

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP BRAZIL

Strengthening of the National Truth Commission
(Directly Implemented Project No. 76172, Output No. 87696)

Report No. 1533

Issue Date: 2 September 2015

**Report on the Audit of UNDP Brazil
Strengthening of the National Truth Commission (Project No. 76172, Output No. 87696)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), conducted from 20 to 28 July 2015, an audit of Strengthening of the National Truth Commission (Project No. 76172, Output No. 87696) (the Project), which is directly implemented and managed by the UNDP Country Office in Brazil (the Office). This was the first audit of the Project.

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 2014 and the accompanying Funds Utilization statement¹ as of 31 December 2014. The audit did not cover the Statement of Assets as no assets were purchased by the Project. In addition, the audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

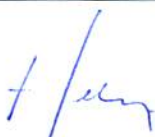
The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit results

Based on the audit report and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenditure			Project Assets		
Amount (in \$ '000)	Opinion	NFI (in \$ '000)	Amount (in \$ '000)	Opinion	NFI (in \$ '000)
2,252	Unqualified	-	-	N/A	-

The audit did not result in any recommendations.



Helge S. Ostveiten
Director
Office of Audit and Investigations

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.

UNITED NATIONS DEVELOPMENT PROGRAMME

Financial Audit Report of the Directly
Implemented Project:

STRENGTHENING OF THE NATIONAL
TRUTH COMMISSION

00076172 BRA/13/011

AUGUST 2015

**UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)
AUDIT REPORT**

18 August 2015

**FINANCIAL AUDIT OF THE UNDP DIRECTLY IMPLEMENTED (DIM)
PROJECT
Strengthening of the National Truth Commission**

Project name:	Strengthening of the National Truth Commission
UNDP Country Office:	Brazil
Atlas Project ID:	00076172 BRA/13/011
Atlas Output number:	00087696 BRA/13/011
Auditor:	Moore Stephens LLP
Period subject to audit:	1 January to 31 December 2014

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Table of acronyms and abbreviations

<i>CDR</i>	<i>Combined Delivery Report</i>
<i>DIM</i>	<i>Direct Implementation Modality</i>
<i>GMS</i>	<i>General Management Services</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>ISA</i>	<i>International Standards on Auditing</i>
<i>NFI</i>	<i>Net Financial Impact</i>
<i>OAI</i>	<i>Office of Audit and Investigations</i>
<i>UNDP</i>	<i>United Nations Development Programme</i>
<i>UNDP Brazil</i>	<i>The Office</i>
<i>UNOPS</i>	<i>United Nations Office for Project Services</i>
<i>USD</i>	<i>United States Dollars</i>

EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of 'Strengthening of the National Truth Commission' (Project ID 00076172 BRA/13/011 and Output 00087696 BRA/13/011) (the project), directly implemented by UNDP Brazil for the year ended 31 December 2014. 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	Not applicable
Statement of Cash Position	Not applicable

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



Ian Murphy
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB
18 August 2015

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 2014 and the funds utilization as at 31 December 2014 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.
- Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP project as at 31 December 2014. This statement must include all assets available as at 31 December 2014 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 2014.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 January and 31 December 2014. 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 - Strengthening of the National Truth Commission

Statement of Expenditure

Unqualified Opinion

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization statement totalling \$2,252,330.60 ("the statement") of the UNDP project 00076172 BRA/13/011 'Strengthening of the National Truth Commission' for the period from 1 January to 31 December 2014. CDR expenditure totalling \$2,252,330.60, comprised of other UN agency expenditure of \$2,252,330.60.

Management is responsible for the preparation of the statement for the 'Strengthening of the National Truth Commission' 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 Combined Delivery Report (CDR) and Funds Utilization statement presents fairly, in all material respects, the expenses of \$2,252,330.60 incurred by the project 'Strengthening of the National Truth Commission' for the period 1 January to 31 December 2014 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.



Ian Murphy
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB
18 August 2015

MANAGEMENT LETTER

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

A handwritten signature in black ink, appearing to read 'Ian Murphy', written over a faint horizontal line.

