

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP PERU**

**STRENGTHENING OF THE NATIONAL SCHOOL FEEDING PROGRAMME QALI WARMA  
MIDIS TO IMPROVE FOOD ASSISTANCE FOR GIRLS AND BOYS OF PUBLIC EDUCATIONAL  
INSTITUTIONS OF THE COUNTRY  
(Directly Implemented Project No. 96804, Output No. 100712)**

**Report No.1965**

**Issue Date: 27 June 2018**

**Report on the Audit of UNDP Peru  
Strengthening of the National School Feeding Programme Qali Warma MIDIS  
(Project No. 96804, Output No. 100712)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 11 to 15 June 2018, conducted an audit of Strengthening of the National School Feeding Programme Qali Warma MIDIS, Project No. 96804, Output No. 100712 (the Project), which is directly implemented and managed by the UNDP Country Office in Peru (the Office). The last audit of the Project was conducted by OAI through Moore Stephens LLP in 2017, and covered project expenses from 1 January to 31 December 2016.

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 2017, and the accompanying Funds Utilization statement<sup>1</sup> 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 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

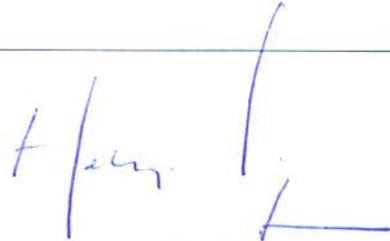
Based on the audit report and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenses*	
Amount (in \$ '000)	Opinion
6,771	Unqualified

\*Expenses recorded in the Combined Delivery Report were \$6,872,913. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country \$102,282.

<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) 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.

The audit did not result in any recommendations.

A handwritten signature in blue ink is enclosed in a rectangular box. The signature is stylized and appears to read 'Helge S. Osttveiten'.

Helge S. Osttveiten  
Director  
Office of Audit and Investigations

**UNITED NATIONS DEVELOPMENT PROGRAMME  
(UNDP)  
AUDIT REPORT  
FINAL**

**FINANCIAL AUDIT OF THE UNDP DIRECTLY  
IMPLEMENTED (DIM) PROJECT  
Fortalecimiento Qali Warma - 2**

<b>Output name:</b>	<b>Fortalecimiento QW</b>
<b>UNDP Country Office:</b>	<b>Peru</b>
<b>Atlas Project ID:</b>	<b>00096804</b>
<b>Atlas Output ID:</b>	<b>00100712</b>
<b>Auditor:</b>	<b>Moore Stephens LLP</b>
<b>Period subject to audit:</b>	<b>1 January to 31 December 2017</b>

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## EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of the UNDP project 'Fortalecimiento Qali Warma - 2' (Project ID 00096804 and Output ID 00100712) (the project), directly implemented by UNDP Peru for the year ended 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:

<b>Project Financial Position</b>	Unmodified
<b>Statement of Fixed Assets</b>	Not applicable
<b>Statement of Cash Position</b>	Not applicable

We have not raised any audit findings or recommendations as a result of our audit.

The project was not audited in the prior year.



Mark Henderson  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

27 June 2018

MOORE STEPHENS

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## 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 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 UNDP 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 UNDP 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 related only to transactions concluded and recorded against the UNDP DIM project between 1 January 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 - Fortalecimiento Qali Warma - 2

#### 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 ID 00096804 'Fortalecimiento Qali Warma - 2' output ID 00100712, 'Fortalecimiento QW' for the period 1 January 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 \$ 6,872,913.01, is comprised of expenditure directly incurred by the UNDP Country Office in Peru for an amount of \$ 6,770,631.30 and international payroll expenditure incurred by entities other than the Country Office for an amount of \$ 102,281.71. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Peru of \$ 6,770,631.30.

#### **Unmodified opinion**

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of US\$ 6,770,631.30 directly incurred by the UNDP Country Office in Peru and charged to the project for the period 1 January 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

27 June 2018

MOORE STEPHENS

## Independent Auditor's Report to UNDP - Fortalecimiento Qali Warma - 2

### Statement of Fixed Assets

We noted that the UNDP project ID 00096804 'Fortalecimiento Qali Warma - 2' output ID 00100712, 'Fortalecimiento QW' had no assets or equipment and accordingly a Statement of Fixed Assets was not produced.

## Independent Auditor's Report to UNDP - Independent Auditor's Report to UNDP - Fortalecimiento Qali Warma - 2

### Statement of Cash Position

We noted that the UNDP project 00096804 'Fortalecimiento Qali Warma - 2' output ID 00100712, 'Fortalecimiento QW' 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.

## MANAGEMENT LETTER

We have not raised any audit findings or recommendations as a result of our audit.



Mark Henderson  
Partner

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150 Aldersgate Street  
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27 June 2018

MOORE STEPHENS

## **Annexes**

**Annex 1: Combined Delivery Report**



**Selection Criteria :**

Business Unit : PER10  
Period : Jan-Dec (2017)  
Selected Project Id : 00096804  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : ALL

Project Id : 00096804 Fortalecimiento Qali Warma - 2	Period :	Jan-Dec (2017)
Output # : 00100712 Fortalecimiento QW	Impl. Partner :	03863 PER-Ministerio de Desarrollo
	Location :	PNUD
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

Dept: 52208 (Peru - Poverty Reduction)

Fund : 30071 (Programme Cost Sharing GOV1)

