



AUDIT

OF

**FORTALECIMIENTO DE LAS CAPACIDADES DEL INSTITUTO SALVADOREÑO DE
BIENESTAR MAGISTERIAL PARA MEJORAR LA ATENCIÓN A SUS DERECHOS
HABIENTES**

(Nationally Implemented Project No. 88365, Output No. 95074)

IN

UNDP EL SALVADOR

Report No. 2387

Issue Date: 19 July 2021

**Report on the Audit of
Fortalecimiento de las capacidades del Instituto Salvadoreño de Bienestar Magisterial para mejorar la
atención a sus derechos habientes (Project No. 88365, Output No. 95074) in UNDP El Salvador
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn LLP (the audit firm), from 10 May to 28 June 2021, conducted an audit of *Fortalecimiento de las capacidades del Instituto Salvadoreño de Bienestar Magisterial para mejorar la atención a sus derechos habientes* (Project No. 88365, Output No. 95074) (the Project), which is nationally implemented with support services provided by the UNDP Country Office in El Salvador. The last audit of the Project was conducted by OAI through KPMG SA in 2020 and covered project expenses from 1 January to 31 December 2019.

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 2020. The audit did not include activities and expenses incurred or undertaken at the 'responsible party level' or expenses processed and approved in locations outside 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*. Due to the COVID-19 pandemic, the audit was conducted remotely.

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
4,376	Unmodified

The audit did not result in any recommendations.

The previous audit (Report No. 2234, issued on 4 August 2020) 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.

Moncef Ghrib

Moncef Ghrib
Officer-in-Charge
Office of Audit and Investigations

AUDIT

OF

**UNITED NATIONS DEVELOPMENT PROGRAMME
EL SALVADOR**

**PROYECTO FORTALECIMIENTO DE LAS CAPACIDADES DEL INSTITUTO
SALVADOREÑO DE BIENESTAR MAGISTERIAL PARA MEJORAR LA ATENCIÓN
A SUS DERECHOS HABIENTES**

(Project No. 00088365, Output No. 00095074)

Issue Date: 29 June 2021

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Report on the Audit of UNDP El Salvador

PROYECTO FORTALECIMIENTO DE LAS CAPACIDADES DEL INSTITUTO SALVADOREÑO DE BIENESTAR MAGISTERIAL PARA MEJORAR LA ATENCIÓN A SUS DERECHOS HABIENTES

(Project ID 00088365, Output ID 00095074)

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn (the audit firm) conducted an audit of project “Fortalecimiento de las capacidades del Instituto Salvadoreño de Bienestar Magisterial para mejorar la atención a sus derechos habientes” (Project ID 00088365, Output ID 00095074) (the Project), a nationally implemented¹ project with support services provided by UNDP El Salvador (the Country Office). The duration of the audit was from 10 May to 28 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’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 statements² at 31 December 2020.

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. 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 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 USD 000)	Opinion
4,376	Unmodified

The audit did not result in any recommendations.

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.

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.

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.

**United Nations Development Programme
(UNDP)**

Report of the Independent Auditor on
the United Nations Development Programme (UNDP)
National Implemented (NIM) Project – Implemented by UNDP as CO support to NIM

Project name:	Fortalecimiento de las capacidades del Instituto Salvadoreño de Bienestar Magisterial para mejorar la atención a sus derechos habientes
Output name:	Fortalecimiento ISBM
UNDP Country Office:	San Salvador, El Salvador
Atlas Project ID:	00088365
Atlas Output ID:	00095074
Auditor:	PKF Littlejohn
Period subject to audit:	1 January to 31 December 2020
Period Project:	17 August 2017 to 31 December 2020

EXECUTIVE SUMMARY

PKF Littlejohn conducted the financial audit of UNDP NIM Project ID 00088365, “Fortalecimiento de las capacidades del Instituto Salvadoreño de Bienestar Magisterial para mejorar la atención a sus derechos habientes”- Output ID 00095074 implemented by UNDP EL SALVADOR following the CO Support to NIM Modality for the period from 1 January to 31 December 2020. The audit was undertaken on behalf of the Office of Audit and Investigations (OAI) United Nations Development Programme (UNDP).

Due to the on-going COVID-19 pandemic, the fieldwork was carried out remotely, which did not impact the audit scope.

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 the project did not present balances in the fixed assets accounts
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 00088365 “Fortalecimiento de las capacidades del Instituto Salvadoreño de Bienestar Magisterial para mejorar la atención a sus derechos habientes” - Output ID 00095074 was audited in prior year, but there were not recommendations to follow up on.



PKF Littlejohn LLP

19 July 2021

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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 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 this type of opinion is not required.
- As maybe applicable, provide 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 relates only to transactions concluded and recorded against the UNDP project between 1 January to 31 December 2020.

The project CDR recorded an amount of USD 28,639,24 as commitments at 31 December 2020, which corresponded to medical products. Out of this amount, USD \$8,341.56 were recorded as project expenses on 28 January 28, 2021. The difference of USD \$20,297.68 had not been recorded at the time of our audit since the supplier had yet to finalize the delivery of the medical products.

