



AUDIT

OF

UNDP PERU

**MEJORAMIENTO DEL SERVICIO DE COMERCIALIZACION DEL GRAN
MERCADO DE BELEN - IQUITOS**
(Nationally Implemented Project No. 88902, Output No. 95376)

Report No. 2236

Issue Date: 6 August 2020

**Report on the Audit of UNDP Peru
Mejoramiento del Servicio de Comercialización del Gran Mercado de Belén - Iquitos
(Project No. 88902, Output No. 95376)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 15 June to 10 July 2020, conducted an audit of Mejoramiento del Servicio de Comercialización del Gran Mercado de Belén - Iquitos (Project No. 88902, Output No. 95376) (the Project), which is nationally implemented¹ with support services provided by the UNDP Country Office in Peru (the Office). The last audit of the Project was conducted by OAI, through BDO LLP in 2019 and covered project expenses from 1 January 2017 to 31 December 2018.

The audit firm conducted a financial audit, in accordance with the International Standards of Auditing (ISA), the 700 series, 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 2019 and the accompanying Funds Utilization statement² as of 31 December 2019. The audit did not include 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 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 submitted by the audit firm, the results are summarized in the table below:

Project Expenses*	
Amount (in \$ '000)	Opinion
5,979	Unmodified

**Expenses recorded in the Combined Delivery Report were \$6,404,336. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$425,193).*

The audit did not result in any recommendations.

The previous audit (Report No. 2125 issued on 10 July 2019) did not result in any recommendations.

¹ The responsible units in UNDP facilitate the audits of nationally implemented (NIM) projects. 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.

A handwritten signature in blue ink, appearing to read 'Brett Simpson', enclosed within a black rectangular box.

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



UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

FINAL AUDIT REPORT

Financial audit of the UNDP National Implemented (NIM) Project with support services provided by UNDP - Project 00088902 output 00095376

Peru

IDENTIFICATION

Project name:	Mejoramiento del Servicio de Comercialización del Gran Mercado de Belén - Iquitos
Output name:	Mejoramiento Mercado Belén
UNDP Country Office:	Peru
Atlas Project ID:	00088902
Atlas Output ID:	00095376
Auditor:	BDO LLP
Period subject to audit:	1 January to 31 December 2019

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EXECUTIVE SUMMARY

BDO LLP conducted the financial audit of “Mejoramiento del Servicio de Comercialización del Gran Mercado de Belén - Iquitos” (Project ID 00088902 and Output ID 00095376) (the project), **National Implemented (NIM) Project - with support services provided by UNDP Peru** (‘the Office’) for the year ended 31 December 2019. 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 as a result of our financial audit.

Prior year audit

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



Mark Henderson
Partner

BDO LLP
55 Baker Street
London W1U 7EU

3 August 2020



THE AUDIT ENGAGEMENT

Audit Objectives and Scope

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

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2019 in the Combined Delivery Report (CDR), the Funds Utilization statement as at 31 December 2019 and the accounts receivable and accounts payable as at 31 December 2019 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 2019. This statement must include all assets available as at 31 December 2019 and not only those purchased in a given period. The opinion is given on the net book value balance of the assets.

Where a 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 2019. An opinion on the Statement of Cash is required only where a dedicated bank account for the DIM project has been established.

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. 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 UNDP DIM project between 1 January and 31 December 2019. 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 - Mejoramiento del Servicio de Comercialización del Gran Mercado de Belén - Iquitos

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 00088902 Mejoramiento del Servicio de Comercialización del Gran Mercado de Belén - Iquitos, output ID 00095376 Mejoramiento Mercado Belén for the period 1 January to 31 December 2019 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 \$ 6,404,335.80, is comprised of expenditure directly incurred by the UNDP Country Office in Peru for an amount of \$ 5,979,142.61 and salary related expenditure incurred by entities other than the Country Office for an amount of \$ 425,193.19. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Peru of \$ 5,979,142.61.

