



AUDIT

OF

**APOYO A HOSPITALES ESPECIALIZADOS Y DE REFERENCIA, A NIVEL NACIONAL,
MEDIANTE LA PROVISION DE EQUIPOS BIOMEDICOS
(Nationally Implemented Project No. 122821, Output No. 118283)**

IN

UNDP PARAGUAY

Report No. 2390
Issue Date: 19 July 2021

Report on the Audit of
Apoyo a hospitales especializados y de referencia, a nivel nacional, mediante la provisión de equipos biomédicos (Project No. 122821, Output No. 118283) in UNDP Paraguay
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 *Apoyo a hospitales especializados y de referencia, a nivel nacional, mediante la provisión de equipos biomédicos* (Project No. 122821, Output No. 118283) (the Project), which is nationally implemented with support services provided by the UNDP Country Office in Paraguay. 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 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 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
4,523	Unmodified

*Expenses recorded in the Combined Delivery Report were \$4,568,315.95. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$45,217).

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.

Moncef Ghrib

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

AUDIT

OF

UNITED NATIONS DEVELOPMENT PROGRAMME
PARAGUAY

***Apoyo a hospitales especializados y de referencia, a nivel nacional, mediante la
provisión de equipos biomédicos***

(Project No. 122821, Output No. 118283)

Issue Date: 8 July 2021

Index of Contents

Audit results	2
Management comments and action plan	3
EXECUTIVE SUMMARY	2
Audit opinions	2
Management letter summary	2
Prior year audit	2
THE AUDIT ENGAGEMENT	3
Audit Objectives and Scope	3
INDEPENDENT AUDITOR'S REPORT	4
Combined Delivery Report and Funds Utilizations Statements 2020	6
INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF FIXED ASSETS	9
INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF CASH	10

Report on the Audit of UNDP Paraguay

Apoyo a hospitales especializados y de referencia, a nivel nacional, mediante la provisión de equipos biomédicos

(Project ID 122821, Output ID 118283)

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn (the audit firm) conducted an audit of project “Apoyo a hospitales especializados y de referencia, a nivel nacional, mediante la provisión de equipos biomédicos” (Project ID 122821, Output ID 118283) (the Project), which is nationally implemented¹ with support services provided by UNDP Paraguay (the Country Office). This was the first audit of the Project. 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 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 Centers 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 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
4.523	Unmodified

Expenses recorded in the Combined Delivery Report were USD 4.568.315,95. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (USD 45.217) corresponding to payroll costs processed outside the country.

The audit 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 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.

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)
National Implemented (NIM) Project – Implemented by UNDP as CO support to NIM

Project name:	Apoyo a hospitales especializados y de referencia, a nivel nacional, mediante la provisión de equipos biomédicos
Output name:	Hospitales equipados y COVID
UNDP Country Office:	Paraguay
Atlas Project ID:	122821
Atlas Output ID:	118283
Auditor:	PKF Littlejohn
Period subject to audit:	1 January to 31 December 2020
Period Project:	13 November 2019 to 13 April 2021

EXECUTIVE SUMMARY

PKF Littlejohn conducted the financial audit of UNDP NIM Project ID 122821 “Apoyo a hospitales especializados y de referencia, a nivel nacional, mediante la provisión de equipos biomédicos”- Output ID 118283 implemented by UNDP Paraguay 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 122821 “Apoyo a hospitales especializados y de referencia, a nivel nacional, mediante la provisión de equipos biomédicos”- Output ID 118283 was not audited in the prior year and therefore there were no recommendations to follow up on.



PKF Littlejohn LLP

16 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 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 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 scope of the audit did not include expenses processed and approved in locations outside the country such as UNDP Regional Centers and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office corresponding payroll costs processed outside the country.

The project CDR recorded an amount of USD 158,138.09 as commitments at 31 December 2020, which corresponded to; (i) contracts signed with two suppliers for which purchased equipment remained pending to be received at 31 December 2020; and, (ii) one contract with the project administrator whose services had not been entirely received.

These commitments were recorded as such as at 31 December 2020 and recognized as project expenses in January, February and April 2021.

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 122821 "Apoyo a hospitales especializados y de referencia, a nivel nacional, mediante la provisión de equipos biomédicos"- Output ID 118283, 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 4.568.315,95 is comprised of expenditure directly incurred by the UNDP Country Office in Paraguay for an amount of USD 4.523.098,95 and expenditure incurred by entities other than the Country Office for an amount of USD 45.217. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Paraguay of USD 4.523.098,95.