INDEPENDENT AUDITOR'S REPORT

**To: The Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme (UNDP)**

We have audited the financial position of the UNDP project ID 00088365 "Fortalecimiento de las capacidades del Instituto Salvadoreño de Bienestar Magisterial para mejorar la atención a sus derechos habientes", output ID 00095074, 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 4,376,491.48 is comprised of expenditure directly incurred by the UNDP Country Office in El Salvador for an amount of USD 4,376,491.48.

Unmodified opinion

In our opinion, the attached CDRs and Funds Utilization statement present fairly, in all material respects, the expenses of USD 4,376,491.48 directly incurred by Country Office in El Salvador 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 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

19 July 2021

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Combined Delivery Report and Funds Utilizations Statements 2020

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Combined Delivery Report

Project: **00088365 - Fortalecimiento ISBM Fase II**

Country: **El Salvador**

Period: **Quarter 4, 2020**

Status: **Approved**

Report by Output and Fund

Account	Description	Government	UNDP	UN Agencies	Total
Output: 00095074 - Fortalecimiento ISBM		0.00	4,376,491.48	0.00	4,376,491.48
Fund: 04000 - TRAC (Lines 1.1.1 and 1.1.2)		0.00	10,052.90	0.00	10,052.90
72445	Common Services-Communications	0.00	208.95	0.00	208.95
73310	Maint & Licencing of Software	0.00	208.95	0.00	208.95
74110	Audit Fees	0.00	9,635.00	0.00	9,635.00
Fund: 30071 - Programme cost sharing - GOV1		0.00	4,366,438.58	0.00	4,366,438.58
64397	Services to projects -CO staff	0.00	40,800.00	0.00	40,800.00
72330	Medical Products	0.00	4,056,056.92	0.00	4,056,056.92
74110	Audit Fees	0.00	0.00	0.00	0.00
74210	Printing and Publications	0.00	459.00	0.00	459.00
74596	Services to projects -GOB	0.00	61,197.00	0.00	61,197.00
75105	Facilities & Admin - Implement	0.00	207,925.66	0.00	207,925.66
Project Total:		0.00	4,376,491.48	0.00	4,376,491.48

Report by Activity and Fund

Account	Description	Government	UNDP	UN Agencies	Total
Output: 00095074 - Fortalecimiento ISBM		0.00	4,376,491.48	0.00	4,376,491.48
Activity: ACTIVIDAD 1 - Provisión de medicamentos		0.00	3,375,223.02	0.00	3,375,223.02
Fund: 30071 - Programme cost sharing - GOV1		0.00	3,375,223.02	0.00	3,375,223.02
72330	Medical Products	0.00	3,214,039.11	0.00	3,214,039.11
74210	Printing and Publications	0.00	459.00	0.00	459.00
75105	Facilities & Admin - Implement	0.00	160,724.91	0.00	160,724.91
Activity: ACTIVIDAD 2 - Provisión de equipamiento		0.00	1,001,268.46	0.00	1,001,268.46
Fund: 04000 - TRAC (Lines 1.1.1 and 1.1.2)		0.00	10,052.90	0.00	10,052.90
72445	Common Services-Communications	0.00	208.95	0.00	208.95
73310	Maint & Licencing of Software	0.00	208.95	0.00	208.95
74110	Audit Fees	0.00	9,635.00	0.00	9,635.00
Fund: 30071 - Programme cost sharing - GOV1		0.00	991,215.56	0.00	991,215.56
64397	Services to projects -CO staff	0.00	40,800.00	0.00	40,800.00
72330	Medical Products	0.00	842,017.81	0.00	842,017.81
74110	Audit Fees	0.00	0.00	0.00	0.00
74596	Services to projects -GOE	0.00	61,197.00	0.00	61,197.00
75105	Facilities & Admin - Implement	0.00	47,200.75	0.00	47,200.75
Project Total:		0.00	4,376,491.48	0.00	4,376,491.48

Funds Utilization

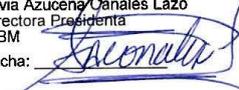
Output: 00095074 - Fortalecimiento ISBM	UNDP Amount
Implementing Partner: 01132 - Inst de Bienestar Magisterial	
Outstanding NIM Advances:	0.00
Undepreciated Fixed Assets:	0.00
Unamortized Intangible Assets:	0.00
Inventory:	0.00

Prepayments:	0.00
Commitments:	28,639.24

Signed by
Adriana Sol
adriana.sol@undp.org
Date: Mar 03, 2021

Signed by
Georgiana Braga-Orillard
Resident Representative
UNDP
Date: Mar 04, 2021



Silvia Azucena Canales Lazo
Directora Presidenta
ISBM
Fecha: 



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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)**

Panama – City, Panama

We noted that the UNDP project ID 00088365 “Fortalecimiento de las capacidades del Instituto Salvadoreño de Bienestar Magisterial para mejorar la atención a sus derechos habientes”, output ID 00095074 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)
Panama – City, Panama**

We noted that the UNDP project ID 00088365 “Fortalecimiento de las capacidades del Instituto Salvadoreño de Bienestar Magisterial para mejorar la atención a sus derechos habientes”, output ID 00095074 did not have a dedicated bank account for the project subject to audit and accordingly a Statement of Cash was not produced.