



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

Report No. 2192
Issue Date: 13 November 2020

Report on the Audit of UNDP Programme of Assistance to the Palestinian People Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Programme of Assistance to the Palestinian People (the Office) from 10 to 26 August 2020. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

- (a) Governance
- (b) Development activities
- (c) Operations – procurement, finance, human resources, administrative services, information communication and technology (ICT)

The audit covered the activities of the Office from 1 January 2019 to 30 April 2020. The Office recorded programme and management expenses of approximately \$110.7 million. The last audit of the Office was conducted by OAI in 2018.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Due to the COVID-19 pandemic, the audit was conducted remotely. Scope limitations due to the nature of the remote audit related to the following activities:

- (a) A review of original supporting documentation could not be carried out, and therefore the audit team relied on scanned copies of documents provided by the Office for all audit areas reviewed.
- (b) Meetings with Office staff and personnel were carried out virtually, which limited the audit team's understanding of the Office's working environment.
- (c) Project visits (location, site visits, meeting with counterparts/ beneficiaries) were not conducted.
- (d) A physical verification of assets was not performed.
- (e) Safe and petty cash contents were not verified.

Overall audit rating

OAI assessed the Office's performance as **partially satisfactory/some improvement needed**, which means "The assessed governance arrangements, risk management practices and controls were generally established and functioning but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area." This rating was mainly due to weaknesses in the administration of grants.

Key recommendations: Total = 9, high priority = 1

The nine recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1, 2	Medium
Reliability and integrity of financial and operational information	3	High
	4, 7	Medium
Effectiveness and efficiency of operations	6	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	5, 8, 9	Medium

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 recommendation is presented below:

Weaknesses in the
administration of
grants (Issue 3)

Within the audit period, the Office delivered 8 percent of its total programme delivery (\$7.6 million out of \$90 million) through grants.

In all seven grants sampled, the policies regarding the single grant limit of \$150,000 or cumulative grant limit of \$300,000 per grant recipient during the programme cycle were not adhered to.

Additionally, two out of the seven grant agreements had been signed after the grant implementation period had commenced but had been back dated. In three cases, selection processes were dated after the signing of the grant agreements.

Recommendation: The Office should strengthen its administration of grants by: (a) contracting grantees only after the review and endorsement of the selection process by a selection committee; (b) providing single grants limited to \$150,000, and \$300,000 on a cumulative basis within the programme cycle; and (c) providing training and disseminating the policies on the use of grants to all programme and project personnel.

Implementation status of previous OAI audit recommendations: Report No. 2009, 9 November 2018.

Total recommendations: 7

Implemented: 7

Management comments and action plan

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

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge
Ostveiten
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Helge S. Ostveiten
Director
Office of Audit and Investigations