

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
Resilient nations.*

AUDIT

OF

UNDP ISLAMIC REPUBLIC OF IRAN

**Scaling Up HIV/AIDS Prevention Programs towards Universal Access with Increasing the
Partnership of Non-Governmental Sector - Phase 2 Round 8
(Directly Implemented Project, Output No. 84251)**

Report No. 1362

Issue Date: 22 August 2014

Report on the audit of UNDP Islamic Republic of Iran
Scaling Up HIV/AIDS Prevention Programs towards Universal Access with Increasing the Partnership of
Non-Governmental Sector - Phase 2 Round 8 (Output No. 84251)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), from 1 to 10 July 2014, through Moore Stephens LLP (the audit firm), conducted an audit of Scaling up HIV/AIDS Prevention Programs towards Universal Access with Increasing the Partnership of Non-Governmental Sector, Phase 2 Round 8, Output No. 84251 (the Project), which is directly implemented and managed by the UNDP Country Office in the Islamic Republic of Iran (the Office). The last audit of the Office's Global Fund-related activities was conducted by OAI in 2013 and covered project expenditure from 1 January to 31 December 2012.

The audit firm conducted a financial audit 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 expenditure for the period from 1 January to 31 December 2013 and the accompanying Funds Utilization statement¹ as of 31 December 2013 as well as Statement of Assets as of 31 December 2013. 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), or where supporting documentation was not retained at the UNDP Country Office level. In addition, the audit did not cover the Statement of Cash Position as of 31 December 2013 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 submitted by the audit firm, the results are summarized in the table below:

Project Expenditure*		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$'000)	Opinion
1,658*	Unqualified	5	Unqualified

*Expenditure recorded in the Combined Delivery Report was \$5,285,356. Excluded from the audit scope were transactions not processed or approved at the Office level (\$2,618,036) and expenditures incurred by implementing partners (\$ 1,009,150).

The audit firm issued an unqualified opinion on the Funds Utilization statement.

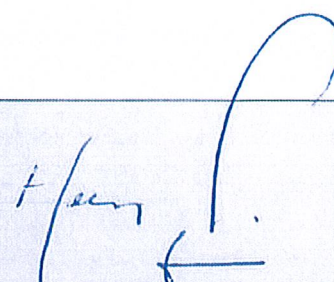
The audit did not result in any recommendations.

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated 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.

Implementation status of previous OAI audit recommendations: Report No. 1195, 19 December 2013.

Total recommendations: 4

Implementation status: 0% (in progress)



Helge S. Osttveiten
Director
Office of Audit and Investigations

UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)
AUDIT REPORT

13 August 2014

**FINANCIAL AUDIT OF THE UNDP DIRECTLY IMPLEMENTED (DIM)
PROJECT**

**Scaling Up HIV/AIDS Prevention Programs towards Universal
Access with Increasing the Partnership of Non-Governmental
Sector Phase 2 Round 8**

Project name:	Scaling Up HIV/AIDS Prevention Programs towards Universal Access with Increasing the Partnership of Non-Governmental Sector Phase 2 Round 8
UNDP Country Office:	The Islamic Republic of Iran
Atlas Project number:	40048
Atlas Output number:	84251
Auditor:	Moore Stephens LLP
Period subject to audit:	1 January to 31 December 2013

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EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of 'Scaling Up HIV/AIDS Prevention Programs towards Universal Access with Increasing the Partnership of Non-Governmental Sector Phase 2 Round 8' (Project ID 40048 and Output 84251) (the project), directly implemented by UNDP Iran for the year ended 31 December 2013. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI). We have issued audit opinions as summarised in the table below and as detailed in the next section:

Statement of Expenditure	Unqualified
Statement of Fixed Assets	Unqualified
Statement of Cash Position	Not applicable

We have not raised any findings as a result of our audit.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

13 August 2014

THE AUDIT ENGAGEMENT

Audit Objectives and Scope

The objective of the financial audit was to express an opinion on the DIM project's financial statements which include:

Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2013 and the funds utilization as at 31 December 2013 are fairly presented in accordance with UNDP accounting policies and that the expenses incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents. The Combined Delivery Report (CDR) and the accompanying Funds Utilization statement are the mandatory and official statements upon which the audit opinion should be expressed. Other forms of statement of expenses that may be prepared by a project office are not accepted.

Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP project as at 31 December 2013. This statement must include all assets available as at 31 December 2013 and not only those purchased in a given period. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.

