



AUDIT

OF

UNDP GUATEMALA

**PROGRAMA DE DESARROLLO METROPOLITANO DE LA MUNICIPALIDAD DE
GUATEMALA**
(Nationally Implemented Project No. 36408, Output Nos. 39570, 46679, and 46682)

Report No. 2388

Issue Date: 7 July 2021

Report on the Audit of UNDP Guatemala
Programa de Desarrollo Metropolitano de la Municipalidad de Guatemala (Project No. 36408, Output
Nos. 39570, 46679, and 46682)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn LLP (the audit firm), from 25 May to 11 June 2021, conducted an audit of *Programa de Desarrollo Metropolitano de la Municipalidad de Guatemala* (Project No. 36408, Output Nos. 39570, 46679, and 46682) (the Project), which is nationally implemented¹ with support services provided by UNDP Guatemala (the Office). The last audit of the Project was conducted by OAI, through KPMG 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. 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
15,673	Unmodified

The audit did not result in any recommendations.

The previous audit (Report No. 2235, issued on 24 July 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.

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
GUATEMALA

PROGRAMA DE DESARROLLO METROPOLITANO DE LA
MUNICIPALIDAD DE GUATEMALA

Project No. 00036408,
Output Nos. 00039570, 00046679 and 00046682

Issue Date: 7 July 2021

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Report on the Audit of UNDP GUATEMALA

PROGRAMA DE DESARROLLO METROPOLITANO DE LA MUNICIPALIDAD DE GUATEMALA

(Project ID 00036408, Output ID 00039570, 00046679 and 00046682)

The UNDP Office of Audit and Investigations (OAI) from 25 May to 11 June 2021, through PKF Littlejohn (the audit firm) conducted an audit of project “Proyecto de Desarrollo Metropolitano de la Municipalidad de Guatemala” (Project ID 00036408, Output IDs 00039570, 00046679 and 00046682 (the Project), which is nationally implemented¹ with support services provided by UNDP Guatemala (the Country Office).

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 as 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 Centers and UNDP Headquarters) or expenses of 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.

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
15,673	Unmodified

- Expenses recorded in the Combined Delivery Report amounted to USD 15,673,000.25.

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 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.

**United Nations Development Programme
(UNDP)**

Report of the Independent Auditor on
the United Nations Development Programme (UNDP)
National Implementation Modality (NIM) Project – Implemented by Municipality of Guatemala with
the support of UNDP

Project name:	Proyecto de Desarrollo Metropolitano de la Municipalidad de Guatemala
Output name:	00039570 Movilidad urbana 00046679 Medio ambiente y desechos 00046682 Fortalecimiento institucional
UNDP Country Office:	Guatemala, Guatemala
Atlas Project ID:	00036408
Atlas Output ID:	00039570, 00046679 and 00046682
Auditor:	PKF Littlejohn
Period subject to audit:	1 January to 31 December 2020

EXECUTIVE SUMMARY

PKF Littlejohn conducted the financial audit of UNDP NIM Project ID 0036408, "Proyecto de Desarrollo Metropolitano de la Municipalidad de Guatemala"- Outputs No. 00039570, 00046679 and 00046682 implemented by the Municipality of Guatemala, with the support of UNDP Guatemala 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 has been completed wholly on a remote basis.

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 raised during the course of our audit, consequently we have not issued a management letter.

Prior year audit

The project ID 0036408 "Proyecto de Desarrollo Metropolitano de la Municipalidad de Guatemala" - Output ID 00039570, 00046679 and 00046682 was audited in the prior year but there were no recommendations to follow up on.

A handwritten signature in blue ink, appearing to read "PKF Littlejohn LLP", with a long horizontal line extending from the bottom of the signature.

PKF Littlejohn LLP

7 July 2021

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Canary Wharf
London
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THE AUDIT ENGAGEMENT

Audit Objectives and Scope

The objective of the financial audit was to express an opinion on the NIM 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 NIM 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.

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 0036408, “Proyecto de Desarrollo Metropolitano de la Municipalidad de Guatemala”- Output ID 00039570 “Movilidad urbana”; 00046679 “Medio ambiente y desechos”; and 00046682 “Fortalecimiento institucional”, 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 totaling USD 15,673,000.25 is comprised of expenditure directly incurred by the UNDP Country Office in Guatemala for an amount of USD 15,673,000.25. Our audit covered the full expenditure amount of USD 15,673,000.25.

Unmodified opinion

In our opinion, the attached CDRs and Funds Utilization statement present fairly, in all material respects, the expenses of USD 15,673,000.25 directly incurred by Country Office in Guatemala 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

7 July 2021

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COMBINED DELIVERY REPORT AND FUNDS UTILIZATIONS STATEMENTS



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 1 of 5
Run Time: 07-07-2021 00:07:00

Selection Criteria :

Business Unit : GTM10
Period : Jan-Dec (2020)
Selected Project Id : 00036408
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

Project Id : 00036408	PROG DESARROLLO METROPOLITANO	Period :	Jan-Dec (2020)
Output # : 00039570	MOVILIDAD URBANA	Impl. Partner :	01396 Municipalidad de Guatemala
		Location :	Guatemala
		Govt Exp	UNDP Exp
		UN Agencies Exp	Total Exp

Dept: 50401 (Guatemala - Central)

Fund : 30071 (Programme cost sharing - GOV1)

