy Head of Infrastructure Unit -Hekmat El Khairy

Program Specialist: Iman Al Hussein



INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF EXPENSES

**To the Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme (UNDP)**

Unmodified Opinion

We have audited the accompanying Combined Delivery Reports (CDR), and the Funds Utilization Statement ("the statement") of the UNDP Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza" - Output ID 00092895 "North and South Rubble Removal" for the period from 1 January to 31 December 2016.

In our opinion, the accompanying Combined Delivery Reports (CDR), and the Funds Utilization Statement presents fairly, in all material respects, the expenses of US\$ 5,538,484.68 incurred by the UNDP under project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza" - Output ID 00092895 "North and south Rubble Removal" for the period from 1 January to 31 December 2016, in accordance with UNDP accounting policies, and were (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the CDR and Funds Utilization section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities

Management is responsible for the preparation of the CDR and Funds Utilization statement of the project, and for such internal control as management determines is necessary to enable the preparation a CDR and Funds Utilization Statement that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the CDR and Funds Utilization statement are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also,

- Identify and assess the risks of material misstatement of the CDR and Funds Utilization statement, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte & Touche (M.E.)

Ramallah, Palestine

August 24, 2017



Financial audit of Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"

For the year ended 31 December 2016

Combined Delivery Report (CDR) – Output ID 00092895



UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

Page 1 of 5
Run Time: 28-08-2017 12:08:52

Selection Criteria:

Business Unit : PAL10
Period : Jan-Dec (2016)
Selected Project Id : ALL
Selected Fund Code : 30000
Selected Dept. IDs : ALL
Selected Outputs : 00092895

Project Id : 00050123 Emergency Supp. & Advanced Pla	Period : Jan-Dec (2016)
Output # : 00092895 North and south Rubble Removal	Impl. Partner : 02388 UNDP - PAPP
	Location :
</	

Activity : ()

Fund : 30000 (PROGRAMME COST SHARING)

75105 - Facilities & Admin - Implement	0.00	283.56	0.00	283.56
77630 - Dep Exp Owned - ITC	0.00	1,635.40	0.00	1,635.40
77660 - Dep Exp Owned -Vehicle	0.00	1,909.00	0.00	1,909.00

Total for Fund 30000 0.00 3,827.96 0.00 3,827.96

Total for Activity 0.00 3,827.96 0.00 3,827.96

Activity : ACTIVITY1 (PIU)

Fund : 30000 (PROGRAMME COST SHARING)

61105 - Salaries - NP Staff	0.00	23,180.83	0.00	23,180.83
62105 - Dependency Allowance-NP Staff	0.00	980.24	0.00	980.24
62110 - Contrib Joint Staff Pension-NP	0.00	4,714.78	0.00	4,714.78
62115 - Contrib to Med,Socins-NP Staff	0.00	1,680.61	0.00	1,680.61
62140 - Annual Leave Expense - NO	0.00	- 773.82	0.00	- 773.82
63530 - Contribution to EOS Benefits	0.00	869.28	0.00	869.28
63535 - Contribution to Security	0.00	985.29	0.00	985.29
63545 - Contribution to ICT	0.00	347.72	0.00	347.72
63550 - Contributions to MAIP	0.00	57.95	0.00	57.95
63555 - Contribution to UN JFA	0.00	753.40	0.00	753.40
63560 - Contributions to Appendix D	0.00	57.95	0.00	57.95
64308 - Direct Project Cost-Staff	0.00	3,936.34	0.00	3,936.34
65115 - Contributions to ASHi Reserve	0.00	1,854.50	0.00	1,854.50
65135 - Payroll Mgt Cost Recovery ATLA	0.00	86.04	0.00	86.04
71305 - Local Consult.-Sht Term-Tech	0.00	0.00	0.00	0.00
71405 - Service Contracts-Individuals	0.00	102,514.60	0.00	102,514.60
71410 - MAIP Premium SC	0.00	211.63	0.00	211.63
71415 - Contribution to Security SC	0.00	5,298.41	0.00	5,298.41
71420 - Payroll Mgt Cost Recovery SC	0.00	19,669.09	0.00	19,669.09
71505 - UN Volunteers-Stipend & Allow	0.00	69,889.40	0.00	69,889.40
71520 - UNV-Language Allowance	0.00	3,704.01	0.00	3,704.01
71535 - UNV-Medical Insurance	0.00	5,754.53	0.00	5,754.53
71540 - UNV-Global Charges	0.00	3,114.89	0.00	3,114.89
71541 - UNVs-Contribution to security	0.00	4,368.60	0.00	4,368.60
71550 - UNV-Resettlement Allowance	0.00	5,823.94	0.00	5,823.94
71590 - UNV Development Effectiveness	0.00	11,979.14	0.00	11,979.14
71620 - Daily Subsistence Allow-Local	0.00	2,160.78	0.00	2,160.78
72311 - Fuel, petroleum and other oils	0.00	103.50	0.00	103.50
72405 - Acquisition of Communic Equip	0.00	- 7,850.00	0.00	- 7,850.00
72425 - Mobile Telephone Charges	0.00	74.29	0.00	74.29

