

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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Resilient nations.*

AUDIT

OF

UNDP COLOMBIA

MERCADO LABORAL: PRODUCTIVIDAD Y COMPETITIVIDAD
(Directly Implemented Project No. 97254, Output Nos. 101060 and 104954)

Report No. 1996

Issue Date: 6 August 2018

Report on the Audit of UNDP Colombia
Mercado Laboral: productividad y competitividad
(Project No. 97254, Output Nos. 101060 and 104954)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 2 to 10 July 2018, conducted an audit of Mercado Laboral: productividad y competitividad (Project No. 97254, Output Nos. 101060 and 104954) (the Project), which is directly implemented and managed by the UNDP Country Office in Colombia (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 expenses for the period from 1 January 2016 to 31 December 2017 and the accompanying Funds Utilization statement¹ as of 31 December 2017. 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 expenses of other United Nations agencies. The audit did not cover the Statement of Assets as no assets were held 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 Expenses* | |
|------------------------|------------|
| Amount (in \$ '000) | Opinion |
| 895 | Unmodified |

*Expenses recorded in the Combined Delivery Report were \$903,275.

Excluded from the audit scope were transactions that relate to expenses of other entities for \$8,343.

The audit did not result in any recommendations.

Management comments and action plan

Management comments and/or additional information provided have been incorporated into the report, where appropriate.

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.



Antoine Khoury
Officer-in-Charge
Office of Audit and Investigations

**UNITED NATIONS DEVELOPMENT PROGRAMME
(UNDP)**

AUDIT REPORT

Final

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

Mercado Laboral: productividad y competitividad

| | |
|--------------------------|---------------------------------------------------------------------------|
| Output name: | CONSTRUCCION MARCO NACIONAL (101060) INVESTIGACION Y ANALISIS (104954) |
| UNDP Country Office: | Colombia |
| Atlas Project ID: | 97254 |
| Atlas Output ID: | 101060 & 104954 |
| Auditor: | Moore Stephens LLP |
| Period subject to audit: | 1 January 2016 to 31 December 2017 |

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EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of 'Mercado Laboral: productividad y competitividad' (Project ID 97254 and Output IDs 101060 & 104954) (the project), directly implemented by UNDP Colombia ('the Office') for the period from 1 January 2016 to 31 December 2017. 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:

| | |
|-----------------------------------|----------------|
| Project Financial Position | Unmodified |
| Statement of Fixed Assets | Not applicable |
| Statement of Cash Position | Not applicable |

As a result of our audit, we have not raised any audit findings.

The project was not audited in the prior year.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

3 August 2018

MOORE STEPHENS

THE AUDIT ENGAGEMENT

Audit Objectives and Scope

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

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January 2016 and 31 December 2017 in the Combined Delivery Report (CDR), the Funds Utilization statement as at 31 December 2017 and the accounts receivable and accounts payable as at 31 December 2017 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, at net book value, presents fairly the balance of depreciated assets of the project as at 31 December 2017. This statement must include all assets available as at 31 December 2017 and not only those purchased in a given period.

Where a DIM project does not have any assets or equipment, it is not necessary to express such an opinion.

- Expressing an opinion on whether the Statement of Cash Position held by the project presents fairly the cash and bank balance of the project as at 31 December 2017.

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 financial audit was conducted in accordance with International Standards of Auditing (ISA), the 700 series. As applicable, the audit report provides the progress made in implementing the recommendations raised in the previous year's audit report.

The scope of the audit relates only to transactions concluded and recorded against the project between 1 January 2016 and 31 December 2017. 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 - Mercado Laboral: productividad y competitividad

Project Financial Position

To the Director of the Office and Audit and Investigations, United Nations Development Programme

We have audited the financial position of the UNDP project 'Mercado Laboral: productividad y competitividad' project ID 97254, output IDs 101060 & 104954, for the period from 1 January 2016 to 31 December 2017 which includes: (a) the accompanying Combined Delivery Report (CDR); (b) the Funds Utilization statement ("the statement"); and (c) the project-related accounts receivable and accounts payable.

The CDR expenditure totalling \$ 903,274.49, is comprised of expenditure directly incurred by the UNDP Office in Colombia for an amount of \$ 894,931.54 and payroll and consultancy expenditure incurred by entities other than the Office for an amount of \$ 8,342.95. Our audit only covered the expenditure directly incurred by the UNDP Office in Colombia of \$ 894,931.54.

