



AUDIT

OF

REDUCCIÓN DE VULNERABILIDAD CLIMÁTICA
(Directly Implemented Project No. 125286, Output No. 119698)

IN

UNDP CHILE

Report No. 2487
Issue Date: 21 June 2022

**Report on the Audit of
Reducción de Vulnerabilidad Climática implemented by UNDP Chile
(Project No. 125286, Output No. 119698)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn LLP (the audit firm), from 23 May to 8 June 2022, conducted an audit of *Reducción de Vulnerabilidad Climática* (Project No. 125286, Output No. 119698) (the Project), which is directly implemented and managed by the UNDP Country Office in Chile (the Office). The last audit of the Project was conducted by OAI through PKF Littlejohn LLP in 2021 and covered project expenses from 1 January to 31 December 2020.

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 2021 and the accompanying Funds Utilization statement¹ as of 31 December 2021. 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
439.2	Unmodified

The audit did not result in any recommendations.

Implementation status of previous OAI audit recommendations: Report No. 2380, 15 July 2021.

Total recommendations: 2


Implemented: 1

Withdrawn: 1

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.

 + /s/ Helge S. Ostveiten
2022.06.21
10:58:07 -04'00'

Helge S. Ostveiten
Director
Office of Audit and Investigations

Final

AUDIT

OF

**UNITED NATIONS DEVELOPMENT PROGRAMME
CHILE**

REDUCCIÓN DE VULNERABILIDAD CLIMÁTICA

(Directly Implemented Project No. 125286, Output No. 119698)

Issue Date: 20 June 2022

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Report on the Audit of UNDP Chile

Project Name

(Project ID 125286, Output ID 119698)

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn (the audit firm) conducted an audit of project “Reducción de Vulnerabilidad Climática” (Project ID 125286, Output ID 119698) (the Project), which is directly implemented by UNDP Chile (the Country Office). This was the second audit of the Project. The duration of the audit was from 23 May to 8 June 2022.

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 2021 and the accompanying Funds Utilization statements¹ as at 31 December 2021.

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. 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 *		Project Assets	
Amount (in USD 000)	Opinion	Amount (in USD ‘000)	Opinion
439.2	Unmodified	-	Not applicable because the project did not present balances in the fixed assets accounts

*Expenses recorded in the Combined Delivery Report amounted to USD 439,296.86. Based on the scope of our audit there were not out of scope transactions in the CDR under audit.

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 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)
Directly Implemented (DIM) Project – Implemented by UNDP

Project name:	Reducción de Vulnerabilidad Climática
Output name:	Estrategia implementación
UNDP Country Office:	Chile
Atlas Project ID:	125286
Atlas Output ID:	119698
Auditor:	PKF Littlejohn
Period subject to audit:	1 January to 31 December 2021

EXECUTIVE SUMMARY

PKF Littlejohn conducted the financial audit of UNDP DIM Project ID 125286, "Reducción de Vulnerabilidad Climática"- Output no. 11698 implemented by UNDP Chile following the Direct Implementation Modality for the period from 1 January to 31 December 2021. 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 23 May to 8 June 2022.

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

Prior year audit

The project ID 125286 "Reducción de Vulnerabilidad Climática" - Output ID 119698 was audited in the prior year. We have followed up the issues previously identified, confirming that in all cases, remedial measures were taken and thus these recommendations are no longer relevant.



PKF Littlejohn LLP

20 June 2022

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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 2021 as well as the Funds Utilization statement as at 31 December 2021 and the accounts receivable and accounts payable as at 31 December 2021 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 2021. This statement must include all assets available as at 31 December 2021 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 2021. 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 2021. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of "responsible parties", unless the inclusion of these expenses is specifically required in the request for proposal, and
- 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.

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 Audit and Investigation Office for Latin America and Caribbean – Panama City, Panama

We have audited the financial position of the UNDP project ID Chile, “Reducción de Vulnerabilidad Climática” output ID 119698 titled ‘Estrategia de Implementación’, for the period 1 January to 31 December 2021 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 439,296.86 is comprised of expenditure directly incurred by the UNDP Country Office in Chile for an amount of USD 439,296.86. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Chile of USD 439,296.86.