Ian Murphy
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

18 August 2015

Annexes

Annex 1: Combined Delivery Report

BRA/13/011

Finance



Combined Delivery Report by Activity

UN Development Programme
Report ID: unglcdrb

Page 1 of 5
Run Time: 27-02-2015 22:02:24

Selection Criteria :

Business Unit : BRA10
Period : Jan-Dec (2014)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00087696

Project Id : 00076172	BRA/13/011 - Fortalecimento da	Period :	Jan-Dec (2014)
Output # : 00087696	BRA/13/011 Fortalecimento CNV	Impl. Partner :	00423 DIRECT EXECUTION
		Location :	Brazil
		Govt Exp	UNDP Exp
		UN Agencies Exp	Total Exp

Activity : ACTIVITY1 (Estratégia de pesquisa)

Fund : 30071 (Programme Cost Sharing GOV1)

63250 - Reimb for Med Costs (GS)	0.00	246.19	0.00	246.19
71305 - Local Consult.-Sht Term-Tech	0.00	145,492.30	0.00	145,492.30
71405 - Service Contracts-Individuals	0.00	1,535,386.99	0.00	1,535,386.99
71410 - MAIP Premium SC	0.00	6,019.97	0.00	6,019.97
71415 - Contribution to Security SC	0.00	54,177.29	0.00	54,177.29
71505 - UN Volunteers-Stipend & Allow	0.00	18,710.61	0.00	18,710.61
71510 - UNV Settling-In-Grant	0.00	698.88	0.00	698.88
71520 - UNV-Language Allowance	0.00	1,268.53	0.00	1,268.53
71535 - UNV-Medical Insurance	0.00	1,091.45	0.00	1,091.45
71540 - UNV-Global Charges	0.00	1,023.91	0.00	1,023.91
71541 - UNVs-Contribution to security	0.00	832.26	0.00	832.26
71550 - UNV-Resettlement Allowance	0.00	1,559.20	0.00	1,559.20
71565 - UNV-Natl Appoint/Sep Incl Trvl	0.00	339.89	0.00	339.89
71590 - UNV Development Effectiveness	0.00	2,551.96	0.00	2,551.96
71605 - Travel Tickets-International	0.00	16,991.25	0.00	16,991.25
71610 - Travel Tickets-Local	0.00	52,585.40	0.00	52,585.40
71615 - Daily Subsistence Allow-Intl	0.00	13,975.88	0.00	13,975.88
71620 - Daily Subsistence Allow-Local	0.00	39,718.90	0.00	39,718.90
71635 - Travel - Other	0.00	8,326.34	0.00	8,326.34
72105 - Svc Co-Construction & Engineer	0.00	23,023.51	0.00	23,023.51
72510 - Publications	0.00	1,926.33	0.00	1,926.33
72515 - Print Media	0.00	232.82	0.00	232.82
74525 - Sundry	0.00	3,524.87	0.00	3,524.87
75105 - Facilities & Admin - Implement	0.00	96,485.24	0.00	96,485.24
76125 - Realized Loss	0.00	2.25	0.00	2.25
76135 - Realized Gain	0.00	-683.12	0.00	-683.12
Total for Fund 30071	0.00	2,025,509.10	0.00	2,025,509.10

Total for Activity ACTIVITY1

0.00 2,025,509.10 0.00

2,025,509.10

Activity : ACTIVITY2 (Mecanismos de mobilização)

Fund : 30071 (Programme Cost Sharing GOV1)

71305 - Local Consult.-Sht Term-Tech	0.00	15,785.60	0.00	15,785.60
71405 - Service Contracts-Individuals	0.00	102,848.56	0.00	102,848.56
71410 - MAIP Premium SC	0.00	415.39	0.00	415.39
71415 - Contribution to Security SC	0.00	3,738.90	0.00	3,738.90
71610 - Travel Tickets-Local	0.00	2,544.81	0.00	2,544.81
71620 - Daily Subsistence Allow-Local	0.00	2,571.58	0.00	2,571.58
71635 - Travel - Other	0.00	165.48	0.00	165.48



UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

Page 2 of 5
Run Time: 27-02-2015 22:02:24

Project Id : 00076172 BRA/13/011 - Fortalecimento da	Period :	Jan-Dec (2014)
Output # : 00087696 BRA/13/011 Fortalecimento CNV	Impl. Partner :	00423 DIRECT EXECUTION
	Location :	Brazil

