



Memorandum

Subject: Audit of the Project, "XII National Population Census and VII National Housing Census of Guatemala"

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 of the Project comprised of the following:
 - 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.

Based on results of the audit, the Contractor were to issue their Independent Auditor's Report and opinion on the special purpose financial statements.

- b) An assessment of the internal control system applicable to the Project; and
 - c) Review of compliance with the clauses and contractual conditions in the Agreement.
 - d) Prepare and issue an Executive Summary that summarizes the important issues raised in the audit and details the approach, scope and results of the audit.
3. The audit covered the period from 06 March 2017 to 31 August 2020 and was executed in two parts:
- a. Part A that included the audit of the balances for the period from 06 March 2017 to 31 December 2018 and was executed through a review carried out from 14 October to 15 November 2019, and
 - b. Part B that included the audit of the balances for the period from 01 January 2019 to 31 August 2020 and was executed through a review carried out from 02 August to 22 September 2021.

About the Project

4. The purpose of the Project is to update the sociodemographic statistical information of Guatemala, 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 with the establishment of a Census Implementation Unit that provided oversight, following UNFPA Regulations and Rules, policies and procedures.

5. The Project's income and expenses from 06 March 2017 to 31 August 2020 were USD 47,190,871 and USD 46,542,893, respectively. The surplus of USD 657,529 was refunded by UNFPA to INE.

Audit 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, and providing reasonable assurance that the processes for contracting goods and services for the Project and the management of financial and physical resources were executed in accordance with the applicable UNFPA Regulations and Rules and relevant policies and procedures.

8. The Contractor performed tests to determine if UNFPA complied, in all its substantial aspects with the accounting and financial terms and clauses of the Agreement, including providing reasonable assurance that the funds were used for the intended purpose.

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

Audit results

10. Based on the letter of representation, the Contractor rendered an audit opinion on the special purpose financial statements, and concluded on their assessment of the internal controls, on compliance with the clauses of the agreement as follows:

11. The Special Purpose Financial Statements

In the Contractor's opinion, the Financial Statements of the Project, for the period from 06 March 2017 to 31 August 2020, were 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. The Project Internal Control System

No relevant deficiencies were found related to the structure and operations of internal controls 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 August 2020, UNFPA complied in all substantial aspects with the relevant accounting and financial terms and clauses of the Agreement.

14. The audit resulted in one low priority recommendation on procurement, which means that “action is desirable and should result in enhanced control or better value for money”¹.

15. OAIS thank the Management and personnel of the UNFPA Guatemala Country Office, the Latin American and Caribbean Regional Office, and of the different UNFPA Headquarters units for their cooperation and assistance throughout the audit and the independent auditor, Orellana Sanchez Sazo & Asociados, S.C RSM International Limited.



Jessie Rose Mabutas
Director, a.i.
Office of Audit and Investigation Services
27 December 2021

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¹ <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 6, 2017 to August 31, 2020

(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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September 22, 2021

To
Director, Office of Audit and Investigation Services (OAIS)
United Nations Population Fund (UNFPA)

Dear Ms. Mabutas,

We hereby present the results of our audit 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, that was conducted in two phases, for the period from March 6, 2017 to August 31, 2020.

I. BACKGROUND OF THE AUDIT

On September 24, 2019 our audit firm was engaged by the Office of Internal Audit and Investigations of the United Nations Population Fund (UNFPA), 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 of the balances of Part A that includes the period from March 6, 2017 to December 31, 2018 was executed from October 14 to November 15, 2019 and Part B, which includes the period from January 1, 2019 to August 31, 2020, was executed from August 2 to September 22, 2021.

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, 1998, which was approved by the Congress of the Republic of Guatemala on March 29, 2000, and then was ratified by the President of the Republic of Guatemala on July 11, 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.

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, which was extended by mutual agreement until December 31, 2021. 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, 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 the Agreement signed with INE dated March 6, 2017, modified on May 21, 2018 and July 26, 2019, pursuant to the authorization and resource allocation reflected in the Budget of Income and Expenditures for 2017, 2018, and 2019.

