

AUDIT OF FINANCIAL STATEMENTS

PROFONANPE

Project "Effective implementation of the regime of access and distribution of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol", for the period from January 1 to December 31, 2020

Contents

- Executive Summary
- Background..... 3
- Objectives and scope of the audit 4
- Audit results 5
- Comments from the entity 5

- Report on the financial statements of the Cooperation Agreement
- Opinion of the independent auditors 6
- Financial statements
- Statement of sources and uses of funds 8
- Statement of accumulated investments 9
- Notes to the financial statements 10

- Supplementary information
- Opinion of the independent auditors 14
- Annexes N ° 1 and 2 15-16

- Report on compliance with clauses of the Cooperation Agreement
- Report of independent auditors..... 17
- Status of compliance with clauses of the Cooperation Agreement..... 18

- Report on the status and reconciliation of the projects designated account
- Report of independent auditors 19
- Status and reconciliation of the designated account 20
- Notes..... 21

- Report on the status of requests for funds
- Report of independent auditors..... 23
- Status of requests for funds 24

- Report on the internal control structure
- Report of independent auditors 25

- Annexes:
- Annex 3: Summary of the audit procedures applied 27



Ropert, Sarrío & Asociados SC
Av. Emilio Cavenecia 264
Office 701 San Isidro.
Lima 27, Peru

T. +51 1 615 6868
info@tgs-sarrío.pe
www.tgs-sarrío.pe

EXECUTIVE SUMMARY

Mr
Anton Willems Delanoy
Executive Director
PROFONANPE
Lima Peru. -

Dear Sirs:

This document constitutes the "Executive Summary" of the financial audit report for the period from January 1 to December 31, 2020 from project "Effective implementation of the regime of access and distribution of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol", financed by the Cooperation Agreement signed between the United Nations Environment Program - UN Environment and the Ministry of the Environment, in collaboration with PROFONANPE content of this summary is as follows:

1. BACKGROUND

a) United Nations Environment Program- UN Environment

The United Nations Environment Program (UNEP) is an organism of the United Nations Organization that coordinates its environmental activities, helping developing countries to apply environmentally sound policies and practices. Su mission is to provide leadership and promote joint efforts to care for the environment, encouraging, informing and empowering nations and peoples to improve their lives without compromising that of future generations.

b) Of the executing agencies of the Cooperation Agreement.

The Ministry of the Environment is part of the Executive Power of Peru that was created by Legislative Decree and is the governing body of the national environmental management system. Its functions include designing, establishing, executing and supervising the national and sectorial environmental policy, its objectives being strengthen decentralized environmental management, ensuring environmental quality and the conservation and sustainable use of the country's biological diversity and natural heritage.

PROFONANPE, is a non-profit private law institution of public and social interest, established in Peru in 1992 to administer the National Fund for Natural Areas Protected by the State. It is governed by its Statutes and in a supplementary way by the norms of the Civil Code of Peru.

c) The Cooperation Agreement

In October 2017 and February 2018, the representatives of the United Nations Environment Program - UN Environment, the Ministry of the Environment of Peru and PROFONANPE, signed a Cooperation Agreement to execute the project "Effective implementation of the regime of access and distribution of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol". The objective of the project is to strengthen national capacities for the effective implementation of the Access to Genetic Resources and Traditional Knowledge regimes in accordance with the Nagoya Protocol on access to genetic resources and the fair and equitable sharing of benefits that derive from its use, contributing to the conservation of biodiversity and human well-being in the country.



Ropert, Sarrío & Asociados SC
Av. Emilio Cavenecia 264
Office 701 San Isidro.
Lima 27, Peru

T. +51 1 615 6868
info@tgs-sarrío.pe
www.tgs-sarrío.pe

According to the Cooperation Agreement, the amount assigned to the project was US\$ 11,111,778, of which the World Environment Fund finances US\$ 2,190,000 and third-party co-financing for US\$ 6,231,778. Additionally, the in-kind contribution is provided by the Ministry of the Environment US\$ 2,340,000 and UN Environment US\$ 350,000.

2. OBJECTIVES AND SCOPE OF THE AUDIT

The contract for professional external audit services signed with PROFONANPE, to perform the audit at the draft established the following objectives:

- Issue an opinion on whether the status of sources and use of funds and the status of accumulated investments of the project "Effective implementation of the regime of access and distribution of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol", financed by the United Nations Environment Program and other cooperating sources, reasonably presents the sources and uses of funds in the period from January 1 to December 31, 2020, as well as the latest investments date, in accordance with the accounting policies applied and the terms of the Cooperation Agreement.
- Issue an opinion on whether the supplementary financial information as of December 31, 2020, has been reasonably presented in all its important aspects.
- Issue an opinion regarding compliance with the clauses provided in the Cooperation Agreement in the periods examined.
- To emit opinion on: (a) if the expenses included in the requests for funds presented to the United Nations Environment Program are eligible, and therefore if the information presented in said requests is reasonably reliable, (b) if the accounting procedures and internal control used in preparing the application is adequate, and (c) if the grant funds have been used solely for the purposes of the project, in accordance with the requirements established in the Cooperation Agreement
- Issue an opinion on the reasonableness of the internal control system in PROFONANPE for the management of the funds transferred by the donor in the periods examined for the execution of the project, identifying significant deficiencies in the design and operation, if any.

Our audit was performed in accordance with the International Auditing Standards issued by the International Auditing and Assurance Standards Board - IAASB approved for application in Peru by the Board of Deans of Colleges of Public Accountants of Peru, for which it included the transactions carried out with the funds of the aforementioned Cooperation Agreement, for the period from January 1 to December 31, 2020.

A summary of the audit procedures applied is presented in Annex N ° 2 of this report.

3. AUDIT RESULTS

From the audit of the financial statements of the Project "Effective implementation of the regime of access and distribution of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol" funded by the United Nations Environment Program for the period from January 1 to December 31, 2020, we have issued our audit report on June 30, 2021. A summary of this report is presented below:

- Opinion without caveats on the status of sources and use of funds and the status of accumulated investments for the period from January 1 to December 31, 2020.
- Unqualified opinion on the supplementary information as of December 31, 2020.



Ropert, Sarrío & Asociados SC
Av. Emilio Cavenecia 264
Office 701 San Isidro.
Lima 27, Peru

T. +51 1 615 6868
info@tgs-sarrío.pe
www.tgs-sarrío.pe

- We think that PROFONANPE reasonably complied with the clauses of the Cooperation Agreement, for the period from January 1 to December 31, 2020.
- We believe that the expenditures executed with project funds financed by the United Nations Environment Program, included in the requests for funds submitted in the periods under review, are valid and eligible. Likewise, we believe that the funds were used only for the purposes of the aforementioned project.
- In the report on the internal control established by PROFONANPE in the periods from January 1 to December 31, 2020, no significant deficiencies are reported regarding the design and operation of internal controls in the project.

