



AUDIT

OF

**ENHANCEMENT OF COMMERCIALIZATION SERVICES OF GRAN MERCADO DE
BELEN - IQUITOS**
(Nationally Implemented Project No. 88902, Output No. 95376)

IN

UNDP PERU

Report No. 2500
Issue Date: 5 July 2022

Report on the Audit of UNDP Peru
Enhancement of commercialization services of Gran Mercado de Belen - Iquitos
(Project No. 88902, Output No. 95376)
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 'Enhancement of commercialization services of Gran Mercado de Belen – Iquitos' (Project No. 88902, Output No. 95376) (the Project), which is nationally implemented with support services provided by the UNDP Country Office in Peru. The last audit of the Project was conducted 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 include activities 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
99.5	Unmodified

*Expenses recorded in the Combined Delivery Report were \$169,587. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$70,105).

The audit did not result in any recommendations.

The previous audit (Report No. 2391, issued on 15 July 2021) 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

FINAL

AUDIT

OF

**UNITED NATIONS DEVELOPMENT PROGRAMME
PERU**

**ENHANCEMENT OF COMMERCIALIZATION SERVICES OF GRAN MERCADO DE
BELEN – IQUITOS**

(CO Support to National Implemented Project No. 88902, Output No. 95376)

Issue Date: 1 July 2022

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Report on the Audit of UNDP Peru

Project Name - ENHANCEMENT OF COMMERCIALIZATION SERVICES OF GRAN MERCADO DE BELEN – IQUITOS

(Project ID 88902, Output ID 95376)

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn (the audit firm) conducted an audit of project “Enhancement of commercialization services of Gran Mercado de Belen – Iquitos” (Project ID 88902, Output ID 95376) (the Project), which is nationally implemented¹ with support services provided by UNDP Peru (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 statements² 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
99.5	Unmodified	-	Not applicable because the project did not present balances in the fixed assets accounts

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.

*Expenses recorded in the Combined Delivery Report amounted to USD 169,586.90. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (USD 70,105.07).

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.

**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:	Enhancement of commercialization services of Gran Mercado de Belen – Iquitos
Output name:	Mejoramiento Mercado Belen
UNDP Country Office:	Peru
Atlas Project ID:	88902
Atlas Output ID:	95376
Auditor:	PKF Littlejohn
Period subject to audit:	1 January to 31 December 2021

EXECUTIVE SUMMARY

PKF Littlejohn conducted the financial audit of UNDP NIM Project ID 88902, "Enhancement of commercialization services of Gran Mercado de Belen – Iquitos"- Output no. 95376 implemented by UNDP Peru following the CO Support to NIM 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 88902 "Enhancement of commercialization services of Gran Mercado de Belen – Iquitos" - Output ID 95376 was audited in the prior year but there were no recommendations to follow up on.



PKF Littlejohn LLP

1 July 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 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 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 88902, “Enhancement of commercialization services of Gran Mercado de Belen – Iquitos” output ID 95376 titled ‘Mejoramiento Mercado Belen’, 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 169,586.90 is comprised of expenditure directly incurred by the UNDP Country Office in Peru for an amount of USD 99,481.83 and expenditure incurred by entities other than the Country Office for an amount of USD 70,105.07. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Peru of USD 99,481.83.

Unmodified opinion

In our opinion, the attached CDRs and Funds Utilization statement present fairly, in all material respects, the expenses of USD 99,481.83 directly incurred by Country Office in Peru 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 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 2022

