



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

PROCUREMENT OF DRUGS TO GAZA

(Directly Implemented Project No. 74904, Output No. 87068)

Report No. 1945

Issue Date: 14 June 2018

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

The UNDP Office of Audit and Investigations (OAI), through Tala Abu-Ghazaleh & Co. (the audit firm), from 24 to 30 April 2018, conducted an audit of Procurement of Drugs to Gaza (Project No. 74904, Output No. 87068) (the Project), which is directly implemented and managed by the UNDP Programme of Assistance to the Palestinian People (the Office). The last audit of the Project was conducted by OAI, through Deloitte, 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 statement¹ as of 31 December 2017. The audit did not cover the Statement of Assets as no assets were held by the Project. In addition, the audit did not cover the Statement of Cash 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	
Amount (in \$ '000)	Opinion
7,536	Unqualified

The audit did not result in any recommendations.

Management comments and action plan

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



Helge S. Ostveiten
Director
Office of Audit and Investigations

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

United Nations Development Programme

**Financial Audit of Directly Implemented Project Managed by
UNDP- Programme of Assistance to the Palestinian People (PAPP)**

**“Procurement of Drugs to Gaza”
(Project ID: 74904 - Output ID: 87068)
For the Year Ended 31 December 2017**

13 June 2018

Talal Abu – Ghazaleh & Co.
"Certified Public Accountants"



TABLE OF CONTENTS

1. PART I - Executive Summary	1
1.1. Executive Summary.....	1
1.2. Audit Objectives.....	2
1.3. Scope of Audit:.....	3
2. PART II - Financial Audit Reports	4
2.1. Auditor’s Report on Financial Position.....	4
2.2 Combined Delivery Report CDR:.....	6

1. PART I – EXECUTIVE SUMMARY

1.1. Executive Summary:

This report represents the results of the financial audit conducted by Talal Abu – Ghazaleh & Co. of the project ID 74904 – output ID 87068 “Procurement of Drugs to Gaza” (the project), directly implemented by UNDP Programme of Assistance to the Palestinian People (PAPP) for the period from 1 January to 31 December 2017.

The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI) and mandated in accordance with the Contract for Professional Services signed between UNDP and Talal Abu –Ghazaleh & Co on 29 March 2018.

– Audit opinions:

The following is the summary of the audit opinions provided:

Report on	Type of opinion	Note
Financial Position	Unmodified	
Statement of Fixed Assets	Not applicable	There are no fixed assets or equipment, therefore, no audit opinion to be provided on the statement of fixed assets.
Statement of Cash Position	Not applicable	There was no separate bank account for the project under audit therefore, no audit opinion to be provided on the Statement of Cash Position.

– Audit findings:

No findings have been identified as a result of our audit.

– Follow-up on Previous year’s audit recommendations:

The output ID 87068 was audited in the prior year. The previous year’s audit report No. 1803 issued on 1 September 2017 for the project ID 74904 – output ID 87068 “Procurement of Drugs to Gaza” for the period from 1 January to 31 December 2016 did not result on any recommendations.

Sincerely yours,

Jamal Milhem, CPA
Certified Accountant License # (100/98)

Talal Abu-Ghazaleh & Co.
License No. 251/1997
Ramallah - Palestine, 13 June 2018



1.2. Audit Objectives

- A. The objective of the financial audit is to express an opinion on the project’s financial position which includes:
- 1) Expressing an opinion on whether the expenses incurred by the Project from 1 January to 31 December 2017 and the funds utilization, the accounts receivable and the accounts payable as at 31 December 2017 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, at net book value, presents fairly the balance of depreciated assets of the UNDP Project as at 31 December 2017. This statement should include all assets available as at 31 December 2017 and not only those purchased in the period under audit. Where a DIM project does not have any assets or equipment it will not be necessary to express such an opinion; and
 - 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 2017. Disbursements made against directly implemented project, DIM projects 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 only where a dedicated bank accounts for the DIM project has been established. 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.
- B. Providing the progress made in implementing the recommendations raised in a previous year audit report (if any).

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

1.3. Scope of Audit:

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

The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of “responsible parties”; and
- Expenses processed and approved in locations outside the country such as UNDP Regional Centers and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP office.

2. PART II – FINANCIAL AUDIT REPORTS

2.1. Auditor's Report on Financial Position

Independent Auditor's Report on the Project Financial Position of UNDP DIM Project ID 74904 – Output ID 87068 “Procurement of Drugs to Gaza”

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

We have audited the financial position of the UNDP project ID 74904 – output ID 87068 “Procurement of Drugs to Gaza”, for the period from 1 January to 31 December 2017, which include: (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 accompanying Combined Delivery Report (CDR) and Funds Utilization Statement present fairly, in all material respects, the expenses of USD 7,536,148 directly incurred the UNDP PAPP and charged to the project ID 74904 – output ID 87068 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 (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's Responsibilities

Management is responsible for the preparation and fair presentation of the 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 is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities for the Audit

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 skepticism 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.

Jamal Milhem, CPA

Certified Accountant License # (100/98)


Talal Abu-Ghazaleh & Co.



License No. 251/1997

Ramallah – Palestine, 13 June 2018



2.2 Combined Delivery Report (CDR) and Funds Utilization Statement

Combined Delivery Report By Project				
 UN DIP UN Development Programme Report ID: unglcdrp		Page 1 of 3 Run Time: 26-02-2018 20:02:58		
Selection Criteria :				
Business Unit : PAL10 Period : Jan-Dec (2017) Selected Project Id : ALL Selected Fund Code : ALL Selected Dept. IDs : ALL Selected Outputs : 00087068				
Project Id : 00074904 Procurement of Drugs to Gaza Output # : 00087068 Medical Procurement for Gaza		Period : Jan-Dec (2017) Impl. Partner : 02388 UNDP - PAPP Location : Palestine		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Dept: 70001 (PAPP - Central)				
Fund : 30000 (PROGRAMME COST SHARING)				
64397 - Services to projects -CO staff	0.00	1,571.00	0.00	1,571.00
72165 - Svc Co-Social Svcs, Social Sci	0.00	540,830.39	0.00	540,830.39
72330 - Medical Products	0.00	6,432,378.80	0.00	6,432,378.80
74596 - Services to projects -GOE	0.00	1,399.00	0.00	1,399.00
75105 - Facilities & Admin - Implement	0.00	558,094.34	0.00	558,094.34
76110 - Foreign Exch Translation Loss	0.00	910.54	0.00	910.54
76125 - Realized Loss	0.00	963.95	0.00	963.95
76135 - Realized Gain	0.00	-0.02	0.00	-0.02
Total for Fund 30000	0.00	7,536,148.00	0.00	7,536,148.00
Total for Dept : 70001	0.00	7,536,148.00	0.00	7,536,148.00
Total for Output : 00087068	0.00	7,536,148.00	0.00	7,536,148.00
Project Total :	0.00	7,536,148.00	0.00	7,536,148.00



Signed By: Ramzy Mhatar  Project Manager Date: 26-2-2018
 Signed By: Iman Al Hussein  Proj Specialist Date: 26/2/2018



Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00087068

	Period : Jan-Dec (2017)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
70001 -PAPP - Central	0.00	7,536,148.00	0.00	7,536,148.00

Ramzy Khudor  project Manager 26-2-2018
Iman Al Hussein  # Prog Specialist 26/2/2018





UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project



Page 3 of 3
Run Time: 26-02-2018 20:02:03

Funds Utilization

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00087068

No Data found for the Selection Criteria

Ramy Matar  project manager 26-2-2018
Iman Al Hussein:  Prog Specialist 26/2/2018

