



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE (PAPP)

Sawasya II: Promoting the Rule of Law in Palestine
(Directly Implemented Project No. 99474, Output No. 102754)

Report No. 2252
Issue Date: 17 August 2020

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People (PAPP)
Sawasya II: Promoting the Rule of Law in Palestine
(Project No. 99474, Output No. 102754)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Talal Abu Ghazaleh & Co. (the audit firm), from 1 to 29 June 2020, conducted an audit of Sawasya II: Promoting the Rule of Law in Palestine (Project No. 99474, Output No. 102754) (the Project), which is directly implemented and managed by the Programme of Assistance to the Palestinian People (the Office). This was the first audit of the Project.

The audit firm conducted a financial audit, in accordance with the International Standards of Auditing (ISA), 700 series, 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 2019 and the accompanying Funds Utilization statement¹ as of 31 December 2019 as well as Statement of Assets as of 31 December 2019. The audit did not include activities and expenses incurred or undertaken at the "responsible party" level, or expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters). 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 reports and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenses				Project Assets	
Amount (in \$ '000)	Opinion	NFM* (in \$ '000)	Effect on CDR	Amount (in \$ '000)	Opinion
2,913	Unmodified	19	Understatement	25	Unmodified

**Expenses recorded in the Combined Delivery Report were \$3,886,815. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$537,047). Also excluded were expenses incurred at the "responsible party" level (\$436,502).*

***NFM= Net Financial Misstatement*

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

Key recommendations: Total = **2**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There are two medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." These recommendations include actions to address amounts erroneously recorded as government expenses even though the expenses were incurred by UNDP, and incorrect closure of outstanding advances. The audit firm provided an

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.

unmodified opinion based on their review that covered the entire Combined Delivery Report except for the expenditures that were reported as out of scope.

The two recommendations aim to ensure the reliability and integrity of financial and operational information (Recommendation 1 and 2).

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)**

**“Sawasya II: Promoting the Rule of Law in Palestine”
(Project ID 99474 - Output ID 102754)
For the period from 1 January to 31 December 2019**

10 August 2020

**Talal Abu – Ghazaleh & Co.
Member of Talal Abu Ghazaleh & Co. International, TAGI
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 99474 - Output ID 102754 “Sawasya II: Promoting the Rule of Law in Palestine” (the project), directly implemented by UNDP Programme of Assistance to the Palestinian People (PAPP) for the period from 1 January to 31 December 2019.

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 20 April 2020.

- 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	Unmodified	-
Statement of Cash	Not applicable	There was no separate bank account for the project under audit. Therefore, no audit opinion is provided on a Statement of Cash.

- Audit Finding:

As a result of our audit, the following findings were included in the management letter:

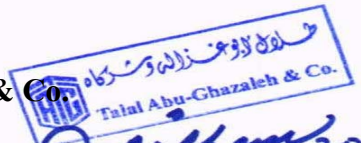
Summary of Audit Finding	Priority	Net Financial Impact
Incorrect closure of Outstanding advances.	Medium (Important)	The current Funds Utilization statement was understated with an amount of US\$ 18,700.00 and the current CDR was overstated with an amount of US\$ 18,700.00.
Reconciled Advances with an amount of US\$ 906,842.51 were recorded in the current CDR under the government expenses although it was incurred and implemented by UNDP.	Medium (Important)	The UNDP expense column in the current CDR was understated with an amount of US\$ 906,842.00.

- Follow-up on previous year's audit recommendations:

The Project ID 99474 - Output ID 102754 "Sawasya II: Promoting the Rule of Law in Palestine" was not audited in the prior years.

Sincerely yours,

Talal Abu –Ghazaleh & Co.
License No. 251/1997



Jamal Milhem, CPA
Certified Accountant License # (100/98)
Ramallah - Palestine, 10 August 2020



1.2. Audit Objectives

A. The objective of the financial audit is to express an opinion on the project's financial position which include:

- 1) Expressing an opinion on whether the financial expenses incurred by the project for the period from 1 January to 31 December 2019 and the funds utilization, the accounts receivable and the accounts payable as at 31 December 2019 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.
- 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 2019. This statement should include all assets available as at 31 December 2019 and not only those purchased in the year 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 2019. It is required to express an opinion on the Statement of Cash only where a dedicated bank account 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. As applicable, providing the progress made in implementing the recommendations raised in a previous year audit report.