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COMBINED DELIVERY REPORT AND FUNDS UTILIZATIONS STATEMENTS

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Combined Delivery Report

Project: **00088902 - Mejoramiento Mercado Belen**

Country: **Peru**

Period: **Quarter 4, 2021**

Status: **Pending Release**

Report by Output and Fund

Account	Description	Government	UNDP	UN Agencies	Total
Output: 00095376 - Mejoramiento Mercado Belen		0.00	169,586.90	0.00	169,586.90
Fund: 04000 - TRAC (Lines 1.1.1 and 1.1.2)		0.00	14,998.49	0.00	14,998.49
71405	Service Contracts-Individuals	0.00	14,998.49	0.00	14,998.49
Fund: 30071 - Programme cost sharing - GOV1		0.00	90,258.77	0.00	90,258.77
71305	Local Consult.-Sht Term-Tech	0.00	97,838.18	0.00	97,838.18
71360	Local Consult-Security	0.00	3,922.26	0.00	3,922.26
71405	Service Contracts-Individuals	0.00	7,468.30	0.00	7,468.30
71410	MAIP Premium SC	0.00	1.99	0.00	1.99
71415	Contribution to Security SC	0.00	159.44	0.00	159.44
72105	Svc Co-Construction & Engineer	0.00	18,613.94	0.00	18,613.94
72425	Mobile Telephone Charges	0.00	56.07	0.00	56.07
72430	Postage and Pouch	0.00	37.66	0.00	37.66
72810	Acquis of Computer Software	0.00	496.50	0.00	496.50
73110	Custodial & Cleaning Services	0.00	109.80	0.00	109.80
73120	Utilities	0.00	3,820.02	0.00	3,820.02
73216	Construction Cost	0.00	-35,863.31	0.00	-35,863.31
74110	Audit Fees	0.00	-9,732.80	0.00	-9,732.80
74525	Sundry	0.00	31.67	0.00	31.67
75105	Facilities & Admin - Implement	0.00	3,478.40	0.00	3,478.40
76125	Realized Loss	0.00	146.98	0.00	146.98
76135	Realized Gain	0.00	-326.33	0.00	-326.33
Fund: 30084 - Prog Resources from 11888		0.00	64,329.64	0.00	64,329.64
61105	Salaries - NP Staff	0.00	926.62	0.00	926.62
62110	Contrib Joint Staff Pension-NP	0.00	191.96	0.00	191.96
62115	Contrib to Med,SocIns-NP Staff	0.00	67.19	0.00	67.19
62140	Annual Leave Expense - NO	0.00	274.55	0.00	274.55
63530	Contribution to EOS Benefits	0.00	32.44	0.00	32.44
63535	Contribution to Security	0.00	37.07	0.00	37.07
63540	Contribution to Training	0.00	3.24	0.00	3.24
63545	Contribution to ICT	0.00	13.90	0.00	13.90
63550	Contributions to MAIP	0.00	0.46	0.00	0.46
63555	Contribution to UN JFA	0.00	25.94	0.00	25.94
63560	Contributions to Appendix D	0.00	2.32	0.00	2.32
64110	Separations - NP Staff	0.00	11.58	0.00	11.58
65115	Contributions to ASHI Reserve	0.00	92.20	0.00	92.20
65135	Payroll Mgt Cost Recovery ATLA	0.00	22.41	0.00	22.41
71305	Local Consult.-Sht Term-Tech	0.00	0.00	0.00	0.00
71360	Local Consult-Security	0.00	0.00	0.00	0.00
71405	Service Contracts-Individuals	0.00	47,638.28	0.00	47,638.28
71410	MAIP Premium SC	0.00	26.55	0.00	26.55
71415	Contribution to Security SC	0.00	2,124.20	0.00	2,124.20
72105	Svc Co-Construction & Engineer	0.00	1,077.37	0.00	1,077.37
73105	Rent	0.00	548.85	0.00	548.85
73110	Custodial & Cleaning Services	0.00	76.82	0.00	76.82
74110	Audit Fees	0.00	6,370.53	0.00	6,370.53
75105	Facilities & Admin - Implement	0.00	4,765.16	0.00	4,765.16
76125	Realized Loss	0.00	0.00	0.00	0.00
76135	Realized Gain	0.00	0.00	0.00	0.00

Project Total:	0.00	169,586.90	0.00	169,586.90
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Report by Activity and Fund

