



**AUDIT**

**OF**

**UNDP PERU**

**Proyecto Especial de Apoyo a la Generación de Capacidades para la consecución de  
objetivos de desarrollo – Organización de Juntas de Gobernadores BM/FMI – 2015 PER.  
(Directly Implemented Project No. 73160, Output No. 86121)**

**Report No. 1662**

**Issue Date: 27 July 2016**

**Report on the Audit of UNDP Peru**  
**Proyecto Especial de Apoyo a la Generación de Capacidades para la consecución de objetivos de desarrollo – Organización de Juntas de Gobernadores BM/FMI – 2015 PER.**  
**(Project No. 73160, Output No. 86121)**  
**Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 30 May to 10 June 2016, conducted an audit of Proyecto Especial de Apoyo a la Generación de Capacidades para la consecución de objetivos de desarrollo – Organización de Juntas de Gobernadores BM/FMI – 2015 PER. (Project 73160, Output 86121) (the Project), which is directly implemented and managed by the UNDP Country Office in Peru (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 2013 to 31 December 2015 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2015. 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). The audit did not cover the Statement of Assets and Statement of Cash Position as no assets were procured and no separate bank account was maintained, respectively, 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	
Amount (in \$ 'millions)	Opinion
47.1	Unqualified

\* Expenditures recorded in the Combined Delivery Reports (1 January 2013 to 31 December 2015) totaled \$49.2 million. Excluded from the audit scope were transactions that relate to expenditures not processed or approved by the Office (\$2.1 million)

### Key recommendations: Total = 3, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are three medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." These recommendations include actions to address, (a) lapses in contract management, (b) payments made without adequate invoices, and (c) unrecovered payments of Value Added Tax.

<sup>1</sup> 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.

The three recommendations aim to ensure: (a) the reliability and integrity of financial and operational information (Recommendations 2 and 3); and (b) effectiveness and efficiency of operations (Recommendation 1).

### Management comments and action plan

The UN Resident Coordinator and UNDP Resident Representative accepted all of 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.



Helge S. Ostveiten  
Director  
Office of Audit and Investigations