



AUDIT

OF

UNDP CYPRUS

SUPPORT TO COMMITTEE ON MISSING PERSONS
(Directly Implemented Project, Output No. 84969)

Report No. 1361

Issue Date: 26 June 2014

**Report on the audit of UNDP Cyprus
Support to Committee on Missing Persons (Output No. 84969)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 18 May to 6 June 2014, through Deloitte Audit s.r.o. (the audit firm), conducted an audit of Support to Committee on Missing Persons, Output No. 84969 (the Project), which is directly implemented and managed by the UNDP Project Office in Cyprus (the Office). The last audit of the Project was conducted by OAI in 2013.

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 only covered expenditure incurred by government institutions for the period from 1 January to 31 December 2013. The expenditure incurred by UNDP is subject to a separate set of controls, oversight and assurance mechanisms and no high risks were identified to warrant a separate audit. The project had no Statements of Fixed Assets and Statements of Cash Position.

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 Expenditure (Gov't portion)		Project Fixed Assets		Cash	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
1,060	Unqualified	N/A	N/A	N/A	N/A

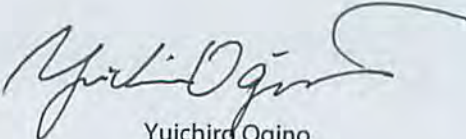
Key recommendation

The audit did not result in any recommendations.

Implementation status of previous OAI audit recommendations: Report No. 1171, 25 July 2013.

Total recommendations: 10 (1 withdrawn on 10 December 2013)

Implementation status: 90%



Yuichiro Ogino
Officer-in-Charge
Office of Audit and Investigations



Report from audit of the project
“Support to Committee on Missing
Persons (Phase V)” implemented by
UNDP in Cyprus

17 June 2014

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1. PART I - EXECUTIVE SUMMARY

1.1. Purpose And Scope Of This Report

Based on Contract No. 2014-04 and following our appointment we have performed an audit of the development project implemented by UNDP in Cyprus named “Support to the Committee on Missing Persons - Project on exhumation identification and return of remains of missing persons in Cyprus (Phase V)” for the financial years 2013.

The objective of the financial audit was to express an opinion on a project’s financial statements and particularly to express an opinion on whether the statement of expenditure presents fairly the expenditure incurred by the project over a specified period in accordance with UNDP accounting policies and that the expenditures 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) is the mandatory and official statement of expenditure to be certified.

In accordance to Annex II of Contract No 2014-04 the scope of the audit was to audit only Governmental Expenditures recorded under column “Govt Exp” in CDR.

UNDP Office in Cyprus prepared statement of expenditure (Combined Delivery Report). We provided Auditor’s opinion on “Govt Exp” column in this CDR. There were no Statements of Assets and Statements of Cash Position prepared because there were no assets recorded to this project and also there was no separate bank account for this project. Therefore our scope was to verify CDR’s Governmental Expenditures.

1.2. Projects Identification Data

The following table summarizes the amount of expenditures (in USD) under examination:

Table 1

Project number	Output number	Project name	Implementing partner	2013 “Govt Exp”	2013 “UNDP Exp”	2013 Total
71595	84969	Support to CMP (Phase V)	UNDP	1,060,286.44	1,511,882.77	2,572,169.21

1.3. Background Information About Projects

The main objective of the above mentioned project is to support the Committee on Missing Persons (CMP) in continuing its work in terms of identifying and returning as many remains of missing persons as possible in order to close the painful chapter in the history of the island and thus contributing to the process of reconciliation between both communities. The latter is being particularly encouraged by the important participation of bi-communal scientific teams at all stages of the process.

1.4. Work Done

1.4.1. Expenditures verified

Due to the fact that scope of the audit was focused on Governmental expenditures only we verified 100 % of all reported expenditures as shown in the following table:

Table 2

Output	Year	No. of samples	Total expenditure as per CDR (in USD)	Total expenditure tested	Percentage
84969	2013	16	1,060,286.44	1,060,286.44	100 %
Total		16	1,060,286.44	1,060,286.44	100 %

1.4.2. On-the-spot audit

We performed part of fieldwork directly on-the-spot in the UNDP Cyprus Office premises in Nicosia during the period May 19 - 27, 2014. On the spot audit was followed by testing of certain documents in UNDP Office in Bratislava, Slovakia. The fieldwork was completed in Bratislava.

Overall Audit timeline was as follows:

Table 3

Audit Phase	Timeline
Planning	May 9 – 16, 2014
Fieldwork	May 18 – June 6, 2014
- Of which on the spot audit	May 19 - 27, 2014
Reporting	July 5 – June 17, 2014

1.5. Conclusions

We identified only findings with low priority. No financial errors were identified.

Our opinion together with signed CDR is included in the Chapter 2 of this Report.

Findings and recommendations with low priority are not included in this Report but were provided separately to the Project Management.



