



**United Nations Population Fund**

*Delivering a world where every pregnancy is wanted,  
every childbirth is safe and  
every young person's potential is fulfilled.*

**OFFICE OF AUDIT AND INVESTIGATION SERVICES**

**PROJECT AUDIT  
IN THE UNFPA GUATEMALA COUNTRY OFFICE**

**FINANCIAL STATEMENTS AND INTERNAL CONTROL AUDIT  
OF THE "XII NATIONAL POPULATION CENSUS AND  
VII NATIONAL HOUSING CENSUS" PROJECT  
PHASE - 06 MARCH 2017 – 31 DECEMBER 2018**

**FINAL REPORT  
N° IA/2020-04**

**27 May 2020**

## EXECUTIVE SUMMARY

1. On 06 March 2017, the Instituto Nacional de Estadística (INE) and the United Nations Population Fund (UNFPA) entered into an agreement (the Agreement) regarding the 'XII National Population Census and VII National Housing Census Guatemala' project (the Project). Article VII paragraph 3 of the Agreement stipulates that external audits of the Project be conducted; be contracted to an external audit firm; the cost of which being borne by the Project; and that audit results be disclosed to INE.
2. In accordance with the UNFPA Financial Regulations and Rules and the UNFPA Oversight Policy, the Office of Audit and Investigation Services (OAIS) engaged an external audit firm accredited in Guatemala, Orellana Sanchez Sazo & Asociados, S.C RSM International Limited ("RSM" or "Contractor") to perform, under OAIS' general supervision:
  - a) An audit of the special purpose financial statements (i.e. financial reports prepared in accordance with IPSAS intended for the purpose of the audit) of the Project. The Project's special purpose financial statements audited comprised of the:
    - i. Statement of Project income and expenses and budget execution;
    - ii. Statement of Project assets and liabilities;
    - iii. Statement of Project cash-flows; and
    - iv. Notes to the special purpose financial statements.
  - b) The internal control system applicable to the Project; and
  - c) The compliance with the clauses and contractual conditions in the Agreement.
3. The audit covered the period from 06 March 2017 to 31 December 2018, that is from Project inception to 31 December 2018. A separate and later report will cover from 01 January 2019 to Project end date.

### *Background*

4. The purpose of the Project is to update the sociodemographic statistical information, which allows the adequate design of public policies and monitoring of national development priorities. UNFPA provided technical support, skills development and financial resources, services, equipment and other materials and supplies necessary for the execution of the Project. The UNFPA support to the Project was carried through the UNFPA Country Office in Guatemala, and a census Implementation Unit created specifically for that purpose which operated under UNFPA's Regulations and Rules.
5. The Project's income and expenses during the audited period were USD 47 million and USD 39 million respectively, while the Project's total assets as at 31 December 2018 amounted to approximately USD 8 million.

### *Methodology and scope*

6. The audit was performed by the Contractor, under Contract UNFPA/USA/PSC/19/012, in accordance with the *International Standards of Auditing (ISA) 800 series*. An audit includes examining, on a selective basis, the evidence supporting the figures and disclosures in the financial statements.
7. The Contractor performed tests of internal controls to evaluate and obtain a sufficient understanding of the internal controls, assess control risks and identify significant deficiencies, including material weaknesses, including providing reasonable assurance that the processes for contracting goods and services for the Project and the management of the Project's financial and physical resources were executed in accordance with the applicable UNFPA Regulations and Rules and relevant policies.
8. The Contractor performed tests to determine if UNFPA complied, in all its substantial aspects with the contractual clauses of accounting and financial nature of the Agreement, including providing reasonable assurance that the funds provided have been used for the intended purpose, in accordance with the Agreement

9. All of the audit planning, fieldwork and reporting activities were performed by the Contractor. The audit was conducted under general supervision of OAIS in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

*Audit results*

10. Based on the letter of representation, the audit report on the financial statements, on the internal controls and on compliance with the clauses of the agreement, submitted by the Contractor:

11. Regarding the Project Financial Statements:

In the Contractor's opinion, the Financial Statements of the Project, for the period from 06 March 2017 to 31 December 2018, have been prepared in all important aspects in accordance with the financial regulations and standards of UNFPA and the applicable requirements of the International Public Sector Accounting Standards (IPSAS).

12. Regarding the Project Internal Control System:

No relevant deficiencies were found related to the structure and operations of internal control that could harm the integrity of the financial statements of the Project.

13. Compliance with terms and clauses of the Agreement:

In the Contractor's opinion, during the period from 06 March 2017 to 31 December 2018, UNFPA complied in all its substantial aspects with the contractual clauses of accounting and financial nature of the Agreement.

14. The audit resulted in one low priority recommendation, which means that "action is desirable and should result in enhanced control or better value for money".<sup>1</sup> As per usual procedure for low priority recommendations, OAIS discussed the recommendation (to strengthen requests for approval of process to Procurement Service Branch after the awarding of vehicle rental service) directly with the Office management during the course of the audit and no action plan is included in this report.

15. OAIS would like to thank the Management and personnel of the UNFPA Guatemala Country Office, of the UNFPA Latin American and Caribbean Regional Office, and of the different UNFPA Headquarters units for their cooperation and assistance throughout the audit.