Account	Description	Government	UNDP	UN Agencies	Total
Output: 00095376 - Mejoramiento Mercado Belen		0.00	169,586.90	0.00	169,586.90
Activity: ACTIVIDAD 4 - Construcción y Equipamiento		0.00	86,044.67	0.00	86,044.67
Fund: 30071 - Programme cost sharing - GOV1		0.00	90,856.68	0.00	90,856.68
71305	Local Consult.-Sht Term-Tech	0.00	97,838.18	0.00	97,838.18
71360	Local Consult-Security	0.00	3,922.26	0.00	3,922.26
72105	Svc Co-Construction & Engineer	0.00	17,817.48	0.00	17,817.48
73120	Utilities	0.00	3,820.02	0.00	3,820.02
73216	Construction Cost	0.00	-35,863.31	0.00	-35,863.31
75105	Facilities & Admin - Implement	0.00	3,501.40	0.00	3,501.40
76125	Realized Loss	0.00	146.98	0.00	146.98
76135	Realized Gain	0.00	-326.33	0.00	-326.33
Fund: 30084 - Prog Resources from 11888		0.00	-4,812.01	0.00	-4,812.01
71305	Local Consult.-Sht Term-Tech	0.00	-4,455.56	0.00	-4,455.56
71360	Local Consult-Security	0.00	0.00	0.00	0.00
72105	Svc Co-Construction & Engineer	0.00	0.00	0.00	0.00
75105	Facilities & Admin - Implement	0.00	-356.44	0.00	-356.44
76125	Realized Loss	0.00	-0.01	0.00	-0.01
76135	Realized Gain	0.00	0.00	0.00	0.00
Activity: ACTIVIDAD 7 - Gestion Proyecto		0.00	83,542.23	0.00	83,542.23
Fund: 04000 - TRAC (Lines 1.1.1 and 1.1.2)		0.00	14,998.49	0.00	14,998.49
71405	Service Contracts-Individuals	0.00	14,998.49	0.00	14,998.49
Fund: 30071 - Programme cost sharing - GOV1		0.00	-597.91	0.00	-597.91
71405	Service Contracts-Individuals	0.00	7,468.30	0.00	7,468.30
71410	MAIP Premium SC	0.00	1.99	0.00	1.99
71415	Contribution to Security SC	0.00	159.44	0.00	159.44
72105	Svc Co-Construction & Engineer	0.00	796.46	0.00	796.46
72425	Mobile Telephone Charges	0.00	56.07	0.00	56.07
72430	Postage and Pouch	0.00	37.66	0.00	37.66
72810	Acquis of Computer Software	0.00	496.50	0.00	496.50
73110	Custodial & Cleaning Services	0.00	109.80	0.00	109.80
74110	Audit Fees	0.00	-9,732.80	0.00	-9,732.80
74525	Sundry	0.00	31.67	0.00	31.67
75105	Facilities & Admin - Implement	0.00	-23.00	0.00	-23.00
Fund: 30084 - Prog Resources from 11888		0.00	69,141.65	0.00	69,141.65
61105	Salaries - NP Staff	0.00	926.62	0.00	926.62
62110	Contrib Joint Staff Pension-NP	0.00	191.96	0.00	191.96
62115	Contrib to Med,SocIns-NP Staff	0.00	67.19	0.00	67.19
62140	Annual Leave Expense - NO	0.00	274.55	0.00	274.55
63530	Contribution to EOS Benefits	0.00	32.44	0.00	32.44
63535	Contribution to Security	0.00	37.07	0.00	37.07
63540	Contribution to Training	0.00	3.24	0.00	3.24
63545	Contribution to ICT	0.00	13.90	0.00	13.90
63550	Contributions to MAIP	0.00	0.46	0.00	0.46
63555	Contribution to UN JFA	0.00	25.94	0.00	25.94
63560	Contributions to Appendix D	0.00	2.32	0.00	2.32
64110	Separations - NP Staff	0.00	11.58	0.00	11.58
65115	Contributions to ASHI Reserve	0.00	92.20	0.00	92.20
65135	Payroll Mgt Cost Recovery ATLA	0.00	22.41	0.00	22.41
71305	Local Consult.-Sht Term-Tech	0.00	4,455.56	0.00	4,455.56
71360	Local Consult-Security	0.00	0.00	0.00	0.00
71405	Service Contracts-Individuals	0.00	47,638.28	0.00	47,638.28
71410	MAIP Premium SC	0.00	26.55	0.00	26.55
71415	Contribution to Security SC	0.00	2,124.20	0.00	2,124.20
72105	Svc Co-Construction & Engineer	0.00	1,077.37	0.00	1,077.37
73105	Rent	0.00	548.85	0.00	548.85
73110	Custodial & Cleaning Services	0.00	76.82	0.00	76.82

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74110	Audit Fees	0.00	6,370.53	0.00	6,370.53
75105	Facilities & Admin - Implement	0.00	5,121.60	0.00	5,121.60
76125	Realized Loss	0.00	0.01	0.00	0.01
Project Total:		0.00	169,586.90	0.00	169,586.90

Signed on behalf of UNDP:

DocuSigned by:

AE70FBD59AC94B4
Ricardo Vidalon

DocuSigned by:

EQB4D5EFB10444A...
Carla Zacapa

Gerente de Operaciones PNUD Peru

Date: 19-may.-2022

18-May-2022

Signed on behalf of Implementing Partner:

Date:



PKF Littlejohn LLP
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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 88902 “Enhancement of commercialization services of Gran Mercado de Belen – Iquitos”, output ID 95376 titled “Mejoramiento Mercado Belen”, 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 88902 “Enhancement of commercialization services of Gran Mercado de Belen – Iquitos”, output ID 95376 titled “Mejoramiento Mercado Belen”, did not have a dedicated bank account for the project subject to audit and accordingly a Statement of Cash was not produced.