

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



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP LEBANON**

**GATHERINGS 2, PALESTINIAN GATHERINGS HOST COMMUNITIES 2**  
**(Directly Implemented Project No. 93058, Output No. 97505)**

**Report No. 1935**

**Issue Date: 23 July 2018**

**Report on the Audit of UNDP Lebanon  
Gatherings 2, Palestinian Gatherings Host Communities 2  
(Project No. 93058, Output No. 97505)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 14 to 21 May 2018, conducted an audit of Gatherings 2, Palestinian Gatherings Host Communities 2 (Project No. 93058, Output No. 97505) (the Project), which is directly implemented and managed by the UNDP Country Office in Lebanon (the Office). The last audit of the Project was conducted by OAI through the audit firm in 2017 and covered project expenses from 1 January to 31 December 2016.

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 expenses for the period from 1 January to 31 December 2017 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2017 as well as Statement of Assets as of 31 December 2017. The audit did not cover 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 submitted by the audit firm, the results are summarized in the table below:

Project Expenses		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
5,453	Unmodified*	42	Unmodified*

\*Unmodified = unqualified or clean audit opinion.

The audit did not result in any recommendations.

The previous audit (Report No. 1797, issued on 9 August 2017) did not result in any recommendations.

At the time this audit report was being issued, OAI was investigating a complaint relating to parties involved with the Project.

<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) undepreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.



**Management comments and action plan**

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

Helge S. Osttveiten  
Director  
Office of Audit and Investigations

**UNITED NATIONS DEVELOPMENT PROGRAMME  
(UNDP)  
AUDIT REPORT  
FINAL**

**FINANCIAL AUDIT OF THE UNDP DIRECTLY  
IMPLEMENTED (DIM) PROJECT**

**Gatherings 2**

<b>Output name:</b>	<b>Palestinian Gatherings Host Communities 2</b>
<b>UNDP Country Office:</b>	<b>Lebanon</b>
<b>Atlas Project ID:</b>	<b>93058</b>
<b>Atlas Output ID:</b>	<b>97505</b>
<b>Auditor:</b>	<b>Moore Stephens LLP</b>
<b>Period subject to audit:</b>	<b>1 January to 31 December 2017</b>

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## EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of Output ID 97505 'Palestinian Gatherings Host Communities 2', part of Project ID 93058 'Gatherings 2' (the project), directly implemented by UNDP Lebanon for the year ended 31 December 2017. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI).

We have issued audit opinions as summarised in the table below and as detailed in the next section:

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

We have not raised any audit findings or recommendations as a result of our audit.

The project was audited in the prior year. The previous year's audit report No. 1797 issued on 9 August 2017 for project no. 93058 - "Gatherings 2" - Output no. 97505 for the period from 1 January to 31 December 2016, did not result in any recommendations or findings.



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

16 July 2018

**MOORE STEPHENS**

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## THE AUDIT ENGAGEMENT

### Audit Objectives and Scope

The objective of the financial audit was to express an opinion on the DIM project's financial position which includes:

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2017 in the Combined Delivery Report (CDR), the Funds Utilization statement as at 31 December 2017 and the accounts receivable and accounts payable as at 31 December 2017 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.
- Expressing an opinion on whether the Statement of Fixed Assets, at net book value, presents fairly the balance of depreciated assets of the UNDP project as at 31 December 2017. This statement must include all assets available as at 31 December 2017 and not only those purchased in a given period.

Where a DIM project does not have any assets or equipment, it is not 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 the UNDP project as at 31 December 2017.

In cases where 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 International Standards of Auditing (ISA), the 700 series. As applicable, the audit report provides the progress made in implementing the recommendations raised in the previous year's audit report.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 January and 31 December 2017. 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.

## AUDIT OPINIONS

### Independent Auditor's Report to UNDP – Gatherings 2

#### Project Financial Position

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

We have audited the financial position of the UNDP project ID 93058 'Gatherings 2' output ID 97505 'Palestinians Gatherings Host Communities 2' for the period from 1 January to 31 December 2017 which includes: (a) the accompanying Combined Delivery Report (CDR); (b) the Funds Utilization statement ("the statement"); and (c) the project-related accounts receivable and accounts payable.

#### **Unmodified opinion**

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of US\$ 5,453,272.85. directly incurred by the UNDP Country Office in Lebanon and charged to the project for the period from 1 January to 31 December 2017 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. Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities' section of this report.

We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with these requirements, 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 the 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.



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

16 July 2018

MOORE STEPHENS

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## Independent Auditor's Report to UNDP – Gatherings 2

### Statement of Fixed Assets

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

We have audited the accompanying Statement of Fixed Assets of the UNDP project 93058 'Gatherings 2' output ID 97505 'Palestinian Gatherings Host Communities 2' as at 31 December 2017

#### **Unmodified Opinion**

In our opinion, the attached Statement of Fixed Assets presents fairly, in all material respects, the assets status of the UNDP project Gatherings 2 amounting to \$ 41,553.91 as at 31 December 2017 in accordance with UNDP accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those provisions and standards are further described in the Auditor's responsibilities section of this 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 the Statement of Fixed Assets.