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<sup>1</sup> <https://www.unfpa.org/admin-resource/standard-definition-audit-terms>

**XII National Population Census and  
VII National Housing Census Guatemala Project**

**Fund GTA04 – pursuant to the agreement between the  
Instituto Nacional de Estadística -INE- and the United Nations  
Population Fund -UNFPA-**

**Financial Statements Audit**

**For the period from March 6th, 2017 to December 31st, 2018  
(Together with the Independent Auditor's Report)**

**XII National Population Census and  
VII National Housing Census Guatemala Project**  
financed with resources from the Agreement between  
the Instituto Nacional de Estadística -INE- and the United Nations  
Population Fund –UNFPA–, Fund GTA04

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November 15<sup>th</sup>, 2019

To  
United Nations Population Fund –UNFPA–  
Guatemala City

Dear Sirs,

We hereby present the results of our audit to the XII National Population Census and VII National Housing Census Guatemala Project, financed with resources from the agreement between the Instituto Nacional de Estadística -INE- and the United Nations Population Fund –UNFPA–, Fund GTA04, for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018.

## **I. BACKGROUND OF THE AUDIT**

On September 24<sup>th</sup>, 2019 our audit firm was hired by the United Nations Population Fund –UNFPA–, a subsidiary body of the United Nations General Assembly, with the scope indicated in the service contract No. UNFPA / USA / PSC / 19/012 and the terms of reference of the audit service.

Our audit was executed through a review carried out from October 14<sup>th</sup>, 2019 to November 15<sup>th</sup>, 2019.

## **II. BRIEF HISTORY OF THE UNITED NATIONS POPULATION FUND –UNFPA– IN GUATEMALA**

The United Nations Population Fund -UNFPA- in Guatemala develops its cooperation based on the Agreement that the United Nations Development Program signed with the Government of the Republic of Guatemala on July 20<sup>th</sup>, 1998, which was approved by the Congress of the Republic of Guatemala on March 29<sup>th</sup>, 2000, and then was ratified by the President of the Republic of Guatemala on July 11<sup>th</sup>, 2000.

The mission of UNFPA is to contribute to creating a world in which every pregnancy is desired, every birth is safe, and every young person reaches their full potential.



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In the case of Guatemala, the UNFPA Fund signed its 2015-2019 Country Program Action Plan with the Secretaría de Planificación y Programación de la Presidencia, SEGEPLAN. The Plan integrates the strategic actions and country results that are proposed for the 5 years, which were built in conjunction with public administration institutions and civil society organizations, in a democratic process that was accompanied by SEGEPLAN.

The 2015-2019 Country Action Plan Program establishes as one of its priority areas the strengthening of the country's capacity to collect, generate, analyze and disseminate sociodemographic information disaggregated on population dynamics, sexual and reproductive health, HIV and violence against women, which should be incorporated in the planning system and in the formulation of policies at the national level.

### **III. BACKGROUND OF THE PROJECT**

The "XII National Population Census and VII National Housing Census Guatemala Project", hereinafter "the Project", originates from the approval for conducting censuses, according to Article 19 of Decree No. 50-2016 "Budget of Income and Expenditure for 2017 Law" dated November 29<sup>th</sup>, 2016, in which it is indicated that, the purpose of this Project will be to update the sociodemographic statistical information, which allows the adequate design of public policies and monitoring of national development priorities.

In order to carry out the approved censuses, the Instituto Nacional de Estadística –INE– was empowered to enter into an agreement with the United Nations Population Fund -UNFPA- to obtain technical support, development of skills and financial resources, prioritizing the contracting of services, equipment and other materials and supplies necessary for the execution of the Project.

UNFPA's support to the XII National Population Census and VII National Housing Census Guatemala Project was provided based on an agreement signed with INE dated March 6<sup>th</sup>, 2017, modified on May 21<sup>st</sup>, 2018 and July 26<sup>th</sup>, 2019, pursuant to the authorization and resource allocation reflected in the Budget of Income and Expenditures for 2017, approved by the Congress of the Republic of Guatemala. UNFPA's support to the census Project was provided through UNFPA's Country Office in Guatemala, and a census Implementation Unit created specifically for that purpose which operates under UNFPA's rules and regulations.

The Agreement signed on March 6<sup>th</sup>, 2017 defines that the INE should transfer to UNFPA the total amount of financial resources to cover Project expenses and, it is agreed that UNFPA will be governed in accordance with its financial regulations, its policies and procedures, including those related to interests and investments.

### **Objectives of the Agreement**

The Agreement was established to obtain the following results:

1. Performing the XII National Population Census and VII National Housing Census Guatemala Project and deliver the results to the INE at the end of the process.
2. Create a Census Implementing Unit that will be governed by the rules and regulations of UNFPA.
3. Provide support to the INE in the following areas:
  - Political, communication and promotion of alliances.
  - Technical Support on census.
  - Capacity building of government institutions to monitor and develop Census results.
  - Administrative and financial management to guarantee the availability of human resources, goods and services related to the Project, its schedule, budget and procurement plan.

### **Budget of the Project**

The Government of Guatemala approved to finance the XII National Population Census and VII National Housing Census Guatemala Project for a total amount of two hundred sixty-nine million five hundred thousand Quetzales (Q. 269,500,000), which was consigned in the Agreement between the Instituto Nacional de Estadística -INE- and the United Nations Population Fund –UNFPA– signed on March 6<sup>th</sup>, 2017.

