



**AUDIT**

**OF**

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

**KFW POVERTY ORIENTED INFRASTRUCTURE (Phase III) - WEST BANK**  
**(Directly Implemented Project No. 41156)**

**Report No. 1277**

**Issue Date: 21 February 2014**

**Report on the audit of UNDP Programme of Assistance to the Palestinian People  
KfW Poverty Oriented Infrastructure (Phase III) - West Bank (Project No. 41156)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 1 October to 18 November 2013, through Talal Abu-Ghazaleh & Co. (the audit firm), conducted an audit of KfW Poverty Oriented Infrastructure (Phase III)-West Bank, Project No. 41156 (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 Office was conducted by OAI in 2010.

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 Statement of Expenditure (Combined Delivery Report) for the period from 1 January 2010 to 31 December 2011.

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 and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Year	Project Expenditure			Project Assets	
	Amount (in \$ '000)	Opinion	NFI (in \$ '000)	Amount (in \$ '000)	Opinion
2010	622	Qualified	332	N/A	N/A
2011	38	Unqualified	N/A	N/A	N/A

NFI = Net Financial Impact

The audit firm qualified its opinion on project expenditure for 2010 due to the lack of supporting documentation for expenditure amounting to \$331,899.

**Key recommendation:** Total=1, high priority=1

For high (critical) priority recommendations, 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." One high (critical) priority recommendation is presented below:

Lack of supporting documents for the year ended 31 December 2010 (Issue 1)	The auditors noted that \$331,899 in expenditure was not supported by appropriate documents (e.g. purchase order, invoices, contracts, etc.).  <u>Recommendation:</u> Maintain adequate documentation in one location.
--	--

### Management comments and action plan

The Special Representative accepted the recommendation and is in the process of implementing it. Comments and/or additional information provided have been incorporated into the report, where appropriate.

A rectangular box containing a handwritten signature in blue ink. Below the signature, there is a printed name and title: 'Helge S. Osttveiten', 'Director', and 'Office of Audit and Investigations'. A blue arrow points from the signature to the name. A large blue scribble is present above the signature.