Program Manager
Hala Othman

Deputy TL for
Environment & Natural Resources
Husam Tubail



Financial audit of Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"
For the year ended 31 December 2016



UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

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Project Id : 00050123 Emergency Supp. & Advanced Pla	Period :	Jan-Dec (2016)	
Output # : 00092895 North and south Rubble Removal	Impl. Partner :	02388 UNDP - PAPP	
	Location :		
Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

72435 - E-mail-Subscription	0.00	4,200.00	0.00	4,200.00
72505 - Stationery & other Office Supp	0.00	1,700.24	0.00	1,700.24
73120 - Utilities	0.00	26,781.51	0.00	26,781.51
73410 - Maint, Oper of Transport Equip	0.00	200.60	0.00	200.60
74110 - Audit Fees	0.00	11,081.00	0.00	11,081.00
74325 - Contrib.To CO Common Security	0.00	44,186.00	0.00	44,186.00
74505 - Insurance	0.00	1,335.19	0.00	1,335.19
74515 - Claims and Adjustments	0.00	1,480.59	0.00	1,480.59
74525 - Sundry	0.00	12,493.84	0.00	12,493.84
74598 - Direct Project Costs - GOE	0.00	1,687.01	0.00	1,687.01
75105 - Facilities & Admin - Implement	0.00	29,767.53	0.00	29,767.53
75705 - Learning costs	0.00	1,400.00	0.00	1,400.00
76125 - Realized Loss	0.00	51.79	0.00	51.79
76135 - Realized Gain	0.00	-34.17	0.00	-34.17

Total for Fund 30000	0.00	401,879.05	0.00	401,879.05
Total for Activity ACTIVITY1	0.00	401,879.05	0.00	401,879.05

Activity : ACTIVITY2 (Rubble sorting and Removal)

Fund : 30000 (PROGRAMME COST SHARING)

64388 - Direct Project Cost-Staff	0.00	371.70	0.00	371.70
72105 - Svc Co-Construction & Engineer	0.00	1,724,206.41	0.00	1,724,206.41
74598 - Direct Project Costs - GOE	0.00	159.30	0.00	159.30
75105 - Facilities & Admin - Implement	0.00	137,979.00	0.00	137,979.00

Total for Fund 30000	0.00	1,862,716.41	0.00	1,862,716.41
Total for Activity ACTIVITY2	0.00	1,862,716.41	0.00	1,862,716.41

Activity : ACTIVITY3 (site preparation)

Fund : 30000 (PROGRAMME COST SHARING)

72105 - Svc Co-Construction & Engineer	0.00	88,021.50	0.00	88,021.50
75105 - Facilities & Admin - Implement	0.00	7,041.72	0.00	7,041.72

Total for Fund 30000	0.00	95,063.22	0.00	95,063.22
Total for Activity ACTIVITY3	0.00	95,063.22	0.00	95,063.22

Activity : ACTIVITY4 (Solid Waste Job Creation)

Fund : 30000 (PROGRAMME COST SHARING)

64398 - Direct Project Cost-Staff	0.00	140.00	0.00	140.00
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Program Manager
Hala Othman

Deputy TL for
Env. & Natural Resources
Husain Tubari



Financial audit of Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"

For the year ended 31 December 2016



UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

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Run Time: 28-08-2017 12:08:52

