



AUDIT

OF

UNDP PERU

**Supporting Peruvian Government to Chair the Twentieth Conference of Parties of the
United Nations Framework Convention on Climate Change (COP 20) and the Tenth
Meeting of the Parties of the Kyoto Protocol (CMP10)
(Directly Implemented Project No. 75011, Output No. 87130)**

**Report No. 1664
Issue Date: 27 July 2016**

Report on the Audit of UNDP Peru
Supporting Peruvian Government to Chair the Twentieth Conference of Parties of
the United Nations Framework Convention on Climate Change (COP 20)
and the Tenth Meeting of the Parties of the Kyoto Protocol (CMP10)
(Project No. 75011, Output No. 87130)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 30 May to 10 June, 2016, conducted an audit of Supporting Peruvian Government to Chair the Twentieth Conference of Parties of the United Nations Framework Convention on Climate Change (COP 20) and the Tenth Meeting of the Parties of the Kyoto Protocol (CMP10) (Project No. 75011, Output No. 87130) (the Project), which is directly implemented and managed by the UNDP Country Office in Peru (the Office). The last audit of the Project was conducted by an external audit firm in 2015 and covered project expenditure from 1 January to 31 December 2014.

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 2015 to 31 March 2016 and the accompanying Funds Utilization statement¹ as of 31 March 2016. 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). The audit did not cover the Statement of Assets and Statement of Cash Position as no assets were procured and no separate bank account was maintained, respectively, 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 \$ in millions)	Opinion
8.05	Unqualified

**Expenditures recorded in the Combined Delivery Report for both 2015 and 2016 (to 31 March) totaled \$8.51 million. Excluded from the audit scope were transactions that relate to expenditures not processed by the Office (\$0.18 million). Also excluded were expenditures incurred at the "responsible party" level (\$0.28 million), which were subject to a separate audit conducted by external auditors that resulted in an unqualified opinion.*

Key recommendations: Total = 3, high priority = 0

¹ 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.

The audit did not result in any high (critical) priority recommendations. There are three medium (important) priority recommendations, 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." These recommendations include actions to address, (i) lapses in contract management, (ii) payments made without adequate invoices, and (iii) unrecovered payments of Value Added Tax.

The three recommendations aim to ensure: (a) the (reliability and integrity of financial and operational information (Recommendations 2 and 3), and (b) effectiveness and efficiency of operations (Recommendation 1).

Implementation status of previous OAI audit recommendations: Report No. 1535, 27 August 2015.

Total recommendations: 1

Implemented: 1

Management comments and action plan

The UN Resident Coordinator and UNDP Resident Representative accepted all of the three recommendations and are in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.



Helge S. Osttveiten
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