

UNITED NATIONS DEVELOPMENT PROGRAMME  
Office of Audit and Investigations



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AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

GAZA DEBRIS MANAGEMENT  
EMERGENCY CASH ASSISTANCE SIDA  
RECONSTRUCTION OF HOUSES  
NORTH AND SOUTH RUBBLE REMOVAL  
EMERGENCY EMPLOYMENT SW  
CASH ASSISTANCE FOR RECONSTRUCTION

(Directly Implemented Project No. 50123, Output Nos. 91916, 92145, 92457, 92895,  
94619, 93992)

Report No. 1647

Issue Date: 30 September 2016

Report on the Audit of UNDP Programme of Assistance to the Palestinian People  
Gaza Debris Management  
Emergency Cash Assistance SIDA  
Reconstruction of Houses  
North and South Rubble Removal  
Emergency Employment SW  
Cash Assistance for Reconstruction  
(Project No. 50123, Output Nos. 91916, 92145, 92457, 92895, 94619, 93992)  
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 13 to 25 July 2016, conducted an audit of Project No. 50123, Emergency Supply and Advanced Plan for Early Recovery - Gaza, Gaza Debris Management (Output No. 91916), Emergency Cash Assistance SIDA (Output No. 92145), Reconstruction of Houses (Output No. 92457), North and South Rubble Removal (Output No. 92895), Emergency Employment SW (Output No. 94619), and Cash Assistance for Reconstruction (Output No. 93992) (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 (Output No. 92145) was conducted by OAI in 2015 and covered project expenditure from 1 January to 31 December 2014.

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 2015 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2015 as well as Statement of Assets as of 31 December 2015. 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:

Output ID	Project Expenditure		Project Assets	
	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
91916	3,307	Unqualified	1.6	Unqualified
92145	5,286	Unqualified	3.9	Unqualified
92457	9,234	Unqualified	7	Unqualified
92895	3,943	Unqualified	27	Unqualified
94619	3,469	Unqualified	N/A	N/A
93992	2,960	Unqualified	N/A	N/A

OAI decided to include in the audit scope the expenditures incurred by the responsible parties totalling \$230,150 for Output No. 92145 and \$3.1 million for Output No. 94619 because they were processed and

<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.

approved at the level of the Office. The audit firm reported that all supporting documents were available in the Office and were reviewed by them.

**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 (Output Nos. 91916 and 92895), which means, "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." These recommendations include actions to address the incorrect recording of fund commitments).

The two recommendations aim to ensure reliability and integrity of financial and operational information.

**Implementation status of previous OAI audit recommendations:** Report No. 1507, 11 August 2015

Total recommendations: 2

Implemented: 1

In progress: 1

The pending recommendation pertains to inadequate classification of expenditures. Its implementation was assessed as in progress during the audit fieldwork.

#### **Management comments and action plan**

The Special Representative 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.



Helge S. Osttveiten  
Director  
Office of Audit and Investigations