Project Id : 00050123 Emergency Supp. & Advanced Pla		Period : Jan-Dec (2016)		
Output # : 00092895 North and south Rubble Removal		Impl. Partner : 02388 UNDP - PAPP		
		Location :		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72105 - Svc Co-Construction & Engineer	0.00	2,939,613.00	0.00	2,939,613.00
74588 - Direct Project Costs - GOE	0.00	60.00	0.00	60.00
75105 - Facilities & Admin - Implement	0.00	235,185.04	0.00	235,185.04
Total for Fund 30000	0.00	3,174,998.04	0.00	3,174,998.04
Total for Activity ACTIVITY4	0.00	3,174,998.04	0.00	3,174,998.04
Total for Output : 00092895	0.00	5,538,484.68	0.00	5,538,484.68
Project Total :	0.00	5,538,484.68	0.00	5,538,484.68



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Signed By : Hala Othman - Program Manager Date : 28.8.2017
Signed By : Husam Tubad - Deputy TL Date : 28.8.2017

Financial audit of Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"

For the year ended 31 December 2016



UN Development Programme
Report ID: unglcdrv

Combined Delivery Report by Activity

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Selection Criteria:

Business Unit: PAL10
Period: Jan-Dec (2016)
Selected Project Id: ALL
Selected Fund Code: 30000
Selected Dept. IDs: ALL
Selected Outputs: 00092895

Project Id : ALL	Period : Jan-Dec (2016)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
70001 - PAPP - Central	0.00	5,538,184.68	0.00	5,538,184.68




Program Manager
Hala Aghman

Deputy TL for
Env & Natural Resources
Husam Tubail

Financial audit of Project ID 00050123 "Emergency Support and Advanced Plan for Early Recovery - Gaza"

For the year ended 31 December 2016



UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

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Funds Utilization

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2016)
Selected Project Id : ALL
Selected Fund Code : 30000
Selected Dept. IDs : ALL
Selected Outputs : 00092895

Project/Award: 00050123 Emergency Supp. & Advanced Pla

Period : As Of Dec31,2016

Output #	Impl. Partner :02388 UNDP - PAPP	UNDP AMOUNT
Outstanding NEX advances		0.00
Undepreciated Fixed Assets		0.00
Inventory		0.00
Prepayments		0.00
Commitments		49,493.03



Program Manager
Hala Othman

Deputy TL for
Env. & Natural Resources
Husam Tubar

Part II – Management Letter

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Misstatement of commitments balance in the CDR	25

**To the Director of the Office of Audit and Investigations
United Nations Development Programme**

Introduction

Under International Standards on Auditing, auditors are encouraged to report various matters concerning an entity's internal control structure noted during their audit, and are required to report certain of those matters. Matters that are required to be reported are "significant deficiencies in the design or operation of the internal control structure that, in the auditor's judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements."

As part of our audit of the Project's financial statements of the Project ID 00050123 - Outputs IDs 00092145, 00092457, and 00092895 "Emergency Support and Advanced Plan for Early Recovery - Gaza" for the period from 1 January to 31 December 2016, we considered UNDP's internal control structure and compliance with its accounting policies in determining the scope of our audit procedures for the purpose of rendering an opinion on the financial statements. Our purpose was not to provide assurance on the internal control structure.

We emphasize that the responsibility for a sound system of internal controls rests with management and work performed by external audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery.

The matters raised in this part are those which came to our attention during the audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be needed. Recommendations for improvements should be assessed by management for their full commercial impact before they are implemented. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Acknowledgment

We wish to express our appreciation for the courtesy and cooperation extended to our representatives during the course of their work.



Deloitte & Touche (M.E.)

Ramallah, Palestine

August 24, 2017



Finding 1: Misstatement of Commitments balance in the CDR

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).

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 2016, the project's CDR shows commitments totaling US\$ 74,913.8. However, all the related transactions had already been completed and paid for during FY 2016, and were included in the 2016 CDR. Details of these commitments per output is as follows:

Output ID	Commitment Balance (US\$)
00092145	25,420.77
00092895	49,493.03
Total	74,913.80

This may result that the CDR and Funds Utilization statement could be misleading.

This happened because the Office did not perform regular and timely reconciliation for outstanding POs and did not close the POs of completed transactions on timely manner.

Priority

Medium (Important)

Recommendation

The Office should ensure that 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 settled as of 31 December and for which expenditure is expected to be incurred during the following financial year.

Management's Response and action plan

Outputs 00092895 and 00092145: UNDP confirms agreement to audit recommendation and will set up the needed actions as part of the year end procedure to ensure that a matching commitment balance is systematically recorded in the project Combined Delivery Report (CDR).

Auditor's Response

UNDP country office management accepted the observation. No further audit procedures required.

Priorities of Audit Recommendations

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.