4. COMMENTS FROM THE ENTITY

The Executive Directorate of PROFONANPE has taken cognizance of this audit report expressing its agreement on its content.

Lima Peru

June 30, 2021

Endorsed by:

Andrés Ropert Dokmanovic (Partner)
Chartered Public Accountant
Registration N ° 39184



Ropert, Sarrío & Asociados SC
Av. Emilio Cavenecia 264
Office 701 San Isidro.
Lima 27, Peru

T. +51 1 615 6868
info@tgs-sarrío.pe
www.tgs-sarrío.pe

OPINION OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS OF THE COOPERATION AGREEMENT

To the members of the Board of Directors and Executive Director
PROFONANPE

1. We have audited the status of sources and uses of funds for the period from January 1 to December 31, 2020 and the status of accumulated investments as of December 31, 2020, corresponding to the project "Effective implementation of the access and distribution regime of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol", funded Through the Cooperation Agreement between the United Nations Environment Program - UN Environment, the Ministry of the Environment and PROFONANPE, as executing agencies.

Responsibility of the administration of PROFONANPE for the financial statements of the project

2. PROFONANPE's management is responsible for the preparation and fair presentation of the financial statements of the aforementioned project, in accordance with the cash accounting basis. This responsibility includes: designing, implementing and maintaining the relevant internal control in the preparation and fair presentation of the financial statements so that they do not include material errors, whether as a result of fraud or error.

Auditor's responsibility

3. Our responsibility is to express opinion on these financial statements based on our audit. Our audit was carried out in accordance with the International Auditing Standards - ISAs disclosed by the International Auditing and Assurance Standards Board - IAASB approved for application in Peru by the Board of Deans of Colleges of Public Accountants of Peru. Such standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements do not include material misstatements.

An audit involves performing procedures to obtain audit evidence about the balances and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessing the risk that the financial statements contain material misstatements, whether as a result of fraud or error. In conducting this risk assessment, the auditor takes into consideration the entity's relevant internal control for the preparation and fair presentation of the financial statements, in order to design audit procedures in accordance with the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PROFONANPE's internal control.

4. We believe that the audit evidence we have obtained is sufficient and appropriate to provide us with a basis for our audit opinion.

Opinion

5. In our opinion, the accompanying financial statements present fairly, in all their material aspects, the sources and uses of funds for the period from January 1 to December 31, 2020, and the accumulated investments of the project "Effective implementation of the regime of access and distribution of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol", financed through the Cooperation Agreement between the United Nations Environment Program - UN Environment, the Ministry of the Environment and PROFONANPE, for the periods ended on those dates, in accordance with the accounting policies described in Note 2 to the accompanying financial statements and the terms of the aforementioned Agreement.



Ropert, Sarrío & Asociados SC
Av. Emilio Cavenecia 264
Office 701 San Isidro.
Lima 27, Peru

T. +51 1 615 6868
info@tgs-sarrío.pe
www.tgs-sarrío.pe

Accounting basis

- Without modifying our opinion, we refer to note 2 to the financial statements of the project that describes the accounting basis. The financial statements of the project "Effective implementation of the regime of access and distribution of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol", financed through the Cooperation Agreement between the United Nations Environment Program - UN Environment, the Ministry of the Environment and PROFONANPE, for the period from January 1 to December 31, 2020, they have been prepared in accordance with the cash accounting basis. According to this accounting basis, income is recognized when it is received, and expenses when it is paid and not when it is accrued, which originates a different method from that based on generally accepted accounting principles in Peru.

Another matter

- This report is issued solely for the knowledge and use of the United Nations Environment Program - UN Environment, Global Environment Fund, Ministry of the Environment and PROFONANPE, so it should not be used by others or for purposes other than those indicated here.

Lima Peru

June 30, 2021

Endorsed by:

Andrés Ropert Dokmarlovic (Partner)
Chartered Public Accountant
Registration N ° 39184

STATEMENT OF SOURCES AND USE OF FUNDS
FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020
(Expressed in US Dollars)
(Notes 1 and 2)

	Note	Accumulated Total as of 12/31/2019	From 01/01/2020 to 12/31/2020	Accumulated Total as of 12/31/2020
SOURCES OF FUNDS:				
Transfers	3	951,900	450,579	1,402,479
Others		0	0	0
Total funds received		951,900	450,579	1,402,479
USE OF FUNDS BY CATEGORY:				
Categories				
10 Personal	4	(250,980)	(299,680)	(550,660)
20 Sub-contracts	5	(33,471)	(31,783)	(65,254)
30 Training	6	(130,205)	(43,173)	(173,378)
40 Teams and premises	7	(32,008)	(55,388)	(87,396)
50 Various	8	(61,249)	(37,100)	(98,349)
Subtotal project investments		(507,913)	(467,124)	(975,037)
Accounts to be regularized / exchange difference		(8,865)	(6,135)	(15,000)
Cash increase (decrease)		435,122	(22,680)	412,442
Cash at the beginning of the period		0	435,122	0
Cash at the end of the period	9	435,122	412,442	412,442

STATEMENT OF ACCUMULATED INVESTMENTS
FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020
(Expressed in US Dollars)

Category	Accumulated of 31.12.2019	Investment from 01.01.2020 to 31.12.2020	Accumulated of 31.12.2020	GEF current budget
10 Personal	250,980	299,680	550,660	1,325,955
20 Sub-contracts	33,471	31,783	65,254	163,800
30 Training	130,205	43,173	173,378	305,245
40 Team and premises	32,008	55,388	87,396	88,500
50 Various	61,249	37,100	98,349	306,500
TOTAL INVERSIONES	507,913	467,124	975,037	2,190,000

NOTES TO THE STATEMENT OF SOURCES AND USES OF FUNDS AND TO THE STATEMENT OF INVESTMENTS ACCUMULATED BY THE PROPERTY INCLUDED FROM JANUARY 1 TO DECEMBER 31, 2020

1. NATURE AND ACTIVITIES OF THE ENTITY AND THE PROJECT

a) United Nations Environment Program - UN Environment

The United Nations Environment Program (UNEP) is an organism of the United Nations Organization that coordinates its environmental activities, helping developing countries to apply environmentally sound policies and practices. Su mission is to provide leadership and promote joint efforts to care for the environment, encouraging, informing and empowering nations and peoples to improve their lives without compromising that of future generations, as well as their activities cover a wide range of topics, from the atmosphere and terrestrial ecosystems, promotion of environmental sciences and the dissemination of information related to the issuance of warnings and the capacity to respond to emergencies related to environmental disasters.

b) Of the executing agencies of the Cooperation Agreement.