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 Statement of Fixed Assets, 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.



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

16 July 2018

MOORE STEPHENS

## Independent Auditor's Report to UNDP – Gatherings 2

### Statement of Cash Position

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

We noted that the UNDP project 93058 'Gatherings 2' output ID 97505' Palestinian Gatherings Host Communities 2' did not have a dedicated bank account for the DIM project activities subject to audit and accordingly a Statement of Cash Position was not produced.

## **Annexes**

**Annex 1: Combined Delivery Report**





<b>Project Id : 00093058 Gatherings 2</b>	<b>Period :</b>	<b>Jan-Dec (2017)</b>
<b>Output # : 00097505 Palest.Gatherings Host Comm.2</b>	<b>Impl. Partner :</b>	<b>99999 UNDP</b>
	<b>Location :</b>	<b>Lebanon</b>

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74705 - Port Operation	0.00	1,740.00	0.00	1,740.00
74710 - Land Transport	0.00	2,976.00	0.00	2,976.00
74725 - Other L.T.S.H.	0.00	9,300.00	0.00	9,300.00
75105 - Facilities & Admin - Implement	0.00	272,962.26	0.00	272,962.26
75705 - Learning costs	0.00	33,710.90	0.00	33,710.90
75709 - Learning - training of counter	0.00	8,313.78	0.00	8,313.78
75710 - Participation of counterparts	0.00	8,366.77	0.00	8,366.77
76125 - Realized Loss	0.00	1.42	0.00	1.42
76135 - Realized Gain	0.00	- 0.87	0.00	- 0.87
77640 - Dep Exp Owned - F&F	0.00	113.87	0.00	113.87
77660 - Dep Exp Owned -Vehicle	0.00	3,441.66	0.00	3,441.66
<b>Total for Fund 30000</b>	<b>0.00</b>	<b>3,684,991.60</b>	<b>0.00</b>	<b>3,684,991.60</b>
<b>Fund 32045 (JPN-Partnership Devt. Pgm. PCF)</b>				
64397 - Services to projects -CO staff	0.00	23,230.60	0.00	23,230.60
64399 - Expert Advisory Serv-HQ Staff	0.00	21,018.75	0.00	21,018.75
71305 - Local Consult.-Sht Term-Tech	0.00	10,775.05	0.00	10,775.05
71360 - Local Consult-Security	0.00	25.50	0.00	25.50
71405 - Service Contracts-Individuals	0.00	118,878.97	0.00	118,878.97
71410 - MAIP Premium SC	0.00	253.93	0.00	253.93
71415 - Contribution to Security SC	0.00	4,317.37	0.00	4,317.37
71635 - Travel - Other	0.00	202.54	0.00	202.54
72105 - Svc Co-Construction & Engineer	0.00	682,572.21	0.00	682,572.21
72125 - Svc Co-Studies & Research Serv	0.00	4,051.43	0.00	4,051.43
72145 - Svc Co-Training and Educ Serv	0.00	12,000.00	0.00	12,000.00
72165 - Svc Co-Social Svcs, Social Sci	0.00	3,200.00	0.00	3,200.00
72210 - Machinery and Equipment	0.00	14,840.74	0.00	14,840.74
72215 - Transportation Equipment	0.00	109,020.00	0.00	109,020.00
72220 - Furniture	0.00	12,915.00	0.00	12,915.00
72305 - Agri & Forestry Products	0.00	27,049.50	0.00	27,049.50
72311 - Fuel, petroleum and other oils	0.00	0.00	0.00	0.00
72330 - Medical Products	0.00	2,518.00	0.00	2,518.00
72350 - Medical Kits	0.00	225,328.94	0.00	225,328.94
72399 - Other Materials and Goods	0.00	23,415.41	0.00	23,415.41
72405 - Acquisition of Communic Equip	0.00	16,410.94	0.00	16,410.94
72410 - Acquisition of Audio Visual Eq	0.00	386.40	0.00	386.40
72420 - Land Telephone Charges	0.00	249.67	0.00	249.67
72425 - Mobile Telephone Charges	0.00	633.93	0.00	633.93
72505 - Stationery & other Office Supp	0.00	1,364.38	0.00	1,364.38
72605 - Grants to Instit & other Benef	0.00	250,460.00	0.00	250,460.00
72615 - Micro Capital Grants-Other	0.00	0.00	0.00	0.00
72805 - Acquis of Computer Hardware	0.00	1,170.00	0.00	1,170.00
72815 - Inform Technology Supplies	0.00	298.40	0.00	298.40
73110 - Custodial & Cleaning Services	0.00	1,113.80	0.00	1,113.80
73120 - Utilities	0.00	137.55	0.00	137.55
73125 - Common Services-Premises	0.00	3,649.33	0.00	3,649.33
73305 - Maint & Licensing of Hardware	0.00	410.00	0.00	410.00
73310 - Maint & Licencing of Software	0.00	654.99	0.00	654.99
73410 - Maint, Oper of Transport Equip	0.00	6,792.58	0.00	6,792.58
74205 - Audio Visual Productions	0.00	74.64	0.00	74.64
74210 - Printing and Publications	0.00	12,112.14	0.00	12,112.14
74720 - Distribution Cost	0.00	6,500.00	0.00	6,500.00