Unmodified opinion

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of \$ 894,931.54 directly incurred by the UNDP Office in Colombia and charged to the project for the period from 1 January 2016 to 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities' section of this report.

We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants. We have fulfilled our other ethical responsibilities in accordance with these requirements, and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management responsibilities

Management is responsible for the preparation of the CDR and the Funds Utilization statement of the project and for such internal control as management determines is necessary to enable the preparation of a CDR and Funds Utilization statement that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the CDR and the Funds Utilization statement are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the CDR and the Funds Utilization statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

3 August 2018

MOORE STEPHENS

Independent Auditor's Report to UNDP - Mercado Laboral: productividad y competitividad

Statement of Fixed Assets

To the Director of the Office and Audit and Investigations, United Nations Development Programme

The UNDP project 'Mercado Laboral: productividad y competitividad' project ID 97254, output IDs 101060 & 104954 had no assets and accordingly a Statement of Fixed Assets was not produced.

Independent Auditor's Report to UNDP - Mercado Laboral: productividad y competitividad

Statement of Cash Position

To the Director of the Office and Audit and Investigations, United Nations Development Programme

The UNDP project 'Mercado Laboral: productividad y competitividad' project ID 97254, output IDs 101060 & 104954 did not have a dedicated bank account for the DIM project activities subject to audit and accordingly a Statement of Cash Position was not produced.

Annexes

Annex 1: Combined Delivery Reports

**Combined Delivery Report by Activity**

UNDP UN Development Programme
Report ID: unglcdrb

Page 1 of 4
Run Time: 07-02-2017 20:02:33

Selection Criteria :

Business Unit : COL10
Period : Jan-Dec (2016)
Selected Project Id : 00097254
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

| | | | | |
|------------------------------------------------------|----------|-----------------|-----------------|-----------|
| Project Id : 00097254 Mercado laboral: productividad | | Period : | Jan-Dec (2016) | |
| Output # : 00101060 Construcción Marco Nacional | | Impl. Partner : | 99999 UNDP | |
| | | Location : | Colombia | |
| | Govt Exp | UNDP Exp | UN Agencies Exp | Total Exp |

Activity : ACTIVITY1 (1.ESTRATEGIA ARTICULACION)**Fund : 30071 (Programme Cost Sharing GOV1)**

| | | | | |
|----------------------------------------|------|-----------|------|-----------|
| 71305 - Local Consult.-Sht Term-Tech | 0.00 | 2,393.16 | 0.00 | 2,393.16 |
| 71360 - Local Consult-Security | 0.00 | 101.71 | 0.00 | 101.71 |
| 71405 - Service Contracts-Individuals | 0.00 | 24,998.57 | 0.00 | 24,998.57 |
| 71610 - Travel Tickets-Local | 0.00 | 1,271.27 | 0.00 | 1,271.27 |
| 71620 - Daily Subsistence Allow-Local | 0.00 | 434.73 | 0.00 | 434.73 |
| 71635 - Travel - Other | 0.00 | 34.82 | 0.00 | 34.82 |
| 72105 - Svc Co-Construction & Engineer | 0.00 | 28,089.31 | 0.00 | 28,089.31 |
| 72135 - Svc Co-Communications Service | 0.00 | 1,939.83 | 0.00 | 1,939.83 |
| 72140 - Svc Co-Information Technology | 0.00 | 18,224.77 | 0.00 | 18,224.77 |
| 72145 - Svc Co-Training and Educ Serv | 0.00 | 5,810.30 | 0.00 | 5,810.30 |
| 72505 - Stationery & other Office Supp | 0.00 | 157.61 | 0.00 | 157.61 |
| 74598 - Direct Project Costs - GOE | 0.00 | 3,318.69 | 0.00 | 3,318.69 |
| 75105 - Facilities & Admin - Implement | 0.00 | 4,347.37 | 0.00 | 4,347.37 |
| 75705 - Learning costs | 0.00 | 172.53 | 0.00 | 172.53 |

