



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

**COMMUNITY RESILIENCE AND DEVELOPMENT PROGRAMME FOR AREA C AND EAST
JERUSALEM**
(Directly Implemented Project No. 69435, Output No. 84013)

Report No. 2070
Issue Date: 15 July 2019

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People
Community Resilience and Development Programme for Area C and East Jerusalem
(Project No. 69435, Output No. 84013)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Talal Abu-Ghazaleh & Co. (the audit firm), from 16 to 25 April 2019, conducted an audit of Community Resilience and Development Programme for Area C and East Jerusalem (Project No. 69435, Output No. 84013) (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 through Talal Abu-Ghazaleh & Co. in 2018 and covered project expenses from 1 January to 31 December 2017.

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 expenses for the period from 1 January to 31 December 2018 and the accompanying Funds Utilization statement¹ as of 31 December 2018 as well as Statement of Fixed Assets as of 31 December 2018. The audit did not include activities and expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters). In addition, the audit did not cover the Statement of Cash 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 letter submitted by the audit firm, the results are summarized in the table below:

Project Expenses*		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
2,030	Unmodified**	41	Unmodified

* Expenses recorded in the Combined Delivery Report were \$2,044,940. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$14,540).

** There was a Net Financial Misstatement of \$43,112.75, the result of an adjustment of prior year expenses, i.e. expenses that should have been recorded in 2017. The recording error was reported in last year's audit and it gave rise to an audit recommendation, and thus it did not affect the audit opinion.

Key recommendation: Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." This recommendation includes actions to address an overstatement in the 2018 Combined Delivery Report.

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated 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.

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

Implementation status of previous OAI audit recommendations: Report No. 1944, 2 August 2018.

Total recommendations: 1

Implemented: 1

Management comments and action plan

The 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.



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