On May 21<sup>st</sup>, 2018, Amendment No. 1 to the Agreement between INE and UNFPA was signed, in which an extension to the budget of seventy-eight million seven hundred seven thousand eight hundred fifty-six is authorized (Q 78,707, 856) distributed as





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follows: For the year 2018 an amount of fifty seven million, seven hundred thirty four thousand (Q 57,734,000) and for the year 2019 an amount of twenty million nine hundred seventy-three thousand eight hundred fifty-six (Q 20,973,856).

On July 26<sup>th</sup>, 2019, Amendment No. 2 to the agreement between the INE and UNFPA and its Amendment No. 1 was signed, in which the extension of the term of the agreement until December 31<sup>st</sup>, 2019 is agreed.

#### **IV. PURPOSE OF THE AUDIT**

The general objectives of our audit, for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018, which was carried out in accordance with International Auditing Standards, were the following:

- (1) Express an opinion on whether the Financial Statements of the XII National Population Census and VII National Housing Census Guatemala Project, financed with resources from the agreement between the Instituto Nacional de Estadística -INE- and the United Nations Population Fund –UNFPA–, Fund GTA04, which comprise the statement of financial position as of December 31<sup>st</sup>, 2018, and the Statements of Financial Performance, Statements of Cash Flows for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018, and notes to the financial statements, including a summary of significant accounting policies, have been prepared by the United Nations Population Fund –UNFPA– in accordance with the financial regulations and standards of UNFPA and the applicable requirements of the International Public Sector Accounting Standards – IPSAS–.
- (2) Evaluate and obtain a sufficient understanding of the internal control applied by the Management of UNFPA, in the execution of the Agreement between the Instituto Nacional de Estadística -INE- and the United Nations Population Fund –UNFPA–, for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018, assess control risk and identify significant deficiencies, including material weaknesses.
- (3) Carry out tests to determine if the United Nations Population Fund –UNFPA–, complied, in all material aspects, with the terms, applicable laws and regulations related to the agreement between the Instituto Nacional de Estadística -INE- and the United Nations Population Fund –UNFPA–, for the XII National Population Census and VII National Housing Census Guatemala Project.

## **V. SCOPE OF THE AUDIT**

The audit has been carried out in accordance with the International Auditing Standards. These Rules require the auditor to plan and perform the audit to obtain reasonable assurance, about whether the financial statements are free from material misstatement. An audit includes examining, on a selective basis, the evidence supporting the figures and disclosures in the financial statements. An audit also includes the evaluation of the accounting principles used and the significant estimates made by the Project Management, as well as the evaluation of the general presentation of the financial statements.

The specific objectives of the audit were:

1. Examine whether the financial statements of the Financial Statements of the XII National Population Census and VII National Housing Census Guatemala Project, financed with resources from the agreement between the Instituto Nacional de Estadística -INE- and the United Nations Population Fund -UNFPA-, Fund GTA04, for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018, have been prepared in accordance with the financial regulations and standards of UNFPA and the applicable requirements of the International Public Sector Accounting Standards – IPSAS–.
2. Evaluate and obtain a sufficient understanding of the internal control applied by the Management of UNFPA, in the execution of the Project; assess control risk and identify reportable conditions, including significant internal control deficiencies. This evaluation includes internal controls related to the procurement and payment of goods and services carried out during the period, based on a representative sample based on audit risks.
3. Perform an examination to determine whether the terms and clauses of the Agreement, applicable laws and regulations related to the Project are met in all important aspects and express an statement about those aspects and circumstances that identify important instances of non-compliance and all indications of illegal acts.



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## VI. RESULT OF THE AUDIT

The results of the audit for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018 were as follows:

### a. Financial Statements

In our opinion, the accompanying Financial Statements of the XII National Population Census and VII National Housing Census Guatemala Project, financed with resources from the agreement between el Instituto Nacional de Estadística -INE- and the United Nations Population Fund –UNFPA–, Fund GTA04, for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018, have been prepared in all important aspects in accordance with the financial regulations and standards of UNFPA and the applicable requirements of the International Public Sector Accounting Standards – IPSAS–.

### b. Internal Control System

No relevant deficiencies were found related to the structure and operation of internal control that could harm the integrity of the financial statements of XII National Population Census and VII National Housing Census Guatemala Project, financed with resources from the agreement between the Instituto Nacional de Estadística -INE- and the United Nations Population Fund –UNFPA–, Fund GTA04, for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018. Nevertheless, we consider it necessary to disclose certain aspects that must be overcome, in order to strengthen the internal control in force, which are detailed in the Findings section for the period of review of the report.



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c. Compliance with terms and clauses of the Agreement, applicable laws and regulations

In our opinion, during the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018 the United Nations Population Fund –UNFPA– complied in all its substantial aspects with the contractual clauses of accounting and financial nature of the Agreement between the Instituto Nacional de Estadística -INE- and the United Nations Population Fund - UNFPA.

