AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

CLEARANCE OF UNEXPLODED ORDNANCE, RUBBLE REMOVAL AND IMMEDIATE SUPPORT FOR IMPROVEMENT OF SOLID WASTE SERVICE MANAGEMENT IN THE GAZA STRIP

(Directly Implemented Project No. 71646)

Report No. 1054
Issue Date: 17 July 2012
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 Clearance of Unexploded Ordnance, Rubble Removal and Immediate Support for Improvement of Solid Waste Service Management in the Gaza Strip (Project No. 71646) (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 $5.1 million during the period from 1 January to 31 December 2011. The following donors contributed to the Project: the Government of Japan and Islamic Development Bank.

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

<table>
<thead>
<tr>
<th>Project Expenditure</th>
<th>Project Assets</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount (in $ '000)</td>
<td>Opinion</td>
<td>Amount (in $ '000)</td>
</tr>
<tr>
<td>5,083</td>
<td>unqualified</td>
<td>-</td>
</tr>
</tbody>
</table>

*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) incorrect calculation of general management support fees, (b) missing tax at source certificates, and (c) unstamped zero VAT invoices.
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.

Egbert C. Kaltenbach
Director
Office of Audit and Investigations