The Guatemala National Statistical Institute is responsible for the technical direction of the census, with the support and technical assistance of UNFPA. UNFPA is responsible for the delivery of the technical assistance and management of human resources, goods and services required for executing the census, and for an effective and transparent management of the financial resources provided by the National Statistical Institute for that purpose. To discharge its duties, UNFPA created in its Country Office in Guatemala a Census Implementation Unit which operates under the UNFPA responsibility and oversight, following the UNFPA Regulations and Rules, policies and procedures.

The Agreement signed on March 6, 2017 defines that the INE should transfer to UNFPA the total amount of financial resources, provided by the Government of Guatemala, 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.
 - Building capacities in 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, equivalent to USD 36,567,164), which was consigned in the Agreement between the Instituto Nacional de Estadística (INE) and the United Nations Population Fund (UNFPA) signed on March 6, 2017.

On May 21, 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 equivalent to USD 10,623,707) distributed as follows: For the year 2018 an amount of fifty seven million, seven hundred thirty four thousand (Q 57,734,000, equivalent to USD 7,792,730) and for the year 2019 an amount of twenty million nine hundred seventy-three thousand eight hundred fifty-six (Q 20,973,856, equivalent to USD 2,830,977).

On July 26, 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, 2019 was agreed.

IV. PURPOSE OF THE AUDIT

The general objectives of our audit, for the period from March 6, 2017 to August 31, 2020, 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 August 31, 2020, and the Statements of Financial Performance, Statements of Cash Flows for the period from March 6, 2017 to August 31, 2020, 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, 2017 to August 31, 2020, assess control risk and identify significant deficiencies, including material weaknesses.
- (3) Carry out test procedures to determine if the United Nations Population Fund (UNFPA), complied, in all material respects, 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 standards 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, 2017 to August 31, 2020, 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).
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 respects and issue a statement about those respects and circumstances that identify important instances of non-compliance and any indication of illegal acts.

VI. RESULTS OF THE AUDIT

The results of the audit for the period from March 6, 2017 to August 31, 2020 are 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 the Instituto Nacional de Estadística (INE) and the United Nations Population Fund (UNFPA), Fund GTA04, for the period from March 6, 2017 to August 31, 2020, 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).

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, 2017 to August 31, 2020. Nevertheless, we consider necessary to disclose certain matters related to the operation of the internal control system, which is detailed in the Findings section for the review period of the report.

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

In our opinion, during the period from March 6, 2017 to August 31, 2020 the United Nations Population Fund (UNFPA) complied in all its material respects 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, 2017 to August 31, 2020
(Together with the Independent Auditor's Report)**

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management of the United Nations Population Fund is responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements and related information.

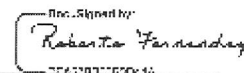
The Financial Statements have been prepared in accordance with and comply with the financial regulations and standards of UNFPA and the applicable requirements of the International Public Sector Accounting Standards (IPSAS).

Management is also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets and to prevent and detect material misstatement and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of management to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the reporting period under review.

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Pablo Salazar Canales
UNFPA CO Representative

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Roberto Fernandez
Chief, Finance Branch

INDEPENDENT AUDITOR'S REPORT

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

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 August 31, 2020, and the Statements of Financial Performance, Statements of Cash Flows for the period from March 6, 2017 to August 31, 2020, 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 the **Instituto Nacional de Estadística (INE)** and the **United Nations Population Fund (UNFPA)**, Fund GTA04, for the period from March 6, 2017 to August 31, 2020, 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), of the Country Office in Guatemala of the United Nations Population Fund (UNFPA), and the Office of Audit and Investigation Services (OAIS) in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) and have fulfilled our other responsibilities under the IESBA Code of Ethics. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

Purpose of Financial Statements

Without modifying our opinion, 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 enable the Management of the United Nations Population Fund (UNFPA) to comply with the financial reporting provisions of the Agreement. Consequently, the financial statements may not be appropriate for other purposes.

