

Department of Environment, Climate Change and Emergency Management

Harmonized Approach to Cash Transfers

Spot Check of Federated States of Micronesia Ridge to Reef Project

30 September 2019



PRIVATE & CONFIDENTIAL

The Resident Representative
UNDP Pacific Office in Fiji
Level 8
Kadavu House
Private Mail Bag
SUVA

31 December 2019

Submission of the Spot Check Report

Dear Sir,

We are pleased to submit the Spot Check Report conducted on the Federated States of Micronesia Ridge to Reef ("FSM Ridge to Reef") Project implemented by Department of Environment, Climate Change and Emergency Management ("DECEM" or "Implementing Partner" or "IP") according to the United Nations Development Programme ("UNDP") Contract Reference: UNDP/FJI/PSC/006/2019.

This report includes all matters and issues arising from the spot check which we consider appropriate for consideration by the management and is intended solely for the information and the use of UNDP on a confidential basis. This report or any portion thereof, is not intended to be and should not be disclosed to, distributed to, used by, or relied upon by anyone other than the specified party without the prior written consent of EY, except to the extent otherwise required by law or legal or regulatory process. EY therefore assumes no responsibility to any user of the report other than UNDP.

The information used by EY in preparing this Report have been obtained from UNDP and the Implementing Partner. While our work has involved analysis of financial information and/or accounting records, it has not included an audit in accordance with generally accepted auditing standards. Moreover, except where otherwise stated in the Report, we have not subject the financial information in the Report to checking or verification procedures. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us, except where otherwise stated herein, and no assurance is given.

We wish to thank the staff and employees of the IP and UNDP Office in Fiji for the cooperation and courtesy extended to us during our Spot Check. We appreciate the opportunity to present these recommendations for your consideration. If you have any questions, please do not hesitate to contact us for any clarification.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Sikeli Tuinamuana', with a stylized flourish at the end.

Sikeli Tuinamuana
Partner

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Report of Factual Findings

We have performed the procedures agreed with you and enumerated below with respect to the programme disbursements related to FSM Ridge to Reef Project (Project Number: 00093439) for the 9 months period ended 30 September 2019. Our engagement was undertaken in accordance with the International Standards on Related Services (ISRS) applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the validity of accounting records that support cash transfers from United Nations Development Programme (“UNDP”) and are summarized as follows:

1. Compare documentation obtained describing the IP’s financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Document any changes or inconsistencies.
2. Inquire of IP management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle. Document any changes identified.
3. Obtain a listing of all programme related expenditures during the 9 months period ended 30 September 2019 for the agreed-upon procedures engagement and perform the following:
 - ▶ Randomly select a sample of expenditures amounting to a certain percentage of total expenditures. The percentage to be determined by each agency in relation to their needs and requirements. Detailed listing of expenditures selected as samples is attached as *Annex 1*.
 - ▶ For each sample selection perform the following procedures:
 - Verify that documentation exists to support the expenditure in accordance with the IP’s rules and procedures and agreements with the agency.
 - Verify that the activity related to the expenditure is in accordance with the work plan.
 - Verify that the expenditure has been reviewed and approved in accordance with the IP’s rules and procedures and agreements with the agency.
 - Verify that the expenditure was reflected on a certified FACE form submitted to the agency.
 - Verify that the expenditure was reflected in the IP’s accounting records and bank statement.
 - Verify that supporting documents are stamped ‘PAID from UNDP grant’, indicating which agency funded the transaction.
 - Verify that the FACE form was submitted consistent with the periodicity-of-disbursement requirement in the HACT framework (within two weeks).
 - Verify the price paid for goods or services against United Nations agreed standard rates (if readily available).
4. If separate bank accounts are maintained for agency-granted funds, perform the following procedures:
 - ▶ Verify that the activity per the bank statements agrees with that reflected in the accounting records. Document any variances noted; and

- ▶ Confirm that a bank reconciliation was completed, and the balance has been reconciled to the accounting records. Document any variances noted.

