



AUDIT

OF

UNDP BOLIVIA

**FORTALECIMIENTO DE LA CAPACIDAD DE RESPUESTA DEL ESTADO
PLURINACIONAL DE BOLIVIA PARA LA EMERGENCIA DEL COVID-19
(Directly Implemented Project No. 97823, Output No. 101401)**

Report No. 2377

Issue Date: 9 July 2021

Report on the Audit of UNDP Bolivia
Fortalecimiento de la capacidad de respuesta del Estado Plurinacional de Bolivia para la emergencia del COVID-19 (Project No. 97823, Output No. 101401)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn LLP (the audit firm), from 14 May to 15 June 2021, conducted an audit of Fortalecimiento de la capacidad de respuesta del Estado Plurinacional de Bolivia para la emergencia del COVID-19 (Project No. 97823, Output No. 101401) (the Project), which is directly implemented and managed by the UNDP Country Office in Bolivia (the Office). This was the first audit of the Project.

The audit was conducted in accordance with the International Standards of Auditing {ISA}, the 700 series. The audit work covered financial transactions as well as internal controls and systems for the purpose of expressing an opinion on whether the financial statements present fairly, in all material aspects, the Project’s operations, as well as assess compliance with UNDP regulations, rules, policies and procedures and donor agreements. The audit covered the Project’s Combined Delivery Report, which includes expenses for the period from 1 January to 31 December 2020 and the accompanying Funds Utilization statement¹ as of 31 December 2020. It also reviewed the relevant systems, procedures and practices in place as they relate to the Project, in the areas of: governance, programme, and operations. 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*.

Overall audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, OAI assessed the management of the Project as **fully satisfactory** which means, “The assessed governance arrangements, risk management practices, as applicable to the Project’s financial statements, and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.”

The details of the audit results are presented in the table below:

Project Expenses*	
Amount (in \$ '000)	Opinion
1,778	Unmodified

*Expenses recorded in the Combined Delivery Report were \$9,544,464.79. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$7,766,601.35).

¹ 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.

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 'B G Simpson', enclosed within a black rectangular box.

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

AUDIT

OF

**UNITED NATIONS DEVELOPMENT PROGRAMME
BOLIVIA**

**“Fortalecimiento de la capacidad de respuesta del Estado Plurinacional de
Bolivia para la emergencia del COVID-19”**

(Project No. 97823, Output No. 101401)

Issue Date: 6 July 2021

Report on the Audit of UNDP Bolivia

“Fortalecimiento de la capacidad de respuesta del Estado Plurinacional de Bolivia para la emergencia del COVID-19”

(Project ID 97823, Output ID 101401)

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn (the audit firm) conducted an audit of project “Fortalecimiento de la capacidad de respuesta del Estado Plurinacional de Bolivia para la emergencia del COVID-19” (Project ID 97823, Output ID 101401) (the Project), which is directly implemented by UNDP Bolivia. This was the first audit conducted of this Project. The audit was carried out from 14 May to 15 June 2021.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project operations. The audit covered the Project’s Combined Delivered Report CDR), which includes expenses for the period from 6 April to 31 October 2020 and the accompanying Funds Utilization statements¹as at 31 October 2020. For the purposes of this audit and considering the way UNDP generates the CDRs we will refer to the period covered by the audit as 1 January to 31 December 2020 to match with the dates of the CDR.

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 incurred by other United Nations. In addition, the audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

Expenses recorded in the Combined Delivery Report amounted to USD 9,544,464.79. Based on the scope of our audit, there were transactions executed outside the country by the UNDP Global Procurement Unit for an amount of USD 7,766,601,35 which were not part of the audit scope.

In addition to this, the audit firm also conducted an audit of the project-related Internal Controls and Systems. This included assessment of internal controls with regard to the audited project in areas specified by OAI.

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:

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 expensed by UNDP.

Project Expenses	
Amount (in USD 000)	Opinion
1,778	Unmodified

The audit did not result in any recommendations.

Follow up of previous year recommendations

This was the first audit of this project

Management comments and action plan

Comments and/or additional information provided by the Management of the Country Office has been incorporated into the report, where appropriate.

