UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

UNDP

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AUDIT

OF

UNDP COUNTRY OFFICE

IN

BRAZIL

Report No. 1078

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Report on the audit of UNDP Brazil
Executive Summary

From 24 September to 5 October 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of the UNDP Country Office in Brazil (the Office). The audit covered the activities of the Office during the period from 1 January 2011 to 30 June 2012. During the period reviewed, the Office recorded programme and management expenditures totalling $164 million. The last audit of the Office was conducted by the United Nations Board of Auditors in 2008.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plans and performs the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

Audit rating

OAI assessed the Office 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". Ratings per audit area and sub-areas are summarized below.

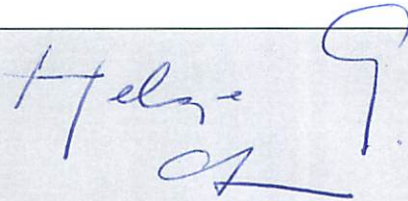| Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Governance and strategic management				■
1.1 Organizational structure and delegations of authority	Satisfactory			
1.2 Leadership, ethics and values	Satisfactory			
1.3 Risk management, planning, monitoring and reporting	Satisfactory			
1.4 Financial sustainability	Satisfactory			
2. United Nations system coordination				■
2.1 Development activities	Satisfactory			
2.2 Resident Coordinator Office	Satisfactory			
2.3 Role of UNDP – "One UN"	Not Applicable			
2.4 Harmonized Approach to Cash Transfers	Partially Satisfactory			
3. Programme activities			■	
3.1 Programme management	Satisfactory			
3.2 Partnerships and resource mobilization	Partially Satisfactory			
3.3 Project management	Partially Satisfactory			
4. Operations				■
4.1 Human resources	Satisfactory			
4.2 Finance	Satisfactory			
4.3 Procurement	Partially Satisfactory			
4.4 Information and communication technology	Satisfactory			
4.5 General administration	Satisfactory			
4.6 Safety and Security	Satisfactory			
4.7 Asset management	Satisfactory			

Key issues and recommendations

The audit raised seven issues and resulted in seven recommendations, all 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." These recommendations include actions to address: (a) the

lack of a resource mobilization strategy; (b) project documents with non-standard legal clauses; (c) improper conversion of Temporary Appointments (TA) to Fixed Term Appointments (FTA); and (d) weaknesses in submission of procurement processes to the Regional Advisory Committee on Procurement (RACP) / Advisory Committee on Procurement (ACP).

Management's comments and action plan

The Resident Representative accepted all the recommendations and is in the process of implementing them.

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