Combined Delivery Report By Project

UN Development Programme  
Report ID: unglcdrp

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Run Time: 05-02-2018 12:02:33

Project Id : 00093058 Gatherings 2	Period :	Jan-Dec (2017)
Output # : 00097505 Palest.Gatherings Host Comm.2	Impl. Partner :	99999 UNDP
	Location :	Lebanon

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74725 - Other L.T.S.H.	0.00	15,799.00	0.00	15,799.00
75105 - Facilities & Admin - Implement	0.00	130,983.20	0.00	130,983.20
75705 - Learning costs	0.00	15,000.00	0.00	15,000.00
75709 - Learning - training of counter	0.00	1,250.00	0.00	1,250.00
75710 - Participation of counterparts	0.00	4,424.20	0.00	4,424.20
76110 - Foreign Exch Translation Loss	0.00	8.63	0.00	8.63
76125 - Realized Loss	0.00	2.44	0.00	2.44
76135 - Realized Gain	0.00	-2.24	0.00	-2.24
77660 - Dep Exp Owned -Vehicle	0.00	2,783.33	0.00	2,783.33
<b>Total for Fund 32045</b>	<b>0.00</b>	<b>1,768,281.25</b>	<b>0.00</b>	<b>1,768,281.25</b>
<b>Total for Dept : 45603</b>	<b>0.00</b>	<b>5,453,272.85</b>	<b>0.00</b>	<b>5,453,272.85</b>
<b>Total for Output : 00097505</b>	<b>0.00</b>	<b>5,453,272.85</b>	<b>0.00</b>	<b>5,453,272.85</b>
<b>Project Total :</b>	<b>0.00</b>	<b>5,453,272.85</b>	<b>0.00</b>	<b>5,453,272.85</b>



Signed By: Project Manager: Nancy Hilal Date: 14/3/2018

Signed By: Programme Manager: Fadi Abilmasa Date: \_\_\_\_\_



**Selection Criteria :**

Business Unit : LBN10  
 Period : Jan-Dec (2017)  
 Selected Project Id : ALL  
 Selected Fund Code : ALL  
 Selected Dept. IDs : B0456  
 Selected Outputs : 00097505

Project Id : ALL	Period : Jan-Dec (2017)
Output # : ALL	Impl. Partner :
	Location :
	Govt Exp      UNDP Exp      UN Agencies Exp      Total Exp

45603 - Lebanon - Crisis Prev & Rcvry	0.00	5,453,272.85	0.00	5,453,272.85
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**Funds Utilization**

**Selection Criteria :**

Business Unit : LBN10  
Period : Jan-Dec (2017)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : B0456  
Selected Outputs : 00097505

Project/Award: 00093058 Gatherings 2

Period : As at Dec 31, 2017

Output # 00097505 Impl. Partner :99999 UNDP

**UNDP AMOUNT**

Outstanding NEX advances	0.00
Undepreciated Fixed Assets	41,553.91
Unamortized Intangible Assets	0.00
Inventory	0.00
Prepayments	0.00
Commitments	202,654.87

**Annex 2: Statement of Fixed Assets as of 31 December 2017**

**INVENTORY OF NON-EXPENDABLE EQUIPMENT**

Year-End Physical Verification

Project Title: Improving Living Conditions of Palestinian Gatherings Host Communities (Project ID 00097505)

As of Date: 12/31/2017

Profile ID	Description & Model	TAG Number	Serial Number	Asset ID	Location	Acquisition Date	In Service Date	Cost,USD	Net Book Value	Quantity	Department	Impl Agency	Donor	Project	Fund code
MTRV4	TOYOTA RAV 4	289/65	JTMBD33V385167490	1496	LBNAAG5	12/3/2008	12/3/2008	22,000.00	3,972.23	1	45603	1981	10283	97505	30000
MTRV4	CAR NISSAN X-TRAIL	289/74	JN1TBNT30Z0146507	1497	LBNHC74	9/3/2010	9/3/2010	19,300.00	6,701.40	1	45603	1981	10283	97505	30000
FURN1	NUUR DESK V12 WHITE TOP	1540		1540	LBNAAG5	8/7/2015	8/7/2015	1,708.00	1,423.33	1	45603	1981	10283	97505	30000
MTRV4	PURHCASE OF A FOUR WHEEL DRIVE	1584	1FM5K8B81GGC37580	1584	LBNAABGRD	8/8/2016	8/8/2016	33,400.00	29,456.95	1	45603	1981	141	97505	32045
									<b>41,553.91</b>						

Name: Fadi Abilmona

Title: Programme Manager

Signature:


