



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

STRENGTHENING THE RULE OF LAW IN THE OCCUPIED PALESTINIAN TERRITORIES
(Directly Implemented Project No. 77565, Output Nos. 88270 and 98489)

Report No. 1804

Issue Date: 7 September 2017

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People
Strengthening the Rule of Law in the Occupied Palestinian Territories
(Project No. 77565, Output Nos. 88270 and 98489)
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 Strengthening the Rule of Law in the Occupied Palestinian Territories, Project No. 77565, Output Nos. 88270, and 8489 (the Project), which is directly implemented and managed by the UNDP Programme of Assistance to the Palestinian People (the Office). The last audit of Output No. 88270 was conducted by OAI in 2016 and covered project expenditure from 1 January to 31 December 2015. This is the first audit of Output No. 98489.

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 as of 31 December 2016. The audit did not include activities and expenses processed and approved in locations outside of the country, such as UNDP Regional Centres and UNDP Headquarters. 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	NFM*** (in \$ '000)	Amount (in \$ '000)	Opinion
88270	6,272**	Unqualified	N/A	3	Unqualified
98489	2,581**	Qualified	160	29	Unqualified

*Expenditures recorded in the Combined Delivery Report for output 88270 were \$6,579,144. Excluded from the audit scope were expenditures processed and approved by other UNDP offices outside of the country (\$307,416).

*Expenditures recorded in the Combined Delivery Report for output 98489 were \$2,849,226. Excluded from the audit scope were expenditures processed and approved by other UNDP offices outside of the country (\$268,636).

**Government expenditure amounting to \$901,882 for Output No. 88270 and to \$306,253 for Output No. 98489 were included in the audit scope, as these were not covered by a Harmonized Approach to Cash Transfers (HACT) audit.

***NFM= Net Financial Misstatement

The audit firm qualified its opinion on project expenditure of Output No. 98489 due to the incorrect recording of advances granted to implementing partners as expenses, and due to incorrect recording of 2015 payroll expenditures in 2016 Combined Delivery Report, which led to an overstatement of reported expenditures.

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.

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, 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." These recommendations include actions to address the incorrect recording of payments to implementing partners as expenses instead of advances, and the incorrect recording of 2015 payroll expenses in the 2016 Combined Delivery Report.

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

Management comments and action plan

The Special Representative to the Administrator 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.

A handwritten signature in blue ink, appearing to read 'B G Simpson', enclosed in a rectangular box.

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

**Report on Financial Audit of Directly Implemented Project
managed by UNDP Programme for Assistance to the Palestinian People (PAPP)**

Strengthening the Rule of Law in the Occupied Palestinian Territories

Project ID 00077565

Outputs IDs 00088270 and 00098489

August 30, 2017

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Part I – Executive Summary

To: The Director of Office of Audit Region 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 00077565 – Output IDs 00088270 and 00098489 “Strengthening the Rule of Law in the Occupied Palestinian territories” (the Project), directly implemented by UNDP Programme of Assistance to the Palestinian People (PAPP) 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 Haskins & Sells LLP (DHS) on July 31, 2015.

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

Output ID 00088270 - “Justice and Security for the Palestinian People”

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

Output ID 00098489 - “Building a Sustainable Legal Aid System in Palestine”

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

As a result of our audit, we have raised the below findings:

Output ID	Title of Finding	Priority	Net Financial Impact
output ID 00098489	Finding 1: Recording Payments to Implementing Partners as Expenses instead of Advances	Medium (Important)	112,778.00
	Finding 2: Recording of 2015 Payroll Expenses in 2016 CDR	Medium (Important)	46,810.00

For Output ID 00088270 the audit did not result in any findings.

Follow up on Previous Audit Reports

The output ID 00098489 was not audited in previous years, accordingly no follow up procedures were performed.

The output ID 00088270 was audited during 2016 for the period from 1 January to 31 December 2015. Audit ID 1651 - issued on 21 October 2016. The audit did not raise any recommendations.



Deloitte & Touche (ME)

Ramallah, Palestine

August 30, 2017



1.1 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.

1.2 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 OUTPUT ID 00088270

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 00077565" Strengthening the Rule of Law in the Occupied Palestinian Territories" - Output ID 00088270 "Justice and Security for the Palestinian People", for the year period from 1 January to 31 December 2016.

The CDR expenditure totaling US\$ 6,579,144.14, is comprised of expenditure directly incurred by the UNDP Programme of Assistance to the Palestinian People (PAPP) for an amount of US\$ 6,271,728.08 and expenses processed and approved in locations outside the country by the UNDP Headquarter and where the supporting documentation is not retained at the level of the UNDP country office for an amount of US\$ 307,416.06. Our audit only covered the expenditure directly incurred by UNDP PAPP of US\$ 6,271,728.08.

In our opinion, the accompanying Combined Delivery Report (CDR), and the Funds Utilization Statement presents fairly, in all material respects, the expenses of US\$ 6,271,728.08 incurred by the project "Strengthening the Rule of Law in the Occupied Palestinian Territories" - Output ID 00088270 "Justice and Security for the Palestinian People", for the year ended 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 Unmodified 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 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 Project CDR and Funds Utilization Statement and for such internal control as management determines is necessary to enable the preparation of financial statements 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 Project CDR and Funds Utilization 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 Documents.