The Ministry of the Environment is a legal person under public law that is part of the Executive Power of Peru that was created by Legislative Decree No. 1013 of May 2008 and is the governing body of the national environmental management system. Its functions include designing, establishing, executing and supervising the national and sectorial environmental policy, its objectives being strengthen decentralized environmental management, ensuring environmental quality and the conservation and sustainable use of the country's biological diversity and natural heritage; promote environmental culture, citizen participation and social equity in decision-making processes for sustainable development, guaranteeing environmental governance; and, strengthen the Ministry's management within the framework of the national environmental management system.

PROFONANPE, is a non-profit private law institution of public and social interest, established in Peru by Decree Law No. 26154 of December 1992 to administer the Background National for Natural Areas Protected by the State. The Single Integrated Text of PROFONANPE's bylaws was approved by the Board of Directors of that institution in its session on August 25, 2009 and registered in the Public Registries of Lima on January 15, 2010. PROFONANPE, it is governed by its Statutes and in a supplementary way by the norms of the Civil Code of Peru.

c) Of the Cooperation Agreement

On October 17, 2017, February 07 and 16, 2018, a Cooperation Agreement was signed between the representatives of the United Nations Environment Program - UN Environment, the Ministry of the Environment of Peru and PROFONANPE to execute the project "Effective implementation of the regime of access and distribution of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol."

The objective of the project is to strengthen national capacities for the effective implementation of the Access to Genetic Resources and Traditional Knowledge regimes in accordance with the Nagoya Protocol on access to genetic resources and the fair and equitable sharing of benefits that derive from its use, contributing to the conservation of biodiversity and human well-being in the country.

The total cost of the approved project is US\$ 11,111,778. and includes the contribution of the United Nations Environment agencies, other cooperating sources and the contribution in kind from the Ministry of the Environment of Peru, the details of which are as follows:

Financing sources	In US\$
Trust Fund of the Global Environment Facility	2,190,000
Contribution in kind from the Ministry of the Environment	2,340,000
In-kind contribution from UN Environment	350,000
Third party co-financing	6,231,778
	11,111,778

The budget approved for the Project for the 2020 period amounted to US\$ 1,036,943 and US \$467,124 has been executed.

The Agreement enters into force as of the date of the last signature on said instrument and remains in effect until September 30, 2022. The term of the project is counted from the date on which PROFONANPE received the first disbursement of funds.

2. ACCOUNTING POLICIES AND PRACTICES

The most important accounting policies used for the recording of operations and the preparation of the project's financial statements are the following:

a) Presentation of financial statements

The project's financial statements were prepared by PROFONANPE based on the accounting records that are maintained in accordance with applicable Peruvian accounting standards and procedures established for that purpose.

b) Accounting basis

The statement of sources and uses of funds and the statement of accumulated investments are prepared in accordance with the cash basis of accounting. On this basis, revenues are recognized when received, and the expenses when they are paid, and not when they are accrued. The adoption of this accounting base originates a different method from that based on Peruvian generally accepted accounting principles.

c) Monetary unit

For presentation purposes, the project's financial statements are expressed in United States Dollars.

d) Exchange rate

Transactions carried out are recorded in Soles and US Dollars, as appropriate in each case. For the preparation and presentation of the financial statements (statement of sources and uses of funds and statement of accumulated investments), funds in Soles are translated into US Dollars at the exchange rate in effect on the date they were monetized.

e) Statement of Sources and Use of Funds

This financial statement shows the cash transactions carried out by the executing entity, classified in Source of Funds (Income); Use of funds (expenses), and available cash at the end of the period.

f) Statement of accumulated investments

In this statement, the disbursements made from the funds transferred by the donor are recorded and classified in the corresponding budget items for each period.

3. SOURCES OF FUNDS

It includes:

<u>Year /month</u>	<u>Description</u>	<u>In US\$</u> <u>2020</u>
07-12-2020	Transfer of United Nations funds	157,304
22-12-2020	Transfer of United Nations funds	293,275
		<u>450,579</u>

4. USE OF FUNDS - PERSONAL

It includes:

<u>COMPONENT</u>	<u>In US\$</u> <u>2020</u>
1 ABS system works effectively and in accordance with the Nagoya protocol	141,513
2 Strengthening the capacities of relevant actors related to access to genetic resources and associated traditional knowledge	74,150
3 ABS projects and initiatives that contribute to the conservation and sustainable use of biological diversity	45,258
4 Monitoring and evaluation	37,244
5 PMC project monitoring costs	1,515
	<u>299,680</u>

5. USE OF FUNDS - SUB CONTRACTS

It includes:

<u>COMPONENT</u>	<u>In US\$</u> <u>2020</u>
1 ABS system works effectively and in accordance with the Nagoya protocol	31,783
	<u>31,783</u>

6. USE OF FUNDS - TRAINING

It includes:

<u>COMPONENT</u>	<u>In US\$</u> <u>2020</u>
1 ABS system works effectively and in accordance with the Nagoya protocol	9,582
2 Strengthening the capacities of relevant actors related to access to genetic resources and associated traditional knowledge	32,797
3 ABS projects and initiatives that contribute to the conservation and sustainable use of biological diversity	0
4 Monitoring and evaluation	794
	<u>43,173</u>

7. USE OF FUNDS - EQUIPMENT AND PREMISES

It includes:

<u>COMPONENT</u>	<u>In US\$</u> <u>2020</u>
1 ABS system works effectively and in accordance with the Nagoya protocol	55,361
4 Monitoring and evaluation	27
	<u>55,388</u>

8. USES OF FUNDS - VARIOUS

Understands:

<u>COMPONENT</u>	<u>In US\$</u> <u>2020</u>
1 ABS system works effectively and in accordance with the Nagoya protocol	852
2 Strengthening the capacities of relevant actors related to access to genetic resources and associated traditional knowledge	10,351
5 PMC project monitoring costs	25,897
	<u>37,100</u>

9. AVAILABLE AS OF DECEMBER 31, 2020

The cash availability is as follows:

<u>Detail</u>	<u>In Soles</u>	<u>In US\$</u>
Master foreign currency checking account N ° 193-2433541-1-31		376,089
Master current account national currency N ° 191-2503459-0-63	157,038	43,416
		<u>419,505</u>
More		
Miscellaneous transfers - Foreign currency		
Less		
Electronic transfer of foreign currency not registered by the Bank		(3,417)
Electronic transfer of national currency not registered by the Bank	13,149	<u>(3,646)</u>
		<u>(7,063)</u>
Balances as of December 31, 2020		<u>412,442</u>

10. SUBSEQUENT EVENTS

There is no knowledge of important events that occurred between the closing date of the project's statements financial and the date of this report, which may significantly affect them.



