



AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE (PAPP)

CONSTRUCTION OF KHAN YOUNIS WASTE WATER TREATMENT PLANT
(Directly Implemented Project No. 41529, Output No. 47395)

Report No. 2247
Issue Date: 17 August 2020

**Report on the Audit of UNDP Programme of Assistance to the Palestinian People (PAPP)
Construction of Khan Younis Waste Water Treatment Plant
(Project No. 41529, Output No. 47395)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Talal Abu-Ghazaleh & Co. (the audit firm), from 31 May to 29 June 2020, conducted an audit of Construction of Khan Younis Waste water Treatment Plant (Project No. 41529, Output No. 47395) (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 2019 and covered project expenses from 1 January to 31 December 2018.

The audit firm conducted a financial audit, in accordance with the International Standards of Auditing (ISA), the 700 series, 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 2019 and the accompanying Funds Utilization statement¹ as of 31 December 2019 as well as Statement of Assets as of 31 December 2019. 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 report 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	NFM* (in \$ '000)	Amount (in \$ '000)	Opinion
11,000	Unmodified	(27)	27	Unmodified

*NFM= Net Financial Misstatement. The amount shown in brackets relates to an understatement.

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 understatement of the 2019 Combined Delivery Report (CDR).

The recommendation aims to ensure the reliability and integrity of financial and operational information (Recommendation 1).

Implementation status of previous OAI audit recommendations:

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 previous audit (Report No. 2067, issued on 5 August 2019) did not result in any recommendations.

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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Director
Office of Audit and Investigations