We report our findings below:

- a. With respect to item 1 and 2 we found:
 - ▶ The most recent micro assessment was undertaken in 2018 by EY. We have inquired with management and note that the IP has only actioned one recommendation.
- b. With respect to item 3, we found:
 - ▶ Delay in submission of quarterly FACE forms;
 - ▶ Absence of supporting documentation to substantiate occurrence of transactions; and
 - ▶ Expenditure provided not appropriately reflected on the FACE Forms.
- c. With respect to item 4, we found:
 - ▶ We have not conducted review procedures for the bank statements or bank accounts as the project did not maintain a separate bank account for agency-granted funds.

Because these procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), we do not express any assurance on the programme disbursements of the Implementing Partner for the 9 months period ended 30 September 2019.

Had we performed additional procedures, or had we performed an audit or review of the financial statement in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information. It is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the items specified above and does not extend to any financial statement of the implementing partner, taken as a whole.

Spot Check Report

BACKGROUND INFORMATION	
Name of IP Organization:	Department of Environment, Climate Change and Emergency Management
Programme Title (section)	FSM Ridge to Reef
AWP/PCA Reference:	Project No.00093439
Location where spot check took place	Palikir, Pohnpei, FSM
IP Contact person and position:	Ms. Rosalinda Yatilman Project Manager
Date(s) of Spot check:	18/11/2019 to 22/11/2019
Period covered by FACE form(s) selected for spot check	01/01/2019 to 30/09/2019
Total value of selected FACE form(s)	USD 445,516.82
IP staff whom the spot check team met and worked with during the spot check (names & titles)	Ms. Rosalinda Yatilman Project Manager
Date of report	31 December 2019

INTERNAL CONTROLS	
<p>Inquire of IP management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle.</p> <p>Inquire whether the high priority recommendations from the micro assessment and previous assurance activities have been implemented.</p> <p><i>Document any changes identified</i></p>	<p>The previous HACT Micro Assessment noted the following High priority findings:</p> <ul style="list-style-type: none"> ▶ Absence of operational policies ▶ Absence of whistle-blower protection for reporting suspected fraud ▶ Lack of policy on project planning activities ▶ Absence of budget and risk monitoring strategies ▶ Lack of monitoring and evaluation framework ▶ Lack of proof of capacity and adequacy of IP staff ▶ Absence of formal internal audit charter and policy ▶ Improper asset management ▶ Lack of quarterly reports ▶ Absence of assurance activities and reports on procurement procedures ▶ Lack of contract management procedures ▶ Lack of contract management procedures related to post facto actions <p>We note the following action implemented by the IP:</p> <ul style="list-style-type: none"> ▶ Lack of proof of capacity and adequacy of IP staff - Training is conducted by Audit firm in the US, PM attends the UNDP Procurement and Financial Management training that meets the training needs of the UN. Reports of Training not provided. <p>Our spot check notes that all other recommendations from the prior HACT Micro Assessment have yet to be fully actioned.</p>