Unmodified opinion

In our opinion, the attached CDRs and Funds Utilization statement present fairly, in all material respects, the expenses of USD 4.523.098,95 directly incurred by Country Office in Paraguay 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' 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 (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 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

16 July 2021

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Combined Delivery Report and Funds Utilizations Statements 2020



UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

Page 1 of 3
Run Time: 11-03-2021 14:03:44

Selection Criteria :

Business Unit : PRY10
Period : Jan-Dec (2020)
Selected Project Id : 00122821
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00118283

Project Id : 00122821 Equipamiento Hospitales Especi	Period : Jan-Dec (2020)
Output # : 00118283 Hospitales equipados y COVID	Impl. Partner : 99999 UNDP
	Location : UNDP PARAGUAY
Govt Exp	UNDP Exp
UN Agencies Exp	Total Exp

Activity : ACTIVIDAD 1 (Provisión de equipos biomédico)

Fund : 30071 (Programme cost sharing - GOV1)

64397 - Services to projects -CO staff	0.00	45,027.00	0.00	45,027.00
72210 - Machinery and Equipment	0.00	4,211,349.45	0.00	4,211,349.45
72330 - Medical Products	0.00	116,559.27	0.00	116,559.27
72510 - Publications	0.00	1,188.81	0.00	1,188.81
75105 - Facilities & Admin - Implement	0.00	174,965.00	0.00	174,965.00

Total for Fund 30071 0.00 4,549,089.53 0.00 4,549,089.53

Total for Activity ACTIVIDAD 1 0.00 4,549,089.53 0.00 4,549,089.53

Activity : ACTIVIDAD 2 (Administración y Control)

Fund : 30071 (Programme cost sharing - GOV1)

64397 - Services to projects -CO staff	0.00	190.00	0.00	190.00
71305 - Local Consult-Sht Term-Tech	0.00	17,568.05	0.00	17,568.05
71360 - Local Consult-Security	0.00	728.89	0.00	728.89
75105 - Facilities & Admin - Implement	0.00	739.48	0.00	739.48

Total for Fund 30071 0.00 19,226.42 0.00 19,226.42

Total for Activity ACTIVIDAD 2 0.00 19,226.42 0.00 19,226.42

Total for Output : 00118283 0.00 4,568,315.95 0.00 4,568,315.95

Project Total :	0.00	4,568,315.95	0.00	4,568,315.95
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Dr. Victor Hernán Sánchez Acosta
Vice Ministro de Acción Integral
a la Salud y Bienestar Social

Signed By : _____ Date : 12/03/2021

Signed By : _____ Date : 12/03/2021

Silvia Morimoto
Representante Residente

PKF Littlejohn LLP
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Combined Delivery Report by Activity

Page 2 of 3
Run Time: 11-03-2021 14:03:44

Selection Criteria :

Business Unit : PRY10
Period : Jan-Dec (2020)
Selected Project Id : 00122821
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00118283

Project Id : ALL	Period : Jan-Dec (2020)
Output # : ALL	Impl. Partner : Location :
	Govt Exp UNDP Exp UN Agencies Exp Total Exp

52001 - Paraguay - Central	0.00	4,568,315.95	0.00	4,568,315.95
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Dr. Víctor Hernán Martínez Acosta
Viceministro de Atención Integral
a la Salud y Bienestar Social

Silvia Morimoto
Representante Residente



UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

Page 3 of 3
Run Time: 11-03-2021 14:03:45

Funds Utilization

Selection Criteria :

Business Unit : PRY10
Period : Jan-Dec (2020)
Selected Project Id : 00122821
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00118283

Project/Award: 00122821 Equipamiento Hospitales Especi

Period : As Of Dec31,2020

Output # 00118283 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	158,138.09


Silvia Morimoto
Representante Residente


Dr. Victor Hernandez Acosta
Vice Ministro de Asesoría Integral
a la Salud y Bienestar Social


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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 122821 “Apoyo a hospitales especializados y de referencia, a nivel nacional, mediante la provisión de equipos biomédicos”, output ID 118283 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 122821 “Apoyo a hospitales especializados y de referencia, a nivel nacional, mediante la provisión de equipos biomédicos”, output ID 118283 did not have a dedicated bank account for the project subject to audit and accordingly a Statement of Cash was not produced.