Sincerely,

Lic. Luis E. Orellana C.P.A.  
Managing Partner

**XII National Population Census and  
VII National Housing Census Guatemala Project**

**Fund GTA04 – pursuant to the agreement between the  
Instituto Nacional de Estadística -INE- and the United Nations  
Population Fund -UNFPA-**

**Financial Statements**

**For the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018  
(Together with the Independent Auditor's Report)**

# **XII National Population Census and VII National Housing Census Guatemala Project**

## **Fund GTA04 – pursuant to the agreement between el Instituto Nacional de Estadística -INE- and the United Nations Population Fund -UNFPA-**

### **Content**

- Independent Auditor's Report
- Statement of Financial Position
- Statement of Financial Performance
- Statement of Cash Flows
- Notes to the Financial Statements
- Appendix: Auditor's Responsibilities



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## **INDEPENDENT AUDITOR'S REPORT**

**To: Director, Office of Audit and Investigation Services  
United Nations Population Fund – UNFPA –**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the Special purpose financial statements of the **XII National Population Census and VII National Housing Census Guatemala Project**, financed with resources from the agreement between the **Instituto Nacional de Estadística -INE-** and the **United Nations Population Fund –UNFPA–**, Fund GTA04, which comprise the Statement of Financial Position as of December 31<sup>st</sup>, 2018, and the Statements of Financial Performance, Statements of Cash Flows for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018, and notes to the financial statements, including a summary of significant accounting policies. The financial statements have been prepared by the United Nations Population Fund –UNFPA– in accordance with the financial regulations and standards of UNFPA and the applicable requirements of the International Public Sector Accounting Standards – IPSAS–.

In our opinion, the accompanying Financial Statements of the **XII National Population Census and VII National Housing Census Guatemala Project**, financed with resources from the agreement between el **Instituto Nacional de Estadística -INE-** and the **United Nations Population Fund –UNFPA–**, Fund GTA04, for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018, have been prepared in all material respects, in accordance with the financial regulations and standards of UNFPA and the applicable requirements of the International Public Sector Accounting Standards – IPSAS–.

#### **Basis for Opinion**

We conducted our Audit in accordance with International Standard on Auditing (ISAs). Our responsibilities under those standards are further described in the “*Auditor’s Responsibilities for the Audit of Financial Statements*” section of our report. We are independent of the Instituto Nacional de Estadística (INE), the United Nations



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Population Fund (UNFPA) Country Office in Guatemala and the Office of Audit and Investigation Services (OAIS) with the ethical requirements that are relevant to our audit of Financial Statements in Guatemala, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the Audit evidence we have obtained is sufficient and appropriate to provide a basis for an unqualified opinion.

### **Purpose of Financial Report**

We draw attention to Note 3 of the financial statements, in which the accounting basis is described. The Financial Statements of the Project have been prepared to allow the administration of the United Nations Population Fund –UNFPA–, to comply with the financial information provisions of the Agreement above mentioned. Consequently, the financial statements may not be appropriate for other purposes.

### **Responsibilities of Management and Those charged with the Governance for the Financial Statements**

The Management of UNFPA, in the execution of the Agreement between the Instituto Nacional de Estadística -INE- and the United Nations Population Fund –UNFPA–, is responsible for the preparation and the fair presentation of these financial statements in accordance with the financial regulations and standards of UNFPA and the applicable requirements of the International Public Sector Accounting Standards –IPSAS–; and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those in charge of the Project's governance are responsible for overseeing the Project's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements of the Project as a whole 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





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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 financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements that is part of this auditor's report can be found as an Appendix at the end of this report.

Lic. Luis E. Orellana  
C. P. A. Register Number 2,848

Guatemala, November 15<sup>th</sup>, 2019

**XII National Population Census and  
VII National Housing Census Guatemala Project,  
financed with resources from the agreement between the Instituto Nacional de  
Estadística -INE- and the United Nations Population Fund –UNFPA–, Fund GTA04  
Statement of Financial Position  
As of December 31<sup>st</sup>, 2018  
(expressed in United States Dollars)**

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**Assets**

Current assets

Cash and cash equivalents	(Note 5)	2,673,756
Contributions receivable	(Note 6)	2,710,974
Other assets	(Note 7)	491,964
Total - current assets		<u>5,876,694</u>

Non current assets

Property and equipment and intangible assets	(Note 8)	2,066,564
Total - non current assets		<u>2,066,564</u>

**Total assets**

**7,943,258**

**Fund balance**

**7,943,258**

The accompanying notes are an integral part of the financial statements.

**XII National Population Census and  
VII National Housing Census Guatemala Project,  
financed with resources from the agreement between the Instituto Nacional de  
Estadística -INE- and the United Nations Population Fund –UNFPA–, Fund GTA04  
Statement of Financial Performance  
From March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018  
(expressed in United States Dollars)**

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<b>Revenue</b>		
Contribution revenue	(Note 9)	47,190,871
Other revenue	(Note 10)	92,615
<b>Total revenue</b>		<b>47,283,486</b>
<b>Expenses</b>		
Staff costs		12,038
Development and training of counterparts		1,092,260
Supplies, materials and operating costs	(Note 11)	5,503,981
Contracted and professional services	(Note 12)	29,409,240
Travel expenses	(Note 13)	1,070,996
Depreciation and amortization	(Note 8)	268,708
Other expenses		20,203
Indirect costs	(Note 14)	1,962,802
<b>Total expenses</b>		<b>39,340,228</b>
<b>Surplus for the financial period</b>		<b>7,943,258</b>

The accompanying notes are an integral part of the financial statements.