Ropert, Sarrío & Asociados SC
Av. Emilio Cavenecia 264
Office 701 San Isidro.
Lima 27, Peru

T. +51 1 615 6868
info@tgs-sarrío.pe

OPINION OF THE INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

To the members of the Board of Directors and Executive Director
PROFONANPE

1. We have audited the status of sources and uses of funds for the period from January 1 to December 31, 2020 and the status of accumulated investments as of December 31, 2020, corresponding to the project "Effective implementation of the access and distribution regime of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol", financed through the Cooperation Agreement between the United Nations Environment Program - UN Environment, the Ministry of the Environment and PROFONANPE and, we have issued our opinion without qualifications on them, dated June 30, 2021.
2. Our examination aimed at expressing an opinion on the statements of sources and uses of funds and accumulated investments for the period from January 1 to December 31, 2020 of the project "Effective implementation of the access and benefit distribution regime and traditional knowledge in Peru in accordance with the Nagoya Protocol" taken together, it was conducted in accordance with the International Auditing Standards disclosed by the International Auditing and Assurance Standards Board and approved for application in Peru by the Board of Deans of Colleges of Accountants Public of Peru; therefore, it included selective audits of the accounts and the application of other audit procedures to the extent we consider necessary in the circumstances.
3. The supplementary financial information included as annexes N ° 1 and 2, is presented for analysis purposes additional and it is not considered necessary for the presentation of the financial statements of the project. This supplementary financial information has been the subject of the audit procedures applied to the project's financial statements and, in our opinion, is reasonably presented in all important aspects related to said statements taken as a whole.
4. This report is issued solely for the knowledge and use of the United Nations Environment Program - UN Environment, Global Environment Fund, Ministry of the Environment and PROFONANPE, so it should not be used by others or for purposes other than those indicated here.

Lima Peru

June 30, 2021

Endorsed by:

Andrés Ropert Dokmarlovic (Partner)
Chartered Public Accountant
Registration N ° 39184

Annex N ° 1

ACQUISITION OF ASSETS
FROM JANUARY 01 TO DECEMBER 31, 2020

DATE	DESCRIPTION	AMOUNT	DOLARES
12/01/2020	BASIC EQUIPMENT	1	27,813
12/03/2020	LAPTOP PERSONAL COMPUTER	1	2,511
12/22/2020	BASIC EQUIPMENT	1	27,813
	TOTAL		58,137

Annex N ° 2
CONSULTING SERVICES
FROM JANUARY 01 TO DECEMBER 31, 2020

Date	Service description	Name	Start	End	TOTAL S/.	TOTAL US\$
01/06/2020	Consultant to develop the mapping and documentation of the current process and the improved process of access to genetic resources of hydrobiological species	YNES CAROLINA VIDAL VEGA	01/06/2020	03/09/2020	20,000	-
01/06/2020	Consultant for the development of improvements and new functionalities of the search system for traditional knowledge of indigenous peoples (CTPI)	MARITZA YACILA MANRIQUE	01/06/2020	05/05/2020	28,000	-
05/18/2020	Prepare the mapping and documentation of the current process and the improved process of access to genetic resources of wild flora and fauna and of cultivated or domestic continental species	YNES CAROLINA VIDAL VEGA	05/18/2020	09/25/2020	-	10,500
05/29/2020	Preparation of directives for access to genetic resources of continental cultivated or domestic species	JOYCE LENNA TICONA NUÑEZ	01/06/2020	08/30/2020	-	9,000
05/29/2020	Preparation of analysis and technical-economic-legal support with emphasis on monetary and non-monetary benefits for the proposal of a new regulation for access to genetic resources	MARCEL GASTON RAMIREZ LA TORRE	01/06/2020	07/16/2020	35,700	-
07/17/2020	Preparation and design of intercultural guides within the framework of Law 27811 on the protection of collective knowledge of indigenous peoples linked to biological resources, prior informed consent and the Nagoya Protocol	LUIS GERMAN DÁVALOS TORRES	17/07/2020	15/10/2020	-	10,400
07/27/2020	Identification of wild flora species with potential for research and development activities in relation to access to genetic resources	AMALIA CECILIA DELGADO RODRÍGUEZ	07/27/2020	11/24/2020	-	10,500
07/28/2020	Identification of minimum criteria for the designation of the National Support Institution - INA, of its functions and development of guidelines for its implementation.	ALESSANDRA SILVANA QUIÑONEZ ZUMAETA	07/28/2020	10/26/2020	-	17,000
08/31/2020	Development of awareness-raising communication activities and materials for relevant actors of the ABS System	SHIRLEY VANESSA HERRERA CACERES	09/01/2020	12/30/2020	-	8,000
09/21/2020	Identification of pilot initiatives of hydrobiological resources, support to users for the presentation of requests for access to genetic resources and technical assistance to the Administration and Execution Authority	ERIK JONATHAN CHUQUISPUMA MARTÍNEZ	09/22/2020	01/20/2021	-	5,950
09/21/2020	Identification of pilot initiatives of continental cultivated and / or domestic species, support to users requesting access to genetic resources and technical assistance to the Administration and Execution Authority	ZULLY ROXANA FLORES CASASVERDE	09/22/2020	01/20/2021	-	5,380
10/02/2020	Legal accompaniment and guidance to the EPA and users of ABS projects and initiatives and identification of projects to be considered as case studies and lessons learned	SAARA ADOLFINA PUERTA SOPLA	10/05/2020	02/02/2021	-	5,845
10/15/2020	Legal support in the evaluation of application files in the negotiation of contracts for access to genetic resources and their derivatives of continental cultivated or domestic species and in the evaluation and monitoring of their compliance	JOYCE LENNA TICONA NUÑEZ	10/16/2020	02/13/2021	-	10,200
11/10/2020	Legal support in the evaluation of files, in the preparation of directives and access contracts for hydrobiological species	ILKO ROGOVICH ROJAS	11/11/2020	1/10/2021	-	5,715
11/10/2020	Preparation of a diagnosis of the regulatory framework and institutional capacities for the negotiation of contracts for access to genetic resources, and a roadmap for the implementation of methodologies for negotiating contracts for access to genetic resources	MARGARITA BEATRIZ VALLADARES LÓPEZ	11/11/2020	1/10/2021	-	6,250
12/11/2020	Accompaniment and organization of activities for the strengthening of capacities and awareness of the relevant actors for the effective implementation of the System of access to genetic resources and associated traditional knowledge.	ANTONIA JENNY CELESTE CÓNDROR MORÁN	12/14/2020	04/13/2021	-	10,500
					83,700	115,240