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

We also,

1. Identify and assess the risks of material misstatement of the Project 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.
2. 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 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 30, 2017



Financial audit of Project ID 00077565 "Strengthening the Rule of Law in the Occupied Palestinian Territories"- Outputs IDs 00088270 and 00098489
For the year ended 31 December 2016

Combined Delivery Report (CDR) - Output ID 00088270



UN Development Programme
Report ID: unglcdrb

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Combined Delivery Report by Activity

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2016)
Selected Project Id : 00077565
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00088270

Project Id : 00077565 Strengthen ROL 2nd phase in OP	Period :	Jan-Dec (2016)		
Output # : 00088270 Capacity of Justice & Security	Impl. Partner :	02388 UNDP - PAPP		
	Location :	Palestine		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Activity : ()

Fund : 30000 (PROGRAMME COST SHARING)

75105 - Facilities & Admin - Implement	0.00	4.58	0.00	4.58
77630 - Dep Exp Owned - ITC	0.00	65.40	0.00	65.40
Total for Fund 30000	0.00	69.98	0.00	69.98
Total for Activity	0.00	69.98	0.00	69.98

Activity : ACTIVITY1 (Capacity of RoL institutions)

Fund : 30000 (PROGRAMME COST SHARING)

71305 - Local Consult.-Sht Term-Tech	0.00	30,017.14	0.00	30,017.14
71360 - Local Consult-Security	0.00	768.75	0.00	768.75
71405 - Service Contracts-Individuals	0.00	384,759.74	0.00	384,759.74
71410 - MAJP Premium SC	0.00	877.66	0.00	877.66
71415 - Contribution to Security SC	0.00	14,921.06	0.00	14,921.06
71605 - Travel Tickets-International	0.00	13,379.00	0.00	13,379.00
71615 - Daily Subsistence Allow-Intl	0.00	26,827.83	0.00	26,827.83
71620 - Daily Subsistence Allow-Local	0.00	678.00	0.00	678.00
71625 - Daily Substist Allow-Mtg Partic	0.00	7,515.53	0.00	7,515.53
71635 - Travel - Other	0.00	1,685.23	0.00	1,685.23
72105 - Svc Co-Construction & Engineer	536,934.60	285,262.10	0.00	822,196.70
72130 - Svc Co-Transportation Services	0.00	532.20	0.00	532.20
72145 - Svc Co-Training and Educ Serv	10,320.00	0.00	0.00	10,320.00
72170 - Svc Co-Humanitarian Aid & Relf	27,000.00	183,400.00	0.00	210,400.00
72205 - Office Machinery	0.00	1,470.00	0.00	1,470.00
72220 - Furniture	0.00	3,423.76	0.00	3,423.76
72402 - Building Maintenance	0.00	3,544.44	0.00	3,544.44
72405 - Acquisition of Communic Equip	0.00	67,844.90	0.00	67,844.90
72445 - Common Services-Communications	0.00	4,500.00	0.00	4,500.00
72505 - Stationery & other Office Supp	0.00	1,379.85	0.00	1,379.85
72705 - Hospitality-Special Events	0.00	2,595.00	0.00	2,595.00
72715 - Hospitality Catering	0.00	3,578.00	0.00	3,578.00
72815 - Inform Technology Supplies	0.00	3,027.95	0.00	3,027.95
73305 - Maint & Licensing of Hardware	0.00	23,048.14	0.00	23,048.14
73406 - Maintenance of Equipment	0.00	4,383.70	0.00	4,383.70
74205 - Audio Visual Productions	0.00	3,500.00	0.00	3,500.00
74210 - Printing and Publications	0.00	165.27	0.00	165.27
74220 - Translation Costs	0.00	6,296.00	0.00	6,296.00
74525 - Sundry	0.00	307.00	0.00	307.00
75105 - Facilities & Admin - Implement	0.00	126,465.60	0.00	126,465.60
75705 - Learning costs	0.00	105,432.17	0.00	105,432.17



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Financial audit of Project ID 00077565 "Strengthening the Rule of Law in the Occupied Palestinian Territories"- Outputs IDs 00088270 and 00098489
For the year ended 31 December 2016

Combined Delivery Report (CDR) - Output ID 00088270



UN Development Programme
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Combined Delivery Report by Activity

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Project ID : 00077565 Strengthen ROL 2nd phase in OP	Period :	Jan-Dec (2016)
Output # : 00088270 Capacity of Justice & Security	Impl. Partner :	02388 UNDP - PAPP
	Location :	Palestine

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
75708 - Learning - subcontracts	0.00	3,291.22	0.00	3,291.22
75709 - Learning - training of counter	0.00	43,985.08	0.00	43,985.08
76135 - Realized Gain	0.00	- 246.57	0.00	- 246.57
Total for Fund 30000	574,254.60	1,358,615.75	0.00	1,932,870.35
Total for Activity ACTIVITY1	574,254.60	1,358,615.75	0.00	1,932,870.35

Activity : ACTIVITY2 (CSO Component-West Bank)

Fund : 30000 (PROGRAMME COST SHARING)

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71405 - Service Contracts-Individuals	0.00	50,089.47	0.00	50,089.47
71410 - MAIP Premium SC	0.00	111.95	0.00	111.95
71415 - Contribution to Security SC	0.00	1,903.42	0.00	1,903.42
72105 - Svc Co-Construction & Engineer	57,629.00	167,206.92	0.00	224,835.92
72170 - Svc Co-Humanitarian Aid & Relf	0.00	205,982.00	0.00	205,982.00
72605 - Grants to Instit & other Benef	0.00	895,942.00	0.00	895,942.00
73107 - Rent - Meeting Rooms	0.00	1,635.11	0.00	1,635.11
74210 - Printing and Publications	0.00	166.22	0.00	166.22
74525 - Sundry	0.00	367.25	0.00	367.25
75105 - Facilities & Admin - Implement	0.00	97,044.62	0.00	97,044.62
75709 - Learning - training of counter	0.00	5,318.40	0.00	5,318.40
Total for Fund 30000	57,629.00	1,425,767.36	0.00	1,483,396.36
Total for Activity ACTIVITY2	57,629.00	1,425,767.36	0.00	1,483,396.36