**XII National Population Census and  
VII National Housing Census Guatemala Project,  
financed with resources from the agreement between the Instituto Nacional de  
Estadística -INE- and the United Nations Population Fund –UNFPA–, Fund GTA04  
Statement of Cash Flows  
From March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018  
(expressed in United States Dollars)**

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<b>Cash flows from operating activities</b>		
Surplus for the financial period	(Statement II)	7,943,258
Adjustments to reconcile the surplus for the financial period to the net cash flows:		
Depreciation and amortization	(Note 8)	268,709
		<u>8,211,967</u>
Net Changes in Assets		
Contributions receivable	(Note 6)	(2,710,974)
Other assets	(Note 7)	(491,964)
		<u>5,009,029</u>
Net cash flows from operating activities		
<b>Cash flows from investing activities</b>		
Purchases of property and equipment and intangible assets	(Note 8)	(2,335,273)
		<u>(2,335,273)</u>
Net cash flows from investing activities		
		2,673,756
Cash and cash equivalent at the beginning of the financial period		
		-
<b>Cash and cash equivalent at the end of the financial period</b>		
	(Note 5)	<u><u>2,673,756</u></u>

The accompanying notes are an integral part of the financial statements.

**XII National Population Census and  
VII National Housing Census Guatemala Project,  
financed with resources from the agreement between the Instituto Nacional de  
Estadística -INE- and the United Nations Population Fund –UNFPA–, Fund GTA04  
Notes to the Financial Statements  
As of December 31st, 2018  
(expressed in United States Dollars)**

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**Nota 1 Brief history of the Project**

The United Nations Population Fund (UNFPA) was engaged by the National Statistics Institute of Guatemala (Instituto Nacional de Estadística – INE) to support the organization and implementation of Guatemala’s XII National Population Census and VII National Housing Census (census), including the provision of technical expertise, capacity development, and administrative and financial management services.

UNFPA’s support to the XII National Population Census and VII National Housing Census Guatemala Project was provided based on an agreement with INE dated March 6<sup>th</sup>, 2017, amended on May 21<sup>st</sup>, 2018 and July 26<sup>th</sup>, 2019, pursuant to the authorization and resource allocation reflected in the Budget of Income and Expenditures for 2017, approved by the Congress of the Republic of Guatemala on 29 November, 2016.

UNFPA’s support to the census project was provided through UNFPA’s country office in Guatemala, and a census Implementation Unit created specifically for that purpose which operates under UNFPA’s rules and regulations.

In the period covered by the Financial Statements the census project achieved several critical milestones, including the successful completion of enumeration activities in September 2018.

**Nota 2 Unit of account**

The amounts reflected in the census project financial statements are presented in United States (US) Dollars.

The exchange rate used as a reference by UNFPA, is obtained from the system of operational exchange rates published by the United Nations, whose rates are published for internal operations of the UN and its agencies. As of December 31<sup>st</sup>, 2018 the US Dollar official exchange rate was Q 7.73665 per US\$1. See Note 4(g).

The amounts in these financial statements were rounded to the nearest whole number. Amounts reported may not add up due to rounding.

**XII National Population Census and  
VII National Housing Census Guatemala Project,  
financed with resources from the agreement between the Instituto Nacional de  
Estadística -INE- and the United Nations Population Fund –UNFPA–, Fund GTA04  
Notes to the Financial Statements  
As of December 31st, 2018  
(expressed in United States Dollars)**

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**Nota 3 Basis of presentation**

**a) Accounting convention**

The census project financial statements have been prepared on the accrual basis of accounting in accordance with the financial regulations and standards of UNFPA and the applicable requirements of the International Public Sector Accounting Standards – IPSAS–. The main accounting policies in use are further described in Note 4 below.

**b) Financial period**

The census project financial statements cover the period from 6 March 2017 to 31 December 2018.

**Nota 4 Summary of accounting policies**

The main accounting policies used by the Project in recording its operations and preparing its financial statements are as follows:

**a) Cash and cash equivalents**

Cash and cash equivalents reflects cash on hand, money market and short term highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, held by UNFPA on behalf of the Project.

**b) Other assets**

Project cash advances reflect funds issued to project personnel for the implementation of project activities. The advances are initially recognized as assets when payments are made, through financial institutions, to the designated fund custodians, and liquidated upon acceptance of financial reports documenting the use of the funds for the intended purposes.

Fuel coupons are valued at cost. An asset is recognized upon purchase of the coupons, and expenses recognized when the coupons are subsequently redeemed.

Deferred expenses are valued at cost. They are initially recognized as an asset when payments are made for the procurement of services, and liquidated when services are subsequently provided.

**XII National Population Census and  
VII National Housing Census Guatemala Project,  
financed with resources from the agreement between the Instituto Nacional de  
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**c) Property and equipment and intangible assets**

Property and equipment (or fixed assets) consisting of vehicles, furniture and equipment procured for use in the project with a service lifetime of more than one year, is stated at their purchase price, less accumulated depreciation. Repair, maintenance and insurance costs, as well as freight and installation costs, are expensed as incurred.