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 2019.

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 is not retained at the level of the UNDP office.

2. PART II – FINANCIAL AUDIT REPORTS

1.1. Auditor's Report on Financial Position.

**Independent Auditor's Report on the Project Financial Position
of UNDP DIM Project ID 99474 – Output ID 102754
“Sawasya II: Promoting the Rule of Law in Palestine”**

**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 99474 - Output ID 102754 “Sawasya II: Promoting the Rule of Law in Palestine” for the period from 1 January to 31 December 2019, 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.

The CDR expenditure totaling US\$3,886,814.93, is comprised of expenditure directly incurred by UNDP PAPP for an amount of US\$2,913,265.78 and expenditure incurred by entities other than the UNDP PAPP for an amount of US\$973,549.15. Our audit only covered the expenditures directly incurred by UNDP PAPP of US\$2,913,265.78.

Unmodified Opinion

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization Statement present fairly, in all material respects, the expenses of US\$ 2,913,265.78 directly incurred by the UNDP PAPP and charged to the project ID 99474 - Output ID 102754 “Sawasya II: Promoting the Rule of Law in Palestine” for the period from 1 January to 31 December 2019 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 Responsibility

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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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.

Emphasis of Matter

We draw attention to Note No.2 to the accompanying CDR and Funds Utilization statement which describes reconciled advances with an amount of US\$906,842.51 out of US\$1,343,344.55 were recorded in the current CDR under the government expenses, although it was incurred and implemented by UNDP PAPP. Our opinion is not qualified in respect of this matter

Talal Abu –Ghazaleh & Co.
License No. 251/1997

Jamal Milhem, CPA
Certified Accountant License # (100/98)
Ramallah - Palestine, 30 June 2020



1.2. Combined Delivery Report (CDR) and Funds Utilization statement:

"Sawasya II: Promoting the Rule of Law in Palestine" Project ID 99474 – Output ID 102754 for the period from 1 January to 31 December 2019

UN Development Programme
Report ID: unglodrp

Combined Delivery Report By Project

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Run Time: 25-02-2020 11:02:13

Selection Criteria:

Business Unit: PAL10
Period: Jan-Dec (2019)
Selected Project Id: 00099474
Selected Fund Code: 30000
Selected Dept. IDs: ALL
Selected Outputs: 00102754

