

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP VENEZUELA

APOYO AL PROGRAMA DE FORMACIÓN ACADÉMICO-MUSICAL, FASE II
(Directly Implemented Project No. 58656, Output Nos. 74571, 74572 & 88324)

Report No.1835
Issue Date: 28 September 2017

Report on the Audit of UNDP Venezuela
Apoyo al Programa de Formación Académico-Musical Fase II
(Project No. 58656, Output Nos. 74571, 74572 & 88324)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Deloitte Haskins & Sells, LLP (the audit firm), from 8-26 May, 2017, conducted an audit of Apoyo al Programa de Formación Académico – Musical Fase II, Project ID 58656 (the Project), which is directly implemented and managed by the UNDP Country Office in Venezuela (the Office).

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 expenses for the period from 1 January to 31 December 2016 and the accompanying Funds Utilization statement¹ as of 31 December 2016 as well as Statement of Assets and Statement of Cash Position as of 31 December 2016. 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(s) and corresponding management letter(s) submitted by the audit firm, the results are summarized in the table below:

Project Expenses*			Project Assets		
Amount (in \$ '000)	Opinion	NFM** (in \$ '000)	Amount (in \$ '000)	Opinion	NFM** (in \$ '000)
6,598	Unqualified	-	60,831	Disclaimer	5,867

**NFM= Net Financial Misstatement

The audit firm issued a disclaimer of opinion on the project assets, as they were not provided with sufficient evidence to confirm the value of assets as of 31 December 2016. This was due to the absence of complete records of inventories and of asset movements for the audited period (refer to issue 3.3 in the auditors’ report).

Key recommendation(s): Total = 3, high priority = 0

The three recommendations aim to ensure the following: (a) reliability and integrity of financial and operational information (Recommendation 3.3; and, (b) safeguarding of assets (Recommendations 3.1 and 3.2).

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

Management comments and action plan

The UN Resident Coordinator and UNDP Resident Representative accepted the three recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.

A handwritten signature in blue ink, appearing to read 'Helge S. Ostveiten', enclosed in a rectangular box.

Helge S. Ostveiten
Director
Office of Audit and Investigations