**United Nations Development Programme
(UNDP)**

Report of the Independent Auditor on
the United Nations Development Programme (UNDP)
Directly Implemented (DIM) Project – Implemented by UNDP Bolivia

Project name:	Fortalecimiento de la capacidad de respuesta del Estado Plurinacional de Bolivia para la emergencia del COVID-19
Output name:	Diagnóstico COVID 19
UNDP Country Office:	La Paz, Bolivia
Atlas Project ID:	97823
Atlas Output ID:	101401
Auditor:	PKF Littlejohn
Period subject to audit:	6 April to 31 October 2020
Project duration	6 April to 31 October 2020

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EXECUTIVE SUMMARY

PKF Littlejohn conducted the financial audit of UNDP DIM Project ID 97823, “Fortalecimiento de la capacidad de respuesta del Estado Plurinacional de Bolivia para la emergencia del COVID-19”- Output no. 101401 implemented by UNDP Bolivia following the Direct Implementation Modality for the period from 6 April to 31 October 2020. For the purposes of this audit and considering the way UNDP generates the CDRs we will refer to the period covered by the audit as 1 January to 31 December 2020 to match with the dates of the CDR.

The audit was undertaken on behalf of the Office of Audit and Investigations (OAI) United Nations Development Programme (UNDP). The audit was carried out from 14 May to 15 June 2021.

Due to the on-going COVID-19 pandemic, the fieldwork has been completed wholly on a remote basis as requested by OAI.

Audit opinions

We have issued audit opinions as summarized in the table below and as detailed in the next section:

Project Financial Position	Unmodified
Statement of Fixed Assets	Not applicable because the project does not maintain fixed assets
Statement of Cash	Not applicable because the project did not maintain a separate bank account.

Management letter summary

There no were findings raised during the course of our audit, consequently we have not issued a management letter.

Prior year audit

The project ID 97823 “Fortalecimiento de la capacidad de respuesta del Estado Plurinacional de Bolivia para la emergencia del COVID-19” - Output ID 101401 was not audited in the prior year and therefore there were no recommendations to follow up on.



PKF Littlejohn LLP

9 July 2021

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THE AUDIT ENGAGEMENT

Audit Objectives and Scope

A. Financial Audit

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 to 31 December 2020 as well as the Funds Utilization statement as at 31 December 2020 and the accounts receivable and accounts payable as at 31 December 2020 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 2020. This statement must include all assets available as at 31 December 2020 and not only those purchased in a given period. 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 project as at 31 December 2020. Disbursements made against a project are usually financed from regular country office bank accounts. Exceptionally, a dedicated account may be opened and used solely for the cash transactions of a project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash only where a dedicated bank account for the project has been established. In cases where the cash transactions of the audited project are made through the country office bank accounts, an opinion on the Statement of Cash is not required.
- As maybe applicable, provide an update on the progress made in implementing the recommendations raised in previous year audit report.

The Financial Audit was conducted in accordance with the International Standards on Auditing (ISA), the 700 series.

The scope of the audit included only transactions concluded and recorded against the UNDP project between 1 January to 31 December 2020. The scope of the audit did not include project 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.

B. Internal-control and system audit

The Internal-control and systems audit of the project was conducted in accordance with the UNDP DIM Audits Terms of Reference.

This included the performance of necessary audit steps to cover the project's internal controls and systems in order to assess:

- (a) Reliability and integrity of project financial and operational information;
- (b) Effectiveness and efficiency of project operations;
- (c) Safeguarding of project assets;
- (d) Compliance with legislative mandates, regulations and rules, policies and procedures, as well as donor agreements.

