

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



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

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

**RIGHT TO EDUCATION IN THE GAZA STRIP**  
**(Directly Implemented Project No. 87840, Output No. 94739)**

**Report No. 2072**  
**Issue Date: 14 August 2019**

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People  
Right to Education in the Gaza Strip  
(Project No. 87840, Output No. 94739)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Talal Abu-Ghazaleh & Co. (the audit firm), from 23 April to 14 June 2019, conducted an audit of Right to Education in the Gaza Strip (Project No. 87840, Output No. 94739) (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 Talal Abu-Ghazaleh & Co. in 2018 and covered project expenses from 1 January to 31 December 2017.

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 2018 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2018. The audit did not cover the Statement of Fixed Assets as no assets were held by the Project. 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 submitted by the audit firm, the results are summarized in the table below:

Project Expenses*	
Amount (in \$ '000)	Opinion
2,969	Unmodified

\* Included in the audit scope were transactions that relate to expenses incurred at the "responsible party" level (\$151,294) as these were not covered under HACT audits and all related supporting documents were available for review at the Office.

The audit did not result in any recommendations.

**Implementation status of previous OAI audit recommendations:** Report No. 1947, 22 June 2018.

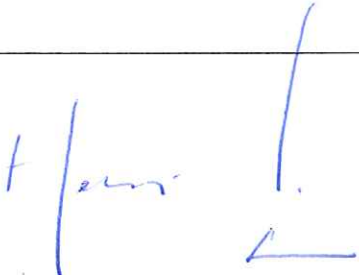
Total recommendations: 1

Implemented: 1

<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

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)**

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

**“Right to Education in the Gaza Strip”  
(Project ID 87840 - Output ID 94739)  
For the Period from 1 January to 31 December 2018**

**28 July 2019**

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



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## 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 87840 - output ID 94739 “Right to Education in the Gaza Strip” (the project), directly implemented by UNDP Programme of Assistance to the Palestinian People (PAPP) for the period from 1 January to 31 December 2018.

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 5 April 2019.

#### – **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 is provided on the Statement of fixed assets.
Statement of Cash	Not applicable	There was no separate bank account for the project under audit therefore, no audit opinion is provided on the Statement of Cash.

#### – **Audit Finding:**

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

#### – **Follow-up of Previous year audit recommendations:**

The project ID 87840 - output ID 94739 “Right to Education in the Gaza Strip” was audited in the prior year (audit ID 1947 issued on 22 June 2018). The previous audit resulted in one recommendation. The recommendation raised and its implementation status was as follows:

Recommendation Title	Implementation
Recording prepayments to contractors as expenses	Implemented

Sincerely yours,

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

**Talal Abu – Ghazaleh & Co.**  
License No. 251/1997  
Ramallah - Palestine, 28 July 2019



## **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 financial expenses incurred by the Project from 1 January to 31 December 2018 and the funds utilization, the accounts receivable and the accounts payable as at 31 December 2018 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 2018. This statement should include all assets available as at 31 December 2018 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 2018. 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. It 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 2018.

The scope of the audit did not include:

- 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 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 87840 – Output ID 94739  
“Right to Education in the Gaza Strip”**

**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 87840 – output ID 94739 “Right to Education in the Gaza Strip”, for the period from 1 January to 31 December 2018, 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 attached Combined Delivery Report (CDR) and Funds Utilization Statement present fairly, in all material respects, the expenses of USD 2,969,163.15 directly incurred by UNDP PAPP and charged to the project for the period from 1 January to 31 December 2018 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

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, 14 June 2019**



## 2.2 Combined Delivery Report (CDR) and Funds Utilization Statement

### "Right to Education in the Gaza Strip" (Project ID 87840 - Output ID 94739) As at 31 December 2018



UN Development Programme  
Report ID: unglodrp

#### Combined Delivery Report By Project

Page 1 of 3  
Run Time: 21-02-2019 11:02:50

#### Selection Criteria :

Business Unit : PAL10  
Period : Jan-Dec (2018)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00094739

Project Id : 00087840 Right to Education in the Gaza	Period : Jan-Dec (2018)
Output # : 00094739 Right to Education in Gaza	Impl. Partner : 02388 UNDP - PAPP
	Location : Palestine

Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
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Dept: 70001 (PAPP - Central)

Fund : 30000 (PROGRAMME COST SHARING)