Unmodified opinion

In our opinion, the attached CDRs and Funds Utilization statement present fairly, in all material respects, the expenses of USD 439,296.86 directly incurred by Country Office in Chile and charged to the project for the period 1 January to 31 December 2021 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

20 June 2022

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COMBINED DELIVERY REPORT AND FUNDS UTILIZATIONS STATEMENTS

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UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 1 of 4
Run Time: 15-02-2022 23:02:22

Selection Criteria :

Business Unit : CHL10
Period : Jan-Dec (2021)
Selected Project Id : 00125286
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00117074,00119698

Project Id : 00125286 Reducción Vulnerabilidad Climá		Period : Jan-Dec (2021)		
Output # : 00119698 Estrategia implementación		Impl. Partner : 99999 UNDP		
		Location : Chile		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 49001 (Chile - Central)

Fund : 30000 (PROGRAMME COST SHARING)

71205 - Intl Consultants-Sht Term-Tech	0.00	8,940.22	0.00	8,940.22
71305 - Local Consult.-Sht Term-Tech	0.00	5,938.80	0.00	5,938.80
71360 - Local Consult-Security	0.00	237.81	0.00	237.81
71405 - Service Contracts-Individuals	0.00	196,480.60	0.00	196,480.60
71410 - MAIP Premium SC	0.00	82.16	0.00	82.16
71415 - Contribution to Security SC	0.00	5,570.05	0.00	5,570.05
71605 - Travel Tickets-International	0.00	953.69	0.00	953.69
71615 - Daily Subsistence Allow-Intl	0.00	5,647.70	0.00	5,647.70
71620 - Daily Subsistence Allow-Local	0.00	0.00	0.00	0.00
71635 - Travel - Other	0.00	815.21	0.00	815.21
72115 - Svc Co-Natural Resources & Env	0.00	105,026.97	0.00	105,026.97
72215 - Transportation Equipment	0.00	69.87	0.00	69.87
72311 - Fuel, petroleum and other oils	0.00	82.81	0.00	82.81
72315 - Food & Textile Products	0.00	1,111.01	0.00	1,111.01
72399 - Other Materials and Goods	0.00	139.62	0.00	139.62
72405 - Acquisition of Communic Equip	0.00	23,127.86	0.00	23,127.86
72435 - E-mail-Subscription	0.00	1,016.00	0.00	1,016.00
72505 - Stationery & other Office Supp	0.00	3,105.96	0.00	3,105.96
72515 - Print Media	0.00	2,906.29	0.00	2,906.29
72805 - Acquis of Computer Hardware	0.00	2,228.09	0.00	2,228.09
72815 - Inform Technology Supplies	0.00	1,114.96	0.00	1,114.96
74105 - Management and Reporting Srvs	0.00	1,608.08	0.00	1,608.08
74110 - Audit Fees	0.00	3,732.00	0.00	3,732.00
74205 - Audio Visual Productions	0.00	20,566.12	0.00	20,566.12
74210 - Printing and Publications	0.00	4,620.55	0.00	4,620.55
74225 - Other Media Costs	0.00	948.52	0.00	948.52
74596 - Services to projects -GOE	0.00	11,889.86	0.00	11,889.86
74710 - Land Transport	0.00	252.07	0.00	252.07
75105 - Facilities & Admin - Implement	0.00	32,657.06	0.00	32,657.06
76110 - Foreign Exch Translation Loss	0.00	5.54	0.00	5.54
76125 - Realized Loss	0.00	0.01	0.00	0.01
76135 - Realized Gain	0.00	- 1,578.63	0.00	- 1,578.63
Total for Fund 30000	0.00	439,296.86	0.00	439,296.86
Total for Dept : 49001	0.00	439,296.86	0.00	439,296.86
Total for Output : 00119698	0.00	439,296.86	0.00	439,296.86