71205 - Intl Consultants-Sht Term-Tech	0.00	31,600.00	0.00	31,600.00
72105 - Svc Co-Construction & Engineer	0.00	2,298,349.39	0.00	2,298,349.39
72115 - Svc Co-Natural Resources & Env	0.00	10,172,206.14	0.00	10,172,206.14
72155 - Svc Co-Public Admin, Politics	0.00	17,093.52	0.00	17,093.52
74120 - Capacity Assessment	0.00	402.50	0.00	402.50
74599 - UNDP cost recovery chrgs-Bills	0.00	- 1.00	0.00	- 1.00
75105 - Facilities & Admin - Implement	0.00	438,187.77	0.00	438,187.77
76125 - Realized Loss	0.00	786.75	0.00	786.75
76135 - Realized Gain	0.00	- 5,429.45	0.00	- 5,429.45
Total for Fund 30071	0.00	12,953,195.62	0.00	12,953,195.62
Total for Dept : 50401	0.00	12,953,195.62	0.00	12,953,195.62
Total for Output : 00039570	0.00	12,953,195.62	0.00	12,953,195.62

Output # : 00046679	MEDIO AMB Y DESECHOS SOLIDOS	Impl. Partner :	01396 Municipalidad de Guatemala
		Location :	Guatemala

Dept: 50401 (Guatemala - Central)

Fund : 30071 (Programme cost sharing - GOV1)

71305 - Local Consult.-Sht Term-Tech	0.00	1,677.15	0.00	1,677.15
71310 - Local Consult.-Short Term-Supp	0.00	6,377.09	0.00	6,377.09
71405 - Service Contracts-Individuals	0.00	84,371.07	0.00	84,371.07
72115 - Svc Co-Natural Resources & Env	0.00	1,831,000.80	0.00	1,831,000.80
75105 - Facilities & Admin - Implement	0.00	67,319.92	0.00	67,319.92
76125 - Realized Loss	0.00	658.54	0.00	658.54
Total for Fund 30071	0.00	1,991,404.57	0.00	1,991,404.57
Total for Dept : 50401	0.00	1,991,404.57	0.00	1,991,404.57
Total for Output : 00046679	0.00	1,991,404.57	0.00	1,991,404.57

Project Id : 00036408	PROG DESARROLLO METROPOLITANO	Period :	Jan-Dec (2020)
Output # : 00046682	FORTALECIMIENTO INSTITUCIONAL	Impl. Partner :	01396 Municipalidad de Guatemala
		Location :	Guatemala
	Govt Exp	UNDP Exp	UN Agencies Exp
			Total Exp

Output # : 00039570 MOVILIDAD URBANA	Impl. Partner : 01396 Municipalidad de Guatemala
	Location : Guatemala

Dept: 50401 (Guatemala - Central)

Fund : 30071 (Programme cost sharing - GOV1)

71305 - Local Consult.-Sht Term-Tech	0.00	90,514.47	0.00	90,514.47
71310 - Local Consult.-Short Term-Supp	0.00	76,339.75	0.00	76,339.75
71405 - Service Contracts-Individuals	0.00	239,935.72	0.00	239,935.72
71410 - MAIP Premium SC	0.00	98.84	0.00	98.84
71415 - Contribution to Security SC	0.00	7,908.12	0.00	7,908.12
72105 - Svc Co-Construction & Engineer	0.00	244,960.18	0.00	244,960.18
72115 - Svc Co-Natural Resources & Env	0.00	16,829.75	0.00	16,829.75
72505 - Stationery & other Office Supp	0.00	485.59	0.00	485.59
73410 - Maint. Oper of Transport Equip	0.00	180.60	0.00	180.60
74110 - Audit Fees	0.00	13,828.00	0.00	13,828.00
74520 - Storage	0.00	2,945.40	0.00	2,945.40
74525 - Sundry	0.00	9,847.39	0.00	9,847.39
75105 - Facilities & Admin - Implement	0.00	24,635.58	0.00	24,635.58
76125 - Realized Loss	0.00	0.41	0.00	0.41
76135 - Realized Gain	0.00	- 109.74	0.00	- 109.74

Total for Fund 30071

Total for Dept : 50401

Total for Output : 00046682

Project Total :	0.00	15,673,000.25	0.00	15,673,000.25
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Signed By : Ana Maria Diaz, Resident Representative Date : 6/7/21

Signed By : _____ Date : _____

Prof. L. H. Leigh II

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London
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Selection Criteria :

Business Unit : GTM10
Period : Jan-Dec (2020)
Selected Project Id : 00036408
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

Project Id : ALL	Period : Jan-Dec (2020)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
50401 - Guatemala - Central	0.00	15,673,000.25	0.00	15,673,000.25



Funds Utilization

Selection Criteria :

Business Unit : GTM10
Period : Jan-Dec (2020)
Selected Project Id : 00036408
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : ALL

Project/Award: 00036408 PROG DESARROLLO METROPOLITANO

Period : As at Dec 31, 2020

Output #	00039570	Impl. Partner :01396 Municipalidad de Guatemala	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

Output #	00046679	Impl. Partner :01396 Municipalidad de Guatemala	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

Output #	00046682	Impl. Partner :01396 Municipalidad de Guatemala	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00

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Funds Utilization

Commitments

 0.00

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 00036408, "Proyecto de Desarrollo Metropolitano de la Municipalidad de Guatemala" output ID 00039570, 00046679 and 00046682 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 00036408, "Proyecto de Desarrollo Metropolitano de la Municipalidad de Guatemala" output ID 00039570, 00046679 and 00046682 did not have a dedicated bank account for the NIM project activities subject to audit and accordingly a Statement of Cash was not produced