Total for Fund 30071 0.00 91,294.67 0.00 91,294.67

Total for Activity ACTIVITY1 0.00 91,294.67 0.00 91,294.67

Activity : ACTIVITY2 (2.ANALISIS DE PERTINENCIA)**Fund : 30071 (Programme Cost Sharing GOV1)**

| | | | | |
|----------------------------------------|------|--------|------|--------|
| 75105 - Facilities & Admin - Implement | 0.00 | 5.43 | 0.00 | 5.43 |
| 75705 - Learning costs | 0.00 | 108.58 | 0.00 | 108.58 |

Total for Fund 30071 0.00 114.01 0.00 114.01

Total for Activity ACTIVITY2 0.00 114.01 0.00 114.01

Total for Output : 00101060 0.00 91,408.68 0.00 91,408.68



Page 2 of 4
Run Time: 07-02-2017 20:02:33

| | | | | |
|------------------------------------------------------|----------|-----------------|-----------------|-----------|
| Project Id : 00097254 Mercado laboral: productividad | | Period : | Jan-Dec (2016) | |
| Output # : 00101060 Construcción Marco Nacional | | Impl. Partner : | 99999 UNDP | |
| | | Location : | Colombia | |
| | Govt Exp | UNDP Exp | UN Agencies Exp | Total Exp |

| | | | | |
|------------------------|-------------|------------------|-------------|------------------|
| Project Total : | 0.00 | 91,408.68 | 0.00 | 91,408.68 |
|------------------------|-------------|------------------|-------------|------------------|



Mark Henderson
Partner
Moore Stephens LLP
3 August 2018

MOORE STEPHENS

Signed By : _____

Date : _____

Signed By: [Signature]

Date : _____

Inyka Mattila - Director Pais Adjunta.



UN Development Programme
Report ID: unglodrb

Combined Delivery Report by Activity

Page 3 of 4
Run Time: 07-02-2017 20:02:35

Selection Criteria :

Business Unit : COL10
Period : Jan-Dec (2016)
Selected Project Id : 00097254
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

| Project Id : ALL | Period : Jan-Dec (2016) | | | |
|--------------------------------------|-------------------------------|-----------|-----------------|-----------|
| Output # : ALL | Impl. Partner : Location : | | | |
| | Govt Exp | UNDP Exp | UN Agencies Exp | Total Exp |
| 49208 - Colombia - Poverty Reduction | 0.00 | 61,494.40 | 0.00 | 61,494.40 |
| 49210 - Colombia - Finance | 0.00 | 29,914.28 | 0.00 | 29,914.28 |



Combined Delivery Report by Activity

Funds Utilization

Selection Criteria :

Business Unit : COL10
Period : Jan-Dec (2016)
Selected Project Id : 00097254
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

Project/Award: 00097254 Mercado laboral: productividad Period : As Of Dec31,2016

| Output # | Impl. Partner :99999 UNDP | UNDP AMOUNT |
|----------------------------|---------------------------|-------------|
| Outstanding NEX advances | | 0.00 |
| Undepreciated Fixed Assets | | 0.00 |
| Inventory | | 0.00 |
| Prepayments | | 0.00 |
| Commitments | | 42,980.59 |



Combined Delivery Report by Activity

Selection Criteria :

Business Unit : COL10
Period : Jan-Dec (2017)
Selected Project Id : 00097254
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

| | | | | |
|------------------------------------------------------|----------|-----------------|-----------------|-----------|
| Project Id : 00097254 Mercado laboral: productividad | | Period : | Jan-Dec (2017) | |
| Output # : 00101060 Construcción Marco Nacional | | Impl. Partner : | 99999 UNDP | |
| | | Location : | Colombia | |
| | Govt Exp | UNDP Exp | UN Agencies Exp | Total Exp |

Activity : ACTIVITY1 (1.ESTRATEGIA ARTICULACION)

F 30071 (Programme Cost Sharing GOV1)

