



AUDIT

OF

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

IN

UNDP CHILE

Report No. 2380
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**Report on the Audit of
Reducción de vulnerabilidad climática (Project No. 125286, Output No. 119698) in UNDP Chile
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn LLP (the audit firm), from 24 May to 14 June 2021, 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). This was the first audit of the Project.

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 2020 and the accompanying Funds Utilization statement¹ as of 31 December 2020. 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*. Due to the COVID-19 pandemic, the audit was conducted remotely.

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 |
| 150 | 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 lack of evidence on pension payments for service contractors and uncompleted mandatory trainings.

The two recommendations aim to ensure the following: compliance with legislative mandates, regulations and rules, policies and procedures (Recommendations 1 and 2).

Management comments and action plan

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.



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

Brett Simpson
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