Activity : ACTIVITY3 (CSO Component- Gaza)

Fund : 30000 (PROGRAMME COST SHARING)

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71405 - Service Contracts-Individuals	0.00	33,808.18	0.00	33,808.18
71410 - MAIP Premium SC	0.00	71.13	0.00	71.13
71415 - Contribution to Security SC	0.00	1,778.69	0.00	1,778.69
72105 - Svc Co-Construction & Engineer	54,000.00	0.00	0.00	54,000.00
72125 - Svc Co-Studies & Research Serv	64,528.00	0.00	0.00	64,528.00
72170 - Svc Co-Humanitarian Aid & Relf	0.00	255,348.00	0.00	255,348.00
72605 - Grants to Instit & other Benef	0.00	992,560.32	0.00	992,560.32
74220 - Translation Costs	0.00	148.01	0.00	148.01
75105 - Facilities & Admin - Implement	0.00	98,156.95	0.00	98,156.95
Total for Fund 30000	118,528.00	1,381,871.28	0.00	1,500,399.28
Total for Activity ACTIVITY3	118,528.00	1,381,871.28	0.00	1,500,399.28

Activity : ACTIVITY4 (Gender Responsivness)



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Financial audit of Project ID 00077565 "Strengthening the Rule of Law in the Occupied Palestinian Territories"- Outputs IDs 00088270 and 00098489
For the year ended 31 December 2016

Combined Delivery Report (CDR) - Output ID 00088270



UN Development Programme
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Combined Delivery Report by Activity

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Project ID : 00077565 Strengthen ROL 2nd phase in OP	Period :	Jan-Dec (2016)		
Output # : 00088270 Capacity of Justice & Security	Impl. Partner :	02388 UNDP - PAPP		
	Location :	Palestine		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71305 - Local Consult.-Sht Term-Tech	0.00	6,000.00	0.00	6,000.00
71360 - Local Consult-Security	0.00	375.00	0.00	375.00
71405 - Service Contracts-Individuals	0.00	94,732.17	0.00	94,732.17
71410 - MAIP Premium SC	0.00	219.00	0.00	219.00
71415 - Contribution to Security SC	0.00	3,723.06	0.00	3,723.06
71620 - Daily Subsistence Allow-Local	0.00	692.00	0.00	692.00
72105 - Svc Co-Construction & Engineer	30,470.55	0.00	0.00	30,470.55
72170 - Svc Co-Humanitarian Aid & Relf	0.00	21,465.50	0.00	21,465.50
72605 - Grants to Instit & other Benef	0.00	9,199.50	0.00	9,199.50
74210 - Printing and Publications	0.00	9,937.76	0.00	9,937.76
75105 - Facilities & Admin - Implement	0.00	12,489.03	0.00	12,489.03
75709 - Learning - training of counter	0.00	1,600.00	0.00	1,600.00
Total for Fund 30000	30,470.55	160,433.02	0.00	190,903.57
Total for Activity ACTIVITY7	30,470.55	160,433.02	0.00	190,903.57
Activity : ACTIVITY8 (Programme Management Costs)				
Fund : 30000 (PROGRAMME COST SHARING)				
61105 - Salaries - NP Staff	0.00	18,445.21	0.00	18,445.21
61205 - Salaries - GS Staff	0.00	52,507.99	0.00	52,507.99
61305 - Salaries - IP Staff	0.00	126,025.64	0.00	126,025.64
61310 - Post Adjustment - IP Staff	0.00	66,457.03	0.00	66,457.03
61399 - UN MPO Int'l. Staff Salary	0.00	-69,668.12	0.00	-69,668.12
62105 - Dependency Allowance-NP Staff	0.00	464.44	0.00	464.44
62110 - Contrib Joint Staff Pension-NP	0.00	3,707.41	0.00	3,707.41
62115 - Contrib to Med_Socins-NP Staff	0.00	772.33	0.00	772.33
62140 - Annual Leave Expense - NO	0.00	1,819.38	0.00	1,819.38
62205 - Dependency Allow - GS Staff	0.00	5,093.16	0.00	5,093.16
62210 - Contrib to Jt Staff Pens Fd-GS	0.00	-10,695.89	0.00	-10,695.89
62215 - Contrib. to Medical, social in	0.00	4,856.97	0.00	4,856.97
62240 - Annual Leave Expense - GS	0.00	2,682.08	0.00	2,682.08
62305 - Dependency Allowances-IP Staff	0.00	2,343.15	0.00	2,343.15
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	39,888.26	0.00	39,888.26
62315 - Contrib. to medical, social in	0.00	2,126.04	0.00	2,126.04
62320 - Mobility, Hardship, Non-remova	0.00	14,440.91	0.00	14,440.91
62330 - Rental Supplements - IP Staff	0.00	5,530.44	0.00	5,530.44
62340 - Annual Leave Expense - IP	0.00	70.79	0.00	70.79
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	2,046.00	0.00	2,046.00
63335 - Home Leave Trvl & Allow-IP Stf	0.00	3,885.00	0.00	3,885.00
63360 - Medical Exams(incl Pre-empl)	0.00	605.24	0.00	605.24
63530 - Contribution to EOS Benefits	0.00	9,878.80	0.00	9,878.80
63535 - Contribution to Security	0.00	11,570.90	0.00	11,570.90
63540 - Contribution to Training	0.00	2,309.74	0.00	2,309.74
63545 - Contribution to ICT	0.00	3,951.58	0.00	3,951.58
63550 - Contributions to MAIP	0.00	658.56	0.00	658.56
63555 - Contribution to UN JFA	0.00	8,561.67	0.00	8,561.67
63560 - Contributions to Appendix D	0.00	658.56	0.00	658.56
64306 - Appointment-Ticket Costs	0.00	15,461.00	0.00	15,461.00
64307 - Appointment-Subsistence Allow	0.00	23,325.00	0.00	23,325.00