| | | | | |
|----------------------------------------|------|------------|------|------------|
| 71205 - Intl Consultants-Sht Term-Tech | 0.00 | 23,000.00 | 0.00 | 23,000.00 |
| 71211 - Intl Consult Security Charge | 0.00 | 977.50 | 0.00 | 977.50 |
| 71305 - Local Consult-Sht Term-Tech | 0.00 | 376,614.06 | 0.00 | 376,614.06 |
| 71360 - Local Consult-Security | 0.00 | 8,098.57 | 0.00 | 8,098.57 |
| 71405 - Service Contracts-Individuals | 0.00 | 175,328.09 | 0.00 | 175,328.09 |
| 71410 - MAIP Premium SC | 0.00 | 142.67 | 0.00 | 142.67 |
| 71415 - Contribution to Security SC | 0.00 | 2,425.40 | 0.00 | 2,425.40 |
| 71610 - Travel Tickets-Local | 0.00 | 7,176.64 | 0.00 | 7,176.64 |
| 71620 - Daily Subsistence Allow-Local | 0.00 | 4,302.90 | 0.00 | 4,302.90 |
| 71630 - Shipment | 0.00 | 192.93 | 0.00 | 192.93 |
| 71635 - Travel - Other | 0.00 | 639.33 | 0.00 | 639.33 |
| 72105 - Svc Co-Construction & Engineer | 0.00 | 93,314.30 | 0.00 | 93,314.30 |
| 72405 - Acquisition of Communic Equip | 0.00 | 55,665.99 | 0.00 | 55,665.99 |
| 72440 - Connectivity Charges | 0.00 | 5,478.00 | 0.00 | 5,478.00 |
| 72505 - Stationery & other Office Supp | 0.00 | 3,446.44 | 0.00 | 3,446.44 |
| 74596 - Services to projects -GOE | 0.00 | 1,614.74 | 0.00 | 1,614.74 |
| 75105 - Facilities & Admin - Implement | 0.00 | 38,660.38 | 0.00 | 38,660.38 |
| 75705 - Learning costs | 0.00 | 14,712.01 | 0.00 | 14,712.01 |
| 76125 - Realized Loss | 0.00 | 9.94 | 0.00 | 9.94 |
| 76135 - Realized Gain | 0.00 | - 12.02 | 0.00 | - 12.02 |
| 77360 - Med Exams(incl Pre-empl)-TA | 0.00 | 77.94 | 0.00 | 77.94 |

Total for Fund 30071 0.00 811,865.81 0.00 811,865.81

Total for Activity ACTIVITY1 0.00 811,865.81 0.00 811,865.81

Total for Output : 00101060 0.00 811,865.81 0.00 811,865.81

| | | | | |
|------------------------|------|------------|------|------------|
| Project Total : | 0.00 | 811,865.81 | 0.00 | 811,865.81 |
|------------------------|------|------------|------|------------|

Signed By :  Date : 23 FEB 2018

Signed By :  Date : 

Mark Henderson
Partner
Moore Stephens LLP
3 August 2018

MOORE STEPHENS



UNDP UN Development Programme
Report ID: unglcdrv

Combined Delivery Report by Activity

Page 2 of 3
Run Time: 14-02-2018 23:02:22

Selection Criteria :

Business Unit : COL10
Period : Jan-Dec (2017)
Selected Project Id : 00097254
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

| | | | | |
|--------------------------------------|-------------------------|------------|-----------------|------------|
| Project Id : ALL | Period : Jan-Dec (2017) | | | |
| Output # : ALL | Impl. Partner : | | | |
| | Location : | | | |
| | Govt Exp | UNDP Exp | UN Agencies Exp | Total Exp |
| 49208 - Colombia - Poverty Reduction | 0.00 | 604,322.00 | 0.00 | 604,322.00 |
| 49210 - Colombia - Finance | 0.00 | 207,543.81 | 0.00 | 207,543.81 |



Funds Utilization

Selection Criteria :

Business Unit : COL10
Period : Jan-Dec (2017)
Selected Project Id : 00097254
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

Project/Award: 00097254 Mercado laboral: productividad

Period : As Of Dec31,2017

| Output # | 00101060 | Impl. Partner :99999 UNDP | UNDP AMOUNT |
|-------------------------------|----------|---------------------------|-------------|
| Outstanding NEX advances | | | 0.00 |
| Undepreciated Fixed Assets | | | 0.00 |
| Unamortized Intangible Assets | | | 0.00 |
| Inventory | | | 0.00 |
| Prepayments | | | 0.00 |
| Commitments | | | 3,283.08 |

| Output # | 00104954 | Impl. Partner :99999 UNDP | UNDP AMOUNT |
|-------------------------------|----------|---------------------------|-------------|
| Outstanding NEX advances | | | 0.00 |
| Undepreciated Fixed Assets | | | 0.00 |
| Unamortized Intangible Assets | | | 0.00 |
| Inventory | | | 0.00 |
| Prepayments | | | 0.00 |
| Commitments | | | 19,971.87 |