Other Matter

Without qualifying our opinion, we inform that the attached financial statements correspond to the complete period of the Project, which comprise from March 6, 2017, to August 31, 2020. On November 15, 2019, we issued an audit report for an intermediate period from March 6, 2017 to December 31, 2018, which contains an unqualified opinion.

Without qualifying our opinion, we draw attention to the Notes 5 and 9 of the Financial Statements, in which it is described that the United Nations Population Fund (UNFPA) returned the remaining funds and the calculated interest of the Project Funds to the Instituto Nacional de Estadística (INE).

Responsibility of Management and Those Charged with Governance Responsible 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), which includes determining the criteria that constitutes an acceptable accounting basis for the preparation of the financial statements based on the circumstances. Also, Management of the Entity is responsible for the internal control that the Management considers necessary to allow the preparation of financial statements that are free of 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 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.

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.
- 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.



Lic. Luis E. Orellana
C. P. A. Register Number 2,848
Orellana, Sánchez, Sazo & Asociados, S.C. - RSM

Guatemala, C. A.
September 22, 2021

**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
 Statements of Financial Position
 As of August 31, 2020
 (expressed in United States Dollars)**

	Note	
Assets		-
Liabilities		-
Fund balance		
Project surplus	(Statement II)	657,529
Refund to INE	5	(657,529)
Total fund balance		-

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
Statements of Financial Performance
From March 6, 2017 to August 31, 2020
(expressed in United States Dollars)**

	Note	
Revenue		
Contribution revenue	7	47,190,871
Other revenue	8	9,551
Total revenue		<u>47,200,422</u>
 Expenses		
Development and training expenses	10	1,113,549
Supplies, materials, and operating costs	11	6,341,037
Contracted and professional services	12	33,385,084
Travel expenses	13	1,116,351
Property and equipment and intangible assets	6 and 14	2,360,122
Other expenses	15	35,803
Expenses absorbed by UNFPA	16	(25,381)
Indirect costs	17	2,216,328
Total expenses		<u>46,542,893</u>
 Surplus of the Project	 5	 <u>657,529</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
Statements of Cash Flows
From March 6, 2017 to August 31, 2020
(expressed in United States Dollars)**

	Note	
Cash flows from operating activities		
Surplus for the financial period	(Statement II)	657,529
Adjustments to reconcile the surplus for the financial period to the net cash flows:		
Depreciation and amortization	6 and 14	606,858
Net book value of property and equipment and intangible assets transferred to INE	6	1,680,684
Write-off of damaged or loss of property and equipment	6	72,580
Refunds to INE	5	(657,529)
Net cash flows from operating activities		<u>2,360,122</u>
Cash flows from investing activities		
Purchases of property and equipment and intangible assets	6	<u>(2,360,122)</u>
Net cash flows from investing activities		<u>(2,360,122)</u>
Increase in cash and cash equivalents -Net		-
Cash and cash equivalents at the beginning of the period		<u>-</u>
Cash and cash equivalent at the end of the period		<u><u>-</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 August 31, 2020
(expressed in United States Dollars)**

Note 1 Brief history of the Project

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

UNFPA's support to the XII National Population Census and VII National Housing Census Guatemala Project was provided based on the Agreement with INE dated March 6, 2017, modified on May 21, 2018 and July 26, 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 November 29, 2016, as well as the authorization included in article 17 of Decree number 25-2018 "Law of the General Budget of Income and Expenses" which indicates that the INE is empowered to prioritize the contracting of services, equipment and other materials and supplies to carry out post-census activities, as well as preparing, signing or modifying the agreement.

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.

All Census Project activities were completed in the period covered by the Financial Statements.

Note 2 Currency

The financial statements are presented in United States Dollars (USD).

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 August 31, 2020 the US Dollar official exchange rate was Q 7.699 per USD1. Nevertheless, based on the Agreement signed with the Instituto Nacional de Estadística (INE), exchange differences are not charged to the Project, so the operations carried out in quetzales were valued at the exchange rate at which the contribution was received (Q 7.37871) See Note 4(f).

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

Note 3 Basis of presentation

- a) **Accounting basis:** The financial statements of the Project were prepared 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.