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Financial audit of Project ID 00077565 "Strengthening the Rule of Law in the Occupied Palestinian Territories"- Outputs IDs 00088270 and 00098489
For the year ended 31 December 2016

Combined Delivery Report (CDR) - Output ID 00088270



UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

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Project ID : 00077565 Strengthen ROL 2nd phase in OP		Period : Jan-Dec (2016)		
Output # : 00088270 Capacity of Justice & Security		Impl. Partner : 02388 UNDP - PAPP		
		Location : Palestine		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
64308 - Appointments-Lump Sum	0.00	8,877.50	0.00	8,877.50
64309 - Appointment-Shipments	0.00	15,000.00	0.00	15,000.00
64398 - Direct Project Cost-Staff	0.00	37,249.39	0.00	37,249.39
65115 - Contributions to ASHI Reserve	0.00	21,074.89	0.00	21,074.89
65135 - Payroll Mgt Cost Recovery ATLA	0.00	1,698.71	0.00	1,698.71
71205 - Intl Consultants-Sht Term-Tech	0.00	0.00	0.00	0.00
71305 - Local Consult-Sht Term-Tech	0.00	3,500.00	0.00	3,500.00
71360 - Local Consult-Security	0.00	218.75	0.00	218.75
71405 - Service Contracts-Individuals	0.00	44,284.44	0.00	44,284.44
71410 - MAIP Premium SC	0.00	356.76	0.00	356.76
71415 - Contribution to Security SC	0.00	6,380.38	0.00	6,380.38
71505 - UN Volunteers-Stipend & Allow	0.00	11,280.05	0.00	11,280.05
71520 - UNV-Language Allowance	0.00	467.32	0.00	467.32
71535 - UNV-Medical Insurance	0.00	398.71	0.00	398.71
71540 - UNV-Global Charges	0.00	464.80	0.00	464.80
71541 - UNVs-Contribution to security	0.00	478.60	0.00	478.60
71550 - UNV-Resettlement Allowance	0.00	938.33	0.00	938.33
71590 - UNV Development Effectiveness	0.00	1,495.86	0.00	1,495.86
71605 - Travel Tickets-International	0.00	4,905.00	0.00	4,905.00
71610 - Travel Tickets-Local	0.00	168.89	0.00	168.89
71615 - Daily Subsistence Allow-Intl	0.00	13,186.15	0.00	13,186.15
71620 - Daily Subsistence Allow-Local	0.00	7,426.84	0.00	7,426.84
71625 - Daily Subsist Allow-Mtg Partic	0.00	2,305.60	0.00	2,305.60
71635 - Travel - Other	0.00	2,503.68	0.00	2,503.68
72105 - Svc Co-Construction & Engineer	0.00	619.85	0.00	619.85
72145 - Svc Co-Training and Educ Serv	0.00	1,449.22	0.00	1,449.22
72205 - Office Machinery	0.00	1,559.70	0.00	1,559.70
72210 - Machinery and Equipment	0.00	350.00	0.00	350.00
72220 - Furniture	0.00	981.36	0.00	981.36
72311 - Fuel, petroleum and other oils	0.00	40.83	0.00	40.83
72405 - Acquisition of Communic Equip	0.00	8,759.37	0.00	8,759.37
72425 - Mobile Telephone Charges	0.00	18,424.10	0.00	18,424.10
72435 - E-mail-Subscription	0.00	7,140.00	0.00	7,140.00
72445 - Common Services-Communications	0.00	4,197.45	0.00	4,197.45
72505 - Stationery & other Office Supp	0.00	3,622.51	0.00	3,622.51
72705 - Hospitality-Special Events	0.00	7,438.70	0.00	7,438.70
72815 - Inform Technology Supplies	0.00	6,753.19	0.00	6,753.19
73101 - Leased/rented land	0.00	3,751.51	0.00	3,751.51
73107 - Rent - Meeting Rooms	0.00	4,815.57	0.00	4,815.57
73120 - Utilities	0.00	72,638.00	0.00	72,638.00
73204 - Building	0.00	406.45	0.00	406.45
73405 - Rental & Maint-Other Office Eq	0.00	389.93	0.00	389.93
73406 - Maintenance of Equipment	0.00	2,954.15	0.00	2,954.15
73410 - Maint, Oper of Transport Equip	0.00	2,618.87	0.00	2,618.87
74105 - Management and Reporting Srvs	0.00	1,000.00	0.00	1,000.00
74110 - Audit Fees	0.00	23,883.00	0.00	23,883.00
74210 - Printing and Publications	0.00	11,299.68	0.00	11,299.68
74220 - Translation Costs	0.00	5,813.05	0.00	5,813.05
74230 - Audio & Visual Equipment	0.00	0.00	0.00	0.00
74325 - Contrib. To CO Common Security	0.00	40,552.80	0.00	40,552.80
74505 - Insurance	0.00	2,449.03	0.00	2,449.03
74510 - Bank Charges	0.00	46.00	0.00	46.00
74525 - Sundry	0.00	6,315.30	0.00	6,315.30
74598 - Direct Project Costs - GOE	0.00	15,965.61	0.00	15,965.61

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Financial audit of Project ID 00077565 "Strengthening the Rule of Law in the Occupied Palestinian Territories"- Outputs IDs 00088270 and 00098489
For the year ended 31 December 2016

