



**AUDIT**

**OF**

**UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE (PAPP)**

**SUPPORT TO THE OFFICE OF THE QUARTET REPRESENTATIVE**  
**(Directly implemented projects under Award No. 47872)**

**Report No. 1107**  
**Issue Date: 24 October 2013**

## Report on the audit of UNDP PAPP Award No. 47872, Support to the Office of the Quartet Representative Executive Summary

From 19 November to 4 December 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of six projects under Award No. 47872, Support to the Office of the Quartet Representative (OQR), which were directly implemented by the UNDP Programme of Assistance to the Palestinian People (PAPP). The audit covered operational activities during the period from 1 January 2010 to 30 September 2012. The role of UNDP is limited to providing operational and logistical support to OQR. This was the first OAI audit of the six projects.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management, and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

### Audit rating

OAI assessed PAPP's management of the projects as **partially satisfactory**, which means "Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity." This rating was mainly due to inadequate human resources and asset management activities that were not fully consistent with UNDP policies and procedures. Ratings per audit area and sub-areas are summarized below.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
<b>1. Governance and strategic management</b>				
<b>2. United Nations system coordination</b>				
<b>3. Programme activities</b>				
<b>4. Operations</b>				
4.1 Human resources	Partially Satisfactory			
4.2 Finance & cash management	Satisfactory			
4.3 Procurement	Satisfactory			
4.4 Asset management	Partially Satisfactory			
4.5 Information systems	Not Applicable			
4.6 General administration	Partially Satisfactory			
4.7 Safety and security	Not Applicable			

### Key issues and recommendations

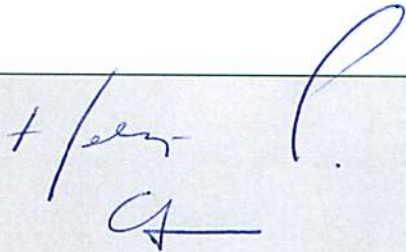
The audit raised 4 issues and resulted in 4 recommendations, of which 2 (or 50 percent) were ranked high (critical) priority, meaning "Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level."

The high priority recommendations are as follows:

Human resources (Issue 1)	<u>Inadequate documentation justifying individual contract appointments.</u> The documentation supporting the process and justifying the selection of five individual contract holders was inadequate. OAI recommends that PAPP: (a) ensure that documentation regarding the selection of advisers provides full justification supporting the selection prior to issuing the contracts; and (b) consult with OQR with a view to establishing a roster of valid candidates for other generic positions to allow for engaging personnel on short notice.
Asset management (Issue 2)	<u>Inadequate asset management.</u> PAPP had not implemented asset management procedures for the project. The list of assets was incomplete and physical verification was not performed. OAI recommends that PAPP: (a) design and implement an asset management process in coordination with OQR to enable appropriate recording and custody of assets; and (b) ensure that assets are physically verified twice a year.

#### Management comments and action plan

The Special Representative accepted all four recommendations and is in the process of implementing them.



Helge S. Osttveiten  
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