



AUDIT

OF

UNDP ECUADOR

RESPUESTA ANTE LA EMERGENCIA POR COVID-19
(Directly Implemented Project No. 126803, Output No. 120750)

Report No. 2385
Issue Date: 9 July 2021

Report on the Audit of UNDP Ecuador
Respuesta ante la Emergencia por COVID-19 (Project No. 126803, Output No. 120750)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn LLP (the audit firm), from 10 to 25 May 2021, conducted an audit of *Respuesta ante la Emergencia por COVID-19* (Project No. 126803, Output No. 120750 (the Project)), which is directly implemented and managed by the UNDP Country Office in Ecuador (the Office). This was the first audit of the Project.

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 2020 and the accompanying Funds Utilization statement¹ as of 31 December. 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 submitted by the audit firm, the results are summarized in the table below:

Project Expenses	
Amount (in \$ '000)	Opinion
5,387	Unmodified

The audit did not result in any recommendations.

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.

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
ECUADOR**

RESPUESTA ANTE LA EMERGENCIA POR COVID-19

(Project ID 126803, Output ID 120750)

Issue Date: 1 July 2021

Report on the Audit of UNDP Ecuador

Respuesta ante la Emergencia por COVID-19

(Project ID 126803, Output ID 120750)

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn (the audit firm), from 10 to 25 May 2021, conducted an audit of Project “Respuesta ante la Emergencia por COVID-19” (Project ID 126803, Output ID 120750) (the Project), which is directly implemented by UNDP Ecuador (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 Delivered Report, which includes expenses for the period from 1 January to 31 December 2020 and the accompanying Funds Utilization statements¹ as at 31 December 2020.

The audit did not include activities and expenses incurred or undertaken at the “responsible party” level. 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 firm, the results are summarized in the table below:

Project Expenses	
Amount (in \$ ‘000)	Opinion
5,387	Unmodified

Commitments reported at the project 2020 yearend amounted to USD 2,135,549.80 relating mainly to the COVID 19 – Food Kits. All payments at the date of the audit were already made.

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.

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.

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EXECUTIVE SUMMARY

PKF Littlejohn conducted from 10 to 25 May 2021 the financial audit of “Respuesta ante la Emergencia por COVID-19” (Project ID 126803 and Output ID 120750) (the project), directly implemented by UNDP Ecuador (the Office) for the year ended as at 31 December 2020. The audit was undertaken on behalf of the United Nations Development Programme, Office of Audit, and Investigations (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 did not have any assets
Statement of Cash	Not applicable because the project did not maintain a separate bank account.

Management letter summary

There were no reportable findings with a medium or high priority rating consequently we do not issue a management letter.

Prior year audit

The project ID 126803 “Respuesta ante la Emergencia por COVID-19” - Output ID 120750) was not audited in the prior year and therefore, there were not recommendations to follow up on.

A handwritten signature in blue ink that reads "PKF Littlejohn LLP". The signature is stylized and includes a long horizontal line at the bottom.

PKF Littlejohn LLP

1 July 2021

15 Westferry Circus
Canary Wharf
London
E14 4HD

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 to 31 December 2020 in the Combined Delivery Report (CDR), 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 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 2020. 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 project between 1 January to 31 December 2020.

INDEPENDENT AUDITOR'S REPORT

To The Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme (UNDP)
Panama City, Panama

We have audited the financial position of the UNDP project ID 126803, "Respuesta ante la Emergencia por COVID-19" output ID 120750 COVID-19 Kits Alimenticios, 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 audit was carried out from 10 to 25 May 2021.

The CDR expenditure totaling USD 5,386,716.53, is comprised exclusively of expenditure directly incurred by the Office for an amount of USD 5,386,716.53. Our audit covered the expenditures directly incurred by the Office of USD 5,386,716.53.

Unmodified opinion

In our opinion, the attached CDRs and Funds Utilization statement present fairly, in all material respects, the expenses of USD 5,386,716.53 directly incurred by the Office 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. 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 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 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.

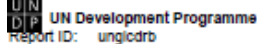


PKF Littlejohn LLP

1 July 2021

15 Westferry Circus
Canary Wharf
London
E14 4HD

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Run Time: 16-06-2021 21:06:02

Business Unit : ECU10
Period : Jan-Dec (2020)
Selected Project Id : 00126803
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00120750

Activity : KITS ALIMENTOS (Kits alimentarios)

Fund : 30071 (Programme cost sharing - GOV1)

Project Total :	0.00	5,386,716.53	0.00	5,386,716.53
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Signed By: Matilde Mordt, Representante Residente, PNUD Date: 16/06/2021

Signed By : Fernando Pachano, Responsable de AGDI *Fernando Pachano* Date: 16/06/2021

PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London
E14 4HD



UN Development Programme
Report ID: ungicdrb

Combined Delivery Report by Activity

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Run Time: 16-06-2021 21:06:02

Selection Criteria:

Business Unit : ECU10
Period : Jan-Dec (2020)
Selected Project Id : 00126803
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00120750

Project Id : ALL	Period : Jan-Dec (2020)		
Output # : ALL	Impl. Partner :		
	Location :		
	Govt Exp	UNDP Exp	UN Agencies Exp
50001 -Ecuador - Central	0.00	5,386,716.53	0.00
			Total Exp
			5,386,716.53

Matilde Mordt

Signed By : Matilde Mordt, Representante Residente, PNUD Date : 16/06/2021

Signed By : Fernando Pachano, Responsable de AGDI *Fernando Pachano* Date : 16/06/2021



Funds Utilization

Selection Criteria :

Business Unit : ECU10
 Period : Jan-Dec (2020)
 Selected Project Id : 00126803
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : 00120750

Project/Award: 00126803 Respuesta ante la emergencia p Period : As Of Dec31,2020

Output #	00120750	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			2,135,549.80

Matilde Mordt

Signed By : Matilde Mordt, Representante Residente, PNUD Date : 16/06/2021

Fernando Pachano

Signed By : Fernando Pachano, Responsable de AGDI Date : 16/06/2021

PKF Littlejohn LLP

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 15 Westferry Circus
 Canary Wharf
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 E14 4HD

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)
Panama City, Panama

Not applicable because the Project did not have any assets

INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF CASH

To The Director of the Office of Audit and Investigations (OAI)

United Nations Development Programme (UNDP)

Panama City, Panama

Not applicable because the project did not maintain a separate bank account.