Project Id: 00099474 Promoting the Rule of Law in P	Period: Jan-Dec (2019)			
Output #: 00102754 Sawasya II: Promoting the Rule	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)				
61105 - Salaries - NP Staff	0.00	127,829.13	0.00	127,829.13
61205 - Salaries - GS Staff	0.00	68,580.80	0.00	68,580.80
61305 - Salaries - IP Staff	0.00	197,913.99	0.00	197,913.99
61310 - Post Adjustment - IP Staff	0.00	100,415.83	0.00	100,415.83
62105 - Dependency Allowance-NP Staff	0.00	6,339.37	0.00	6,339.37
62110 - Contrib Joint Staff Pension-NP	0.00	25,738.62	0.00	25,738.62
62115 - Contrib to Med,SocIns-NP Staff	0.00	7,042.42	0.00	7,042.42
62120 - Hazard Duty Station Allow-NP	0.00	3,176.46	0.00	3,176.46
62140 - Annual Leave Expense - NO	0.00	8,611.52	0.00	8,611.52
62205 - Dependency Allow - GS Staff	0.00	6,725.09	0.00	6,725.09
62210 - Contrib to Jt Staff Pens Fd-GS	0.00	13,919.24	0.00	13,919.24
62215 - Contrib. to Medical, social in	0.00	6,293.56	0.00	6,293.56
62220 - Language Allowance - GS Staff	0.00	37.26	0.00	37.26
62240 - Annual Leave Expense - GS	0.00	4,599.21	0.00	4,599.21
62305 - Dependency Allowances-IP Staff	0.00	25,900.87	0.00	25,900.87
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	68,747.26	0.00	68,747.26
62315 - Contrib. to medical, social in	0.00	5,010.63	0.00	5,010.63
62320 - Mobility, Hardship, Non-remova	0.00	28,238.93	0.00	28,238.93
62330 - Rental Supplements - IP Staff	0.00	22,450.17	0.00	22,450.17
62340 - Annual Leave Expense - IP	0.00	-12,825.89	0.00	-12,825.89
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	29,743.99	0.00	29,743.99
63335 - Home Leave Trvl & Allow-IP Stf	0.00	6,622.00	0.00	6,622.00
63340 - Proc trips/Rest & Recup-IP Stf	0.00	600.00	0.00	600.00
63350 - Reimb of Income Tax-IP Staff	0.00	13,395.57	0.00	13,395.57
63530 - Contribution to EOS Benefits	0.00	18,528.39	0.00	18,528.39
63535 - Contribution to Security	0.00	21,763.19	0.00	21,763.19
63540 - Contribution to Training	0.00	1,729.37	0.00	1,729.37
63545 - Contribution to ICT	0.00	7,411.41	0.00	7,411.41
63550 - Contributions to MAIP	0.00	247.06	0.00	247.06
63555 - Contribution to UN JFA	0.00	14,822.71	0.00	14,822.71
63560 - Contributions to Appendix D	0.00	1,235.22	0.00	1,235.22
64110 - Separations - NP Staff	0.00	2,556.62	0.00	2,556.62
64210 - Separations - GS Staff	0.00	1,371.62	0.00	1,371.62
64310 - Separations - IP Staff	0.00	4,167.47	0.00	4,167.47
64322 - Reassignmnts-Subsistence Allow	0.00	8,370.00	0.00	8,370.00
64323 - Reassignments-Lump Sum	0.00	11,048.53	0.00	11,048.53
64324 - Reassignments-Shipments	0.00	18,000.00	0.00	18,000.00
64397 - Services to projects -CO staff	0.00	100,940.00	0.00	100,940.00
65115 - Contributions to ASHI Reserve	0.00	49,161.95	0.00	49,161.95
65135 - Payroll Mgt Cost Recovery ATLA	0.00	2,712.36	0.00	2,712.36
71205 - Intl Consultants-Sht Term-Tech	0.00	6,424.00	0.00	6,424.00
71305 - Local Consult-Sht Term-Tech	0.00	105,334.21	0.00	105,334.21
71360 - Local Consult-Security	0.00	1,845.44	0.00	1,845.44
71405 - Service Contracts-Individuals	0.00	536,145.15	0.00	536,145.15

Tamir D. Nathan
Tahar Abu-Ghazaleh & Co.
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UNDP Technical Specialist - Petrit Skenderi 18 May 2020



UN Development Programme
Report ID: unglodrp

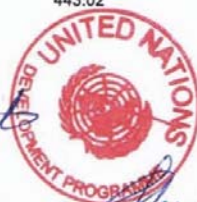
Combined Delivery Report By Project

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Run Time: 25-02-2020 11:02:13

Project ID : 00099474 Promoting the Rule of Law in P	Period : Jan-Dec (2019)
Output # : 00102754 Sawasya II: Promoting the Rule	Impl. Partner : 02388 UNDP - PAPP
	Location : Palestine

