

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP SYRIAN ARAB REPUBLIC**

**RELIABLE AND SAFE ELECTRICITY TO RESPOND TO THE IMMEDIATE HUMANITARIAN  
NEEDS IN CRISIS AFFECTED SYRIAN COMMUNITIES**  
**(Directly Implemented Project No. 86567, Output No. 94753)**

**Report No. 1807**

**Issue Date: 10 August 2017**

**Report on the Audit of UNDP Syrian Arab Republic  
Reliable and Safe Electricity to Respond to the Immediate Humanitarian Needs in Crisis  
Affected Syrian Communities (Project No. 86567, Output No. 94753)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Deloitte (the audit firm), from 11 to 22 June 2017, conducted an audit of Reliable and Safe Electricity to Respond to the Immediate Humanitarian Needs in Crisis Affected Syrian Communities (Project No. 86567, Output No. 94753) (the Project), which is directly implemented and managed by the UNDP Country Office in the Syrian Arab Republic (the Office). This was the first audit of the Project.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2016 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2016. The audit did not cover the Statement of Assets as there were no assets held by the Project as of 31 December 2016. 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
18,701	Unqualified

The audit did not result in any recommendations.

<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.

### Management comments and action plan

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



Helge S. Ostveiten  
Director  
Office of Audit and Investigations

**REPORT ON THE FINANCIAL AUDIT OF THE  
DIRECTLY IMPLEMENTED PROJECT  
PROJECT ID 00086567 “EMERGENCY SUPPORT TO CRITICAL SECTOR IN SYRIA”  
- OUTPUT ID 00094753 “RELIABLE AND SAFE ELECTRICITY”  
MANAGED BY THE UNITED NATIONS DEVELOPMENT PROGRAMME IN SYRIA  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

**ISSUED 7 AUGUST 2017**

**REPORT ON THE FINANCIAL AUDIT OF THE DIRECTLY IMPLEMENTED PROJECT PROJECT ID 00086567 “EMERGENCY SUPPORT TO CRITICAL SECTOR IN SYRIA” – OUTPUT ID 00094753 “RELIABLE AND SAFE ELECTRICITY” MANAGED BY THE UNITED NATIONS DEVELOPMENT PROGRAMME IN SYRIA FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

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**APPENDICES:**

**APPENDIX 1: COMBINED DELIVERY REPORT AND FUNDS UTILIZATION STATEMENT**

**REPORT ON THE FINANCIAL AUDIT OF THE DIRECTLY IMPLEMENTED PROJECT  
PROJECT ID 00086567 “EMERGENCY SUPPORT TO CRITICAL SECTOR IN SYRIA” – OUTPUT ID  
00094753 “RELIABLE AND SAFE ELECTRICITY” MANAGED BY THE UNITED NATIONS  
DEVELOPMENT PROGRAMME IN SYRIA FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER  
2016**

**PART 1: EXECUTIVE SUMMARY**

This report represents the result of the financial audit conducted by Deloitte Haskins & Sells LLP (DHS) through Deloitte & Touche (M.E.) & Tamimi and Al Samman on the project ID 00086567 - output ID 00094753 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 31 July 2015.

**1.1 Summary of audit opinions**

**i. Statement of Expenditures – Unmodified**

In our opinion, the attached Combined Delivery Reports (CDR) and Funds Utilization Statement present fairly, in all material respects, the expenses of US\$18,701,222 directly incurred by the UNDP Country Office in Syria and charged to the project for the period from 1 January to 31 December 2016 in accordance with UNDP accounting policies.

**ii. Statement of Fixed Assets – Not applicable**

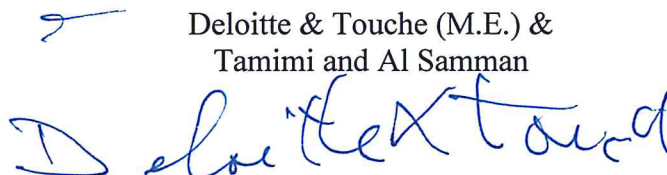
The project ID 00086567 - output ID 00094753 does not have any assets or equipment. Consequently, there was no Statement of Fixed Assets as of 31 December 2016.

