

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
Resilient nations.*

AUDIT

OF

UNDP EL SALVADOR

**PROGRAMA DE MODERNIZACIÓN Y GESTIÓN DE LOS ACTIVOS ESTRATÉGICOS DE CEPA
FASE II**

(Directly Implemented Project No. 92375, Output No. 97116)

Report No. 1977

Issue Date: 6 August 2018

Report on the Audit of UNDP El Salvador
Programa de modernización y de gestión de los activos estratégicos de CEPA Fase II
(Project No. 92375, Output No. 97116)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 21 to 25 May 2018, conducted an audit of Programa de modernización y de gestión de los activos estratégicos de CEPA Fase II (Project No. 92375, Output No. 97116 (the Project), which is directly implemented and managed by the UNDP Country Office in El Salvador (the Office), providing Country Office support. 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 expenses for the period from 1 January to 31 December 2017 and the accompanying Funds Utilization statement¹ as of 31 December 2017. 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*.

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 Expenses*	
Amount (in \$ '000)	Opinion
4,963	Unmodified

Key recommendations: Total = 2, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are two medium (important) priority recommendations, which means, “Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP.” These recommendations include actions to address: expenditure incurred before the start of the project implementation period, and adequate control framework for project monitoring not set out in the signed Letter of Understanding.

The two recommendations aim to ensure the following: (a) reliability and integrity of financial and operational information (Recommendation 1); and (b) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 2).

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

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

A handwritten signature in blue ink is enclosed in a black rectangular box. The signature is stylized and appears to read 'Antoine Khoury'.

Antoine Khoury
Officer-in-Charge
Office of Audit and Investigations