Combined Delivery Report (CDR) - Output ID 00088270



UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

Page 6 of 9
Run Time: 29-08-2017 10:08:12

Project ID : 00077565 Strengthen ROL 2nd phase in OP	Period :	Jan-Dec (2016)		
Output # : 00088270 Capacity of Justice & Security	Impl. Partner :	02388 UNDP - PAPP		
	Location :	Palestine		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
75105 - Facilities & Admin - Implement	0.00	57,602.49	0.00	57,602.49
75705 - Learning costs	0.00	8,185.38	0.00	8,185.38
75709 - Learning - training of counter	0.00	2,660.33	0.00	2,660.33
76125 - Realized Loss	0.00	339.15	0.00	339.15
76135 - Realized Gain	0.00	-66.68	0.00	-66.68
Total for Fund 30000	0.00	880,767.60	0.00	880,767.60
Total for Activity ACTIVITY8	0.00	880,767.60	0.00	880,767.60
Activity : NETHERLAND3 (CSO Component- Gaza)				
Fund : 30000 (PROGRAMME COST SHARING)				
64398 - Direct Project Cost-Staff	0.00	524.58	0.00	524.58
71405 - Service Contracts-Individuals	0.00	36,184.22	0.00	36,184.22
71410 - MAIP Premium SC	0.00	81.19	0.00	81.19
71415 - Contribution to Security SC	0.00	2,029.87	0.00	2,029.87
74598 - Direct Project Costs - GOE	0.00	224.82	0.00	224.82
75105 - Facilities & Admin - Implement	0.00	2,733.14	0.00	2,733.14
Total for Fund 30000	0.00	41,777.82	0.00	41,777.82
Total for Activity NETHERLAND3	0.00	41,777.82	0.00	41,777.82
Activity : NETHERLAND8 ()				
Fund : 30000 (PROGRAMME COST SHARING)				
71205 - Intl Consultants-Sht Term-Tech	0.00	11,530.00	0.00	11,530.00
75105 - Facilities & Admin - Implement	0.00	807.10	0.00	807.10
Total for Fund 30000	0.00	12,337.10	0.00	12,337.10
Total for Activity NETHERLAND8	0.00	12,337.10	0.00	12,337.10
Total for Output : 00088270	901,682.15	5,677,461.99	0.00	6,579,144.14



Combined Delivery Report (CDR) - Output ID 00088270



UN Development Programme
 Report ID: unglcdrb

Combined Delivery Report by Activity

Page 8 of 9
 Run Time: 29-08-2017 10:08:14

Selection Criteria :

Business Unit : PAL10
 Period : Jan-Dec (2016)
 Selected Project Id : 00077565
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : 00088270

Project Id : ALL Output # : ALL	Period : Jan-Dec (2016)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
70001 - PAPP - Central	901,682.15	5,677,461.99	0.00	6,579,144.14



Combined Delivery Report (CDR) - Output ID 00088270



UN Development Programme
 Report ID: unglcdrb

Combined Delivery Report by Activity

Page 9 of 9
 Run Time: 29-08-2017 10:08:16

Funds Utilization

Selection Criteria :

Business Unit : PAL10
 Period : Jan-Dec (2016)
 Selected Project Id : 00077565
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : 00088270

Project/Award: 00077565 Strengthen ROL 2nd phase in OP Period : As Of Dec31,2016

Output #	Impl. Partner :02388 UNDP - PAPP	UNDP AMOUNT
Outstanding NEX advances		0.00
Undepreciated Fixed Assets		3,074.20
Inventory		0.00
Prepayments		0.00
Commitments		136,073.00



INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF FIXED ASSETS OUTPUT ID 00088270

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

Unmodified Opinion

We have audited the accompanying Statement of Fixed Assets ("the statement") of the UNDP project ID 00077565 "Strengthening the Rule of Law in the Occupied Palestinian Territories" - Output ID 00088270 "Justice and Security for the Palestinian People" as at 31 December 2016.

In our opinion, the accompanying Statement of Fixed Assets presents fairly, in all material respects, the asset status of the UNDP project ID 00077565 - Output ID 00088270 amounting to US\$ 3,074 as at 31 December 2016, in accordance with UNDP accounting policies.

Basis for Unmodified 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 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 Statement of Fixed Assets of the project, and for such internal control as management determines is necessary to enable the preparation of fixed assets 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 of fixed asset of the Project 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 documents.

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

We also,

1. 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.
2. 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 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 30, 2017



Statement of Fixed Asset - Output ID 00088270

Transaction Type	Transaction Id	GL Business Unit	Account Description	Operating Unit	Acquisition Date	Cost (USD)	End Period Date	Useful Life (Years)	UNDP Net Value
GL Journal	UNDP1-AM06780660-13-NOV-2016-4	UNDP1	Laptop - Communications & IT Equipments		13-Nov-16	1,569.80	31-Dec-16	10	3,074
GL Journal	UNDP1-AM06780660-13-NOV-2016-2	UNDP1	Laptop - Communications & IT Equipments		13-Nov-16	1,569.80	31-Dec-16	10	
						3,139.60			3074

Hayat Al-Shendell
Technical Specialist



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03/07/17

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INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF EXPENSES - OUTPUT ID 00098489

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

Qualified Opinion

We have audited the accompanying Combined Delivery Report (CDR), and the Funds Utilization Statement ("the statement") of the UNDP project 00077565 "Strengthening the Rule of Law in the Occupied Palestinian Territories" - Output ID 00098489 "Building a Sustainable Legal Aid System in Palestine", for the period from 1 January to 31 December 2016.