Ropert, Sarrío & Asociados SC
Av. Emilio Cavenecia 264
Office 701 San Isidro.
Lima 27, Peru

T. +51 1 615 6868
info@tgs-sarrío.pe

REPORT FROM THE INDEPENDENT AUDITORS ON THE STATUS OF COMPLIANCE WITH THE CLAUSES OF THE COOPERATION AGREEMENT

To the members of the Board of Directors and Executive Director
PROFONANPE

1. We have audited the status of sources and uses of funds for the period from January 1 to December 31, 2020 and the status of accumulated investments as of December 31, 2020, corresponding to the project "Effective implementation of the access and distribution regime of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol", financed through the Cooperation Agreement between the United Nations Environment Program - UN Environment, the Ministry of the Environment and PROFONANPE and, we have issued our opinion without qualifications on them, dated June 30, 2021.
2. Our examination was carried out in accordance with the International Auditing Standards disclosed by the International Auditing and Assurance Standards Board, approved for application in Peru by the Board of Deans of Colleges of Public Accountants of Peru applicable to compliance auditing. Such standards require that we plan and execute the audit to obtain reasonable assurance that PROFONANPE has complied with the clauses of the Cooperation Agreement in the aspects shown in the attached compliance status. An audit includes examining, on a test basis, the appropriate evidence. We believe that our examination provides a reasonable basis for our opinion.
3. In our opinion, in the period from January 1 to December 31, 2020, PROFONANPE complied in all material aspects with the clauses of the aforementioned Cooperation Agreement.
4. This report is issued solely for the knowledge and use of the United Nations Environment Program - UN Environment, Global Environment Fund, Ministry of the Environment and PROFONANPE, so it should not be used by others or for purposes other than those indicated here.

Lima Peru

June 30, 2021

Endorsed by:

Andrés Ropert Dokmanovic (Partner)
Chartered Public Accountant
Registration N ° 39184

**STATUS OF COMPLIANCE WITH THE CLAUSES OF THE COOPERATION AGREEMENT
FOR THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2020**

Reference	Description	Evaluation
16 g)	With regard to subscribed subcontracts, PROFONANPE must:	
	<ul style="list-style-type: none"> Put all subcontracts in writing; 	Clause fulfilled
	<ul style="list-style-type: none"> Maintain primary administrative responsibility for ensuring project compliance. This responsibility cannot be transferred or delegated; 	Clause fulfilled
	<ul style="list-style-type: none"> Monitor the performance of subcontractors and ensure that they comply with the terms of the Agreement. 	Clause fulfilled
twenty	PROFONANPE will hire high-level personnel for the Project, according to the Terms of Reference (appendix 3, Project Document).	Clause fulfilled
22 a)	It will ensure that the acquisition of financed goods and consulting services are subject to PROFONANPE standards and must comply with internationally accepted standards, as well as an internal control framework to protect against fraud, corruption and waste.	Clause fulfilled
2. 3	Before the procurement activity begins, PROFONANPE, in coordination with MINAM, will provide the project's procurement plan that will be reviewed at the project presentation meeting and authorized by UN Environment.	Clause fulfilled
24	MINAM and PROFONANPE will use the funds and any supplies and equipment provided by UN Environment according to the Project Document.	Clause fulfilled
25	PROFONANPE will maintain complete and accurate records of non-expendable equipment purchased with funds provided by the GEF for the project, and an authorized PROFONANPE official will conduct physical inventories of the equipment. Every year after the project is implemented, PROFONANPE, with the prior approval of MINAM, will provide UN Environment until January 31 or before that date, the inventory of the non-expendable equipment acquired.	Clause fulfilled
26	PROFONANPE will be responsible for the custody, conservation, and care of all non-expendable equipment, as well as minor items (items that cost less than US \$ 1,500), purchased with GEF funds. To protect the equipment and materials, PROFONANPE will contract insurance for it is incorporated into the project budget.	Clause fulfilled
32 a)	MINAM and PROFONANPE will keep separate records and accurate and up-to-date documents in relation to all the expenses incurred from the funds that UN Environment has made available, in order to ensure that the expenses are in accordance with the Project Document. In relation to disbursements, each agency will maintain the proper supporting documentation that will consist of original invoices.	Clause fulfilled
34 b)	<u>Progress report</u> : Within a period of 1 month after the reporting period, that is, on or before January 31, MINAM will submit to UN Environment a biannual report on progress for the July and December period using the Annex 10.	Clause fulfilled PROFONANPE, complied with submitting the half yearly progress report, July - December
34 c)	<u>Project execution progress report</u> : Within 1 month after the reporting period for the GEF fiscal year, as of June 30, that is, on or before July 31, MINAM will present to UN Environment its contribution to the annual progress report of the project execution using Annex 11;	
34 e)	Financial Statement: All financial statements will be calculated in US dollars, and any exchange rate differences will be reported in dollars in the approved project budget. Within a period of 1 month after the quarter to which they refer, that is to say on April 30, July 31, October 31 and January 31 or before those dates, PROFONANPE, in coordination with MINAM, will present its quarterly expense reports and explanatory notes on expenses reported using the format shown as Annex 13.	Clause fulfilled, the reports were sent to UNEP for the years 2020.