SUMMARY OF HIGH PRIORITY FINDINGS AND RECOMMENDATIONS

No	Finding	Recommendation	Agreed Action by IP and deadline
1	<p>Item 3 of our agreed upon procedures require us to verify that the FACE form was submitted with the periodicity-of-disbursement in the HACT framework (within two weeks).</p> <p>The FACE form provided for our review covering the period 1 July 2019 to 30 September 2019 did not comply with the HACT framework and was submitted on 29 November 2019. Further adjustments had been made to the FACE form and was resubmitted on 16 December 2019.</p> <p>The above practice does not comply with the periodicity-of disbursement-requirement in the HACT Framework.</p> <p>If such instances would continue to occur, the overall expenses as per FACE form for the calendar year could be misstated.</p>	<p>We recommend that the IP ensure that the rules related to FACE form submission be complied with.</p>	<p>Quarter 3 was submitted on July 9, 2019. UNDP, however, recommended that the IP submits the Quarter 3 FF at a later date when the project has acquitted 80% of its funds (refer to Annex 5). A second submission was made on November 29, 2019 (refer to Annex 6). After a follow up on the status of the FF that was submitted to UNDP on December 10, 2019, IP was advised by UNDP to revise the FF to add on additional expenses incurred since the second submission. The adjustment was made and resubmitted on December 16, 2019.</p>
2	<p>Item 3 of our agreed upon procedures require us to verify that documentation exists to support expenditure in accordance with the IP rules and procedures with the agency.</p> <p>Our review noted that staff payroll records were not being properly maintained and updated. As a result, project staff that had left the project were still being paid by the Department of Finance.</p>	<p>We recommend that the IP ensure that appropriate documentation related to payroll is maintained.</p>	<p>The processing of payroll is handled by the Administrative Officer for DECEM. The process includes submission of staff timesheets prior to processing of payroll. No timesheets were provided by the PIU to the AO due to the termination of the contracts. The AO, however, proceeded with processing of the payment. Necessary measures have been undertaken by the PIU through the Yap State Coordinator to reimburse the project funds paid out to the 2 employees no longer employed.</p>
3	<p>Item 3 of our agreed upon procedures require us to verify that documentation exists to support expenditure in accordance with the IP rules and procedures with the agency.</p> <p>Our review noted that documentation related to the travel and per diem allowance for one of the Project Consultants was incorrectly posted on the accounting system. This error is yet to be rectified by the Department of Finance.</p>	<p>We recommend that the IP ensure that appropriate checks be made to the project payments prior to posting it into the system.</p>	<p>The amount paid out to the consultant did not reflect the correct amount due. Further review of the issue revealed that the Department of Finance did not reimburse the additional \$150 owed to the traveler which was requested in her voucher. Department of Finance is now working on the necessary adjustment.</p>

UNDP FOLLOW-UP ACTIONS

No	Follow up action	Responsible UNDP officer	Expected completion date
1			
2			
3			

SIGNATURES OF SPOT CHECK TEAM MEMBERS

Name and title	Signature	Date
Milinia Veigo - Auditor, EY Fiji		31.12.2019
Jaoji Waqainabete - Manager, EY Fiji		31.12.2019
Sikeli Tuinamuana - Engagement Partner, EY Fiji		31.12.2019

Annex 1: Test of Expenditures Worksheet

Sample No	Sample expenditure description and voucher number		Sample expenditure amount reported (USD)	Documentation exists to support expenditure in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and in IP's accounting records and bank statement? (Y/N)	Supporting documents are stamped 'PAID from UNDP grant', indicating which agency funded the transaction or coded to and recorded in a UNDP specific fund? (Y/N)	Expenditure was recorded in the IP's accounting records and reflected in a certified FACE form in the period in which it was incurred (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available) and according to budget	Comment/ finding
1	01/08/2019 281990T-0000015	Labor summary	1,888.92	Y	Y	Y	Y	N	Y	Y	Sighted timesheets, Cheques and Bank Reconciliation. Confirm approval signatures. For payment of payroll, we sighted a sample of cheques for each pay period to confirm the payroll process. We sighted the payroll list with Cheque numbers and confirmed this with the list of cheques (cheque copies) printed for each payroll. If cheques are not picked up by staff, it is directly deposited into their accounts.
2	01/08/2019 282049T-0000075	Labor summary	1,474.46	Y	Y	Y	Y	N	Y	Y	
3	01/22/2019 283254T-0000015	Labor summary	3,090.38	Y	Y	Y	Y	N	Y	Y	
4	01/22/2019 283342T-0000072	Labor summary	1,113.85	Y	Y	Y	Y	N	Y	Y	
5	02/05/2019 284680T-0000017	Labor summary	2,831.35	Y	Y	Y	Y	N	Y	Y	
6	02/05/2019 284742T-0000072	Labor summary	1,113.85	Y	Y	Y	Y	N	Y	Y	

