



**AUDIT**

**OF**

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

**QUARTET-BLAIR MISSION DOS**

**(Directly Implemented Project No. 47872, Output No. 62844)**

**Report No. 1506**

**Issue Date: 11 August 2015**

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People  
Quartet-Blair Mission DOS  
(Project No. 47872, Output No. 62844)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 18 May to 4 June 2015, through Talal Abu – Ghazaleh & Co. (the audit firm), conducted an audit of Quartet-Blair Mission DOS (Project No. 47872, Output No. 62844) (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 in 2013 and covered the period from 1 January 2010 to 30 September 2012.

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 expenditure for the period from 1 January to 31 December 2014 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2014 as well as Statement of Assets as of 31 December 2014. 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), or where supporting documentation was not retained at the UNDP Country Office level. 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 and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenditures*		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
1,136	Unqualified	105	Unqualified

\* Expenditures recorded in the Combined Delivery Report were \$2.31 million. Excluded from the audit scope were expenditures incurred by other United Nations agencies (\$1.18 million).

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

The one recommendation aims to ensure the reliability and integrity of financial and operational information.

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. The high (critical) priority recommendation is presented below:

<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) depreciated 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.

Inaccurate recording of expenditures (Issue 1)

Expenditures totalling \$1.18 million incurred by other United Nations agencies were incorrectly recorded as UNDP expenditures in the Combined Delivery Report. The audit firm issued an emphasis of matter in respect of this issue, but did not qualify its audit opinion.

Recommendation: The Office should correctly record expenditures and classify them under the relevant category.

### Implementation status of previous OAI audit recommendations

The previous audit (Report No. 1107, issued on 24 October 2013) had four recommendations and, based on OAI's desk review, they are fully implemented.

### Management comments and action plan

The UN Special Representative of the Administrator 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.



Helge S. Osttveiten  
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