



**AUDIT**

**OF**

**UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE**

**COMMUNITY RESILIENCE AND DEVELOPMENT PROGRAM FOR AREA C  
AND EAST JERUSALEM**

**(Directly Implemented Project No. 69435, Output No. 84013)**

**Report No. 1805**

**Issue Date: 1 September 2017**

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People  
Community Resilience and Development Program for Area C and East Jerusalem  
(Project No. 69435, Output No. 84013)  
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 Community Resilience and Development Program for Area C and East Jerusalem, Project No. 69435, Output No. 84013 (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 statement<sup>1</sup> as of 31 December 2016 as well as Statement of Assets as of 31 December 2016. The audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

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

**Audit results**


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

Project Expenditure		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
5,623	Unqualified	51	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

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

**Report on Financial Audit of Directly Implemented Project  
Managed by UNDP Programme of Assistance to the Palestinian People (PAPP)  
Community Resilience and Development Program for Area C and East Jerusalem**

**Project ID 00069435**

**Output ID 00084013**

**August 24, 2017**

**Table of Contents**

**Part I – Executive Summary**..... -

Audit objectives..... 1

Scope of Audit..... 1

**PART II: Auditor’s Report**..... 2

INDEPENDENT AUDITOR’S REPORT ON STATEMENT OF EXPENSES..... 2

INDEPENDENT AUDITOR’S REPORT ON STATEMENT OF FIXED ASSETS..... 8

## 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 00069435 - Output ID 00084013 "Community Resilience and Development Program for Area C and East Jerusalem" (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 India on 31 July 2015.

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

<b>Statement of Expenses</b>	Unmodified
<b>Statement of Fixed Assets</b>	Unmodified
<b>Statement of Cash Position</b>	Not applicable

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

### **Follow up on Previous Audit Report**

The Project ID 00069435 - Output ID 00084013 was audited for the period from 1 January to 31 December 2015. Audit ID 1650 – issues on 30 September 2016. The previous audit report raised no audit findings.



**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 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 00069435 - Output ID 00084013 "Community Resilience and Development Program for Area C and East Jerusalem" 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\$ 5,622,652.69 incurred by the UNDP PAPP under project ID 00069435 - Output ID 00084013 "Community Resilience and Development Program for Area C and East Jerusalem" 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 Fund Utilization statement of the project, and for such internal control as management determines is necessary to enable the preparation of CDR and Fund 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 Fund 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**





Financial audit of Project ID 00069435 "Community Resilience and Development Program for Area C and East Jerusalem"  
For the year ended 31 December 2016

**Combined Delivery Report (CDR)**

Combined Delivery Report By Project

UN Development Programme  
Report ID: unglcdrp

Page 1 of 4  
Run Time: 22-02-2017 14:02:09

Selection Criteria :

Business Unit : PAL10  
Period : Jan-Dec (2016)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00084013

Project Id : 00069435 Community Resilience & Dev. P	Period :	Jan-Dec (2016)
Output # : 00084013 Community Resilience Program	Impl. Partner :	02388 UNDP - PAPP
	Location :	Palestine