Assets acquired through donation are stated at their fair market value as at the date of acquisition, determined by reference to the cost at which they were procured.

Depreciation is provided over the estimated useful life of fixed assets using the straight-line method. Depreciation of a full month is charged in the month in which the fixed asset becomes available for use. No depreciation is charged in the month of the disposition of the fixed asset.

The estimated useful life ranges for the different classes of fixed assets are as follows:

Information and communications technology equipment	5–11 years
Furniture and equipment	6–10 years
Vehicles	7 years

No indications of impairment of any assets acquired for use by the project exist, and thus no impairment adjustments have been recognized.

Intangible assets comprise software and computer licenses procured for the census project and expected to be used for more than one year. Intangible assets are stated at their purchasing price, less accumulated amortization, provided over an estimated useful life of 3 years, using the straight line method. A full month's amortization is charged in the month in which the intangible asset becomes available for use, and no amortization is charged in the month of intangible asset's disposal.

**d) Revenue**

Contributions are recognized as revenue at the time of signing the Agreement and on the date of modifications or amendments that extend the amount of the contribution.

In-kind contributions reflect the fair value of the equipment donated by UNFPA for use in the Project; determined by reference to the cost at which they were procured.

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Contributions of services in-kind to the project were not recognized as revenue.

**e) Expenses**

Project expenses are recognized on the accrual basis, upon delivery of the goods and services procured for use by the project, unless assets are recognized, in which case related expenses are recognized as shown in the table below:

- Project cash advances: Upon acceptance of expense reports documenting the use of for the intended purposes of the resources advanced.
- Deferred expenditures: Upon consumption of use of the related services.
- Property, plant and equipment: Through depreciation charges or at the time of disposal.

**f) Use of estimates**

These financial statements necessarily include amounts based on estimates and assumptions by management. Estimates include, but are not limited to, fair value of assets, impairment losses, useful lives and accrued charges. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

**g) Foreign currency exchange gains and losses**

Foreign currency exchange losses arising from contributions receivable, due to changes in the Guatemalan Quetzal United Nations operational rate of exchange throughout the contribution collection dates, were absorbed by UNFPA and not charged to the project, in line with the agreement signed with INE.

Foreign exchange gains reported under other revenue include gains arising from variations in the United Nations operational rate of exchange between the time of recognition of local currency monetary liabilities and their payment, the calculation of which is automatically performed by UNFPA's Enterprise Resource Planning system (ERP).

**h) Fund Balance**

The fund balance represents the value of assets procured for the implementation of the census activities, as well as the funds available for the implementation of remaining census activities to be executed subsequent to the reporting period.



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Ownership of the assets procured during the financial period will be transferred to INE as the project operational needs allow it. Pursuant to the agreement between UNFPA and INE, any undisbursed funds available upon completion of the agreement will be refunded to INE.

**Nota 5 Cash and cash equivalent**

Cash is held in the UNFPA bank and investment accounts commingled with cash and cash equivalents held by UNFPA to service other operational and programmatic needs.

UNFPA does not establish or maintain single separate bank accounts for individual contribution agreements for operational efficiency; however, it has a process to identify all financial movements related to the agreements using a unique identifier, a fund code. In the case of the Project "XII National Population Census and VII National Housing Census", the fund code received was GTA04.

As of December 31<sup>st</sup>, 2018, the cash and cash equivalents balance reported in the Project's financial statements is derived from the balance of the fund code GTA04 for an amount of US \$ 2,673,756.

**Nota 6 Contributions Receivable**

Contributions receivable as at 31 December 2018 and their movement during the period can be summarized as follows:

Total contributions to the project per the agreement dated March 6, 2017 and amendment dated May 21, 2018	47,190,871
Less: Contributions collected	(44,443,743)
Net exchange losses on contributions receivable absorbed by UNFPA	(36,154)
	2,710,974

The receivable of US Dollars 2,710,974 as at 31 December 2018 corresponds to the final installment of the agreed-upon Guatemalan Government contributions to the project, per the agreement amended on 21 May 2018. The US Dollar equivalent of this installment has been determined using the United Nations operational rate of exchange in effect as at 31 December 2018. The final contribution was subsequently collected on 1 February 2019, for an equivalent of US Dollars 2,712,727.

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**Nota 7 Other Assets**

Other assets as at 31 December 2018, measured at their nominal amounts, were as follows:

Project cash advances	287,682
Fuel coupons	49,512
Deferred expenses -	
Vehicle maintenance costs	140,863
Cellular telephony air time	13,907
	<u>491,964</u>

**Nota 8 Property and equipment and Intangible assets**

Balance as of December 31<sup>st</sup>, 2018 and movements in property and equipment and intangible assets during the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018 are summarized as follows:

	<u>Additions</u>	<u>Accumulated amortization</u>	<u>Value in books as of 31-Dec-2018</u>
Information and communications technology and intangible assets	1,064,221	(164,907)	899,314
Vehicles	982,638	(81,182)	901,456
Furniture and equipment	288,414	(22,620)	265,794
	<u>2,335,273</u>	<u>(268,709)</u>	<u>2,066,564</u>