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71410 - MAIP Premium SC	0.00	228.99	0.00	228.99
71415 - Contribution to Security SC	0.00	21,542.13	0.00	21,542.13
71505 - UN Volunteers-Stipend & Allow	0.00	29,896.32	0.00	29,896.32
71520 - UNV-Language Allowance	0.00	530.00	0.00	530.00
71530 - UNV-Rest and Recuperation	0.00	2,220.00	0.00	2,220.00
71535 - UNV-Medical Insurance	0.00	1,793.37	0.00	1,793.37
71540 - UNV-Global Charges	0.00	1,948.17	0.00	1,948.17
71541 - UNVs-Contribution to security	0.00	1,082.35	0.00	1,082.35
71545 - UNV-Home Leave Travel & Allowa	0.00	90.10	0.00	90.10
71550 - UNV-Resettlement Allowance	0.00	2,120.00	0.00	2,120.00
71560 - UNV-Intl Appoint/Sep incl Trvl	0.00	1,900.00	0.00	1,900.00
71592 - UNV_COST_RECOVERY_RECURRING	0.00	4,915.92	0.00	4,915.92
71605 - Travel Tickets-International	0.00	37,330.81	0.00	37,330.81
71615 - Daily Subsistence Allow-Intl	0.00	16,074.17	0.00	16,074.17
71620 - Daily Subsistence Allow-Local	0.00	9,338.74	0.00	9,338.74
71625 - Daily Substist Allow-Mtg Partic	0.00	3,994.92	0.00	3,994.92
71635 - Travel - Other	0.00	1,466.32	0.00	1,466.32
72105 - Svc Co-Construction & Engineer	1,298,811.55	53,564.22	0.00	1,352,375.77
72125 - Svc Co-Studies & Research Serv	29,595.00	0.00	0.00	29,595.00
72135 - Svc Co-Communications Service	0.00	14,500.00	0.00	14,500.00
72145 - Svc Co-Training and Educ Serv	14,938.00	18,215.81	0.00	33,153.81
72155 - Svc Co-Public Admin, Politics	0.00	18,700.00	0.00	18,700.00
72205 - Office Machinery	0.00	219.24	0.00	219.24
72311 - Fuel, petroleum and other oils	0.00	1,422.86	0.00	1,422.86
72399 - Other Materials and Goods	0.00	357.46	0.00	357.46
72420 - Land Telephone Charges	0.00	104.32	0.00	104.32
72425 - Mobile Telephone Charges	0.00	5,510.78	0.00	5,510.78
72435 - E-mail-Subscription	0.00	600.00	0.00	600.00
72440 - Connectivity Charges	0.00	1,668.89	0.00	1,668.89
72445 - Common Services-Communications	0.00	357.00	0.00	357.00
72505 - Stationery & other Office Supp	0.00	2,186.30	0.00	2,186.30
72515 - Print Media	0.00	148.41	0.00	148.41
72715 - Hospitality Catering	0.00	40.18	0.00	40.18
72815 - Inform Technology Supplies	0.00	58,680.12	0.00	58,680.12
73101 - Leased/rented land	0.00	2,424.17	0.00	2,424.17
73104 - Leased Building	0.00	26,826.53	0.00	26,826.53
73107 - Rent - Meeting Rooms	0.00	2,030.00	0.00	2,030.00
73110 - Custodial & Cleaning Services	0.00	397.22	0.00	397.22
73120 - Utilities	0.00	-12,105.99	0.00	-12,105.99
73125 - Common Services-Premises	0.00	23,546.02	0.00	23,546.02
73310 - Maint & Licencing of Software	0.00	8,200.00	0.00	8,200.00
73405 - Rental & Maint-Other Office Eq	0.00	3,141.87	0.00	3,141.87
73406 - Maintenance of Equipment	0.00	127.63	0.00	127.63
73410 - Maint, Oper of Transport Equip	0.00	5,252.59	0.00	5,252.59
74205 - Audio Visual Productions	0.00	6,000.00	0.00	6,000.00
74210 - Printing and Publications	0.00	12,700.31	0.00	12,700.31
74215 - Promotional Materials and Dist	0.00	3,000.00	0.00	3,000.00
74220 - Translation Costs	0.00	29,491.00	0.00	29,491.00
74325 - Contrib.To CO Common Security	0.00	29,240.00	0.00	29,240.00
74505 - Insurance	0.00	3,188.95	0.00	3,188.95
74525 - Sundry	0.00	-2,252.75	0.00	-2,252.75
74596 - Services to projects -GOE	0.00	43,297.57	0.00	43,297.57
74710 - Land Transport	0.00	18.17	0.00	18.17
74965 - Low value equipment	0.00	443.02	0.00	443.02

UNDP Technical Specialist
Petrit Skendri
18 May 2020



Skender

Jamal D. Rethem



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UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Project ID : 00099474 Promoting the Rule of Law in P		Period :	Jan-Dec (2019)	
Output # : 00102754 Sawasya II: Promoting the Rule		Impl. Partner :	02388 UNDP - PAPP	
		Location :	Palestine	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
75105 - Facilities & Admin - Implement	0.00	255,244.48	0.00	255,244.48
75705 - Learning costs	0.00	37,057.55	0.00	37,057.55
75708 - Learning - subcontracts	0.00	17,000.00	0.00	17,000.00
75709 - Learning - training of counter	0.00	54,395.48	0.00	54,395.48
76125 - Realized Loss	0.00	189.66	0.00	189.66
76135 - Realized Gain	0.00	-28.15	0.00	-28.15
77630 - Dep Exp Owned - ITC	0.00	458.76	0.00	458.76
77660 - Dep Exp Owned -Vehicle	0.00	2,517.66	0.00	2,517.66
Total for Fund 30000	1,343,344.55	2,543,470.38	0.00	3,886,814.93
Total for Dept : 70001	1,343,344.55	2,543,470.38	0.00	3,886,814.93
Total for Output : 00102754	1,343,344.55	2,543,470.38	0.00	3,886,814.93
Project Total :	1,343,344.55	2,543,470.38	0.00	3,886,814.93