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
61105 - Salaries - NP Staff	0.00	25,824.13	0.00	25,824.13
62105 - Dependency Allowance-NP Staff	0.00	796.03	0.00	796.03
62110 - Contrib Joint Staff Pension-NP	0.00	5,338.31	0.00	5,338.31
62115 - Contrib to Med,SocIns-NP Staff	0.00	1,872.24	0.00	1,872.24
62140 - Annual Leave Expense - NO	0.00	2,788.80	0.00	2,788.80
63530 - Contribution to EOS Benefits	0.00	968.40	0.00	968.40
63535 - Contribution to Security	0.00	1,097.54	0.00	1,097.54
63540 - Contribution to Training	0.00	206.60	0.00	206.60
63545 - Contribution to ICT	0.00	387.36	0.00	387.36
63550 - Contributions to MAIP	0.00	64.57	0.00	64.57
63555 - Contribution to UN JFA	0.00	839.28	0.00	839.28
63560 - Contributions to Appendix D	0.00	64.57	0.00	64.57
64110 - Separations - NP Staff	0.00	516.48	0.00	516.48
64397 - Services to projects -CO staff	0.00	22,667.00	0.00	22,667.00
65115 - Contributions to ASHI Reserve	0.00	2,504.94	0.00	2,504.94
65135 - Payroll Mgt Cost Recovery ATLA	0.00	67.21	0.00	67.21
71305 - Local Consult.-Sht Term-Tech	0.00	45,182.68	0.00	45,182.68
71405 - Service Contracts-Individuals	0.00	59,930.12	0.00	59,930.12
71410 - MAIP Premium SC	0.00	124.55	0.00	124.55
71415 - Contribution to Security SC	0.00	2,116.99	0.00	2,116.99
71610 - Travel Tickets-Local	0.00	11,119.00	0.00	11,119.00
71620 - Daily Subsistence Allow-Local	0.00	21,378.26	0.00	21,378.26
71635 - Travel - Other	0.00	7,640.95	0.00	7,640.95
72130 - Svc Co-Transportation Services	0.00	1,807.05	0.00	1,807.05
72215 - Transportation Equipment	0.00	223,155.40	0.00	223,155.40
72399 - Other Materials and Goods	0.00	6,148,026.85	0.00	6,148,026.85
72415 - Courier Charges	0.00	197.56	0.00	197.56
72440 - Connectivity Charges	0.00	1,260.00	0.00	1,260.00
72715 - Hospitality Catering	0.00	0.00	0.00	0.00
72810 - Acquis of Computer Software	0.00	752.50	0.00	752.50
72815 - Inform Technology Supplies	0.00	25.00	0.00	25.00
73107 - Rent - Meeting Rooms	0.00	1,424.23	0.00	1,424.23
73405 - Rental & Maint-Other Office Eq	0.00	356.95	0.00	356.95
74210 - Printing and Publications	0.00	6,555.41	0.00	6,555.41
74215 - Promotional Materials and Dist	0.00	61.81	0.00	61.81
74225 - Other Media Costs	0.00	1,194.38	0.00	1,194.38
74325 - Contrib.To CO Common Security	0.00	353.32	0.00	353.32
74525 - Sundry	0.00	71.52	0.00	71.52
74596 - Services to projects -GOE	0.00	5,100.00	0.00	5,100.00
75105 - Facilities & Admin - Implement	0.00	264,304.66	0.00	264,304.66
75705 - Learning costs	0.00	3,778.50	0.00	3,778.50
76125 - Realized Loss	0.00	991.86	0.00	991.86
76135 - Realized Gain	0.00	0.00	0.00	0.00



Project Id : 00096804 Fortalecimiento Qali Warma - 2	Period :	Jan-Dec (2017)		
Output # : 00100712 Fortalecimiento QW	Impl. Partner :	03863 PER-Ministerio de Desarrollo		
	Location :	PNUD		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Total for Fund 30071	0.00	6,872,913.01	0.00	6,872,913.01
Total for Dept : 52208	0.00	6,872,913.01	0.00	6,872,913.01
Total for Output : 00100712	0.00	6,872,913.01	0.00	6,872,913.01
Project Total :	0.00	6,872,913.01	0.00	6,872,913.01

*Handwritten signature*

Mark Henderson  
Partner  
Moore Stephens LLP  
27 June 2018

MOORE STEPHENS

Edo Stork  
REPRESENTANTE RESIDENTE ADJUNTO



Signed By :

Date :

*18/02/18*

Signed By :

Date :

*20/03/18*



*Handwritten signature: Carlos Fajardo*  
Director Nacional



Selection Criteria :

Business Unit : PER10  
Period : Jan-Dec (2017)  
Selected Project Id : 00096804  
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
52208 - Peru - Poverty Reduction		0.00	6,872,913.01	0.00	6,872,913.01



Funds Utilization

Selection Criteria :

Business Unit : PER10  
Period : Jan-Dec (2017)  
Selected Project Id : 00096804  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : ALL

Project/Award: 00096804 Fortalecimiento Qali Warma - 2

Period : As at Dec 31, 2017

Output # 00100712 Impl. Partner :03863 PER-Ministerio de Desarrollo

UNDP AMOUNT

Outstanding NEX advances	0.00
Undepreciated Fixed Assets	0.00
Unamortized Intangible Assets	0.00
Inventory	0.00
Prepayments	0.00
Commitments	0.00

## Annex 2: Audit finding priority ratings

The following categories of priorities are used:

<b>High (Critical)</b>	Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP.
<b>Medium (Important)</b>	Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP.
<b>Low</b>	Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. <b>Therefore, low priority recommendations are not included in this report.</b>