**Nota 9 Contribution revenue**

Contribution revenue represents the amounts contributed by the Government of Guatemala for the execution of the censuses, recognized as revenue upon signature of the binding agreement with UNFPA dated March 6<sup>th</sup>, 2017 and its amendment dated May 21<sup>st</sup>, 2018, as follows:

Original Agreement (Agreement dated March 6th, 2017)	36,567,164
Amendment No. 1 (dated May 21st, 2018)	10,623,707
	<u>47,190,871</u>

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**Nota 10 Other Revenue**

Other revenue recognized during the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018 correspond to:

In-Kind Contributions	9,551
Reimbursement project advances not cleared by recipients	35,231
Foreign exchange gains (Note 4(g))	47,833
	92,615
	92,615

**Nota 11 Supplies, materials and operating costs**

The supplies, materials and operating costs incurred in the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018, were as follows:

Supplies and materials	651,958
Rent, repairs and maintenance	817,079
Printing, publications and media	1,499,080
Leased vehicles	1,799,445
Fuel, vehicle maintenances and other transportation costs	352,619
Other operating costs	383,800
	5,503,981
	5,503,981

**Nota 12 Contracted and Professional Services**

The contracted and professional services incurred in the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018, were:

Individual consultants - locally recruited	28,134,754
Contracted services with individuals - Other	161,027
Contracted services with companies	1,113,459
	29,409,240
	29,409,240

**Nota 13 Travel Expenses**

Travel expenses incurred in the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018, were:

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Tickets and other travel costs	36,989
Meals, accommodation and allowance	1,034,006
	1,070,995

**Nota 14 Indirect Costs**

Indirect costs represent expenses incurred by UNFPA as a function of and in support of its activities and programmes, which cannot be unequivocally traced to those activities and programmes.

In accordance with the agreement dated March 6<sup>th</sup>, 2017, these costs have been recovered at the fixed rate of 5 per cent on the US Dollar value of the project disbursements.

**Nota 15 Subsequent events**

Subsequent to the reporting date (31 December 2018), a labor lawsuit related to the Project was initiated against UNFPA, as follows:

Nature of the Dispute	Status	Evaluation
Dispute over employee benefit arrangements	Ordinary Labor 01173-2019-00290: Notification has been received of the claims filed.	The amount of the claim is not significant. Based on the opinion of the local attorneys and of the UNFPA Legal offices, UNFPA is of the view that it is likely the matter will be satisfactorily resolved and that no payments will be required.

Except for the above, we are not aware of any subsequent events occurred between the date of the financial statements and the date of their authorization by Management and even before the date of issuance of the present report of the Independent auditors, which requires the adjustment of the balances presented in the approved financial statements.

**XII National Population Census and  
VII National Housing Census Guatemala Project,  
financed with resources from the agreement between the Instituto Nacional de  
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**Appendix**

**Auditor’s Responsibilities for the Audit of the Financial Statements**

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 Project’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- We conclude on the appropriateness of the use of the Administration of the accounting basis of the operating Entity and, based on the evidence obtained, if there is a material uncertainty regarding events or conditions that may give rise to a significant doubt about the capacity of UNFPA to continue as a functioning entity. If we conclude that there is material uncertainty, we are required to draw attention in our auditor's report on the respective disclosures in the financial statements or, if such disclosures are insufficient, to modify our opinion. Our conclusions are based on the audit evidence obtained to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to be a functioning Entity.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to 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.

We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**XII National Population Census and  
VII National Housing Census Guatemala Project**

**Fund GTA04 – pursuant to the agreement between the  
Instituto Nacional de Estadística -INE- and the United  
Nations Population Fund -UNFPA-**

**Independent Auditor Internal Control Report**

**For the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018**



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## INDEPENDENT AUDITOR INTERNAL CONTROL REPORT

**To: The United Nations Population Fund – UNFPA –**

We have audited the financial statements of the **XII National Population Census and VII National Housing Census Guatemala Project**, financed with resources from the agreement between the **Instituto Nacional de Estadística -INE-** and the **United Nations Population Fund –UNFPA–**, Fund GTA04, for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018. We have issued our unqualified opinion report on November 15<sup>th</sup>, 2019.

We conducted our audit in accordance with International Standards on Auditing (ISAs). The ISAs require planning and performing the audit to obtain certainty about whether the Financial Statements of the Project are free from material misstatement.

In planning and executing our audit of the financial statements of the Project, we take into account its internal control to determine our audit procedures and be able to express our opinion, but not to provide absolute assurance of the functioning of the internal control structure.

The Management of UNFPA, in the execution of the Agreement subscribed between the Instituto Nacional de Estadística –INE– and the United Nations Population Fund –UNFPA–, is responsible for establishing and implementing an appropriate internal control structure. To fulfill this responsibility, Management must make estimates and judgments to evaluate the benefits and costs related to internal control policies and procedures.



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The objectives of internal control are to provide a reasonable, but not absolute certainty that the assets are protected against losses due to unauthorized uses or dispositions, that the transactions are executed in accordance with the financial regulations and standards of UNFPA and the applicable requirements of the International Public Sector Accounting Standards –IPSAS-. Due to limitations inherent to any internal control structure, errors and irregularities may occur and not be detected.

Also, planning any evaluation of internal control to future periods is subject to the risk that the procedures become inadequate due to changes in the conditions or that the effectiveness of the design and operation of the policies and procedures may deteriorate.