Marián Hudák
Partner and Executive
Deloitte Audit s.r.o

2. PART II – REPORT OF THE INDEPENDENT AUDITOR

2.1. Report of the Independent Auditor

REPORT OF THE INDEPENDENT AUDITOR ON THE PROJECT “SUPPORT TO THE COMMITTEE ON MISSING PERSONS PROJECT ON EXHUMATION, IDENTIFICATION AND RETURN OF REMAINS OF MISSING PERSONS IN CYPRUS (PHASE V)”

To: Mr. Helge Osttveiten, OAI Director
UNDP Office of Audit and Investigations
Daily News Building, 23rd Floor
220 East 42nd Street
New York, NY 10017, USA

Report on the Project Financial Statement

We have audited the governmental expenditure included in accompanying Combined Delivery Report (“the statement”) of the UNDP Directly Implemented Output number 84969 of the project “Support to the Committee on Missing Persons Project on Exhumation, Identification and Return of Remains of Missing Persons in Cyprus (Phase V)” for the period 1.1.2013 – 31.12.2013.

Management Responsibility

Management is responsible for the preparation of the statement for output 84969 of the project “Support to the Committee on Missing Persons Project on Exhumation, Identification and Return of Remains of Missing Persons in Cyprus (Phase V)” for the period 1.1.2013 – 31.12.2013 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the 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 statements are 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 statements 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.

Unmodified Opinion

In our opinion, governmental expenditure in the amount of USD 1,060,286.44 included in the attached Combined Delivery Report presents fairly, in all material respects, the expenditures incurred by the project "Support to the Committee on Missing Persons Project on Exhumation, Identification and Return of Remains of Missing Persons in Cyprus" for the period 1.1.2013 – 31.12.2013 in accordance with UNDP accounting policies and 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.

Bratislava, 17 June 2014



Marián Hudák, CA, FCCA
Responsible Auditor.
Licence SKAu No. 856

Auditor's Report from audit of three development projects implemented by UNDP in Cyprus

2.2. Signed Combined Delivery Report



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 11-03-2014 18:03:21

Selection Criteria :

Business Unit : CYP10
Period : Jan-Dec (2013)
Selected Project Id : 00069292,00071595
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00084969

Project Id : 00071595 Support to the Committee on MI	Period :	Jan-Dec (2013)
Output # : 00084969 Support to the CMP (EC-5)	Impl. Partner :	99999 UNDP
	Location :	CYPRUS
Govt Exp	UNDP Exp	UN Agencies Exp
Total Exp		

Dept: 54901 (UNDP Cyprus PFF - Central)

Fund : 30079 (EUROPEAN COMMISSION)

	0.00	32,347.10	0.00	32,347.10
61105 - Salaries - NP Staff	0.00	32,347.10	0.00	32,347.10
62105 - Dependency Allowance-NP Staff	0.00	1,526.85	0.00	1,526.85
62110 - Contrib Joint Staff Pension-NP	0.00	6,528.65	0.00	6,528.65
62115 - Contrib to Med,SocIns-NP Staff	0.00	2,345.17	0.00	2,345.17
62140 - Annual Leave Expense - NO	0.00	2,362.45	0.00	2,362.45
63530 - Contribution to EOS Benefits	0.00	1,213.04	0.00	1,213.04
63535 - Contribution to Security	0.00	1,293.90	0.00	1,293.90
63545 - Contribution to ICT	0.00	485.22	0.00	485.22
63550 - Contributions to MAIP	0.00	64.67	0.00	64.67
63555 - Contribution to UN JFA	0.00	582.24	0.00	582.24
63560 - Contributions to Appendix D	0.00	97.03	0.00	97.03
65115 - Contributions to ASHI Reserve	0.00	2,587.82	0.00	2,587.82
65135 - Payroll Mgt Cost Recovery ATLA	0.00	137.13	0.00	137.13
71205 - Intl Consultants-Sht Term-Tech	0.00	150,748.73	0.00	150,748.73
71305 - Local Consult.-Sht Term-Tech	1,060,286.44	57,811.96	0.00	1,118,098.40
71405 - Service Contracts-Individuals	0.00	25,679.57	0.00	25,679.57
71410 - MAIP Premium SC	0.00	103.39	0.00	103.39
71605 - Travel Tickets-International	0.00	5,485.13	0.00	5,485.13
71610 - Travel Tickets-Local	0.00	5,421.12	0.00	5,421.12
71615 - Daily Subsistence Allow-Intl	0.00	32,787.00	0.00	32,787.00
71635 - Travel - Other	0.00	1,082.39	0.00	1,082.39
72105 - Svc Co-Construction & Engineer	0.00	853,497.49	0.00	853,497.49
72135 - Svc Co-Communications Service	0.00	496.05	0.00	496.05
72145 - Svc Co-Training and Educ Serv	0.00	7,810.88	0.00	7,810.88
72210 - Machinery and Equipment	0.00	1,680.84	0.00	1,680.84
72215 - Transportation Equipment	0.00	5,954.09	0.00	5,954.09
72220 - Furniture	0.00	2,779.27	0.00	2,779.27
72399 - Other Materials and Goods	0.00	2,473.82	0.00	2,473.82
72405 - Acquisition of Communic Equip	0.00	6,845.47	0.00	6,845.47
72420 - Land Telephone Charges	0.00	1,695.51	0.00	1,695.51
72425 - Mobile Telephone Charges	0.00	144.66	0.00	144.66
72430 - Postage and Pouch	0.00	1.18	0.00	1.18
72440 - Connectivity Charges	0.00	13.57	0.00	13.57
72505 - Stationery & other Office Supp	0.00	14,938.73	0.00	14,938.73
72715 - Hospitality Catering	0.00	61.41	0.00	61.41
72805 - Acquis of Computer Hardware	0.00	1,993.90	0.00	1,993.90
73110 - Custodial & Cleaning Services	0.00	7,430.90	0.00	7,430.90
73120 - Utilities	0.00	21,585.64	0.00	21,585.64
73305 - Maint & Licensing of Hardware	0.00	81.98	0.00	81.98
73405 - Rental & Maint-Other Office Eq	0.00	1,385.67	0.00	1,385.67
73410 - Maint, Oper of Transport Equip	0.00	6,332.36	0.00	6,332.36
74205 - Audio Visual Productions	0.00	1,356.86	0.00	1,356.86
74220 - Translation Costs	0.00	134.05	0.00	134.05
74225 - Other Media Costs	0.00	91.26	0.00	91.26