The CDR expenditure totaling US\$ 2,849,226.22, is comprised of expenditure directly incurred by the UNDP PAPP for an amount of US\$ 2,580,590.57 and expenses processed and approved in locations outside the country by the UNDP Headquarter and where the supporting documentation is not retained at the level of the UNDP country office for an amount of US\$ 268,635.65. Our audit only covered the expenditure directly incurred by the UNDP PAPP of US\$ 2,580,590.57.

In our opinion, except for the possible effects of the matter discussed in the Basis for Opinion section of our report, the accompanying Combined Delivery Report (CDR), and the Funds Utilization Statement presents fairly, in all material respects, the expenses of US\$ 2,580,590.57 incurred by the project ID 00077565 "Strengthening the Rule of Law in the Occupied Palestinian Territories"- Output ID 00098489 "Building a Sustainable Legal Aid System in Palestine", for the year ended 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 Qualified Opinion

1. Based on the sample selected, for some of the advance payments made by UNDP to sub-partners, the UNDP instantly recorded the payments as an expense in full instead of recording the payments initially as advances and reversing later the advances for the actual expenses incurred by the sub-partners. This treatment which is not the practice of UNDP led to overstating the expenses reported within the CDR of the output number 00098489 by US\$ 105,400. This overstatement represents only the advances tested in our sample selected; we could not obtain the total population of the advances recorded directly as expenses to quantify the total amount of the overstatement.
2. The aforementioned overstatements of the CDR expenses reported under output number 00098489, led to overstating the indirect costs (Facilities and Admin – Implement, account code 75105) - which is calculated at 7% of the total expenses reported within the CDR - by US\$ 10,440.

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 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 Project CDR and Funds Utilization Statement, and for such internal control as management determines is necessary to enable the preparation of financial statements 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 Project CDR and Funds Utilization 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 statements.

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

We also,

1. Identify and assess the risks of material misstatement of the Project 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.
2. 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 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 30, 2017



Financial audit of Project ID 00077565 "Strengthening the Rule of Law in the Occupied Palestinian Territories"- Outputs IDs 00088270 and 00098489
For the year ended 31 December 2016

Combined Delivery Report (CDR) – Output ID 00098489



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 1 of 4
Run Time: 30-08-2017 14:08:21

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2016)
Selected Project Id : 00077565
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00098489

Project Id : 00077565	Strengthen ROL 2nd phase in OP	Period :	Jan-Dec (2016)
Output # : 00098489	BUILDING A SUSTAINABLE LEGAL A	Impl. Partner :	02388 UNDP - PAPP
		Location :	
		Govt Exp	UNDP Exp
		UN Agencies Exp	Total Exp

Dept: 70001 (PAPP - Central)

Fund : 30079 (EUROPEAN COMMISSION)

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
61105 - Salaries - NP Staff	0.00	18,445.21	0.00	18,445.21
61205 - Salaries - GS Staff	0.00	12,800.92	0.00	12,800.92
61305 - Salaries - IP Staff	0.00	65,095.91	0.00	65,095.91
61310 - Post Adjustment - IP Staff	0.00	34,318.35	0.00	34,318.35
61399 - UN MPO Int'l. Staff Salary	0.00	69,668.12	0.00	69,668.12
62105 - Dependency Allowance-NP Staff	0.00	464.44	0.00	464.44
62110 - Contrib Joint Staff Pension-NP	0.00	3,707.41	0.00	3,707.41
62115 - Contrib to Med, Socins-NP Staff	0.00	772.33	0.00	772.33
62140 - Annual Leave Expense - NO	0.00	1,819.38	0.00	1,819.38
62205 - Dependency Allow - GS Staff	0.00	1,184.60	0.00	1,184.60
62210 - Contrib to Jt Staff Pens Fd-GS	0.00	2,619.36	0.00	2,619.36
62215 - Contrib. to Medical, social in	0.00	1,184.08	0.00	1,184.08
62240 - Annual Leave Expense - GS	0.00	603.65	0.00	603.65
62305 - Dependency Allowances-IP Staff	0.00	5,414.76	0.00	5,414.76
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	19,797.25	0.00	19,797.25
62315 - Contrib. to medical, social in	0.00	1,373.80	0.00	1,373.80
62320 - Mobility, Hardship, Non-remova	0.00	7,357.74	0.00	7,357.74
62330 - Rental Supplements - IP Staff	0.00	17,758.14	0.00	17,758.14
62340 - Annual Leave Expense - IP	0.00	-3,639.57	0.00	-3,639.57
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	25,316.80	0.00	25,316.80
63335 - Home Leave Trvl & Allow-IP Stf	0.00	3,083.30	0.00	3,083.30
63530 - Contribution to EOS Benefits	0.00	4,899.76	0.00	4,899.76
63535 - Contribution to Security	0.00	5,923.94	0.00	5,923.94
63540 - Contribution to Training	0.00	1,192.98	0.00	1,192.98
63545 - Contribution to ICT	0.00	1,959.92	0.00	1,959.92
63550 - Contributions to MAIP	0.00	326.63	0.00	326.63
63555 - Contribution to UN JFA	0.00	4,246.47	0.00	4,246.47
63560 - Contributions to Appendix D	0.00	326.63	0.00	326.63
65115 - Contributions to ASHI Reserve	0.00	10,452.79	0.00	10,452.79
65135 - Payroll Mgt Cost Recovery ATLA	0.00	912.59	0.00	912.59
71205 - Intl Consultants-Sht Term-Tech	0.00	12,000.00	0.00	12,000.00
71405 - Service Contracts-Individuals	0.00	268,729.57	0.00	268,729.57
71410 - MAIP Premium SC	0.00	390.31	0.00	390.31
71415 - Contribution to Security SC	0.00	7,521.04	0.00	7,521.04
71505 - UN Volunteers-Stipend & Allow	0.00	0.00	0.00	0.00
71605 - Travel Tickets-International	0.00	729.00	0.00	729.00
71615 - Daily Subsistence Allow-Intl	0.00	2,244.47	0.00	2,244.47
71620 - Daily Subsistence Allow-Local	0.00	4,893.66	0.00	4,893.66
71635 - Travel - Other	0.00	357.99	0.00	357.99
72105 - Svc Co-Construction & Engineer	50,211.00	13,666.00	0.00	63,877.00
72125 - Svc Co-Studies & Research Serv	52,095.20	8,700.00	0.00	60,795.20
72160 - Svc Co-Education & Health Serv	0.00	32,000.00	0.00	32,000.00
72170 - Svc Co-Humanitarian Aid & Relf	184,230.00	749,803.77	0.00	934,033.77
72405 - Acquisition of Communic Equip	0.00	2,190.46	0.00	2,190.46