Expressing an opinion on whether the statement of cash held by the project presents fairly the cash and bank balance of UNDP project as at 31 December 2013. Disbursements made against a DIM project are usually financed from the regular country office bank accounts. Exceptionally, a dedicated bank account may be opened and used solely for the cash transactions of a DIM project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash only where a dedicated bank account for the DIM project has been established. In cases where the cash transactions of the audited DIM project are made through the country office bank accounts, this type of opinion is not required.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 January and 31 December 2013. The scope of the audit did not include:

Activities and expenses incurred or undertaken at the level of "responsible parties", unless the inclusion of these expenses is specifically required in the request for proposal; and

Expenses processed and approved in locations outside the country such as UNDP Regional Centres and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.

AUDIT OPINIONS

Independent Auditor's Report to UNDP OAI - Financial Audit

Statement of Expenditure

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization statement totalling \$ 5,285,356.30 ('the statement') of the UNDP project 84251 'Scaling Up HIV/AIDS Prevention Programs towards Universal Access with Increasing the Partnership of Non-Governmental Sector Phase 2 Round 8' ('the project') for the period from 1 January to 31 December 2013. CDR expenditure totalling \$ 3,627,186.46, comprised of expenditure not processed or approved by UNDP Country Office Iran of \$ 2,618,036.19 and implementing partner expenditure of \$ 1,009,150.27, was not within the scope of our audit as shown by Annex 2.

Management is responsible for the preparation of the statement for the Scaling Up HIV/AIDS Prevention Programs towards Universal Access with Increasing the Partnership of Non-Governmental Sector Phase 2 Round 8 project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Opinion

In our opinion, the attached Statement of Expenditure presents fairly, in all material respects, the expenses of \$ 1,658,169.84 incurred by the UNDP project 'Scaling Up HIV/AIDS Prevention Programs towards Universal Access with Increasing the Partnership of Non-Governmental Sector Phase 2 Round 8' for the period 1 January to 31 December 2013 in accordance with UNDP accounting policies and were i) in conformity with the approved budget; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Independent Auditor's Report to UNDP OAI - Financial Audit

Statement of Fixed Assets

We have audited the accompanying Statement of Fixed Assets ('the statement') of the UNDP project 84251 'Scaling Up HIV/AIDS Prevention Programs towards Universal Access with Increasing the Partnership of Non-Governmental Sector Phase 2 Round 8' as at 31 December 2013.

Management is responsible for the preparation of the statement for the Scaling Up HIV/AIDS Prevention Programs towards Universal Access with Increasing the Partnership of Non-Governmental Sector Phase 2 Round 8 project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Opinion

In our opinion, the attached Statement of Assets presents fairly, in all material respects, the balance of inventory of the UNDP project 'Scaling Up HIV/AIDS Prevention Programs towards Universal Access with Increasing the Partnership of Non-Governmental Sector Phase 2 Round 8' amounting to \$ 4,776.11 as at 31 December 2013 in accordance with UNDP accounting policies.

Independent Auditor's Report to UNDP OAI - Financial Audit

Statement of Cash Position

We noted that the UNDP project 'Scaling Up HIV/AIDS Prevention Programs towards Universal Access with Increasing the Partnership of Non-Governmental Sector Phase 2 Round 8' did not have a dedicated bank account for DIM project activities subject to audit and accordingly a Statement of Cash Position was not produced.

MANAGEMENT LETTER

We have not raised any findings as a result of our audit.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

13 August 2014

Annexes

Annex 1: Combined Delivery Report



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 1 of 4
Run Time: 11-03-2014 18:03:01

Selection Criteria :

Business Unit : IRN10
Period : Jan-Dec (2013)
Selected Project Id : 00040048,00071595
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00084251

Project Id : 00040048	Prevention & control of HIV/AI	Period :	Jan-Dec (2013)
Output # : 00084251	Prev. & Cont. of HIV R6 Phas 2	Impl. Partner :	01604 UNDP (Direct Execution)
		Location :	
Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 41006 (Iran - HIV/AIDS)

Fund : 30078 (Global Fund to fight AIDS Tube)