**iii. Statement of Cash Position – Not applicable**

The project ID 00086567 - output ID 00094753 does not operate a dedicated bank account. Consequently, there was no Statement of Cash Position as of 31 December 2016.

No significant findings were identified as a result of the audit. This is the first audit of the DIM project ID 00086567 - Output ID 00094753.

Damascus, Syria  
August 7, 2017

  
Deloitte & Touche (M.E.) &  
Tamimi and Al Samman

## **1.2 Audit objective**

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

- Expressing an opinion on whether the financial expenses incurred by the project from 1 January to 31 December 2016 and the funds utilization as at 31 December 2016 are fairly presented in accordance with UNDP accounting policies and that the expenses incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents. 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.
- 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 must include all assets available as at 31 December 2016 and not only those purchased in a given period. Since the audited DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.
- Expressing an opinion on whether the Statement of Cash Position held by the project presents fairly the cash and bank balance of UNDP project as at a given date. Disbursements made against a DIM project are usually financed from the regular country office bank accounts. Exceptionally, a dedicated bank account may be opened and used solely for the cash transactions of a DIM project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash Position only where a dedicated bank account for the DIM project has been established. Since the cash transactions of the audited DIM project are made through the country office bank accounts, this type of opinion is not required.

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

### **1.3 Audit scope**

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project from 1 January to 31 December 2016. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of “responsible parties”, unless the inclusion of these expenses is specifically required in the request for proposal; and
- Expenses processed and approved in locations outside the country such as UNDP Regional Centres and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.

The audit shall:

- Cover all activities of the project ID 00086567 “Emergency Support to Critical Sector in Syria” - Output ID 00094753 “Reliable and Safe Electricity” during the period from 1 January to 31 December 2016; and
- Include a review of project reports and records located at the UNDP country office in Damascus, Syria.

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance which may be required.



## PART 2: FINANCIAL AUDIT REPORT

### 2.1 Independent auditor's Report - (Project ID 00086567 - Output ID 00094753) on the Statement of Expenditures

DTTS 38-83512

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

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization Statement ("the statement") of the UNDP project ID 00086567 "Emergency Support to Critical Sector in Syria" - Output ID 00094753 "Reliable and Safe Electricity" for the period from 1 January to 31 December 2016.

#### Unmodified opinion

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of US\$18,701,222 directly incurred by the UNDP Country Office in Syria and charged to the project for the period from 1 January 31 to 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 statement 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 the 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**


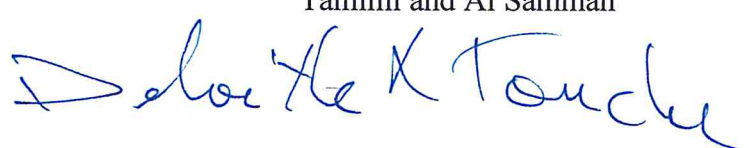
Our objectives are to obtain reasonable assurance about whether the CDR and the Funds Utilization statement are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the CDR and Funds Utilization statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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.

Damascus, Syria  
August 7, 2017

  
Deloitte & Touche (M.E.) &  
Tamimi and Al Samman  


**REPORT ON THE FINANCIAL AUDIT OF THE DIRECTLY IMPLEMENTED PROJECT  
PROJECT ID 00086567 “EMERGENCY SUPPORT TO CRITICAL SECTOR IN SYRIA” – OUTPUT  
ID 00094753 “RELIABLE AND SAFE ELECTRICITY” MANAGED BY THE UNITED NATIONS  
DEVELOPMENT PROGRAMME IN SYRIA FOR THE PERIOD FROM 1 JANUARY TO 31  
DECEMBER 2016**

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**2.2 Independent auditor’s Report - (Project ID 00086567 - Output ID 00094753)  
on the Statement of Fixed Assets**

The project ID 00086567 - output ID 00094753 does not have any assets or equipment. Consequently, there was no Statement of Fixed Assets as of 31 December 2016.