Ropert, Sarrío & Asociados SC
Av. Emilio Cavenecia 264
Office 701 San Isidro.
Lima 27, Peru

T. +51 1 615 6868
info@tgs-sarrío.pe

REPORT FROM THE INDEPENDENT AUDITORS ON THE STATUS OF THE PROJECT'S DESIGNATED ACCOUNT

To the Members of the Board of Directors and Executive Director
PROFONANPE

1. We have examined the Statement of the Designated Account for the period from January 1 to December 31, 2020 from *Draft* "Effective implementation of the regime of access and distribution of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol", financed through the Cooperation Agreement between the United Nations Environment Program - UN Environment, the Ministry of the Environment and PROFONANPE. The presentation of said status is the responsibility of the PROFONANPE administration. Our responsibility is to express an opinion on such special purpose financial statement based on our audit.
2. Our examination was conducted in accordance with the International Auditing Standards. Such standards require that we plan and perform the audit to obtain reasonable assurance as to whether the examined financial statements are free from material misstatements. An audit includes the examination based on selective tests of the evidence of the figures and disclosures presented in those statements. An audit also includes the evaluation of the accounting principles used and the significant estimates made by management, as well as the evaluation of the overall presentation of the financial statements as a whole. We believe that our review provides a reasonable basis for expressing our opinion.
3. As described in Note 2 (a), and as required by the donor, PROFONANPE's management has the policy of preparing the statement of the Designated Account of the project on a cash basis. According to this accounting method, income is recognized when received, and expenses when paid.
4. In our opinion, the statement of the Designated Account of the project reasonably presents the availability of US Dollars for the period from January 1 to December 31, 2020, as well as the transactions carried out in the period from January 1 to December 31 December 2020, in accordance with the stipulations on the use of funds contemplated in the aforementioned Cooperation Agreement.
5. This report is issued solely for the knowledge and use of the United Nations Environment Program - UN Environment, Global Environment Fund, Ministry of the Environment and PROFONANPE, so it should not be used by others or for purposes other than those indicated here.

Lima Peru

June 30, 2021

Endorsed by:

Andrés Ropert Dokmarlovic (Partner)
Chartered Public Accountant
Registration N ° 39184

**STATUS AND CONCILIATION OF THE DESIGNATED ACCOUNT
FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020
(Expressed in US Dollars)**

Balance as of 01.01.2020	435,122
More:	
1. Fund replenishments	
Transferred Funds	<u>450,579</u>
	885,701
2. Bank interest	0
Deductions:	
1. Transfers to operations accounts	
Expense report N ° 08 (01/01/2020 to 03/31/2020)	(97,531)
Expense report N ° 09 (04/01/2020 to 06/30/2020)	(61,126)
Expense report N ° 10 (07/01/2020 to 09/30/2020)	(106,126)
Expense report N ° 11 (10/01/2020 to 12/31/2020)	<u>(201,826)</u>
	(466,609)
2. Others	
Closing advance as of December 31, 2020	<u>(6,650)</u>
Closing balance as of December 31, 2020	<u>412,442</u>

NOTES TO THE STATUS AND CONCILIATION OF THE DESIGNATED ACCOUNT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020

1. DESIGNATED ACCOUNT

The Designated Account is used for the administration of funds in the project, being the one that receives the funds transferred by the donor to be used in the execution of expenses in the project.

The Designated Account is a current account in United States Dollars opened in a local bank in Lima - Peru, under conditions acceptable to the donor, including a set of adequate protection mechanisms against seizures and withholdings. PROFONANPE opened the checking account in US Dollars N ° 193-2433541-1-31 in a local bank (account in which only donation funds can be deposited), and the checking account in Soles N ° 191-2503459-0-63 to meet expenses in Soles, whose funds come from transfers made from the project's current account in foreign currency.

2. ACCOUNTING PRINCIPLES AND PRACTICES

The beginning and accounting practices applied for the recording of operations and preparation of the Designated Account of the project, are the following:

- a) Income to the Designated Account is recorded on a cash basis. According to this accounting basis, funds are recognized when they are received and expenses when they are paid and the account balance is reduced.
- b) The funds of the Designated Account are used to qualify through monetization the funds in local currency that the current account in Soles requires to execute expenses in the project.
- c) The Designated Account of the project shows the operations carried out in the period from January 1 to December 31, 2020, that is, the funds received since the beginning of the project and the expenses incurred in the period and the closing balance.
- d) For the conversion of expenses executed in local currency to United States Dollars, the bank exchange rate of the day of monetization is used.

3. FUNDS RECEIVED

As of December 31, 2020, PROFONANPE received the amount of US\$ 450,579 to carry out its activities in the project.

4. USE OF FUNDS

The funds used as of December 31, 2020, correspond to the withdrawal requests made by PROFONANPE, the details of which are as follows:

	In US\$
Expense report N ° 08 (01/01/2020 to 03/31/2020)	(97,531)
Expense report N ° 09 (04/01/2020 to 06/30/2020)	(61,126)
Expense report N ° 10 (07/01/2020 to 09/30/2020)	(106,126)
Expense report N ° 11 (10/01/2020 to 12/31/2020)	(201,826)
Total	(466,609)

5. BALANCE AT CLOSING

As of December 31, 2020, the cash availability of the Designated Account is as follows:

Detail	In Soles	In US\$
Master foreign currency checking account N ° 193-2433541-1-31		376,089
Master current account national currency N ° 191-2503459-0-63	157,038	43,416
		419,505
More		
Miscellaneous transfers - Foreign currency		0
Less		
Electronic transfer of foreign currency not registered by the Bank		(3,417)
Electronic transfer of national currency not registered by the Bank	13,149	(3,646)
		(7,063)
Balances as of December 31, 2020		412,442



Ropert, Sarrío & Asociados SC
Av. Emilio Cavenecia 264
Office 701 San Isidro.
Lima 27, Peru

T. +51 1 615 6868
info@tgs-sarrío.pe

REPORT OF THE INDEPENDENT AUDITORS ON THE STATUS OF REQUESTS FOR FUNDS

To the members of the Board of Directors and Executive Director
PROFONANPE

1. We have audited the status of sources and uses of funds for the period from January 1 to December 31, 2020 and the status of accumulated investments as of December 31, 2020, corresponding to the project "Effective implementation of the access and distribution regime of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol", financed through the Cooperation Agreement between the United Nations Environment Program - UN Environment, the Ministry of the Environment and PROFONANPE and, we have issued our opinion without qualifications on them, dated June 30, 2021.
2. Our examination was carried out in accordance with the International Auditing Standards approved for application in Peru by the Board of Deans of the Associations of Public Accountants of Peru. Such standards require that we plan and execute our verification to obtain reasonable assurance as to whether the examined financial statements are free from material misstatements. A financial examination is performed based on selective tests of the evidence of the figures and disclosures presented in said statements. An examination also includes the evaluation of the accounting principles used and the significant estimates made by management, as well as the evaluation of the overall presentation of the financial statements as a whole. We believe that our review provides a reasonable basis for expressing our opinion.
3. PROFONANPE's policy is to prepare requests for funds in accordance with the cash accounting method. According to this accounting method, income is recognized when received, and expenses when paid.
4. In our opinion, the status of Funds Requests reasonably presents the expenses incurred in the period from January 1 to December 31, 2020 and presented by PROFONANPE. Likewise: (a) said expenses are eligible to be financed by the Cooperation Agreement; (b) the accounting and internal control procedures used in their preparation are adequate and PROFONANPE has maintained the appropriate documentation to support the aforementioned requests; and, (c) the funds have been used solely for the purposes of the project.
5. This report is issued solely for the knowledge and use of the United Nations Environment Program - UN Environment, Global Environment Fund, Ministry of the Environment and PROFONANPE, so it should not be used by others or for purposes other than those indicated here.