61105 - Salaries - NP Staff	0.00	92,774.36	0.00	92,774.36
61205 - Salaries - GS Staff	0.00	193,928.03	0.00	193,928.03
66105 - Overtime & Night Differential	0.00	437.94	0.00	437.94
71305 - Local Consult.-Sht Term-Tech	0.00	10,503.06	0.00	10,503.06
71405 - Service Contracts-Individuals	0.00	396,673.52	0.00	396,673.52
71410 - MAIP Premium SC	0.00	1,734.83	0.00	1,734.83
71505 - UN Volunteers-Stipend & Allow	0.00	280.83	0.00	280.83
71520 - UNV-Language Allowance	0.00	16.67	0.00	16.67
71535 - UNV-Medical Insurance	0.00	35.11	0.00	35.11
71540 - UNV-Global Charges	0.00	32.50	0.00	32.50
71550 - UNV-Resettlement Allowance	0.00	23.40	0.00	23.40
71590 - UNV HQ use only	0.00	38.85	0.00	38.85
71605 - Travel Tickets-International	0.00	3,751.21	0.00	3,751.21
71610 - Travel Tickets-Local	0.00	13,270.35	0.00	13,270.35
71615 - Daily Subsistence Allow-Intl	0.00	5,088.95	0.00	5,088.95
71620 - Daily Subsistence Allow-Local	0.00	20,577.95	0.00	20,577.95
71630 - Shipment	0.00	39,687.17	0.00	39,687.17
71635 - Travel - Other	0.00	390.58	0.00	390.58
72105 - Svc Co-Construction & Engineer	0.00	1,894,165.63	0.00	1,894,165.63
72155 - Svc Co-Public Admin, Politics	0.00	1,671.18	0.00	1,671.18
72210 - Machinery and Equipment	0.00	803,738.60	0.00	803,738.60
72311 - Fuel, petroleum and other oils	0.00	351.35	0.00	351.35
72315 - Food & Textile Products	0.00	692.85	0.00	692.85
72330 - Medical Products	0.00	137,562.97	0.00	137,562.97
72342 - Contraceptives-Condoms	0.00	104,685.30	0.00	104,685.30
72350 - Medical Kits	0.00	382,844.46	0.00	382,844.46
72360 - Anti-retroviral drugs (ARV)	0.00	485,157.84	0.00	485,157.84
72399 - Other Materials and Goods	0.00	48,816.91	0.00	48,816.91
72402 - Building Maintenance	0.00	10.82	0.00	10.82
72405 - Acquisition of Communic Equip	0.00	2,182.77	0.00	2,182.77
72415 - Courier Charges	0.00	105.66	0.00	105.66
72425 - Mobile Telephone Charges	0.00	974.00	0.00	974.00
72440 - Connectivity Charges	0.00	15,305.52	0.00	15,305.52
72445 - Common Services-Communications	0.00	37.98	0.00	37.98
72505 - Stationery & other Office Supp	0.00	32,325.50	0.00	32,325.50
72705 - Hospitality-Special Events	0.00	396.83	0.00	396.83
72815 - Inform Technology Supplies	0.00	753.51	0.00	753.51
73105 - Rent	0.00	-4,619.69	0.00	-4,619.69
73120 - Utilities	0.00	18.58	0.00	18.58
73216 - Construction Cost	0.00	5.42	0.00	5.42
73305 - Maint & Licensing of Hardware	0.00	154.65	0.00	154.65
73410 - Maint, Oper of Transport Equip	0.00	577.96	0.00	577.96
74110 - Audit Fees	0.00	11,440.18	0.00	11,440.18
74210 - Printing and Publications	0.00	15,677.03	0.00	15,677.03

Signed by:

Balasubramaniam Murali
Deputy Resident Representative
United Nations Development Programme



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 2 of 4
Run Time: 11-03-2014 18:03:01

Project Id : 00040048 Prevention & control of HIV/AI		Period : Jan-Dec (2013)		
Output # : 00084251 Prev. & Cont. of HIV R8 Phas 2		Impl. Partner : 01604 UNDP (Direct Execution)		
		Location :		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74225 - Other Media Costs	0.00	7,103.19	0.00	7,103.19
74505 - Insurance	0.00	1,052.54	0.00	1,052.54
74510 - Bank Charges	0.00	11.97	0.00	11.97
74515 - Claims and Adjustments	0.00	3,499.57	0.00	3,499.57
74525 - Sundry	0.00	1,304.31	0.00	1,304.31
74599 - UNDP cost recovery chrgs-Bills	0.00	25,220.00	0.00	25,220.00
74696 - PP&E Expensed Items	0.00	692.84	0.00	692.84
74725 - Other L.T.S.H.	0.00	164,123.57	0.00	164,123.57
75105 - Facilities & Admin - Implement	0.00	345,876.91	0.00	345,876.91
75705 - Learning costs	0.00	10,905.84	0.00	10,905.84
76125 - Realized Loss	0.00	5,029.79	0.00	5,029.79
76135 - Realized Gain	0.00	- 875.00	0.00	- 875.00
77385 - Contribution to Security	0.00	6,825.39	0.00	6,825.39
77630 - Dep Exp Owned - ITC	0.00	306.26	0.00	306.26
Total for Fund 30078	0.00	5,285,356.30	0.00	5,285,356.30
Total for Dept : 41006	0.00	5,285,356.30	0.00	5,285,356.30
Dept: 41022 (Iran - GFATM)				
Fund : 30078 (Global Fund to fight AIDS Tube)				
71620 - Daily Subsistence Allow-Local	0.00	0.00	0.00	0.00
72105 - Svc Co-Construction & Engineer	0.00	0.00	0.00	0.00
Total for Fund 30078	0.00	0.00	0.00	0.00
Total for Dept : 41022	0.00	0.00	0.00	0.00
Total for Output : 00084251	0.00	5,285,356.30	0.00	5,285,356.30
Project Total :	0.00	5,285,356.30	0.00	5,285,356.30

