



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

PROCUREMENT OF DRUGS TO GAZA
(Directly Implemented Project No. 74904, Output No. 87068)

Report No. 1803

Issue Date: 1 September 2017

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People
Procurement of Drugs to Gaza
(Project No. 74904, Output No. 87068)
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 Procurement of Drugs to Gaza, Project No. 74904, Output No. 87068 (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 Output.

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. The audit did not cover the Statement of Assets as no assets were held by the Project. In addition, the audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

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

Audit results


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

Project Expenditure	
Amount (in \$ '000)	Opinion
6,810	Unqualified

The audit did not result in any recommendations.

Management comments

Management comments and/or additional information provided have been incorporated into the report, where appropriate.



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

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

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

Project ID 00074904

Output ID 00087068

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 00074904 - Output ID 00087068 "Procurement of Drugs to 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:

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

As a result of our audit, the audit did not result on any findings.

Follow up on Previous Audit Report

The output ID 00087068 was not audited in previous years, accordingly no follow up procedures were performed.



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 statement 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 related to transactions concluded and recorded against the UNDP DIM project for the period 1 January to 31 December 2016. Per the TOR 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 00074904 "Procurement of Drugs to Gaza" - Output ID 00087068 "Medical Procurement for Gaza" 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\$ 6,810,046.57 incurred by the UNDP under project ID 00074904 "Procurement of Drugs to Gaza" - Output ID 00087068 "Medical Procurement for Gaza" for the period from 1 January 2016 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 Fund 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



Combined Delivery Report (CDR)

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Combined Delivery Report By Project

UN Development Programme
 Report ID: unglcdrp

Selection Criteria :

Business Unit : PAL10
 Period : Jan-Dec (2016)
 Selected Project Id : ALL
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : 00087068

Project ID : 00074904 Procurement of Drugs to Gaza	Period :	Jan-Dec (2016)		
Output # : 00087068 Medical Procurement for Gaza	Impl. Partner :	02388 UNDP - PAPP		
	Location :	Palestine		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Dept: 70001 (PAPP - Central)				
Fund : 04950 (PAPP Core Programme)				
71505 - UN Volunteers-Stipend & Allow	0.00	2,855.84	0.00	2,855.84
71520 - UNV-Language Allowance	0.00	150.00	0.00	150.00
71535 - UNV-Medical Insurance	0.00	127.98	0.00	127.98
71540 - UNV-Global Charges	0.00	108.75	0.00	108.75
71541 - UNVs-Contribution to security	0.00	178.49	0.00	178.49
71550 - UNV-Resettlement Allowance	0.00	237.98	0.00	237.98
71590 - UNV Development Effectiveness	0.00	360.00	0.00	360.00
Total for Fund 04950	0.00	4,019.04	0.00	4,019.04
Fund : 30000 (PROGRAMME COST SHARING)				
64398 - Direct Project Cost-Staff	0.00	619.47	0.00	619.47
72165 - Svc Co-Social Svcs, Social Sci	0.00	1,913,313.92	0.00	1,913,313.92
72330 - Medical Products	0.00	4,387,673.69	0.00	4,387,673.69
74598 - Direct Project Costs - GOE	0.00	265.49	0.00	265.49
75105 - Facilities & Admin - Implement	0.00	504,149.80	0.00	504,149.80
76125 - Realized Loss	0.00	5.22	0.00	5.22
76135 - Realized Gain	0.00	-0.06	0.00	-0.06
Total for Fund 30000	0.00	6,806,027.53	0.00	6,806,027.53
Total for Dept : 70001	0.00	6,810,046.57	0.00	6,810,046.57
Total for Output : 00087068	0.00	6,810,046.57	0.00	6,810,046.57
Project Total :	0.00	6,810,046.57	0.00	6,810,046.57


 Finance Officer
 Date: 2/3/17

Signed By:  _____
 Signed By:  _____
 Date: _____



Financial audit of Project ID 00074904 "Procurement of Drugs to Gaza"
 For the year ended 31 December 2016

UN Development Programme

Combined Delivery Report By Project

UN Development Programme
 Report ID: unglcdrp

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Selection Criteria :

Business Unit : PAL10
 Period : Jan-Dec (2016)
 Selected Project Id : ALL
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : 00087068

Project ID : ALL Output # : ALL	Period : Jan-Dec (2016)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
70001 - PAPP - Central	0.00	6,810,046.57	0.00	6,810,046.57



AN



UN Development Programme
 Report ID: unglcdrp

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 : 00087068

Project/Award: 00074904 Procurement of Drugs to Gaza

Period : As at Dec 31, 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		0.00



AN