**REPORT ON THE FINANCIAL AUDIT OF THE DIRECTLY IMPLEMENTED PROJECT  
PROJECT ID 00086567 “EMERGENCY SUPPORT TO CRITICAL SECTOR IN SYRIA” – OUTPUT  
ID 00094753 “RELIABLE AND SAFE ELECTRICITY” MANAGED BY THE UNITED NATIONS  
DEVELOPMENT PROGRAMME IN SYRIA FOR THE PERIOD FROM 1 JANUARY TO 31  
DECEMBER 2016**

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**2.3 Independent auditor’s Report - (Project ID 00086567 - Output ID 00094753)  
on the Statement of Cash Position**

The project ID 00086567 - output ID 00094753 does not operate a dedicated bank account. Consequently, there was no Statement of Cash Position as of 31 December 2016.



Combined Delivery Report By Project

UN Development Programme

Report ID: unglcdrp

Selection Criteria :

Business Unit : SYR10
Period : Jan-Dec (2016)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00094753

Table with 4 columns: Project Id, Output #, Period, Impl. Partner, Location, and Total Exp. Row 1: 00086567 Emerg Sup to Critical Sec in S, 00094753 Reliable & Safe Electricity, Jan-Dec (2016), 99999 UNDP.

Dept: 47201 (Syria - Central)

Fund : 32045 (JPN-Partnership Devt. Pgm. PCF)

Table with 5 columns: Description, Govt Exp, UNDP Exp, UN Agencies Exp, Total Exp. Rows include 71605 - Travel Tickets-International, 71615 - Daily Subsistence Allow-Intl, 71635 - Travel - Other, 74325 - Contrib.To CO Common Security, 75105 - Facilities & Admin - Implement.

Total for Fund 32045

Total for Dept : 47201

Dept: 47203 (Syria - Crisis Prev & Rcvry)

Fund : 04000 (Core Programme, UNU Centre)

Table with 5 columns: Description, Govt Exp, UNDP Exp, UN Agencies Exp, Total Exp. Row: 72210 - Machinery and Equipment

Total for Fund 04000

Fund : 30084 (Prog Resources from 11888)

Table with 5 columns: Description, Govt Exp, UNDP Exp, UN Agencies Exp, Total Exp. Row: 72210 - Machinery and Equipment

Total for Fund 30084

Fund : 32045 (JPN-Partnership Devt. Pgm. PCF)

Table with 5 columns: Description, Govt Exp, UNDP Exp, UN Agencies Exp, Total Exp. Rows include 61205 - Salaries - GS Staff, 61305 - Salaries - IP Staff, 61310 - Post Adjustment - IP Staff, 62205 - Dependency Allow - GS Staff, 62210 - Contrib to Jt Staff Pens Fd-GS, 62215 - Contrib. to Medical, social In, 62225 - Hazard Duty Station Allow-GS, 62240 - Annual Leave Expense - GS, 62305 - Dependency Allowances-IP Staff, 62310 - Contrib to Jt Staff Pens Fd-IP, 62315 - Contrib. to medical, social in, 62320 - Mobility, Hardship, Non-remova, 62330 - Rental Supplements - IP Staff, 62335 - Hazard Duty Station Allow-IP, 62340 - Annual Leave Expense - IP, 63325 - Security Evacuation - IP Staff, 63330 - Ed Grt Incl Trvl&Allow-IP Stf.



<b>Project Id :</b> 00086567 Emerg Sup to Critical Sec in S	<b>Period :</b> Jan-Dec (2016)
<b>Output # :</b> 00094753 Reliable & Safe Electricity	<b>Impl. Partner :</b> 99999 UNDP
	<b>Location :</b>