Lima Peru

June 30, 2021

Endorsed by:

Andrés Ropert Dokmanovic (Partner)
Chartered Public Accountant
Registration N ° 39184

STATUS OF REQUESTS FOR FUNDS
FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020
(Expressed in US Dollars)

Application date	Concept	Requested in US\$	Disbursed in US \$	Diferencial US\$
10/13/2020	Expense report N° 09	450,579	450,579	0
		450,579	450,579	0



Ropert, Sarrío & Asociados SC
Av. Emilio Cavenecia 264
Office 701 San Isidro.
Lima 27, Peru

T. +51 1 615 6868
info@tgs-sarrío.pe

REPORT OF THE INDEPENDENT AUDITORS ON THE INTERNAL CONTROL STRUCTURE

To the members of the Board of Directors and Executive Director
PROFONANPE

1. We have audited the status of sources and uses of funds for the period from January 1 to December 31, 2020 and the status of accumulated investments as of December 31, 2020, corresponding to the project "Effective implementation of the access and distribution regime of benefits and traditional knowledge in Peru in accordance with the Nagoya Protocol", financed through the Cooperation Agreement between the United Nations Environment Program - UN Environment, the Ministry of the Environment and PROFONANPE and, we have issued our opinion without qualifications on them, dated June 30, 2021.
2. Our examination of the financial statements of the project was carried out in accordance with the International Auditing Standards published by the International Auditing and Assurance Standards Board and approved for application in Peru by the Board of Deans of Colleges of Public Accountants of Peru. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements examined do not include material misstatements. When planning and executing our audit of the financial statements of the project, we consider the internal control structure related to the project, in order to determine our audit procedures to express our opinion on the aforementioned financial statements and not to express an opinion on the structure internal control.
3. PROFONANPE's administration is responsible for establishing and maintaining an internal control structure. To fulfill this responsibility, the executing agency must make estimates and judgments to evaluate the expected benefits and costs related to the policies and procedures of said structure. The objectives of an internal control system are to provide reasonable, but not absolute, assurance that assets are protected against loss due to unauthorized use or disposal, that transactions are carried out in accordance with PROFONANPE's authorizations, and the terms of the Cooperation Agreement mentioned above, in accordance with the accounting basis described in Note 2 of the project's financial statements.
4. Due to limitations inherent to any internal control system, errors and irregularities may occur that are not detected. Additionally, the projections of any evaluation of the internal control structure towards future periods are subject to the risk that the procedures may become inadequate, due to changes in conditions, or that the effectiveness of the design and operation of the policies and procedures may deteriorate. Also, there is the possibility that when applying the control procedures errors may arise due to the inappropriate understanding of the instructions, errors of judgment, lack of attention from the personnel, human failures, among other factors. In addition, those procedures whose effectiveness is based on the segregation of duties could be circumvented in the event of collusion between the employees involved in the internal accounting and financial control, as well as the procedures whose objective is to ensure that the transactions are carried out according to the terms authorized by the administration, can become ineffective if decisions are made erroneously or irregularly. Therefore, we cannot ensure that all processing errors, deficiencies in the internal control system or non-compliance with applicable regulations have been revealed in the course of our audit, so we do not express an opinion on whether all of the established internal accounting and compliance control procedures were correctly applied during the year.
5. Our consideration of the internal control structure does not necessarily reveal all aspects of that structure that could be considered significant deficiencies. A significant deficiency is one in which the design or operation of one or more specific elements of the internal control structure does not reduce to a relatively low level the risk of errors or irregularities, in amounts that could be significant in relation to the financial statements. Of the project, can occur and not be detected in a timely manner by employees in the normal performance of their duties. Do not we observe no matter about the internal control structure and its operation that we consider to be a significant deficiency, as defined above.



Ropert, Sarrío & Asociados SC
Av. Emilio Cavenecia 264
Office 701 San Isidro.
Lima 27, Peru

T. +51 1 615 6868
info@tgs-sarrío.pe

6. This report is issued solely for the knowledge and use of the United Nations Environment Program - UN Environment, Global Environment Fund, Ministry of the Environment and PROFONANPE, so it should not be used by others or for purposes other than those indicated here.

Lima Peru

June 30, 2021

Endorsed by:

Andrés Ropert Dokmanovic (Partner)
Chartered Public Accountant
Registration N ° 39184

Annex No. 3

SUMMARY OF THE AUDIT PROCEDURES APPLIED

In the audit plan and program prepared for the audit, the procedures applied in the examination of the project's financial statements are described; compliance with clauses of the Cooperation Agreement; requests for funds and evaluation of the internal control system. A summary of the audit procedures applied in our examination is set out below:

Objectives

Objective N° 1

Issue an opinion on the status of sources and uses of funds; statement of accumulated investments, and notes to the financial statements and supplementary information of the project.

Specific procedures

1. Obtaining the financial statements of the project for the period examined, these being the following:
 - a) Statement of sources and uses of funds.
 - b) Statement of accumulated investments.
 - c) Notes to the financial statements.
 - d) Supplementary information.
2. Review of documentation related to the background of the project and other aspects of the administration of resources that included:
 - a) Understanding of the organic structure of the executing entity of the Cooperation Agreement, its internal financial control system, regulations and internal standards applicable to the execution of funds in the project.
 - b) Cooperation Agreement signed with the United Nations Environment Program, applicable regulations, Annual Operational Plan, budget and other related documents.
3. Obtaining the documents that support the expenses executed with funds from the donation, to know if they are kept in an orderly manner in the files of the executing entity, through procedures that ensure the integrity of the information, and its easy location.

Audit of financial statements

4. For the examination of the status of sources and uses of funds and the status of accumulated investments, the following audit procedures were included:
 - a) Understanding of the internal control system and its components: control environment, risk assessment, control activities, information and communication system and monitoring; from which, the evaluation of the risk of materiality error was carried out, by evaluating the inherent risk and the control risk.
 - b) Understanding of the accounting policies used to prepare the basic financial statements of the project, to establish their application in the period under review.
 - c) Review of the income from the donor in the period to be examined, to determine if the funds were deposited in the project's bank account.

