



**AUDIT**

**OF**

**UNCDF PROJECT IN JORDAN**

**Decentralization and Local Development Support Programme (DLDSP)**  
**(Directly Implemented Project No. 85233, Output No. 92938)**

**Report No. 1736**

**Issue Date: 4 January 2017**

**Report on the Audit of UNCDF Project in Jordan  
Decentralization and Local Development Support Programme (DLDSP)  
(Project No. 85233, Output No. 92938)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Deloitte & Touche (M.E.), from 31 October to 30 November 2016, conducted an audit of the Decentralization and Local Development Support Programme (DLDSP), Project No. 85233, Output No. 92938 (the Project), which was directly implemented and managed by the UNCDF Office in Jordan (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 October 2014 to 30 September 2016 and the accompanying Funds Utilization Statement as of 30 September 2016 as well as the Statement of Fixed Assets as of 30 September 2016. 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 UNCDF Headquarters). 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 report and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenditure		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
793	Unqualified	24	Unqualified

*\*The Project incurred no expenditures from 1 October 2014 to 31 December 2014. Expenditures recorded in the Combined Delivery Report were \$733,525 for 2015, and \$59,160 from 1 January to 30 September 2016.*

### Key recommendations: Total = 2, high priority = 2

The two recommendations aim to ensure the achievement of the organization's strategic objectives and the safeguarding of assets.

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:

Delays in agreeing on  
Project implementation  
plan (Issue 1)

Even though the Project was operational for 18 months, there were delays and changes in the implementation plan that negatively impacted the Project's output during that period.

Recommendation 1: UNCDF should agree and coordinate with the Project Partner on the implementation plan in future projects to avoid such delays.

Fixed assets not  
transferred to UNCDF  
(Issue 2)

Project assets remained at the respective government ministry's premises, even though the Project was suspended as of March 2016. The audit team verified the existence and safeguarding of these assets.

Recommendation 2: UNCDF should ensure appropriate handover procedures for the transfer of these assets from the government ministry to UNCDF.

### Management comments and action plan

UNCDF management at Headquarters 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  
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