



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

EMERGENCY SUPPLY & ADVANCED PLAN FOR EARLY RECOVERY-GAZA
(Directly Implemented Project No. 50123, Output Nos. 71646 and 92145)

Report No. 1507
Issue Date: 11 August 2015

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People
Emergency Supply & Advanced Plan for Early Recovery-Gaza
(Project No. 50123, Output Nos. 71646 and 92145)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 18 May to 2 June 2015, through Talal Abu – Ghazaleh & Co. (the audit firm), conducted an audit of Emergency Supply & Advanced Plan for Early Recovery-Gaza (Project No. 50123, Output Nos. 71646 and 92145) (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 Talal Abu – Ghazaleh & Co. in 2014 and covered project expenditure from 1 January to 31 December 2013.

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 statement¹ as of 31 December 2014. The audit did not cover the Statement of Assets as no assets were purchased 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 reports and corresponding management letters submitted by the audit firm, the results are summarized in the table below:

Project Expenditures				
Output No.	Output Title	Amount (in \$ '000)	Opinion	NFI* (in \$ '000)
71646	Rubble and Waste Management	3,135	Unqualified	N/A
92145	Cash Assistance Displaced Non-Refugee Palestinians in Gaza in the State of Palestine	2,282	Qualified	163

*NFI = Net Financial Impact

The audit firm issued a qualified opinion on the Combined Delivery Report of Output No. 92145 because the General Management Support fees amounting to \$0.2 million were not charged to the Project in 2014.

Key recommendations: Total = 2, high priority = 2

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 recommendations are presented below:

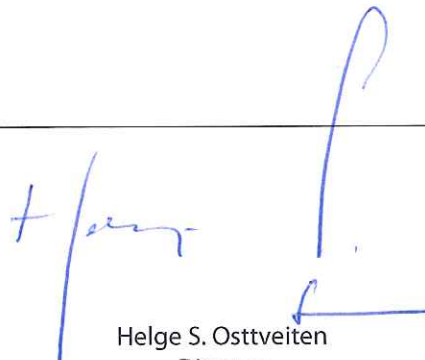
¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

General Management Support fees not charged to the Project (Issue 1 for Output No. 92145)	<p>General management support fees amounting to \$0.2 million were not charged to the Project in 2014.</p> <p><u>Recommendation:</u> The Office should collect the General Management Support fees as stipulated in the donor agreement.</p>
Incorrect recording of expenditures (Issue 2 for Output No. 92145)	<p>UNDP expenditures totalling \$2 million were incorrectly recorded as government expenditures in the Combined Delivery Report. The audit firm issued an emphasis of matter regarding this issue but the audit opinion is not qualified in respect of this matter.</p> <p><u>Recommendation:</u> The Office should correctly record expenditures and classify them under the relevant category.</p>

The previous audit (Report No. 1371, issued on 4 September 2014) did not have a recommendation.

Management comments and action plan

The UN Special Representative of the Administrator accepted both recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.



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Director
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