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of \$ 5,979,142.61 directly incurred by the UNDP Country Office in Peru and charged to the project for the period 1 January to 31 December 2019 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. 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

BDO LLP
55 Baker Street
London W1U 7EU

3 August 2020



Independent Auditor's Report to UNDP - Mejoramiento del Servicio de Comercialización del Gran Mercado de Belén - Iquitos

Statement of Fixed Assets

We noted that the UNDP project “Mejoramiento del Servicio de Comercialización del Gran Mercado de Belén - Iquitos” had no assets and accordingly a Statement of Fixed Assets was not produced.

Independent Auditor's Report to UNDP - Mejoramiento del Servicio de Comercialización del Gran Mercado de Belén - Iquitos

Statement of Cash

We noted that the UNDP project “Mejoramiento del Servicio de Comercialización del Gran Mercado de Belén - Iquitos” 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 as a result of our financial audit.

A handwritten signature in blue ink, appearing to read 'Mark Henderson', is positioned above the printed name.

Mark Henderson
Partner

BDO LLP
55 Baker Street
London W1U 7EU

3 August 2020



Annexes

Annex 1: Combined Delivery Report



Combined Delivery Report By Project

Selection Criteria :

Business Unit : PER10
Period : Jan-Dec (2019)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00095376

Project Id : 00088902	Mejoramiento Servicio Comercia	Period :	Jan-Dec (2019)
Output # : 00095376	Mejoramiento Mercado Belen	Impl. Partner :	03843 PERMinisterio de la Producci
		Location :	PNUD
		Govt Exp	UNDP Exp
		UN Agencies Exp	Total Exp

Dept: 52208 (Peru - Poverty Reduction)

Fund : 30071 (Programme Cost Sharing GOV1)

61105 - Salaries - NP Staff	0.00	106,088.78	0.00	106,088.78
62105 - Dependency Allowance-NP Staff	0.00	3,087.29	0.00	3,087.29
62110 - Contrib Joint Staff Pension-NP	0.00	21,993.27	0.00	21,993.27
62115 - Contrib to Med,Soclns-NP Staff	0.00	7,691.46	0.00	7,691.46
62140 - Annual Leave Expense - NO	0.00	8,941.12	0.00	8,941.12
63530 - Contribution to EOS Benefits	0.00	3,978.34	0.00	3,978.34
63535 - Contribution to Security	0.00	4,404.12	0.00	4,404.12
63540 - Contribution to Training	0.00	371.32	0.00	371.32
63545 - Contribution to ICT	0.00	1,591.34	0.00	1,591.34
63550 - Contributions to MAIP	0.00	53.06	0.00	53.06
63555 - Contribution to UN JFA	0.00	3,182.68	0.00	3,182.68
63560 - Contributions to Appendix D	0.00	265.20	0.00	265.20
64110 - Separations - NP Staff	0.00	2,121.78	0.00	2,121.78
65115 - Contributions to ASHI Reserve	0.00	10,555.84	0.00	10,555.84
65135 - Payroll Mgt Cost Recovery ATLA	0.00	268.92	0.00	268.92
71305 - Local Consult.-Sht Term-Tech	0.00	1,045.78	0.00	1,045.78
71360 - Local Consult-Security	0.00	157.39	0.00	157.39
71405 - Service Contracts-Individuals	0.00	249,839.64	0.00	249,839.64
71410 - MAIP Premium SC	0.00	106.03	0.00	106.03
71415 - Contribution to Security SC	0.00	8,802.47	0.00	8,802.47
71605 - Travel Tickets-International	0.00	4,198.56	0.00	4,198.56
71610 - Travel Tickets-Local	0.00	3,407.48	0.00	3,407.48
71615 - Daily Subsistence Allow-Intl	0.00	5,837.34	0.00	5,837.34
71620 - Daily Subsistence Allow-Local	0.00	11,260.62	0.00	11,260.62
71635 - Travel - Other	0.00	4,480.34	0.00	4,480.34
72130 - Svc Co-Transportation Services	0.00	34.90	0.00	34.90
72315 - Food & Textile Products	0.00	981.19	0.00	981.19
72405 - Acquisition of Communic Equip	0.00	7,264.81	0.00	7,264.81
72415 - Courier Charges	0.00	1,637.48	0.00	1,637.48
72505 - Stationery & other Office Supp	0.00	53.07	0.00	53.07
72810 - Acquis of Computer Software	0.00	3,391.48	0.00	3,391.48
72815 - Inform Technology Supplies	0.00	222.82	0.00	222.82
73216 - Construction Cost	0.00	5,658,212.48	0.00	5,658,212.48
73310 - Maint & Licencing of Software	0.00	45.23	0.00	45.23
74110 - Audit Fees	0.00	10,629.00	0.00	10,629.00
74115 - Legal Fees	0.00	12.37	0.00	12.37
74210 - Printing and Publications	0.00	84.33	0.00	84.33
74225 - Other Media Costs	0.00	61.89	0.00	61.89
74505 - Insurance	0.00	3,725.12	0.00	3,725.12
74525 - Sundry	0.00	10.67	0.00	10.67
75105 - Facilities & Admin - Implement	0.00	246,004.04	0.00	246,004.04
75705 - Learning costs	0.00	3.86	0.00	3.86
76125 - Realized Loss	0.00	0.01	0.00	0.01

