



AUDIT

OF

UNDP PERU

**FORTALECIMIENTO DEL PROGRAMA NACIONAL DE ALIMENTACION ESCOLAR QALI
WARMA DEL MINISTERIO DE DESARROLLO E INCLUSION SOCIAL (MIDIS) PARA MEJORAR
LA ATENCION ALIMENTARIA DE LOS NIÑOS Y NIÑAS DE LAS INSTITUCIONES
EDUCATIVAS DEL PAIS
(Directly Implemented Project No. 96804, Output No. 100712)**

Report No. 2126

Issue Date: 10 July 2019

Report on the Audit of UNDP Peru
Fortalecimiento del Programa Nacional de Alimentación Escolar Qali Warma del Ministerio de Desarrollo e Inclusión Social (MIDIS) para mejorar la atención alimentaria de los niños y niñas de las instituciones públicas del país (Project No. 96804, Output No. 100712)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 20 to 31 May 2019, conducted an audit of *Fortalecimiento del Programa Nacional de Alimentación Escolar Qali Warma del Ministerio de Desarrollo e Inclusión Social (MIDIS) para mejorar la atención alimentaria de los niños y niñas de las instituciones públicas del país* (Project No. 96804, Output No. 100712) (the Project), which is nationally implemented¹ with direct support services provided by the UNDP Country Office in Peru (the Office). The last audit of the Project was conducted by OAI, through Moore Stephens LLP in 2018 and covered project expenses from 1 January to 31 December 2017.

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 2018 and the accompanying Funds Utilization statement² as of 31 December 2018. 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
8,491	Unmodified

*Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$188,814.09).

The audit did not result in any recommendations.

The previous audit (Report No. 1965, issued on 27 June 2018) did not result in any recommendations.

¹ Nationally implemented projects, or NIM projects, are audited by the responsible unit in UNDP. However, this NIM project was audited by OAI due to the significant involvement of the Country Office in its implementation, and the subsequent materiality of the amount expended by UNDP.

² 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

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



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



UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

FINAL AUDIT REPORT

Financial audit of the UNDP directly implemented (DIM) project
00096804 output 00100712

Peru

IDENTIFICATION

Project name:	Fortalecimiento del Programa Nacional de Alimentación Escolar Qali Warma del Ministerio de Desarrollo e Inclusión Social (MIDIS) para mejorar la atención alimentaria de los niños y niñas de las instituciones educativas públicas del país
Output name:	Fortalecimiento QW
UNDP Country Office:	Peru
Atlas Project ID:	00096804
Atlas Output ID:	00100712
Auditor:	BDO LLP
Period subject to audit:	1 January to 31 December 2018

Table of Contents

IDENTIFICATION	2
EXECUTIVE SUMMARY	4
AUDIT OPINIONS	4
MANAGEMENT LETTER SUMMARY	4
PRIOR YEAR AUDIT	4
THE AUDIT ENGAGEMENT	5
AUDIT OPINIONS	6
PROJECT FINANCIAL POSITION	6
STATEMENT OF FIXED ASSETS	8
STATEMENT OF CASH	9
MANAGEMENT LETTER	10
ANNEXES	11
ANNEX 1: COMBINED DELIVERY REPORT	11

EXECUTIVE SUMMARY

BDO LLP conducted the financial audit of “Fortalecimiento del Programa Nacional de Alimentación Escolar Qali Warma del Ministerio de Desarrollo e Inclusión Social (MIDIS) para mejorar la atención alimentaria de los niños y niñas de las instituciones educativas públicas del país” (Project ID 00096804 output ID 00100712) (the project), directly implemented by UNDP Peru (the Office) for the year ended 31 December 2018. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI).

Audit opinions

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	Not applicable

Management letter summary

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

Prior year audit

The project was audited in the prior year and no recommendations were made.



Mark Henderson
Partner

BDO LLP
150 Aldersgate Street
London EC1A 4AB

5 July 2019



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 2018 in the Combined Delivery Report (CDR), the Funds Utilization statement as at 31 December 2018 and the accounts receivable and accounts payable as at 31 December 2018 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 2018. This statement must include all assets available as at 31 December 2018 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 held by the project presents fairly the cash and bank balance of the UNDP project as at 31 December 2018.

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 the International Standards on Auditing (ISA), the 700 series.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 January and 31 December 2018. 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 del Programa Nacional de Alimentación Escolar Qali Warma del Ministerio de Desarrollo e Inclusión Social (MIDIS) para mejorar la atención alimentaria de los niños y niñas de las instituciones educativas públicas del país

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 del Programa Nacional de Alimentación Escolar Qali Warma del Ministerio de Desarrollo e Inclusión Social (MIDIS) para mejorar la atención alimentaria de los niños y niñas de las instituciones educativas públicas del país, output ID 00100712 Fortalecimiento QW for the period 1 January to 31 December 2018 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 \$ 8,679,368.57, is comprised of expenditure directly incurred by the UNDP Country Office in Peru (the Office) for an amount of \$ 8,490,554.48 and payroll-related expenditure incurred by entities other than the Office for an amount of \$ 188,814.09. Our audit only covered the expenditure directly incurred by the Office of \$ 8,490,554.48.

