UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

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AUDIT

OF

UNDP PERU

ENHANCEMENT OF COMMERCIALIZATION SERVICES OF GRAN MERCADO DE BELEN – IQUITOS
(Directly Implemented Project No. 88902, Output No. 95376)

Report No.1839

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Report on the Audit of UNDP Peru
Enhancement of Commercialization Services of Gran Mercado de Belén - Iquitos
(Project No. 88902, Output No. 95376)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 5 to 16 June 2017, conducted an audit of Enhancement of Commercialization Services of Gran Mercado de Belén – Iquitos, Project No. 88902 Output No. 95376 (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 2015 to 31 December 2016 and the accompanying Funds Utilization statement[1] 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 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 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*	
Amount (in $ '000)	**Opinion**
12,552	Unqualified

**Expenditures recorded in the Combined Delivery Report were $12,886,119. Excluded from the audit scope were transactions that relate to expenditures processed and approved by other UNDP offices outside of the country, and expenditures incurred by other UN agencies ($334,324).*

Key recommendations: Total = **2**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There are 2 medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." These recommendations include actions to address the lack of annual and quarterly progress reports, and financial offer not clarified.

[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.

The two recommendations aim to ensure the reliability and integrity of financial and operational information.

Management comments and action plan

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

Brett Simpson
Officer-in-Charge
Office of Audit and Investigations