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7	02/19/2019 285942T-0000022	Labor summary	2,572.31	Y	Y	Y	Y	N	Y	Y	
8	02/20/2019 285976T-0000073	Labor summary	1,113.85	Y	Y	Y	Y	N	Y	Y	
9	03/06/2019 287285T-0000004	Labor summary	2,956.93	Y	Y	Y	Y	N	Y	Y	
10	03/06/2019 287302T-0000000	Labor summary	1,549.23	Y	Y	Y	Y	N	Y	Y	
11	03/19/2019 288546T-0000025	Labor summary	1,843.08	Y	Y	Y	Y	N	Y	Y	
12	04/02/2019 289896T-0000020	Labor summary	2,572.31	Y	Y	Y	Y	N	Y	Y	
13	04/02/2019 289990T-0000066	Labor summary	1,113.85	Y	Y	Y	Y	N	Y	Y	

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14	04/16/2019 291403T-0000020	Labor summary	2,242.16	Y	Y	Y	Y	N	Y	Y	
15	04/30/2019 292516T-0000023	Labor summary	2,572.31	Y	Y	Y	Y	N	Y	Y	
16	04/30/2019 292561T-0000074	Labor summary	1,113.85	Y	Y	Y	Y	N	Y	Y	
17	05/14/2019 293850T-0000024	Labor summary	2,315.09	Y	Y	Y	Y	N	Y	Y	
18	05/28/2019 295175T-0000023	Labor summary	2,572.31	Y	Y	Y	Y	N	Y	Y	
19	05/28/2019 295265T-0000018	Labor summary	1,661.92	Y	Y	Y	Y	N	Y	Y	
20	06/11/2019 296561T-0000024	Labor summary	2,572.31	Y	Y	Y	Y	N	Y	Y	

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21	06/11/2019 296614T-0000075	Labor summary	1,843.08	Y	Y	Y	Y	N	Y	Y	
22	06/11/2019 296627T-0000016	Labor summary	1,325.38	Y	Y	Y	Y	N	Y	Y	
23	06/12/2019 296718T-0000025	Labor summary	1,843.08	Y	Y	Y	Y	N	Y	Y	
24	06/25/2019 298004T-0000025	Labor summary	2,572.31	Y	Y	Y	Y	N	Y	Y	
25	06/25/2019 298057T-0000073	Labor summary	1,843.08	Y	Y	Y	Y	N	Y	Y	
26	06/25/2019 298066T-0000016	Labor summary	1,325.38	Y	Y	Y	Y	N	Y	Y	
27	07/09/2019 299514T-0000021	Labor summary	2,572.31	Y	Y	Y	N	N	N	Y	

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28	07/09/2019 299574T-0000073	Labor summary	1,843.08	Y	Y	Y	N	N	N	Y	
29	07/09/2019 299587T-0000016	Labor summary	1,998.45	Y	Y	Y	N	N	N	Y	
30	07/23/2019 301038T-0000021	Labor summary	2,572.31	Y	Y	Y	N	N	N	Y	
31	07/24/2019 301090T-0000074	Labor summary	1,843.08	Y	Y	Y	N	N	N	Y	
32	07/24/2019 301096T-0000018	Labor summary	1,325.38	Y	Y	Y	N	N	N	Y	
33	08/06/2019 302459T-0000020	Labor summary	2,572.31	Y	Y	Y	N	N	N	Y	
34	08/06/2019 302562T-0000067	Labor summary	1,843.08	Y	Y	Y	N	N	N	Y	