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
<b>Output: 70001 (PAPP - Central)</b>				
<b>Sub-output: 04950 (PAPP Core Programme)</b>				
71205 - Intl Consultants-Sht Term-Tech	0.00	7,000.00	0.00	7,000.00
<b>Total for Fund 04950</b>	<b>0.00</b>	<b>7,000.00</b>	<b>0.00</b>	<b>7,000.00</b>
<b>Sub-output: 30000 (PROGRAMME COST SHARING)</b>				
61105 - Salaries - NP Staff	0.00	22,382.23	0.00	22,382.23
62105 - Dependency Allowance-NP Staff	0.00	1,339.35	0.00	1,339.35
62110 - Contrib Joint Staff Pension-NP	0.00	4,556.93	0.00	4,556.93
62115 - Contrib to Med,SocIns-NP Staff	0.00	1,622.71	0.00	1,622.71
62140 - Annual Leave Expense - NO	0.00	-2,324.47	0.00	-2,324.47
63530 - Contribution to EOS Benefits	0.00	839.34	0.00	839.34
63535 - Contribution to Security	0.00	951.34	0.00	951.34
63545 - Contribution to ICT	0.00	335.76	0.00	335.76
63550 - Contributions to MAIP	0.00	55.96	0.00	55.96
63555 - Contribution to UN JFA	0.00	727.42	0.00	727.42
63560 - Contributions to Appendix D	0.00	55.96	0.00	55.96
64398 - Direct Project Cost-Staff	0.00	15,008.01	0.00	15,008.01
65115 - Contributions to ASHI Reserve	0.00	1,790.57	0.00	1,790.57
65135 - Payroll Mgt Cost Recovery ATLA	0.00	80.64	0.00	80.64
71205 - Intl Consultants-Sht Term-Tech	150,000.00	8,000.00	0.00	158,000.00
71305 - Local Consult.-Sht Term-Tech	29,143.20	145,714.37	0.00	174,857.57
71310 - Local Consult.-Short Term-Supp	0.00	6,185.28	0.00	6,185.28
71360 - Local Consult-Security	0.00	3,472.36	0.00	3,472.36
71405 - Service Contracts-Individuals	0.00	316,685.66	0.00	316,685.66
71410 - MAIP Premium SC	0.00	628.99	0.00	628.99
71415 - Contribution to Security SC	0.00	10,694.19	0.00	10,694.19
71620 - Daily Subsistence Allow-Local	0.00	1,101.98	0.00	1,101.98
72105 - Svc Co-Construction & Engineer	477,127.00	820,997.60	0.00	1,298,124.60
72120 - Svc Co-Trade and Business Serv	0.00	11,150.00	0.00	11,150.00
72125 - Svc Co-Studies & Research Serv	99,085.00	0.00	0.00	99,085.00
72130 - Svc Co-Transportation Services	0.00	230.78	0.00	230.78
72155 - Svc Co-Public Admin, Politics	67,114.20	0.00	0.00	67,114.20
72170 - Svc Co-Humanitarian Aid & Relf	777,201.40	155,169.00	0.00	932,370.40
72210 - Machinery and Equipment	0.00	9,868.04	0.00	9,868.04
72215 - Transportation Equipment	0.00	28,928.85	0.00	28,928.85
72220 - Furniture	0.00	9,013.96	0.00	9,013.96
72311 - Fuel, petroleum and other oils	0.00	2,646.14	0.00	2,646.14
72370 - Security related goods and mat	0.00	1,736.00	0.00	1,736.00
72405 - Acquisition of Communic Equip	0.00	5,665.45	0.00	5,665.45
72420 - Land Telephone Charges	0.00	683.16	0.00	683.16
72425 - Mobile Telephone Charges	0.00	4,949.50	0.00	4,949.50
72435 - E-mail-Subscription	0.00	2,700.00	0.00	2,700.00
72440 - Connectivity Charges	0.00	1,669.04	0.00	1,669.04



*[Handwritten signature]*



*[Handwritten signature]*  
21.6.17

Financial audit of Project ID 00069435 "Community Resilience and Development Program for Area C and East Jerusalem"  
For the year ended 31 December 2016

Combined Delivery Report By Project

UN Development Programme  
Report ID: unglodrp

Page 2 of 4  
Run Time: 22-02-2017 14:02:09

Project ID: 00069435 Community Resilience & Dev. P	Period: Jan-Dec (2016)
Report #: 00084013 Community Resilience Program	Impl. Partner: 02385 UNDP - PAPP
	Location: Palestine

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72505 - Stationery & other Office Supp	0.00	2,883.58	0.00	2,883.58
72605 - Grants to Instit & other Benef	0.00	1,893,993.40	0.00	1,893,993.40
72705 - Hospitality-Special Events	52,650.00	1,000.00	0.00	53,650.00
72715 - Hospitality Catering	0.00	319.15	0.00	319.15
72805 - Acquis of Computer Hardware	0.00	2,691.99	0.00	2,691.99
72815 - Inform Technology Supplies	0.00	963.00	0.00	963.00
73101 - Leased/rented land	0.00	1,107.39	0.00	1,107.39
73107 - Rent - Meeting Rooms	0.00	199.47	0.00	199.47
73110 - Custodial & Cleaning Services	0.00	4,947.28	0.00	4,947.28
73120 - Utilities	18,138.00	4,473.82	0.00	22,611.82
73305 - Maint & Licensing of Hardware	0.00	882.42	0.00	882.42
73310 - Maint & Licencing of Software	0.00	812.00	0.00	812.00
73405 - Rental & Maint-Other Office Eq	0.00	2,787.29	0.00	2,787.29
73410 - Maint, Oper of Transport Equip	0.00	85.49	0.00	85.49
74110 - Audit Fees	0.00	19,419.00	0.00	19,419.00
74210 - Printing and Publications	0.00	1,338.66	0.00	1,338.66
74325 - Contrib.To CO Common Security	0.00	12,870.00	0.00	12,870.00
74525 - Sundry	3.30	1,033.87	0.00	1,037.17
74598 - Direct Project Costs - GOE	0.00	6,433.15	0.00	6,433.15
74710 - Land Transport	0.00	4,264.57	0.00	4,264.57
75105 - Facilities & Admin - Implement	0.00	384,800.56	0.00	384,800.56
75705 - Learning costs	0.00	90.00	0.00	90.00
76125 - Realized Loss	0.00	107.45	0.00	107.45
76135 - Realized Gain	0.00	-209.11	0.00	-209.11
77630 - Dep Exp Owned - ITC	0.00	186.90	0.00	186.90
77660 - Dep Exp Owned -Vehicle	0.00	2,397.16	0.00	2,397.16
<b>Total for Fund 30000</b>	<b>1,670,462.10</b>	<b>3,945,190.59</b>	<b>0.00</b>	<b>5,615,652.69</b>
<b>Total for Dept: 70001</b>	<b>1,670,462.10</b>	<b>3,952,190.59</b>	<b>0.00</b>	<b>5,622,652.69</b>
<b>Total for Output: 00084013</b>	<b>1,670,462.10</b>	<b>3,952,190.59</b>	<b>0.00</b>	<b>5,622,652.69</b>
<b>Project Total:</b>	<b>1,670,462.10</b>	<b>3,952,190.59</b>	<b>0.00</b>	<b>5,622,652.69</b>