In respect of this, the audit firm has assessed the internal controls with regard to the audited project in the following areas:

- (i) Organization and Staffing: Assess the overall project structure for effective workflows and management arrangements, including assignment of authority, accountability and responsibility to staff.
- (ii) Programme and project management: Assess the management aspects in terms of approval of the project, financial management of project funds, and monitoring of implementation towards achievement of the project objectives. This includes reporting to the Steering Committee, Project Board and/or Donors.
- (iii) Human Resources: Assess competitiveness and transparency of the recruitment process; and effectiveness of the management of project personnel, including contract administration, performance evaluation and training and payment of salaries and allowances.
- (iv) Finance: Assess the compliance with UNDP policies with respect to the safe custody and adequate management of cash, commitment of expenditures against approved budget, disbursement or payments against liabilities and cash advances to field offices, project staff, etc.
- (v) Procurement: Assess whether goods, services and civil works for the project are procured competitively and in a transparent manner in accordance with UNDP policies and procedures. This includes management of obligations and appropriate assessment of goods or services delivered and monitoring performance of the contractors before payment.
- (vi) Asset Management: Assess whether project assets are adequately recorded, safeguarded, monitored, including periodic physical verification of their use and existence.
- (vii) Cash Management: Review the safeguarding of all cash (including bank accounts) held separately for the purposes of the project either in the UNDP country office or at the project field offices, including cash held as advances or imprest in any sub-office or field office.

- (viii) Information Systems: Assess the efficiency and security of the information systems established and maintained from project funds and their adequacy to meet the management and reporting requirements of the projects.
- (ix) General Administration: These include areas of operations not specifically covered above and for which expenses are charged to the project covering such areas as: travel of project staff, use and maintenance of project vehicles, lease and maintenance of office premises.
- (x) Follow-up on previous audits: As may be applicable, assess the status of implementation of the previous year's audit recommendations.

INDEPENDENT AUDITOR’S REPORT ON STATEMENT OF FINANCIAL POSITION

**To: The Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme (UNDP)
Regional office of OAI – Panamá City, Panamá**

We have audited the financial position of the UNDP project ID 97823, “Fortalecimiento de la capacidad de respuesta del Estado Plurinacional de Bolivia para la emergencia del COVID-19” output ID 101401 titled ‘Diagnóstico COVID 19’, for the period 1 January to 31 December 2020 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 USD 9,544,464.79 is comprised of expenditure directly incurred by the UNDP Country Office in Bolivia for an amount of USD 1,777,863.44 and expenditure incurred by the UNDP Global Procurement Unit for an amount of USD 7,766,601.35. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Bolivia of USD 1,777,863.44

Unmodified opinion

In our opinion, the attached CDRs and Funds Utilization statement present fairly, in all material respects, the expenses of USD1,777,863.44 directly incurred by Country Office in Bolivia and charged to the project for the period 1 January to 31 December 2020 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 unmodified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the ‘Auditor’s responsibilities’ for the audit of the CDR and funds utilization section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with this code. 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 controls as management determines are 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 skepticism 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 in response 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.



PKF Littlejohn LLP

9 July 2021

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COMBINED DELIVERY REPORT AND FUNDS UTILIZATIONS STATEMENTS

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UN
DIP UN Development Programme
 Report ID: unglc0rb

Combined Delivery Report by Activity

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 Run Time: 19-02-2021 15:02:01

Selection Criteria :

Business Unit : BOL10
 Peried : Jan-Dec (2020)
 Selected Project Id : 00097823
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : ALL

Project Id : 00097823 Respuesta COVID19	Period : Jan-Dec (2020)
Output # : 00101401 Diagnostico COVID19	Impl. Partner : 99999 UNDP
	Location : Bolivia
	Govt Exp UNDP Exp UN Agencies Exp Total Exp

Activity : ACTIVITY1 (Adquisiciones para diagnostico)

Fund : 04000 (Core Programme, UNU Centre)

72330 - Medical Products	0.00	76,461.28	0.00	76,461.28
Total for Fund 04000	0.00	76,461.28	0.00	76,461.28

Fund : 30011 (Programme cost sharing WB1)

71625 - Daily Subst.Allow-Mtg Partic	0.00	0.00	0.00	0.00
71630 - Shipment	0.00	0.00	0.00	0.00
72120 - Svc Co-Trade and Business Serv	0.00	0.00	0.00	0.00
72125 - Svc Co-Studies & Research Serv	0.00	119,589.05	0.00	119,589.05
72130 - Svc Co-Transportation Services	0.00	472,412.81	0.00	472,412.81
72210 - Machinery and Equipment	0.00	485,414.35	0.00	485,414.35
72315 - Food & Textile Products	0.00	1,344,537.33	0.00	1,344,537.33
72325 - Chemical,Glass,NonMetallic Prd	0.00	334,461.60	0.00	334,461.60
72330 - Medical Products	0.00	6,260,731.04	0.00	6,260,731.04
74505 - Insurance	0.00	0.00	0.00	0.00
74725 - Other L.T.S.H.	0.00	0.00	0.00	0.00
75105 - Facilities & Admin - Implement	0.00	450,857.33	0.00	450,857.33
76125 - Realized Loss	0.00	0.00	0.00	0.00
Total for Fund 30011	0.00	9,468,003.51	0.00	9,468,003.51