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
73440 - Lease Heavy equip/other equip	0.00	16,475.94	0.00	16,475.94
74525 - Sundry	0.00	100.04	0.00	100.04
75105 - Facilities & Admin - Implement	0.00	7,232.32	0.00	7,232.32
76125 - Realized Loss	0.00	2.12	0.00	2.12
Total for Fund 30071	0.00	151,880.74	0.00	151,880.74
Total for Activity ACTIVITY2	0.00	151,880.74	0.00	151,880.74
Activity : ACTIVITY3 (Gestão da CNV fortalecida)				
Fund : 30071 (Programme Cost Sharing GOV1)				
71405 - Service Contracts-Individuals	0.00	35,773.30	0.00	35,773.30
71410 - MAIP Premium SC	0.00	111.69	0.00	111.69
71415 - Contribution to Security SC	0.00	1,005.47	0.00	1,005.47
71505 - UN Volunteers-Stipend & Allow	0.00	10,449.88	0.00	10,449.88
71510 - UNV Settling-In-Grant	0.00	458.69	0.00	458.69
71520 - UNV-Language Allowance	0.00	720.86	0.00	720.86
71535 - UNV-Medical Insurance	0.00	701.50	0.00	701.50
71540 - UNV-Global Charges	0.00	583.91	0.00	583.91
71541 - UNVs-Contribution to security	0.00	472.12	0.00	472.12
71550 - UNV-Resettlement Allowance	0.00	870.82	0.00	870.82
71590 - UNV Development Effectiveness	0.00	1,381.99	0.00	1,381.99
71610 - Travel Tickets-Local	0.00	3,709.27	0.00	3,709.27
71615 - Daily Subsistence Allow-Intl	0.00	67.94	0.00	67.94
71620 - Daily Subsistence Allow-Local	0.00	577.41	0.00	577.41
71635 - Travel - Other	0.00	84.48	0.00	84.48
75105 - Facilities & Admin - Implement	0.00	2,848.47	0.00	2,848.47
76135 - Realized Gain	0.00	- 141.81	0.00	- 141.81
Total for Fund 30071	0.00	59,675.99	0.00	59,675.99
Total for Activity ACTIVITY3	0.00	59,675.99	0.00	59,675.99
Activity : ACTIVITY4 (Gestão Eficiente do projeto)				
Fund : 30071 (Programme Cost Sharing GOV1)				
71405 - Service Contracts-Individuals	0.00	11,584.22	0.00	11,584.22
71410 - MAIP Premium SC	0.00	37.08	0.00	37.08
71415 - Contribution to Security SC	0.00	333.77	0.00	333.77
71610 - Travel Tickets-Local	0.00	469.34	0.00	469.34
71620 - Daily Subsistence Allow-Local	0.00	101.51	0.00	101.51
71635 - Travel - Other	0.00	42.75	0.00	42.75
72415 - Courier Charges	0.00	300.66	0.00	300.66
74210 - Printing and Publications	0.00	1,561.22	0.00	1,561.22
74710 - Land Transport	0.00	50.30	0.00	50.30
74725 - Other L.T.S.H.	0.00	26.00	0.00	26.00
75105 - Facilities & Admin - Implement	0.00	725.35	0.00	725.35



UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

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Run Time: 27-02-2015 22:02:24

Project Id : 00076172 BRA/13/011 - Fortalecimento da	Period :	Jan-Dec (2014)		
Output # : 00087696 BRA/13/011 Fortalecimento CNV	Impl. Partner :	00423 DIRECT EXECUTION		
	Location :	Brazil		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
76125 - Realized Loss	0.00	32.61	0.00	32.61
76135 - Realized Gain	0.00	- 0.04	0.00	- 0.04
Total for Fund 30071	0.00	15,264.77	0.00	15,264.77
Total for Activity ACTIVITY4	0.00	15,264.77	0.00	15,264.77
Total for Output : 00087696	0.00	2,252,330.60	0.00	2,252,330.60
Project Total :	0.00	2,252,330.60	0.00	2,252,330.60


Caroline Brito Fernandes
Chefe de Finanças para o Brasil

Signed By : _____ Date : 03/03/2015

Signed By : M. M. M. M. Date : _____



UN Development Programme
Report ID: unjcdrb

Combined Delivery Report by Activity

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Run Time: 27-02-2015 22:02:25

Selection Criteria :

Business Unit : BRA10
Period : Jan-Dec (2014)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00087696

Project Id : ALL	Period : Jan-Dec (2014)
Output # : ALL	Impl. Partner :
	Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
48801 - Brazil - Central	0.00	2,252,330.60	0.00	2,252,330.60



UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

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Funds Utilization

Selection Criteria :

Business Unit : BRA10
Period : Jan-Dec (2014)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00087696

Project/Award: 00076172 BRA/13/011 - Fortalecimento da Period : As Of Dec31,2014

Output #	00087696	Impl. Partner :00423 DIRECT EXECUTION	UNDP AMOUNT
Outstanding,NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00

Annex 2: 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.