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UNDP UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 2 of 4
Run Time: 15-02-2022 23:02:22

Project Id : 00125286 Reducción Vulnerabilidad Climá	Period :	Jan-Dec (2021)
Output # : 00119698 Estrategia Implementación	Impl. Partner :	99999 UNDP
	Location :	Chile
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

Project Total :	0.00	439,296.86	0.00	439,296.86
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Signed By : Claudia Mojica, Representante Residente PNUD-Chile

Date : 16-feb.-2022

Signed By : Mauricio Soriano, Coordinador nacional de proyecto

Date : 16 - feb.- 2022

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UNDP UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 15-02-2022 23:02:23

Selection Criteria :

Business Unit : CHL10
Period : Jan-Dec (2021)
Selected Project Id : 00125286
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00117074,00119698

Project Id : ALL	Period : Jan-Dec (2021)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
49001 - Chile - Central	0.00	439,296.86	0.00	439,296.86

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UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 4 of 4
Run Time: 15-02-2022 23:02:23

Funds Utilization

Selection Criteria :

Business Unit : CHL10
Period : Jan-Dec (2021)
Selected Project Id : 00125286
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00117074,00119698

Project/Award: 00125286 Reducción Vulnerabilidad Climá Period : As at Dec 31, 2021

Output #	00119698	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 Audit and Investigation Office for Latin America and Caribbean – Panama City,
Panama

We noted that Project 125286 “Reducción de Vulnerabilidad Climática”, output ID 119698 titled “Estrategia implementación”, 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 Audit and Investigation Office for Latin America and Caribbean – Panama City,
Panama

We noted that Project 125286 “Reducción de Vulnerabilidad Climática”, output ID 119698 titled “Estrategia implementación”, did not have a dedicated bank account for the project subject to audit and accordingly a Statement of Cash was not produced.

Follow up of previous year audit recommendations

1. Title: Lack of evidence on pension payment for Service Contractors (SC)

Issue: From the sample reviewed, the auditor noted lack of evidence for pension payment of a project employee in 2020 as required by the Service Contract Guidelines.

Impact: Lack of proper follow up by the Human Resource area officials as not all employees were requested to provide the documents supporting these payments.

Rating: Medium

Recommendation: We recommend putting in place procedures for systematizing the review of this item concerning employees under Service Contract in compliance with UNDP and applicable local legal requirements. It should be noted, that the elimination of this contractual modality (SC) is already foreseen by the introduction of the National Personnel Service Agreement.

As of 1 July 2021 that will supersede the SC modality, therefore this recommendation will be no longer applicable after this date.

UNDP Country Office comments: CO takes note of this recommendation and will pay close attention to any implication this could have in the new contract modality National Personnel Service Agreement.

Status of observation: A close review of contracts potentially affected by this issue was carried out to prevent the occurrence of this issue.

Auditors' comments: Confirmed, no further action required; therefore, in the view of PKF the recommendation was properly addressed by the Country Office.

2. Title: Mandatory training incomplete

Issue: The audit found that project personnel had not complete all mandatory training courses required by UNDP. as there were not enough follow-up actions by the Human Resources area officials to report such situation to project managers for timely corrective actions to be taken

Impact: The Talent Management focal point monitors training needs for the Office at least twice a year, a report is issued and sent as a reminder to all employees who are required to take courses or to those who have not completed mandatory courses. In this case, monitoring was not effectively discharged to ensure full completion of mandatory courses.

Rating: Medium

Recommendation: We recommend stricter controls over mandatory training as to ensure courses are timely completed by all personnel as required by UNDP.

UNDP Country Office comments: Regarding mandatory training not completed yet, the Human Resources unit will contact every personnel to advice on mandatory courses during July and follow up to assure these are completed before September 2021.

Status of observation: All staff completed all the mandatory trainings **in 2021**.

Auditors' comments: Confirmed, no further action required; therefore, in the view of PKF the recommendation was properly addressed by the Country Office.