Signed By: UNDP Technical Specialist Date: 18 May 2020
Signed By: Petrut Skendri Date: Skendri

Talal Abu-Ghazaleh

Talal Abu-Ghazaleh & Co.

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UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 25-02-2020 11:02:13

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2019)
Selected Project Id : 00099474
Selected Fund Code : 30000
Selected Dept. IDs : ALL
Selected Outputs : 00102754

Project Id : ALL	Period : Jan-Dec (2019)
Output # : ALL	Impl. Partner : Location :

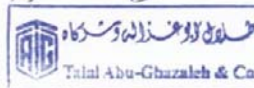
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
70001 - PAPP - Central	1,343,344.55	2,543,470.38	0.00	3,886,814.93

UNDP Technical Specialist
Petrit Skenderi
18 May 2020



Shirvan

Jamal D. Drahman



Initiated for identification purposes only



1.3.

UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 25-02-2020 11:02:17

Funds Utilization

Selection Criteria :

Business Unit : PAL10
Period : Jan-Dec (2019)
Selected Project Id : 00099474
Selected Fund Code : 30000
Selected Dept. IDs : ALL
Selected Outputs : 00102754

Project/Award: 00099474 Promoting the Rule of Law in P

Period : As at Dec 31, 2019

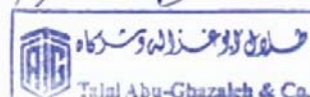
Output #	Impl. Partner : 02388 UNDP - PAPP	UNDP AMOUNT
Outstanding NEX advances		174,439.20
Undepreciated Fixed Assets		24,533.60
Unamortized Intangible Assets		0.00
Inventory		0.00
Prepayments		0.00
Commitments		12,760.82

UNDP Technical Specialist
Petrit Skenderi
18 May 2020

Skenderi



Jama D. Raiten



Initiated for identification purposes only

1.2. Auditors Report on the Statement of Fixed Assets:

**Independent Auditor's Report on the Statement of Fixed Assets
of UNDP DIM Project ID 99474 – Output ID 102754
“Sawasya II: Promoting the Rule of Law in Palestine”
Project ID 99474 – Output ID 102754**

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

We have audited the accompanying statement of fixed assets of the UNDP Project ID 99474 - Output ID 102754 “Sawasya II: Promoting the Rule of Law in Palestine” as at 31 December 2019.

Unmodified Opinion

In our opinion, the accompanying statement of fixed assets presents fairly in all material respects the assets status of the Project ID 99474 – Output ID 102754 amounting to US\$24,533.60 as at 31 December 2019 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. 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 Responsibility

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 the statement of fixed assets 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 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 ISAs, we exercise professional judgment and maintain professional skepticism 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.

Jamal Milhem, CPA

Certified Accountant License # (100/98)



Talal Abu –Ghazaleh & Co.

License No. 251/1997

Ramallah – Palestine, 30 June 2019

1.4. Statement of Fixed Assets:

"Sawasya II: Promoting the Rule of Law in Palestine"
(Project ID 99474 – Output ID 102754)
as at 31 December 2019

Statement of Assets					
As of 31 December 2019					
Project No. 00099474 - Promoting the Rule of Law in Palestine					
Output 00102754 - Promoting the Rule of Law in Palestine					
Category	Year	Location	Original Amount	Depreciated Amount	Net Book Value
			USD	USD	USD
HP FOLIO LAPTOP	2014	West Bank	1,590.00	1,076.56	513.44
HP FOLIO LAPTOP	2014	West Bank	1,590.00	1,076.56	513.44
POLY COM Sound stations	2016	West Bank	1,569.80	621.38	948.42
POLY COM Sound stations	2016	Gaza	1,569.80	621.38	948.42
KIA SORENTO	2016	West Bank	30,211.88	8,602.00	21,609.88
Total Value			36,531.48	11,997.88	24,533.60

Program Manager:

Petrit Skenderi




Talal Abu-Ghazaleh


 Talal Abu-Ghazaleh & Co.
 Initiated for identification purposes only

3. PART III: MANAGEMENT LETTER

3.1 Current year audit findings and recommendations

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

Introduction

Under International Standards on Auditing, auditors are encouraged to report various matters concerning an entity's internal control structure noted during their audit and are required to report certain of those matters. Matters that are required to be reported are "significant deficiencies in the design or operation of the internal control structure that, in the auditor's judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements."