Total for Activity ACTIVITY1 0.00 9,544,464.79 0.00 9,544,464.79

Total for Output : 00101401 0.00 9,544,464.79 0.00 9,544,464.79

Project Total :	0.00	9,544,464.79	0.00	9,544,464.79
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Signed By : _____ _____
 Date : 28/06/21
 Signed By : _____
 Date : _____

Luciana Mermel
 Representante Residente
 PNUD en Bolivia

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UN Development Programme
Report ID: unglodrb

Combined Delivery Report by Activity

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Run Time: 19-02-2021 15:02:01

Selection Criteria :

Business Unit : BOL10
Period : Jan-Dec (2020)
Selected Project Id : 00097823
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

	Period : Jan-Dec (2020)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
48501 - Bolivia - Central	0.00	9,544,464.79	0.00	9,544,464.79

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UN Development Programme
Report ID: unglodrb

Combined Delivery Report by Activity

Page 3 of 3
Run Time: 19-02-2021 15:02:02

Funds Utilization

Selection Criteria :

Business Unit : BOL10
Period : Jan-Dec (2020)
Selected Project Id : 00097823
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

Project/Award: 00097823 Respuesta COVID19 Period : As Of Dec31,2020

Output #	00101401	Impl. Partner :99999 UNDP	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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INDEPENDENT AUDITOR’S REPORT ON STATEMENT OF FIXED ASSETS

**To: The Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme (UNDP)
Regional office of OAI – Panamá City, Panamá**

We noted that the UNDP project ID 97823, “Fortalecimiento de la capacidad de respuesta del Estado Plurinacional de Bolivia para la emergencia del COVID-19” output ID 101401 did not present balances in the fixed assets accounts and accordingly a Statement of Fixed Assets was not produced.

INDEPENDENT AUDITOR’S REPORT ON STATEMENT OF CASH

**To: The Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme (UNDP)
Regional office of OAI – Panamá City, Panamá**

We noted that the UNDP project ID 97823, “Fortalecimiento de la capacidad de respuesta del Estado Plurinacional de Bolivia para la emergencia del COVID-19” output ID 101401 did not have a dedicated bank account for the project subject to audit and accordingly a Statement of Cash was not produced.

INTERNAL-CONTROLS AND SYSTEMS AUDIT RESULTS

The audit firm, in the assessment of project related Internal-controls and systems conducted in accordance with the UNDP DIM Audits Terms of Reference, has assessed the required; The project audit was carried out remotely:

- (e) Organization and Staffing was adequate and in compliance with applicable rules, policies and procedures.

No issues noted.

- (i) Programme and project management was adequate and in compliance with applicable rules, policies and procedures.

No issues noted.

- (ii) Human Resources was adequate and in compliance with applicable rules, policies and procedures.

No issues noted.

- (iii) Finance was adequate and in compliance with applicable rules, policies and procedures.

No issues noted.

- (iv) Procurement was adequate and in compliance with applicable rules, policies and procedures.

No issues noted.

- (v) Asset Management was adequate and in compliance with applicable rules, policies and procedures.

No issues noted. The Project does not contemplate the purchase of assets.

- (vi) Cash Management was effective adequate and in compliance with applicable rules, policies and procedures.

No issues noted.

- (vii) Information Systems was adequate and in compliance with applicable rules, policies and procedures.

No issues noted.

- (viii) General Administration was adequate and in compliance with applicable rules, policies and procedures.

No issues noted.

- (ix) Follow-up on previous year: As may be applicable, assess the status of implementation of the previous year's audit recommendations.

N/A. There was no previous audit