J. Idan & A.P.



Financial audit of Project ID 00077565 "Strengthening the Rule of Law in the Occupied Palestinian Territories"- Outputs IDs 00088270 and 00098489
For the year ended 31 December 2016

Combined Delivery Report (CDR) – Output ID 00098489



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 2 of 4
Run Time: 30-08-2017 14:08:21

Project ID : 00077565 Strengthen ROL 2nd phase in OP	Period : Jan-Dec (2016)			
Output # : 00098489 BUILDING A SUSTAINABLE LEGAL A	Impl. Partner : 02388 UNDP - PAPP			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72425 - Mobile Telephone Charges	0.00	0.00	0.00	0.00
72445 - Common Services-Communications	0.00	0.00	0.00	0.00
72505 - Stationery & other Office Supp	0.00	266.28	0.00	266.28
72805 - Grants to Instit & other Benef	19,717.00	883,303.31	0.00	903,020.31
72815 - Inform Technology Supplies	0.00	0.00	0.00	0.00
73105 - Rent	0.00	33,631.25	0.00	33,631.25
73107 - Rent - Meeting Rooms	0.00	6,736.13	0.00	6,736.13
73410 - Maint, Oper of Transport Equip	0.00	1,584.69	0.00	1,584.69
74210 - Printing and Publications	0.00	140.37	0.00	140.37
74220 - Translation Costs	0.00	4,695.00	0.00	4,695.00
74710 - Land Transport	0.00	31.39	0.00	31.39
75105 - Facilities & Admin - Implement	0.00	186,391.67	0.00	186,391.67
75709 - Learning - training of counter	0.00	2,433.13	0.00	2,433.13
76125 - Realized Loss	0.00	114.64	0.00	114.64
76135 - Realized Gain	0.00	-17.82	0.00	-17.82
77660 - Dep Exp Owned -Vehicle	0.00	1,049.02	0.00	1,049.02
Total for Fund 30079	306,253.20	2,542,973.02	0.00	2,849,226.22
Total for Dept : 70001	306,253.20	2,542,973.02	0.00	2,849,226.22
Total for Output : 00098489	306,253.20	2,542,973.02	0.00	2,849,226.22
Project Total :	306,253.20	2,542,973.02	0.00	2,849,226.22



Signed By : J. Idun SAR Date : 30/08/2017

Signed By : _____ Date : _____



Financial audit of Project ID 00077565 "Strengthening the Rule of Law in the Occupied
 Palestinian Territories"- Outputs IDs 00088270 and 00098489
 For the year ended 31 December 2016

Combined Delivery Report (CDR) – Output ID 00098489



UN Development Programme
 Report ID: unglcdrp

Combined Delivery Report By Project

Page 3 of 4
 Run Time: 30-08-2017 14:08:23

Selection Criteria :

Business Unit : PAL10
 Period : Jan-Dec (2016)
 Selected Project Id : 00077565
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : 00098489

	Period : Jan-Dec (2016)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
70001 - PAPP - Central	306,253.20	2,542,973.02	0.00	2,849,226.22



Combined Delivery Report (CDR) – Output ID 00098489



UN Development Programme
 Report ID: unglcdrp

Combined Delivery Report By Project

Page 4 of 4
 Run Time: 30-08-2017 14:08:26

Funds Utilization

Selection Criteria :

Business Unit : PAL10
 Period : Jan-Dec (2016)
 Selected Project Id : 00077565
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : 00098489

Project/Award: 00077565 Strengthen ROL 2nd phase in OP Period : As at Dec 31, 2016

Output #	Impl. Partner :02388 UNDP - PAPP	UNDP AMOUNT
Outstanding NEX advances		0.00
Undepreciated Fixed Assets		29,162.86
Inventory		0.00
Prepayments		0.00
Commitments		0.00



INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF FIXED ASSETS OUTPUT ID 00098489

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

Unmodified Opinion

We have audited the accompanying Statement of Fixed Assets ("the statement") of the UNDP project ID 00077565 "Strengthening the Rule of Law in the Occupied Palestinian Territories" Output ID 00098489 "Building a Sustainable Legal Aid System in Palestine" as at 31 December 2016.

In our opinion, the accompanying Statement of Fixed Assets presents fairly, in all material respects, the asset status of the UNDP project ID 00077565 - Output ID 00098489 amounting to US\$ 29,162.58 as at 31 December 2016, in accordance with UNDP accounting policies.

Basis for Unmodified 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 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.

Responsibilities of Management

Management is responsible for the preparation of the Statement of Fixed Assets of the project, and for such internal control as management determines is necessary to enable the preparation of fixed assets 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 statements.