**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 August 31, 2020
(expressed in United States Dollars)**

- b) **Accounting period:** The financial statements of the Project correspond to the period from March 6, 2017 to August 31, 2020.

Note 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 reflect available cash, money market and highly liquid short-term investments, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value, held by UNFPA on behalf of the Project.
- b) **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, are stated at their purchase price, less accumulated depreciation. Repair, maintenance, and insurance costs, as well as freight and installation costs, are expensed as incurred.

Depreciation is calculated 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 become 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 represent the cost of software and computer licenses procured for the Project and expected to be used for more than one year. Intangible assets were initially capitalized at their purchase price, and expensed through amortization throughout the Project implementation period (using the straight line method over an estimated useful life of 3 years) or at the time of their transfer to INE upon completion of the census project activities. A full month's amortization was charged in the month in which the intangible asset became available for use and no amortization was charged in the month of disposition of the intangible asset.

- c) **Revenue:** Contributions were 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.

**XII National Population Census and
VII National Housing Census Guatemala Project,
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Notes to the Financial Statements
As of August 31, 2020
(expressed in United States Dollars)**

In-kind contributions represent the fair value of fixed asset donated by UNFPA for use in the Project, determined by reference to the cost at which they were procured.

In-kind contributions of services to the census project by UNFPA, and the related costs, were not recognized in the financial statements.

- d) **Expenses:** Project expenses were recognized on an accrual basis, upon delivery of the goods and services procured for use by the project, unless assets were recognized, in which case the related expenses were recognized as follows:
- Project cash advances: Upon acceptance of expense reports documenting the use of the resources advanced.
 - Deferred expenditures: Upon consumption or use of the related services.
 - Property and equipment and intangible assets: Through depreciation and amortization charges or at the time of disposal or transfer to INE.
- e) **Use of estimates:** The 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.
- f) **Foreign exchange effects:** Exchange gains and losses derived from contributions receivable, due to variations in the United Nations operational exchange rate of the Guatemalan Quetzal until the dates of collection of the contributions, were absorbed by UNFPA and were not charged or credited to the Project, based on in the agreement signed with the INE.
- g) **Fund balance:** The fund balance represents the value of cash and cash equivalents held on behalf of the Project upon completion of its activities and refunds of unspent funds to INE made based on interim unaudited financial statements.

Note 5 Surplus of the Project

The surplus of the Project represents the remaining funds which were available after the implementation of the Project. Pursuant to the agreement between UNFPA and INE, the remaining fund was refunded to INE.

Note 6 Property and equipment and intangible assets

The movements in property and equipment and intangible assets during the period from March 6, 2017 to August 31, 2020 as follows:

**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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As of August 31, 2020
(expressed in United States Dollars)**

	<u>Additions</u>	<u>Depreciation and amortization</u>	<u>Write-off of net book value of damaged or lost assets</u>	<u>Net book value of assets transferred to INE</u>	<u>Net book value as of Aug 31, 2020</u>
Information and Communication technology equipment and intangible Assets	1,089,070	(343,017)	(70,527)	(675,526)	-
Vehicles	982,638	(218,117)	-	(764,521)	-
Furniture and Fixtures	288,414	(45,724)	(2,053)	(240,637)	-
	<u>2,360,122</u>	<u>(606,858)</u>	<u>(72,580)</u>	<u>(1,680,684)</u>	<u>-</u>

The property and equipment and intangible assets acquired by the Project were transferred to the Instituto Nacional de Estadística (INE).

Note 7 Contribution revenue

Contribution revenue represents the amounts contributed by the Government of Guatemala for the execution of the census project, recognized as revenue upon signature of the binding agreement with UNFPA dated March 6, 2017 and its amendment dated May 21, 2018, was as follows:

Original contribution agreement (March 6, 2017)	36,567,164
Amendment 1 to the contribution agreement (May 21, 2018)	<u>10,623,707</u>
	<u>47,190,871</u>

Note 8 Other revenue

Other revenue recognized during the period from March 6, 2017 to August 31, 2020 correspond to in-kind contributions donated by UNFPA for use in the Project.