Unmodified opinion

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of \$ 8,490,554.48 directly incurred by the Office and charged to the project for the period 1 January to 31 December 2018 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

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London EC1A 4AB

5 July 2019



Independent Auditor's Report to UNDP - Fortalecimiento del Programa Nacional de Alimentación Escolar Qali Warma del Ministerio de Desarrollo e Inclusión Social (MIDIS) para mejorar la atención alimentaria de los niños y niñas de las instituciones educativas públicas del país

Statement of Fixed Assets

We noted that the UNDP project “Fortalecimiento del Programa Nacional de Alimentación Escolar Qali Warma del Ministerio de Desarrollo e Inclusión Social (MIDIS) para mejorar la atención alimentaria de los niños y niñas de las instituciones educativas públicas del país” had no assets and accordingly a Statement of Fixed Assets was not produced.

Independent Auditor's Report to UNDP - Fortalecimiento del Programa Nacional de Alimentación Escolar Qali Warma del Ministerio de Desarrollo e Inclusión Social (MIDIS) para mejorar la atención alimentaria de los niños y niñas de las instituciones educativas públicas del país

Statement of Cash

We noted that the UNDP project “Fortalecimiento del Programa Nacional de Alimentación Escolar Qali Warma del Ministerio de Desarrollo e Inclusión Social (MIDIS) para mejorar la atención alimentaria de los niños y niñas de las instituciones educativas públicas del país” did not have a dedicated bank account for the DIM project activities subject to audit and accordingly a Statement of Cash 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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5 July 2019



Annexes

Annex 1: Combined Delivery Report



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 1 of 4
Run Time: 12-02-2019 16:02:31

Selection Criteria :

Business Unit : PER10
Period : Jan-Dec (2018)
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 (2018)	Impl. Partner : 03863 PER-Ministerio de Desarrollo	Location : PNUD	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
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Dept: 52201 (Peru - Central)

Fund : 30071 (Programme Cost Sharing GOV1)

71635 - Travel - Other	0.00	600.66	0.00	600.65
74210 - Printing and Publications	0.00	5,329.81	0.00	5,329.81
75105 - Facilities & Admin - Implement	0.00	237.22	0.00	237.22
76125 - Realized Loss	0.00	0.00	0.00	0.00
Total for Fund 30071	0.00	6,167.68	0.00	6,167.68

Total for Dept : 52201

0.00 6,167.68 0.00 6,167.68

Dept: 52208 (Peru - Poverty Reduction)

Fund : 30071 (Programme Cost Sharing GOV1)

61105 - Salaries - NP Staff	0.00	52,058.46	0.00	52,058.46
62105 - Dependency Allowance-NP Staff	0.00	1,575.74	0.00	1,575.74
62110 - Contrib Joint Staff Pension-NP	0.00	10,784.65	0.00	10,784.65
62115 - Contrib to Med,SocIns-NP Staff	0.00	3,774.23	0.00	3,774.23
62140 - Annual Leave Expense - NO	0.00	1,460.27	0.00	1,460.27
63530 - Contribution to EOS Benefits	0.00	1,952.17	0.00	1,952.17
63535 - Contribution to Security	0.00	2,212.50	0.00	2,212.50
63540 - Contribution to Training	0.00	208.22	0.00	208.22
63545 - Contribution to ICT	0.00	780.86	0.00	780.86
63550 - Contributions to MAIP	0.00	52.06	0.00	52.06
63555 - Contribution to UN JFA	0.00	1,091.89	0.00	1,091.89
63560 - Contributions to Appendix D	0.00	130.16	0.00	130.16
64110 - Separations - NP Staff	0.00	1,041.17	0.00	1,041.17
64397 - Services to projects -CO staff	0.00	20,000.00	0.00	20,000.00
65115 - Contributions to ASHI Reserve	0.00	5,049.67	0.00	5,049.67
65135 - Payroll Mgt Cost Recovery ATLA	0.00	134.47	0.00	134.47
71305 - Local Consult.-Sht Term-Tech	0.00	211,750.05	0.00	211,750.05
71310 - Local Consult.-Short Term-Supp	0.00	200.06	0.00	200.06
71360 - Local Consult-Security	0.00	370.35	0.00	370.35
71405 - Service Contracts-Individuals	0.00	102,551.70	0.00	102,551.70
71410 - MAIP Premium SC	0.00	88.58	0.00	88.58
71415 - Contribution to Security SC	0.00	3,765.08	0.00	3,765.08
71610 - Travel Tickets-Local	0.00	7,466.64	0.00	7,466.64
71620 - Daily Subsistence Allow-Local	0.00	17,831.06	0.00	17,831.06
71625 - Daily Subsist Allow-Mtg Partic	0.00	392.00	0.00	392.00
71630 - Shipment	0.00	0.00	0.00	0.00
71635 - Travel - Other	0.00	-67,504.73	0.00	-67,504.73
72105 - Svc Co-Construction & Engineer	0.00	1,007,726.00	0.00	1,007,726.00
72130 - Svc Co-Transportation Services	0.00	15,320.08	0.00	15,320.08
72165 - Svc Co-Social Svcs, Social Sci	0.00	383,572.01	0.00	383,572.01