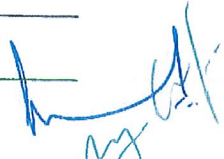

Mark Henderson
Partner
Moore Stephens LLP
13 August 2014

Signed By : **Balasubramaniam Murali**
Deputy Resident Representative
United Nations Development Programme

Date : _____

Signed By : _____

Date : _____


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UNDP UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 3 of 4
Run Time: 11-03-2014 18:03:02

Selection Criteria :

Business Unit : IRN10
Period : Jan-Dec (2013)
Selected Project Id : 00040048,00071595
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00084251

Project Id : ALL	Period : Jan-Dec (2013)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
41006 - Iran - HIV/AIDS	0.00	5,285,356.30	0.00	5,285,356.30
41022 - Iran - GFATM	0.00	0.00	0.00	0.00

Signed by:

Balasubramaniam Murali
Deputy Resident Representative
United Nations Development Programme



Funds Utilization

Selection Criteria :

Business Unit : IRN10
Period : Jan-Dec (2013)
Selected Project Id : 00040048,00071595
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00084251

Project/Award: 00040048 Prevention & control of HIV/AIDS

Period : As at Dec 31, 2013

Output #	00084251	Impl. Partner :01604 UNDP (Direct Execution)	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			4,776.11
Inventory			0.00
Prepayments			64,451.54
Commitments			953,710.55

Signed by:

Balasubramaniam Murali
Deputy Resident Representative
United Nations Development Programme

Annex 2: Reconciliation between Statement of Expenditure and Combined Delivery report

	\$
Combined Delivery Report total (see Annex 1)	5,285,356.30
Less expenditure not processed or approved by UNDP Iran	(2,618,036.19)
Less expenditure incurred by Implementing Partners	(1,009,150.27)
Total	1,658,169.84

Annex 3: Statement of Assets and Equipment

Statement of Assets
(PR's Undepreciated Fixed Assets)
as at 31 December 2013

Country Office: UNDP
Project title: HIV/AIDS-R8
Award ID: IRN - 810 - G04 - H
Project ID: 00084251
Period covered: Year project started up to 31 Dec 2013



Alias Asset ID.	ACQUISITION DATE	DESCRIPTION	PROJECT ID	FUND	Status (Condition)	CUSTODIAN NAME	LOCATION (physical)	Supplier	PO Number	Acquisition Cost	Currency (USD)	NBV (USD)	SERIAL_ID	Quantity / portion charged to the project	Status
597	3/7/2013	Laptop Sony VAIO Model SVEL4A26CVS	84251	30078	Operational	Negar Arefi	4th Floor Head of Operations Office	Iran Rahjoo Co.	1861	678.88	USD	608.16	54510883 0000485	0.3333	The cost has been distributed between three projects, so the same asset has been indicated in all three projects' list
601	4/10/2013	LENOVO Laptop - Model X230	84251	30078	Operational	Hedieh Khaneghahpanah	4th Floor HIV/AIDS Unit	WFP Dubai	1875	2,276.00	USD	2062.62	R9KPV2P	1	
710	1/12/2013	LENOVO Laptop - Model X230	84251	30078	Operational	Lella Khevanani	4th Floor HIV/AIDS Unit	Net Computer	2058	2,127.49	USD	2105.33	PK0CHYK	1	
Total undepreciated Fixed Asset												4,776.11			

Approved by:
Name: Ms. Negar Arefi
Title: Head of Operations, Health and Development Cluster
Date:
Signature:

Negar Arefi

Certified by:
Name:
Title: Senior Partner
Name of the Audit Firm:
Date:
Stamp:

Mark Henderson

Mark Henderson
Partner
Moore Stephens LLP
13 August 2014

Signed by:
Name: Balasubramaniam Murai
Title: UNDP Deputy Resident Representative
Date:
Signature:

Balasubramaniam Murai

Jan

Annex 4: Audit finding priority ratings

The following categories of priorities are used:

High (Critical)	Action is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues.
Medium (Important)	Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
Low	Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the Auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in the audit report.