Ministerio de la Producción
INFORME DE EJECUCIÓN



Combined Delivery Report By Project

Project Id : 00088902 Mejoramiento Servicio Comercia	Period :	Jan-Dec (2019)		
Output # : 00095376 Mejoramiento Mercado Belen	Impl. Partner :	03843 PERMinisterio de la Producci		
	Location :	PNUD		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Total for Fund 30071	0.00	6,396,104.92	0.00	6,396,104.92
Fund : 30084 (Prog Resources from 11888)				
71610 - Travel Tickets-Local	0.00	255.21	0.00	255.21
71620 - Daily Subsistence Allow-Local	0.00	325.71	0.00	325.71
71635 - Travel - Other	0.00	208.97	0.00	208.97
72130 - Svc Co-Transportation Services	0.00	16.29	0.00	16.29
72440 - Connectivity Charges	0.00	1,548.00	0.00	1,548.00
73105 - Rent	0.00	3,027.53	0.00	3,027.53
74115 - Legal Fees	0.00	230.44	0.00	230.44
74215 - Promotional Materials and Dist	0.00	58.75	0.00	58.75
74325 - Contrib.To CO Common Security	0.00	1,950.30	0.00	1,950.30
75105 - Facilities & Admin - Implement	0.00	609.68	0.00	609.68
Total for Fund 30084	0.00	8,230.88	0.00	8,230.88
Total for Dept : 52208	0.00	6,404,335.80	0.00	6,404,335.80
Total for Output : 00095376	0.00	6,404,335.80	0.00	6,404,335.80
Project Total :	0.00	6,404,335.80	0.00	6,404,335.80

Mark Henderson
Partner

BDO LLP
55 Baker Street
London W1U 7EU

3 August 2020



Maria del Carmen Sacasa
REPRESENTANTE RESIDENTE

Signed By : _____ Date : 24.02.2020

Signed By : _____ Date : _____



Combined Delivery Report By Project

Selection Criteria :

Business Unit : PER10
Period : Jan-Dec (2019)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00095376

Project Id : ALL	Period : Jan-Dec (2019)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
52208 - Peru - Poverty Reduction	0.00	6,404,335.80	0.00	6,404,335.80



Funds Utilization

Selection Criteria :

Business Unit : PER10
Period : Jan-Dec (2019)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00095376

Project/Award: 00088902 Mejoramiento Servicio Comercia

Period : As at Dec 31, 2019

Output #	00095376	Impl. Partner :03843 PERMinisterio de la Producci	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

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