Deloitte.
Signed For Identification



Combined Delivery Report By Project

Project Id : 00071595 Support to the Committee on Mi	Period :	Jan-Dec (2013)
Output # : 00084969 Support to the CMP (EC-5)	Impl. Partner :	99999 UNDP
	Location :	CYPRUS

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74325 - Contrib.To CO Common Security	0.00	3,136.55	0.00	3,136.55
74505 - Insurance	0.00	30,833.43	0.00	30,833.43
74525 - Sundry	0.00	24,365.42	0.00	24,365.42
75110 - Facilities & Admin - Services	0.00	147,884.20	0.00	147,884.20
76120 - Unrealized Loss	0.00	36,231.55	0.00	36,231.55
76125 - Realized Loss	0.00	8,491.42	0.00	8,491.42
76130 - Unrealized Gain	0.00	-8,474.64	0.00	-8,474.64
76135 - Realized Gain	0.00	-61.31	0.00	-61.31
Total for Fund 30079	1,060,286.44	1,511,882.77	0.00	2,572,169.21
Total for Dept : 54901	1,060,286.44	1,511,882.77	0.00	2,572,169.21
Total for Output : 00084969	1,060,286.44	1,511,882.77	0.00	2,572,169.21
Project Total :	1,060,286.44	1,511,882.77	0.00	2,572,169.21

Deloitte.
Signed For Identification

Signed By :  Date : 21.05.2014


Tiziana Zennaro
UNDP-PFF Programme Manager

Signed By : _____ Date : _____



UN
UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 11-03-2014 18:03:21

Selection Criteria :

Business Unit : CYP10
Period : Jan-Dec (2013)
Selected Project Id : 00069292,00071595
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00084969

Project Id : ALL Output # : ALL	Period : Jan-Dec (2013)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
54901 - UNDP Cyprus PFF - Central	1,060,286.44	1,511,882.77	0.00	2,572,169.21

Deloitte.
Signed For Identification



Funds Utilization

Selection Criteria :

Business Unit : CYP10
Period : Jan-Dec (2013)
Selected Project Id : 00069292,00071595
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00084969

Project/Award: 00071595 Support to the Committee on MI

Period : As at Dec 31, 2013

Output #	00084969	Impl. Partner : 99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00

Deloitte.
Signed For Identification

3. PART III – MANAGEMENT LETTER

We identified only findings with low priority. Findings and recommendations with low priority are not included in this Report but are provided separately to the Project Management.

The audit also verified the implementation status of the recommendations from the previous audit report on this Project issued on 25 July 2013. 9 out of 10 recommendations were noted to be fully implemented. Recommendation No. 6 “Salary Compensations are different from actual salaries” were found to be still in progress. Verification of the implementation status of the recommendations was sent to management out of this report.

It should be noted that these findings do not result from a specifically targeted review engagement but are only those that came to our attention during the course of our audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

UNDP Cyprus Office Management is responsible for the design, implementation and maintenance of the internal control system over the projects. To execute this obligation, the UNDP Cyprus Office Management is required to assess the expected risks and rewards of the policies and procedures for management control.

The objectives of the internal control system are, to provide UNDP Directors and Management sufficient assurance that the project assets of the Company are protected from loss resulting from unauthorized use or manipulation, and that the project operations are performed in accordance with the policies adopted and are recorded properly in order to allow for the timely preparation of reliable accounting information in accordance with the applicable accounting principles.

We would like to thank the UNDP Cyprus Office Management for their comments on individual management letter points, which we have considered in completing this letter.

This letter together with low priority findings are intended primarily for the information and use of the Office of Audit and Investigation Director and UNDP Cyprus Office Management.

**Auditor's Report from audit of three development projects implemented by UNDP in
Cyprus**

We would be pleased to discuss our comments with you further, and if requested, to assist you in implementing any of the recommendations.

Yours faithfully,



Marián Hudák
Partner and Executive
Deloitte Audit s.r.o.