

UNITED NATIONS DEVELOPMENT PROGRAMME  
Office of Audit and Investigations



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

RAPID SUPPORT FOR SMALL INFRASTRUCTURE  
**REHABILITATION OF WATER FACILITIES PROJECT IN AREA "C" OF WEST BANK**  
(Directly Implemented Project No. 78805, Output Nos. 88901 and 89687)

Report No. 1652

Issue Date: 29 September 2016

Report on the Audit of UNDP Programme of Assistance to the Palestinian People  
Rapid Support for Small Infrastructure  
**Rehabilitation of Water Facilities Project in Area "C" of West Bank**  
(Project No. 78805, Output Nos. 88901 and 89687)  
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 12 to 14 July 2016, conducted an audit of Project No. 78805, Rapid Support for Small Infrastructure (Output No. 88901) and **Rehabilitation of Water Facilities Project in Area "C" of West Bank** (Output No. 89687) (the Project), which is directly implemented and managed by the UNDP Programme of Assistance to the Palestinian People (the Office). This was the first audit of the Project.

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. 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 Nos.	Amount (in \$ '000)	Opinion
88901	3,107	Unqualified
89687	607	Unqualified

OAI decided to include in the audit scope the expenditures incurred by the responsible parties totalling \$761,086 for Output No. 88901 and \$238,964 for Output No. 89687 because they were processed and 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

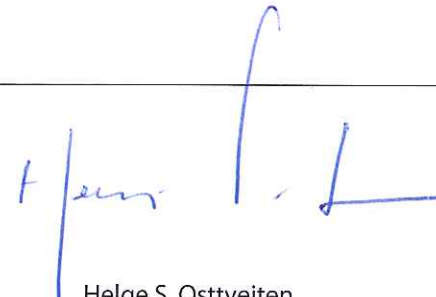
The audit did not result in any high (critical) priority recommendations. There are two medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks that are

<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.

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 the reliability and integrity of financial and operational information.

**Management comments and action plan**

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

A handwritten signature in blue ink, which appears to read 'Helge S. Ostveiten', is positioned above the printed name. The signature is enclosed within a rectangular box.

Helge S. Ostveiten  
Director  
Office of Audit and Investigations