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35	08/06/2019 302568T-0000013	Labor summary	1,325.38	Y	Y	Y	N	N	N	Y	
36	08/20/2019 303776T-0000023	Labor summary	2,572.31	Y	Y	Y	N	N	N	Y	
37	08/20/2019 303784T-0000074	Labor summary	1,843.08	Y	Y	Y	N	N	N	Y	
38	08/20/2019 303808T-0000016	Labor summary	1,325.38	Y	Y	Y	N	N	N	Y	
39	09/03/2019 305090T-0000021	Labor summary	2,572.31	Y	Y	Y	N	N	N	Y	
40	09/03/2019 305142T-0000073	Labor summary	1,843.08	Y	Y	Y	N	N	N	Y	
41	09/03/2019 305160T-0000015	Labor summary	1,325.38	Y	Y	Y	N	N	N	Y	

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42	09/13/2019 306438T-0000000	TRANSF.OF EXPENDITURES JV190513	8,999.90	Y	Y	Y	N	N	N	Y	Incorrect posting of amount. This was a transfer from the Adaptation fund back to R2R. Need to get explanation
43	09/17/2019 306422T-0000022	Labor summary	2,735.39	N	Y	Y	N	N	N	Y	Payroll list not updated, names of staff that have left still show on the payroll listing with Cheque #s - System needs to be updated. Check with Rose on updated DECEM R2R staff listing
44	09/17/2019 306495T-0000075	Labor summary	1,843.08	N	Y	Y	N	N	N	Y	Dominic Tiliwebug and Jerry Byne Gorong finished in early 2019 however on the payroll listing, there are cheques being issued for the two employees in pay period 19 and 20 in September and early October. They were based in Yap State. These cheques are yet to be returned and cancelled.
45	09/17/2019 306504T-0000015	Labor summary	1,325.38	N	Y	Y	N	N	N	Y	
46	09/30/2019 307900T-0000024	Labor summary	2,735.39	N	Y	Y	N	N	N	Y	

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47	01/09/2019 282136T-0000022	TO FACILITATE COMPOST TRAINING T190740	1,285.00	Y	Y	Y	Y	N	Y	Y	The amount posted is 80% of the per diem amount + car rental and departure fees. There was an overstatement of the calculation of the per diem however, this has been sighted and verified.
48	01/25/2019 283770T-0000120	TO ATTEND GEF 6 CONSULATIONS T190346	1,445.00	Y	Y	Y	Y	N	Y	Y	Amount is full cost of per diem + car rental and departure fees. Incorrect processing of the payment in October 2018 and this was not reviewed/amended till January 2019.
49	01/25/2019 283770T-0000132	TO VISIT THE STATES T190143	3,855.00	Y	Y	Y	Y	N	Y	Y	Amount is full cost of per diem + car rental and departure fees. Incorrect processing of the payment in December 2018 and this was not reviewed/amended till January 2019.

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50	01/30/2019 284225T-0000031	TO ATTEND GEF6 CONSULTATION T190345	1,286.00	Y	Y	Y	Y	N	Y	Y	Amount is full cost of per diem + car rental and departure fees. Incorrect processing of the payment in November 2018 and this was not reviewed/amended till January 2019.
51	03/04/2019 287064T-0000055	TO COND. PROJ.1ST QTR STATE VI T191156	1,881.33	Y	Y	Y	Y	N	Y	Y	Sighted Ticket receipt but did not sight any documentation for Rental and Dep Fee
52	03/21/2019 288927T-0000119	TO COND. PROJ.1ST QTR STATE VI T191156	2,095.00	Y	Y	Y	Y	N	Y	Y	
53	03/25/2019 289138T-0000015	TO CONDUCT LOCAL EARLY ACTION T190218	1,350.00	Y	Y	Y	Y	N	Y	Y	This amount is incorrect as it included a airplane ticket change fee of \$150 + \$1200 (Per diem) which comes to \$3,500. 80% of the per diem given was \$960 and total allowance is \$1200. Should have been \$1,200 posted, not