64397 - Services to projects -CO staff	0.00	10,133.00	0.00	10,133.00
71305 - Local Consult.-Sht Term-Tech	0.00	12,860.00	0.00	12,860.00
71360 - Local Consult-Security	0.00	161.50	0.00	161.50
71405 - Service Contracts-Individuals	0.00	104,103.69	0.00	104,103.69
71410 - MAIP Premium SC	0.00	90.27	0.00	90.27
71415 - Contribution to Security SC	0.00	5,641.50	0.00	5,641.50
72105 - Svc Co-Construction & Engineer	0.00	2,001,487.11	0.00	2,001,487.11
72145 - Svc Co-Training and Educ Serv	88,621.67	45,993.35	0.00	134,615.02
72165 - Svc Co-Social Svcs, Social Sci	0.00	1,204.24	0.00	1,204.24
72170 - Svc Co-Humanitarian Aid & Relf	62,672.00	0.00	0.00	62,672.00
72220 - Furniture	0.00	238,171.43	0.00	238,171.43
72310 - Minerals,Mining & Metal Prdcts	0.00	4,081.08	0.00	4,081.08
72311 - Fuel, petroleum and other oils	0.00	734.24	0.00	734.24
72339 - Other Materials and Goods	0.00	16,731.05	0.00	16,731.05
72405 - Acquisition of Communic Equip	0.00	70,212.48	0.00	70,212.48
72425 - Mobile Telephone Charges	0.00	1,091.05	0.00	1,091.05
72435 - E-mail-Subscription	0.00	300.00	0.00	300.00
73410 - Maint, Oper of Transport Equip	0.00	1,249.91	0.00	1,249.91
74110 - Audit Fees	0.00	44,781.00	0.00	44,781.00
74210 - Printing and Publications	0.00	12,439.10	0.00	12,439.10
74225 - Other Media Costs	0.00	15,940.00	0.00	15,940.00
74505 - Insurance	0.00	1,418.84	0.00	1,418.84
74525 - Sundry	0.00	4,790.40	0.00	4,790.40
74596 - Services to projects -GOE	0.00	4,342.00	0.00	4,342.00
75105 - Facilities & Admin - Implement	0.00	219,940.06	0.00	219,940.06
76125 - Realized Loss	0.00	2.74	0.00	2.74
76135 - Realized Gain	0.00	-30.56	0.00	-30.56
<b>Total for Fund 30000</b>	<b>151,293.67</b>	<b>2,817,869.48</b>	<b>0.00</b>	<b>2,969,163.15</b>
<b>Total for Dept : 70001</b>	<b>151,293.67</b>	<b>2,817,869.48</b>	<b>0.00</b>	<b>2,969,163.15</b>
<b>Total for Output : 00094739</b>	<b>151,293.67</b>	<b>2,817,869.48</b>	<b>0.00</b>	<b>2,969,163.15</b>

<b>Project Total :</b>	<b>151,293.67</b>	<b>2,817,869.48</b>	<b>0.00</b>	<b>2,969,163.15</b>
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Ramzy Mhalek

Project Manager

*[Signature]*

21-2-2019

Signed By : \_\_\_\_\_ Date : \_\_\_\_\_

Signed By : Ismail Al Hussein Prog Specialist Date : 21/2/2019

*[Signature]*  
Total Abu-Ghazaleh & Co  
2019





UNDP UN Development Programme  
Report ID: unglodrp

Combined Delivery Report By Project

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Run Time: 21-02-2019 11:02:50

Selection Criteria :

Business Unit : PAL10  
Period : Jan-Dec (2018)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00094739

Project Id : ALL	Period : Jan-Dec (2018)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
70001 - PAPP - Central	151,293.67	2,817,869.48	0.00	2,969,163.15

Ramzy Mhader project manager 21-2-2019

I  
Ima Al Hussein Prog Specialist 21/2/2019

Janal J. Milhem  
Tatal Abu-Gharabeh & Co. 2019

UNITED NATIONS  
DEVELOPMENT PROGRAMME





UN Development Programme  
Report ID: unglcdrp

Combined Delivery Report By Project

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Funds Utilization

Selection Criteria :

Business Unit : PAL10  
Period : Jan-Dec (2018)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00094739

Project/Award: 00087840 Right to Education in the Gaza Period : As at Dec 31, 2018

Output #	00094739	Impl. Partner :02388 UNDP - PAPP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00

Ramzy Mhader project Manager  21-2-2019

Ima Al Hussein Proj Specialist  21/2/2019

  
2019  
Tahar Abu-Ghazaleh & Co.

