AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE (PAPP)

Sawasya II: Promoting the Rule of Law in Palestine
(Directly Implemented Project No. 99474, Output No. 102754)

Report No. 2252
Issue Date: 17 August 2020
Report on the Audit of UNDP Programme of Assistance to the Palestinian People (PAPP)
Sawasya II: Promoting the Rule of Law in Palestine
(Project No. 99474, Output No. 102754)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Talal Abu Ghazaleh & Co. (the audit firm), from 1 to 29 June 2020, conducted an audit of Sawasya II: Promoting the Rule of Law in Palestine (Project No. 99474, Output No. 102754) (the Project), which is directly implemented and managed by the Programme of Assistance to the Palestinian People (the Office). This was the first audit of the Project.

The audit firm conducted a financial audit, in accordance with the International Standards of Auditing (ISA), 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 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 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:

<table>
<thead>
<tr>
<th>Project Expenses</th>
<th>Project Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amount (in ‘000)</strong></td>
<td><strong>Opinion</strong></td>
</tr>
<tr>
<td>2,913</td>
<td>Unmodified</td>
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</tbody>
</table>

*Expenses recorded in the Combined Delivery Report were $3,886,815. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country ($537,047). Also excluded were expenses incurred at the “responsible party” level ($436,502).

**NFM= Net Financial Misstatement

At the time this report was being issued, OAI was investigating complaints relating to parties involved with the Project.

**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. Failure to take action could result in negative consequences for UNDP.” These recommendations include actions to address amounts erroneously recorded as government expenses even though the expenses were incurred by UNDP, and incorrect closure of outstanding advances. The audit firm provided an

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.
unmodified opinion based on their review that covered the entire Combined Delivery Report except for the expenditures that were reported as out of scope.

The two recommendations aim to ensure the reliability and integrity of financial and operational information (Recommendation 1 and 2).

Management comments and action plan

Comments and/or additional information provided have been incorporated into the report, where appropriate.

Helge Osttveiten  
2020.08.17 03:22:41 -04'00'

Helge S. Osttveiten  
Director  
Office of Audit and Investigations