Note 9 Bank interest

The bank interest generated from the fund balance during the term of the Project was USD 574,141. In accordance with the agreement with INE, this interest was reimbursed to INE instead of being allocated to the Project. Accordingly, this was not recognized in this financial statement.

**XII National Population Census and
VII National Housing Census Guatemala Project,
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Note 10 Development and training expenses

Development and training expenses represent the costs incurred for the training of enumerators, supervisors, and other census project personnel.

Note 11 Supplies, materials and operating costs

The Supplies, materials and operating costs incurred during the period from March 6, 2017 to August 31, 2020 were as follows:

Supplies and materials	694,688
Rent, repairs and maintenance	1,185,611
Printing, publications and media	1,509,587
Leased vehicles	1,795,757
Fuel, vehicle maintenance and other transportation costs	552,788
Other operating costs	602,606
	6,341,037
	6,341,037

Note 12 Contracted and professional services

Expenses incurred for contracted and professional services during the period from March 6, 2017 to August 31, 2020 were as follows:

Individual consultants - locally recruited	31,059,271
Contracted services with individuals – other	266,996
Contracted services with companies	2,058,816
	33,385,083
	33,385,083

Note 13 Travel expenses

Travel expenses incurred during the period from March 6, 2017 to August 31, 2020 were as follows:

Tickets and other travel costs	51,368
Census project personnel meals, accommodation and subsistence allowance	1,064,983
	1,116,351
	1,116,351

Note 14 Property and equipment and intangible assets expenses

Property and equipment and intangible assets costs incurred during the period from March 6, 2017 to August 31, 2020 were as follows:

**XII National Population Census and
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Depreciation and amortization of fixed and intangible assets throughout the census project implementation period	606,858
Write-off of damaged or lost property and equipment	72,580
Net book value of property and equipment and intangible assets transferred to INE	1,680,684
	2,360,122

Note 15 Other expenses

Other expenses incurred during the period from March 6, 2017 to August 31, 2020 were as follows:

Bank charges	18,413
Learning costs	17,390
	35,803

Note 16 Expenses absorbed by UNFPA

The Project expenses absorbed by UNFPA were:

Write-off of project advances not cleared by recipients	23,646
Write-off of unused fuel coupon	1,422
Other project expenses	313
	25,381

Note 17 Indirect costs

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

In accordance with the Agreement dated March 6, 2017, these costs have been recovered at the fixed rate of 5% of the US dollar value of the project disbursements.

Note 18 Contingencies

As of August 31, 2020, Contingencies related to the census project were:

Nature of the contingency	Evaluation	Amount
Dispute over employment benefit arrangements	Based on the opinion of the local attorneys and of the UNFPA legal office, it is likely that the matter will be satisfactorily resolved and that no payments will be required.	Estimated at \$ 1,750

**XII National Population Census and
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(expressed in United States Dollars)**

Note 19 Subsequent events

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**

**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, 2017 to August 31, 2020

INDEPENDENT AUDITOR INTERNAL CONTROL REPORT

**To: Director, Office of Audit and Investigation Services (OAIS)
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, 2017 to August 31, 2020. We have issued our unqualified opinion report on September 22, 2021.

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 took into account its internal control to determine our audit procedures and to 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.

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, 2017 to August 31, 2020.

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.

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.
Managing Partner

Guatemala, September 22, 2021

**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
Independent Auditor Internal Control Report
For the period from March 6, 2017 to August 31, 2020**

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 were subsequently requested, obtaining the approval ex post.

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

IMPACT *LOW*

CATEGORY *COMPLIANCE*

RECOMMENDATION:

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, 2017 to August 31, 2020

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

**To: Director, Office of Audit and Investigation Services (OAIS)
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, 2017 to August 31, 2020. We have issued our unqualified opinion report on September 22, 2021.

As part of our financial statement audit as of August 31, 2020, 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 audited period.

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.

In our opinion, during the period from March 6, 2017 to August 31, 2020 the United Nations Population Fund (UNFPA) complied in all its material respects 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, September 22, 2021