



**AUDIT**

**OF**

**UNDP PERU**

**Supporting Peruvian Government to Chair the Twentieth Conference of Parties of the  
United Nations Framework Convention on Climate Change (COP20) and the Tenth  
Meeting of the Parties of the Kyoto Protocol (CMP10)  
COP20-PERU-2014  
(Directly Implemented Project No. 75011, Output No. 87130)**

**Report No. 1535**

**Issue Date: 27 August 2015**

**Report on the Audit of UNDP Peru  
COP20-PERU-2014 (Project No. 75011, Output No. 87130)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), conducted from 15 to 26 June 2015 an audit of COP20-PERU-2014 (Project No. 75011, Output No. 87130) (the Project), which is directly implemented and managed by the UNDP Country Office in Peru (the Office). This was the first audit of the Project.

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 Delivery Report, which includes expenditure for the period from 1 January to 31 December 2014 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2014. 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 where supporting documentation was not retained at the UNDP Country Office level. Furthermore, the audit did not cover the Statement of Assets as no assets were purchased 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 Expenditure*		
Amount (in \$ '000)	Opinion	NFI** (in \$ '000)
75,147	Unqualified	185

\*Expenditures recorded in the Combined Delivery Report were \$80,878,368. Excluded from the audit scope were expenditures processed and approved by other UNDP offices outside of the country (\$390,795). Also excluded were expenditures incurred at the "responsible party" level (\$5,340,222), which were subject to a separate audit conducted by external auditors that resulted in an unqualified opinion.

\*\*Net Financial Impact: The amount represents expenditure incurred in 2015, which was recorded in the 2014 Combined Delivery Report. The auditors did not qualify their audit opinion, as the impact on the overall expenditure reported was minimal.

<sup>1</sup> The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated 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.

**Key recommendation:** Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, which means, "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." This recommendation includes action to address expenses incurred in 2015, which were recorded in the 2014 Combined Delivery Report.

The recommendation aims to ensure the reliability and integrity of financial and operational information.

**Management comments and action plan**

The UN Resident Coordinator/UNDP Resident Representative accepted the recommendation and is in the process of implementing it. Comments and/or additional information provided have been incorporated into the report, where appropriate.



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Director  
Office of Audit and Investigations