Sources of funds

5. We examine the financial statements of the project that are presented by the executing entity of the project in US Dollars, according to the following procedures:
 - a) We verified that the financial statements of the project were prepared on a cash accounting basis, recognizing income when funds are received and expenses when they are executed and represent disbursements of funds.

- b) We verified that transactions in local currency were recorded in the entity's accounting books, as of the date they occur, and were converted into US Dollars applying the relevant exchange rate.
6. We obtained from the administration of the executing entity of the project, the details of the funds received in the audited period and we compared them with the payments in the pertinent bank account.
 7. We verify the accounting process followed by the executing entity of the project for the recording of the income received and issuance of the financial statements, in order to establish if they are adequate and duly documented.

Uses of funds

8. We obtained from the administration of the executing entity of the project, the accounting record of the disbursements made and selected some items to examine the documentation of the executed expenses, in order to determine if they were properly classified, properly documented and applied for the purposes of the Agreement, taking into account the following:
 - a) Eligibility of expenses executed in accordance with the stipulations established in the Cooperation Agreement.
 - b) Reliable documentary support, duly authorized and approved, verifying that the acceptance of receipt of the contracted service is included.
 - c) Correct accounting and budget allocation, taking into account the corresponding budget items.
 - d) Application of the exchange rate in force in the conversion of transactions carried out in local currency to US dollars.
 - e) Regarding the justifications of expenses, we verify compliance with the procedures established internally in the executing entity for the granting, use, surrender and control of the funds received from the donor.
9. We reconciled the use of funds according to the statement of sources and uses of funds, with the balances of the statement of accumulated investments.

Statement of accumulated investments

10. We obtained from the administration of the executing entity the statement of accumulated investments at the end of the audited period, verifying their accumulation through the reports from the institutional accounting system.
11. Taking into consideration the selection criteria of the selected sample of expenses included in the statement of accumulated investments for the audited period, we proceeded to:
 - a) Determine if the items established in the budget were applied in the corresponding lines in the financial statement.
 - b) Reconciliation of the accumulated totals for the period with the relevant accounting records.
12. If differences were established as indicated above, we make the corresponding comparisons.

Objective N ° 2

Issue an opinion on the notes to the financial statements and supplementary information and whether they have been reasonably presented in all their significant aspects.

Specific procedures

1. We obtained from the executing entity's management the notes to the financial statements and supplementary information for the audited period.
2. We verify that the notes to the basic financial statements of the project and supplementary information prepared by the executing entity, describe and / or explain in an appropriate way the objectives of the contractual Agreement, the accounting policies, composition of the available cash, and the other items that do so require.

Objective N ° 3

Issue an opinion regarding the compliance of the project executing entity with the terms established in the Cooperation Agreement.

Specific Procedures

1. We obtained information from the Project administration regarding the following:
 - Cooperation Agreement.
 - Monitoring reports; description of the accounting system; policies and procedures for the selection of consultants, as well as any other necessary documentation.
2. Based on the Agreement, we extract its main clauses in order to take them into account in the evaluation.
3. We will prepare a summary document in relation to each of the clauses of the Agreement and other regulations indicating the current status of each of them (fulfilled; in process or pending) as of the date of the examination.
4. The document indicated above constitutes the support of our opinion on compliance with the terms of the Cooperation Agreement, as a complement to the main opinion on the financial statements of the project.

Objective N ° 4

Issue an opinion on the status of requests for funds, in order to determine if the expenses included are eligible and the information is reliable, as well as if the accounting and internal control procedures are appropriate, as well as that the funds were used solely for purposes of the project.

Specific procedures

1. Obtain the following documents from the project administration:
 - a) Fund requests submitted by PROFONANPE.
 - b) Supporting documentation for funding requests.
 - c) Reports referring to the detail of disbursements and transactions.
2. Based on the information obtained, we apply the following procedures for the examination of funds from the donor source:
 - a) Verify that the expense documents related to the project's financing sources were duly documented and had the approval of the officials responsible for the Treasury and Accounting areas.
 - b) Verify that the payment vouchers have the "PAID" stamp.
 - c) Verify that the payment documents were properly registered and classified in the corresponding investment category.
 - d) Verify that the supporting documentation for the payment vouchers was canceled and properly documented.
 - e) Verify that the exchange rate used in each request for funds prepared by the project executing entity is appropriate.
 - f) Verify if the executed expenses are eligible and the supporting information is reliable, as well as if the accounting and internal control procedures are appropriate.

Objective N ° 5

Issue a report regarding the adequacy of the executing entity's internal control system in aspects related to the Cooperation Agreement.

Specific procedures

1. The evaluation of the project's internal control system will be carried out based on the elements and its operation during the period under review, in accordance with the structure of the COSO Report. In this regard, the purpose of the evaluation is to identify both significant strengths and weaknesses, for which purpose, aspects related to the organizational structure, information systems, procurement and / or contracting management, and financial management will be included.
2. When evaluating the control environment of the executing entity, aspects related to its organic structure, line of authority, segregation of functions, policy and procedures for the selection and hiring of consultants will be considered, especially the following:
 - a) Administrative procedures that govern the activities and responsibilities of the financial administration of resources.
 - b) Levels of authority, job descriptions, number and adequacy of skills of the personnel working in the various areas of execution.
 - c) Segregation of functions in financial administration (treasury activities, accounting and preparation of financial statements).
3. When evaluating the aspects related to the control activities, those related to the design and execution of the control procedures established by PROFONANPE, for the receipt, custody and payment of funds, will be considered in order to establish whether they are adequate for the purposes of the Cooperation Agreement. Likewise, the evaluation of the control procedures for the selection and hiring of consultants required by the project was aimed at determining whether appropriate practices were followed for that purpose.
4. To the To evaluate the aspects related to the information system, the policies and procedures established by PROFONANPE were taken into account to record, process, summarize and present the financial information, especially the following:
 - a) Adequacy of data processing systems to produce timely and reliable financial and accounting information.
 - b) Accounting system's ability to verify, control, and track all sources and use of funds related to the project, including advance fund transactions received.
 - c) Capacity of the accounting system used by the executing agency to record financial transactions.
5. Evaluation of the monitoring activities carried out by PROFONANPE, to determine if they were fulfilled adequately in terms of providing adequate information on the functioning of internal controls and appropriate corrective actions were taken to correct deficiencies identified by management Ion of the funds of the Cooperation Agreement.