UN Development Programme
Report ID: unglcrlp

Combined Delivery Report By Project

Page 2 of 4
Run Time: 12-02-2019 16:02:31

Project ID: 00096804 Fortalecimiento Call Warma - 2	Period: Jan-Dec (2019)	Imp. Partner: 03003 PER-Ministerio de Desarrollo	Location: PNUO	
Output #: 00100712 Fortalecimiento QW	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72309 - Other Materials and Goods	0.00	6,294,652.98	0.00	6,294,652.98
72405 - Acquisition of Communic Equip	0.00	31,755.70	0.00	31,755.70
72415 - Courier Charges	0.00	1,089.44	0.00	1,089.44
72425 - Mobile Telephone Charges	0.00	146.32	0.00	146.32
72506 - Stationery & other Office Supp	0.00	33.27	0.00	33.27
72810 - Acquis of Computer Software	0.00	783.00	0.00	783.00
72815 - Inform Technology Supplies	0.00	188,019.12	0.00	188,019.12
73405 - Rental & Maint-Other Office Eq	0.00	580.33	0.00	580.33
73505 - Reimb to UNDP for Supp Svcs	0.00	398.00	0.00	398.00
74110 - Audit Fees	0.00	15,318.00	0.00	15,318.00
74205 - Audio Visual Productions	0.00	5,573.01	0.00	5,573.01
74210 - Printing and Publications	0.00	1,432.96	0.00	1,432.96
74215 - Promotional Materials and Dist	0.00	38.58	0.00	38.58
74325 - Contrib.To CD Common Security	0.00	1,684.58	0.00	1,684.58
74505 - Services to projects -GOE	0.00	9,010.85	0.00	9,010.85
75105 - Facilities & Admin - Implement	0.00	333,540.82	0.00	333,540.82
75705 - Learning costs	0.00	1,628.86	0.00	1,628.86
76125 - Realized Loss	0.00	1,139.87	0.00	1,139.87
76135 - Realized Gain	0.00	0.00	0.00	0.00
Total for Fund 30071	0.00	8,673,200.89	0.00	8,673,200.89
Total for Dept: 52208	0.00	8,673,200.89	0.00	8,673,200.89
Total for Output: 00100712	0.00	8,673,368.57	0.00	8,673,368.57
Project Total	0.00	8,673,368.57	0.00	8,673,368.57

Handwritten signature

Mark Henderson
Partner
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150 Aldersgate Street
London EC1A 4AB

5 July 2019



Handwritten signature
Edo Stork
REPRESENTANTE RESIDENTE ADJUNTO



Signed By: _____ Date: 14/2/19

Signed By: *Handwritten signature* _____ Date: _____

SANDRA NORMA CÁRDENAS RODRÍGUEZ
Directora Nacional
Proyecto ID 00096804



UN Development Programme
Report ID: unglodrp

Combined Delivery Report By Project

Page 3 of 4
Run Time: 12-02-2019 16:02:21

Selection Criteria:

Business Unit : PER10
Period : Jan-Dec (2018)
Selected Project Id : 00096804
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

Project Id : ALL Output # : ALL	Period : Jan-Dec (2018)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
52201 - Peru - Central	0.00	6,167.66	0.00	6,167.66
52208 - Peru - Poverty Reduction	0.00	8,673,200.89	0.00	8,673,200.89



UN Development Programme
Report ID: ungdip

Combined Delivery Report By Project

Page 4 of 4
Run Time: 12-02-2019 16:02:33

Funds Utilization

Selection Criteria:

Business Unit : PER10
Period : Jan-Dec (2018)
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, 2018

Output #	Impl. Partner	UNDP AMOUNT
00100712	03853 PER-Ministerio de Desarrollo	
	Outstanding NEX advances	0.00
	Undepreciated Fixed Assets	0.00
	Unamortized Intangible Assets	0.00
	Inventory	0.00
	Prepayments	0.00
	Commitments	0.00

FOR MORE INFORMATION:

BDO LLP International Institutions and Donor Assurance team

<https://www.bdo.co.uk/en-gb/services/advisory/consulting/international-institutions-and-donor-assurance>

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