Our internal control assessment does not necessarily reveal all matters of internal control that could constitute significant deficiencies. A material deficiency is a condition in which the design or operation of specific elements of internal control does not reduce to a relatively low level the risk that errors or misstatement may occur and not be detected in a timely manner by employees in normal compliance with its functions, which could be important in relation to the audited financial statements.

No relevant deficiencies were found related to the structure and operation of internal control that could harm the integrity of the financial statements of XII National Population Census and VII National Housing Census Guatemala Project, financed with resources from the agreement between the Instituto Nacional de Estadística -INE- and the United Nations Population Fund –UNFPA–, Fund GTA04, for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018.

However, we consider important to disclose a certain matter related to the operation of the internal control system, which is detailed in the following section.





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This report is issued for information and use of officials and directors of the United Nations Population Fund –UNFPA– and Instituto Nacional de Estadística –INE–. Nevertheless, this limitation is not intended to restrict the distribution of the report, which, with approval of the parties, could be distributed to others.

Sincerely,

Lic. Luis E. Orellana C.P.A.  
Audit Partner

Guatemala, November 15<sup>th</sup>, 2019

**XII National Population Census and VII National Housing Census Guatemala  
Project, financed with resources from the agreement between  
the Instituto Nacional de Estadística -INE- and the United Nations Population  
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Independent Auditor Internal Control Report  
For the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018**

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1. Based on the work performed, the audit noted the following matters that need Management attention.

Request for approval of process to PSB after the awarding of vehicle rental service

2. It was observed that in the process CEN296 / 2018 LTA for vehicle rental service with the supplier Actividades Turísticas -AVIS-, the modality carried out for the award of the service was based on a long-term contract launched by UNDP in the process of quoting SDC No. UNDP 1694/17 for the contracting of vehicle rental services for the United Nations System (UNS) in Guatemala. Under the Long Term Agreements (LTA), signed between UNDP and four suppliers, UNFPA proceeded to carry out an informal Request for Quotation process (UNCPA SDC CEN 296/2018) in which it invited the four qualified suppliers to submit a quote under the Secondary Bidding modality for the 4X4 Pick-Up Vehicle Rental Service in accordance with the criteria established in the process conducted by UNDP. As a result of the quotation process, the Memorandum of Agreement (MOA / Guatemala / 2018 / CEN296 / UNFPA-A) was signed. However, upon completion of the awarding, it was determined that the same should be approved by the Procurement Services Division.

3. The Procurement Services Division review and the approval was subsequently requested, obtaining the approval ex post.

ROOT CAUSE *Human error: un-intentional mistakes committed by staff entrusted to perform assigned functions*

IMPACT *LOW*

CATEGORY *COMPLIANCE*

**RECOMMENDATION 1**

**PRIORITY: *LOW***

*When initiating the adjudication processes, the appropriate procedure must be defined. This procedure must be followed in accordance with its procurement policies and procedures.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

STATUS: *Agree/Disagree*

MANAGEMENT ACTION PLAN:

DUE DATE:

**XII National Population Census and  
VII National Housing Census Guatemala Project**

**Fund GTA04 – pursuant to the agreement between the  
Instituto Nacional de Estadística -INE- and the United  
Nations Population Fund -UNFPA-**

**Report on Compliance of Clauses of the Agreement**

**For the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018**

**INDEPENDENT AUDITOR REPORT ON COMPLIANCE  
OF CLAUSES OF THE AGREEMENTS, SUBAGREEMENTS, APPLICABLE  
LAWS AND REGULATIONS**

**To: The United Nations Population Fund – UNFPA –**

We have audited the financial statements of the **XII National Population Census and VII National Housing Census Guatemala Project**, financed with resources from the agreement between the **Instituto Nacional de Estadística -INE-** and the **United Nations Population Fund –UNFPA–**, Fund GTA04, for the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018. We have issued our unqualified opinion report on November 15<sup>th</sup>, 2019.

As part of our financial statement audit as of December 31<sup>st</sup>, 2018, we verified the compliance with the clauses and contractual conditions established in the Agreement. The compliance of the clauses and contractual conditions are under the responsibility of UNFPA, in the execution of the Agreement subscribed between the Instituto Nacional de Estadística –INE– and the United Nations Population Fund –UNFPA–.

We conducted our audit in accordance with International Standards on Audit and the audit requirements included in the contract for professional services of External Audit. Those standards require that we comply with ethical requirements, as well as plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The audit includes the inspection, on a selective basis, of the appropriate evidence.

The results of the verification of compliance of the most relevant clauses and contractual conditions are described within this report. We are not aware of additional facts or events other than those described in this report that imply noncompliance with clauses or violations by the entities that constitute the United Nations Population Fund –UNFPA– during the reviewed period.



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In our opinion, during the period from March 6<sup>th</sup>, 2017 to December 31<sup>st</sup>, 2018 the United Nations Population Fund –UNFPA– complied in all its substantial aspects with the contractual clauses of accounting and financial nature of the Agreement between the Instituto Nacional de Estadística -INE- and the United Nations Population Fund -UNFPA-.

Lic. Luis E. Orellana  
C. P. A. Registered Number 2,848

Guatemala, November 15<sup>th</sup>, 2019