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
63335 - Home Leave Trvl & Allow-IP Stf	0.00	8,479.18	0.00	8,479.18
63340 - Proc trips/Rest & Recup-IP Stf	0.00	4,000.00	0.00	4,000.00
63365 - Special Oper Living Allow-IP	0.00	17,227.89	0.00	17,227.89
63530 - Contribution to EOS Benefits	0.00	5,423.24	0.00	5,423.24
63535 - Contribution to Security	0.00	8,989.38	0.00	8,989.38
63540 - Contribution to Training	0.00	1,509.01	0.00	1,509.01
63545 - Contribution to ICT	0.00	2,169.25	0.00	2,169.25
63550 - Contributions to MAIP	0.00	361.53	0.00	361.53
63555 - Contribution to UN JFA	0.00	4,700.09	0.00	4,700.09
63560 - Contributions to Appendix D	0.00	361.53	0.00	361.53
64309 - Appointment-Shipments	0.00	0.00	0.00	0.00
65115 - Contributions to ASHI Reserve	0.00	9,143.44	0.00	9,143.44
65135 - Payroll Mgt Cost Recovery ATLA	0.00	1,144.49	0.00	1,144.49
71305 - Local Consult.-Sht Term-Tech	0.00	4,800.00	0.00	4,800.00
71405 - Service Contracts-Individuals	0.00	30,423.62	0.00	30,423.62
71410 - MAIP Premium SC	0.00	52.69	0.00	52.69
71415 - Contribution to Security SC	0.00	1,317.04	0.00	1,317.04
71610 - Travel Tickets-Local	0.00	8,310.00	0.00	8,310.00
71615 - Daily Subsistence Allow-Intl	0.00	2,012.80	0.00	2,012.80
71620 - Daily Subsistence Allow-Local	0.00	16,827.25	0.00	16,827.25
71630 - Shipment	0.00	29,287.23	0.00	29,287.23
71635 - Travel - Other	0.00	909.37	0.00	909.37
72105 - Svc Co-Construction & Engineer	0.00	10,275.00	0.00	10,275.00
72210 - Machinery and Equipment	0.00	14,355,907.27	0.00	14,355,907.27
72405 - Acquisition of Communic Equip	0.00	451.29	0.00	451.29
72415 - Courier Charges	0.00	20.40	0.00	20.40
72425 - Mobile Telephone Charges	0.00	164.69	0.00	164.69
72510 - Publications	0.00	220.54	0.00	220.54
73115 - Moving Expenses	0.00	1,227,503.71	0.00	1,227,503.71
73410 - Maint, Oper of Transport Equip	0.00	39.18	0.00	39.18
74220 - Translation Costs	0.00	1,196.17	0.00	1,196.17
74505 - Insurance	0.00	1,275.84	0.00	1,275.84
74510 - Bank Charges	0.00	60.00	0.00	60.00
75105 - Facilities & Admin - Implement	0.00	1,290,802.13	0.00	1,290,802.13
76125 - Realized Loss	0.00	802.89	0.00	802.89
76135 - Realized Gain	0.00	-4,740.32	0.00	-4,740.32
<b>Total for Fund 32045</b>	<b>0.00</b>	<b>17,378,298.63</b>	<b>0.00</b>	<b>17,378,298.63</b>
<b>Total for Dept : 47203</b>	<b>0.00</b>	<b>18,425,660.35</b>	<b>0.00</b>	<b>18,425,660.35</b>
<b>Total for Output : 00094753</b>	<b>0.00</b>	<b>18,701,221.70</b>	<b>0.00</b>	<b>18,701,221.70</b>
<b>Project Total :</b>	<b>0.00</b>	<b>18,701,221.70</b>	<b>0.00</b>	<b>18,701,221.70</b>

Deloitte & Touche (M.E.)  
& Tamimi and Al Samman  
Signed for Identification

Signed By : \_\_\_\_\_ Date : 30-07-2017

Signed By : \_\_\_\_\_ Date : 30.07-2017





**Combined Delivery Report By Project**

**UNDP UN Development Programme**  
Report ID: unglcdrp

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Run Time: 30-07-2017 07:07:23

**Selection Criteria :**

**Business Unit :** SYR10  
**Period :** Jan-Dec (2016)  
**Selected Project Id :** ALL  
**Selected Fund Code :** ALL  
**Selected Dept. IDs :** ALL  
**Selected Outputs :** 00094753

<b>Project Id :</b> ALL	<b>Period :</b> Jan-Dec (2016)
<b>Output # :</b> ALL	<b>Impl. Partner :</b>
	<b>Location :</b>

	<b>Govt Exp</b>	<b>UNDP Exp</b>	<b>UN Agencies Exp</b>	<b>Total Exp</b>
47201 - Syria - Central	0.00	275,561.35	0.00	275,561.35
47203 - Syria - Crisis Prev & Rcvry	0.00	18,425,660.35	0.00	18,425,660.35

Combined Delivery Report By Project



**Funds Utilization**

**Selection Criteria :**

Business Unit : SYR10  
Period : Jan-Dec (2016)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00094753

Project/Award: 00086567 Emerg Sup to Critical Sec in S

Period : As at Dec 31, 2016

Output #	00094753	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			30,286.24