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

We also,

1. 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.
2. 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 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 30,2017



Statement of Fixed Asset- Output ID 00098489

Asset	Acquisition Price (NIS)	Acquisition Price (USD)	Exchange Rate	Acquisition Date	Period depreciated	Years of useful life	Depreciation Rate	Depreciation Expense for the period under audit	NBV as at December 31, 2016
KIA Sorento	115,500	30,212	3.82	01-Aug-16	0.42	12.0	8%	1,049.42	29,162.58

Shaykh Abdull

Technical Specialist



[Signature]

3/7/17

[Signature]



Part III – Management Letter

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

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 financial statements of the Project "Strengthening the Rule of Law in the Occupied Palestinian Territories" - outputs IDs 00088270 and 00098489 for the year ended 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 30, 2017



Finding 1: Recording payments to Implementing Partners as Expenses instead of Advances

Observation

Per Programme and Operations Policies and procedures (POPP), advances payments made to Implementing partners (i.e. NGOs) are recorded by the Office as an advance, and reversing later the advances for the actual expenses incurred by the Implementing partners after obtaining the related supporting documents of the expenses incurred by the Implementing partner.

During the audit, and based on the sample selected, we noted that for two advance payments out of 13 transactions tested made by UNDP to Implementing partners, the Office recorded the payments as an expense in full. Based on the instances noted, this led to overstatement of expenses recorded within the CDR by the total amount of UD\$ 105,400 representing the advance payments amount made to Implementing partners. The table below illustrates the instances noted:

Voucher Id	Accounting Date	Account	Vendor Name	Description	US\$ Amount
00096252	09-Nov-16	72160	THE ISLAMIC UNIVERSITY - GAZA	EU SECOND TRANCHE 2016	32,000
00096811	27-Nov-16	72170	BIRZEIT UNIVERSITY	EU - BZU SECOND TRANCHE	73,400
					105,400

It is worth to mention that the relevant agreements and supporting documents were reviewed and that these payments were related to the project activities.

The aforementioned overstatement in the total amount of US\$ 105,400 led to overstating the indirect costs (Facilities and Admin – Implement, account code 75105) - which is calculated at 7% of the total expenses reported within the CDR – by US\$ 7,378

The net financial impact of this observation including the overstatement in indirect costs (Facilities and Admin – Implement, account code 75105) is US\$ 112,778.

Non-compliance with UNDP POPP and recording payments to implementing partners as actual expense and not as advances may result in reporting inaccurate expenses on CDR which can be misleading for stakeholders making decisions.

Priority

Medium (Important)

Recommendation

The Office should implement and follow Proper accounting treatments for recording the advances as per UNDP POPP.

Management's Response and Action Plan

Based on the results of the Harmonized Approach to Cash Transfer (HACT) framework, for the Islamic University and Birzeit University were identified as low risks. In order to meet the implementation ratio for these two implementing partners, and taking into consideration that they are already on a low risk based on HACT modality and as per as previous work experience with these implementing partners, UNDP management decided to transfer funds as expenditures.

The use of either modality the NEX advance or direct expense would be correctly recorded in the CDR as actual expenditures. As for the GMS, the amount collected is calculated against incurred expenditures.

Auditor's Response

We are retaining the recommendation due to UNDP deviation from UNDP POPP and recording the advance payments as expenses directly.

Finding 2: Recording of 2015 Payroll Expenses in 2016 CDR

Observation

Cost Center per each output shall be created in Atlas to record the actual expenses within its related accounting periods. During our audit, we noted that the 2016 CDR for output ID 00098489 included payroll expenses incurred by the project for the months of November and December 2015. These expenses had been reallocated to the 2016 CDR by performing an adjusting entry to those payroll expenses incurred in 2015 due to the reason that the output had no cost center in "Atlas" accounting system in 2015 up to March 2016 and thus the Office could not record the expenses under output 00098489.

Since the period under audit is from 1 January 2016 to 31 December 2016, and since an amount of US\$ 43,748 has been recorded in the CDR and was relating to the 2015 period, then expenditures recorded in the CDR for output 00098489 for the period under audit is overstated by the adjusting entry made in the total amount of US\$ 43,748.

The aforementioned overstatement in the total amount of US\$43,748 lead to overstating the indirect costs (Facilities and Admin – Implement, account code 75105) - which is calculated at 7% of the total expenses reported within the CDR – by US\$ 3,062.

The net financial impact of this observation including the overstatement in indirect costs (Facilities and Admin – Implement, account code 75105) is US\$ 46,810.

Failure to create separate cost center for each output in order to records the actual expenses within its related accounting periods may lead to over/under stating the expenditures within the CDR.

Cost Center was not created for the output in Atlas in timely manner by the country office

Priority

Medium (Important)

Recommendation

The Office should ensure the timely recording of the actual expenditures in its related CDR and accounting period in order to avoid reporting inaccurate expenses on CDR.

Management's Response and Action plan

- UNDP is in compliance with the signed agreement with the EU.
- The concerned expenses, i.e. salary charged against November and December 2015, were incurred due to the commencement of the Project in November 2015. The EU - UNDP/PAPP agreement stipulated that the project starts at the commencement date, while the funds to be transferred after signing the agreement

Management's Response and Action plan

commencement date, while the funds to be transferred after signing the agreement on February 2016; as such, expenses incurred in 2015 are legible cost for the EU (Contracting party) as per the mutually signed agreements.

Auditor's Response

We are retaining the observation, we confirmed that the expenses incurred in 2015 is eligible and incurred, yet our observation is related to cut off issue as the 2016 CDR included expenses related to 2015. Auditors fully understand the requirements of the EU agreement, however this is still an issue of deviation from UNDP financial rule and it should be addressed.

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.