



**AUDIT**

**OF**

**UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE**

**CONSTRUCTION OF DEMOLISHED HOMES FOR NON-REFUGEE FAMILIES  
IN THE GAZA STRIP**

**(Directly Implemented Project No. 47393)**

**Report No. 1050**

**Issue Date: 17 July 2012**

**Report on the audit of  
Construction of Demolished Homes for Non-Refugee Families in the Gaza Strip (Project No. 47393)  
Executive Summary**

From 3 to 30 April 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Deloitte & Touche M.E. / Saba & Co. (the audit firm), conducted an audit of Construction of Demolished Homes for Non-Refugee Families in the Gaza Strip, (Project No. 47393) (the Project), which is directly implemented and managed by UNDP Programme of Assistance to the Palestinian People (the Office). The audit firm was under the general supervision by OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The Project reported expenditure totalling \$2.6 million during the period from 1 January to 31 December 2011. The Project is funded by the Government of Japan.

**Audit scope and objectives**

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the results of the Project's operations. The audit covered the review of the Project's Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2011.

**Audit rating**

Based on the audit report and corresponding management letter submitted by the audit firm, OAI assessed the management of the Project as **satisfactory**, which means "Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity". The details of the audit results are presented in Figure 1.

Figure 1: Summary results of the audit

Project Expenditure		Project Assets		Cash	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
2,555	unqualified	0	Not Applicable*	-	Not Applicable**

\*The project did not acquire assets and equipment

\*\*No separate bank account was held by the project


**Key issues and recommendations**

The audit raised three issues. There are three recommendations, all were ranked medium (important) priority, which means "Action is required to ensure that UNDP is not exposed to significant risks. Failure to take action could result in negative consequences for UNDP." Medium (important) priority recommendations include actions to address: (a) missing tax at source certificates, (b) unstamped zero VAT invoices, and (c) purchase orders not corresponding with payment requests.

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**Management's comments**

The Special Representative accepted all the recommendations and took action to address them, which had been acknowledged by OAI and will be reflected as implemented in Comprehensive Audit and Recommendation Database System.

A blue ink signature of Egbert C. Kaltenbach is enclosed in a rectangular box. The signature is written in a cursive style.

Egbert C. Kaltenbach  
Director  
Office of Audit and Investigations