Signed By: [Signature] Finance Officer Date: 21/6/2017  
 Signed By: [Signature] Programme Manager Date: 21.6.17

Financial audit of Project ID 00069435 "Community Resilience and Development Program for Area C and East Jerusalem"  
 For the year ended 31 December 2016

Combined Delivery Report By Project

UN Development Programme  
 Report ID: unglodrp

Page 3 of 4  
 Run Time: 22-02-2017 14:02:11

Selection Criteria :

Business Unit : PAL10  
 Period : Jan-Dec (2016)  
 Selected Project Id : ALL  
 Selected Fund Code : ALL  
 Selected Dept. IDs : ALL  
 Selected Outputs : 00084013

	Period : Jan-Dec (2016)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
70001 - PAPP - Central	1,670,462.10	3,952,190.59	0.00	5,622,652.69



*[Handwritten signature]*  
 21.6.17

Financial audit of Project ID 00069435 "Community Resilience and Development Program for Area C and East Jerusalem"  
 For the year ended 31 December 2016

Combined Delivery Report By Project

UN Development Programme  
 Report ID: unglcdrp

Page 4 of 4  
 Run Time: 22-02-2017 14:02:13

**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 : 00084013

Project/Award: 00069435 Community Resilience & Dev. P Period : As at Dec 31, 2016

Output #	Impl. Partner	UNDP AMOUNT
00084013	:02388 UNDP - PAPP	
Outstanding NEX advances		0.00
Undepreciated Fixed Assets		50,628.24
Inventory		0.00
Prepayments		0.00
Commitments		301,749.87



## **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 00069435 "Community Resilience and Development Program for Area C and East Jerusalem" - output ID 00084013 "Community Resilience and Program" as at 31 December 2016.

In our opinion, the accompanying Statement of Fixed Assets presents fairly, in all material respects, the status of fixed assets of the UNDP project ID 00069435 - output ID 00084013 "Community Resilience and Development Program for Area C and East Jerusalem" amounting to US\$ 50,628.24 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 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 a statement of fixed assets that is 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 assets 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,

- 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 Assets**

**CRDP Assets as of 13/12/2016**

Report ID:	UNAM6	Run Time:	14-06-2017 20:06:16															
Business U	PAL10	Country:	Category:	In Service	Project Typ	All	Amount	>=	1500	As of Date:	12/31/2016							
Operating	Departm	Impl Agenc	Donor:	Fund Code:	Project:	Profile ID:												
Business u	Operatin	Asset ID	Profile ID	Description	TAG Num	Serial Num	Model	Location	Acquisition	In Service Da	Cost,USD	Net Book V	Quantity	Departmer	Impl Agenc	Donor	Project	Fund code
PAL10	PAL	1905	MTRV4	Kia Sportage	1905	811DDL392713		PSERAMP	5/27/2014	5/27/2014	26,355.25	20,498.53	1	70001	1981	555	84013	30000
PAL10	PAL	1916	ITC4	A Computerp	1916	CUN4178TYL		PSERAMP	7/17/2014	7/17/2014	1,869.00	1,401.75	1	70001	1981	555	84013	30000
PAL10	PAL	2092	MTRV4	KIA SORENTC	2092	KNAPH813DG5230064		PSEKAL00C	12/6/2016	12/6/2016	28,928.85	28,727.96	1	70001	1981	11266	84013	30000

Name: *Tamara Al...*  
 Signature: *Tamara Al...*  
 Date: *21.6.17*



*[Handwritten signature]*