As part of our audit of the Project's financial position of the Project ID 99474 - Output ID 102754 "Sawasya II: Promoting the Rule of Law in Palestine" for the period from 1 January to 31 December 2019, we considered UNDP's internal control structure and compliance with its accounting policies in determining the scope of our audit procedures for the purpose of rendering an opinion on the financial statements. Our purpose was not to provide assurance on the internal control structure.

We emphasize that the responsibility for a sound system of internal controls rests with management and work performed by external audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery.

The matters raised in this part are those which came to our attention during the audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be needed. Recommendations for improvements should be assessed by management for their full business impact before they are implemented. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Acknowledgment

We wish to express our appreciation for the courtesy and cooperation extended to our representatives during the course of their work.

Jamal Milhem, CPA

Certified Accountant License # (100/98)

Talal Abu-Ghazaleh & Co.

License No. 251/1997

Ramallah – Palestine, 30 June 2020

طال أبو غزالة وشركاه
Talal Abu-Ghazaleh & Co.
Jamal Milhem

Finding No. 1:

Title:

Incorrect closure of Outstanding advances.

Criteria:

UNDP Programme and Operations Policies and Procedures (POPP) state that, "the Outstanding NEX Advances is Portion of funds advanced to governments and implementing partners where a financial report or FACE form is pending. These amounts are not recorded as expenses until the financial report or FACE form is received".

Observation

During our review of the project's outstanding Advances, we noticed, an advance payment paid to implementing partners, and should have been closed with an amount of US\$ 11,300.00, were closed with an amount of US\$ 30,000.00, Which led to overstatement of expenses as of 31 December 2019 with an amount of US\$ 18,700.00.

This occurred as a result of a human error in recording the liquidation of the advances.

Not closing the Advances correctly led to understatement of the current Funds Utilization statement with an amount of US\$ 18,700.00 and overstatement of the current CDR with the same amount.

Priority

Medium (Important).

Recommendation

The office should review the closure of advances to ensure that all outstanding advances are correctly closed and in the correct accounting period.

Management's Response:

UNDP acknowledges the finding and has already taken corrective action.

Finding No. 2:

Title:

Reconciled Advances Erroneously Recorded as Government Expense.

Criteria:

UNDP Programme and Operations Policies and Procedures (POPP) states that Government Expenses Continues to reflect the total disbursements by the implementing partner as reported on the Financial Report (for non-harmonized country programme) or Funding Authorization and Certification of Expenditure (FACE) (for harmonized-country programme). This column will be unchanged.

Observation

During the audit we noticed that, reconciliation was made for advances with an amount of US\$ 906,842.51 out of US\$ 1,343,344.55, These Reconciled Advances were recorded in the current CDR under the government expenses, although it was incurred and implemented by UNDP.

This occurred because the office used the wrong implementing Agent (IA) code to record these transactions, hence during the reconciliation of the advances, the system automatically recorded these expenses under the Government Expense column.

Not recording and closing the Advances properly led to understatement of the UNDP expense column in the current CDR with an amount of US\$ 906,842.00

Priority

Medium (Important).

Recommendation

The office should record the expense that was incurred and implemented by UNDP under the UNDP expense column in the CDR and should ensure the use of correct IA codes when recording the transactions.

Management's Response:

UNDP acknowledges the finding and notes that the wrong Implementing Agent (IA) code was used. UNDP will carry out the correction to reflect the correct IA codes of implementing partners.

UNDP will carry out project manager and programme analyst training to strengthen the oversight mechanism prior to the approval of vouchers to ensure the correct reflection of chart of accounts.

Priorities of Audit Recommendations

High (Critical)	Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP.
Medium (Important)	Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP.
Low	Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.