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											\$1,350. This is yet to be adjusted in the system
54	04/05/2019 290707T-0000000	TRANSFER OF EXPEND JV190243	2,764.00	Y	Y	Y	Y	N	Y	Y	
55	05/01/2019 292633T-0000047	TO CONDUCT R2R PROJECT MID TER T191896	1,881.32	Y	Y	Y	Y	N	Y	Y	Sighted boarding passes, receipts and Travel Authorization forms
56	06/18/2019 297336T-0000028	TO CONDUCT R2R PROJECT MID TER T191896	2,282.00	Y	Y	Y	Y	N	Y	Y	
57	07/23/2019 301065T-0000059	TO ATTEND GLOBAL ENV.FACIL. EX T193228	3,515.22	Y	Y	Y	N	N	N	Y	Being for Airfare to GEF workshop in Nadi, sighted boarding passes
58	08/02/2019 302216T-0000043	TO ATTEND JCU GRADUATION T193338	3,515.00	Y	Y	Y	N	N	N	Y	

Sample No	Sample expenditure description and voucher number		Sample expenditure amount reported (USD)	Documentation exists to support expenditure in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and in IP's accounting records and bank statement? (Y/N)	Supporting documents are stamped 'PAID from UNDP grant', indicating which agency funded the transaction or coded to and recorded in a UNDP specific fund? (Y/N)	Expenditure was recorded in the IP's accounting records and reflected in a certified FACE form in the period in which it was incurred (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available) and according to budget	Comment/ finding
59	08/02/2019 302216T-0000049	TO ATTEND JCU TEACHING WEEK T193337	3,515.00	Y	Y	Y	N	N	N	Y	Confirm with Finance what is included in the amount in transaction??
60	08/22/2019 304061T-0000004	GLOBAL ENVIRONEMNT FACILITY'S T193208	2,110.00	Y	Y	Y	N	N	N	Y	
61	08/28/2019 304739T-0000063	TO ATTEND GLOBAL ENV.FACIL. EX T193228	1,470.00	Y	Y	Y	N	N	N	Y	Could not verify the amount posted in the system to the supporting documents
62	09/02/2019 305046T-0000057	TO ATTEND JCU GRADUATION T193338	3,205.00	Y	Y	Y	N	N	N	Y	Sighted boarding passes, trip report & departure fee receipt.
63	09/03/2019 305108T-0000020	TO ATTEND JCU TEACHING WEEK T193337	3,375.00	Y	Y	Y	N	N	N	Y	Need to sight per diem breakdown, departure fee and special allowance breakdown
64	09/12/2019 306161T-0000047	TO ATTEND GLOBAL ENV.FACIL.EXP T193223	3,825.00	Y	Y	Y	N	N	N	Y	Need to sight per diem breakdown, sighted one set of boarding passes as other set was lost. Verified through Affidavit of Loss Form

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65	09/13/2019 306438T-0000004	TRANSF.OF EXPENDITURES JV190513	6,942.45	Y	Y	Y	N	N	N	Y	
66	09/20/2019 306980T-0000267	TO ATTEND RIDGE TO REEF PLANNI T193877	1,498.42	Y	Y	Y	N	N	N	Y	Airfare for Debra, sighted boarding passes
67	09/20/2019 306980T-0000279	TO ATTEND RIDGE TO REEF PLANNI T193884	1,498.42	Y	Y	Y	N	N	N	Y	Paid in bulk to the Travel Agency by the Department of Finance
68	09/20/2019 306980T-0000283	TO ATTEND RIDGE TO REEF PLANNI T193885	1,498.42	Y	Y	Y	N	N	N	Y	
69	09/20/2019 306980T-0000287	TO ATTEND RIDGE TO REEF PLANNI T193886	1,498.42	Y	Y	Y	N	N	N	Y	
70	09/20/2019 306980T-0000291	TO ATTEND RIDGE TO REEF PLANNI T193887	1,498.42	Y	Y	Y	N	N	N	Y	
71	09/30/2019 308169T-0000068	TO ATTEND RIDGE TO REEF PLANNI T193879	1,492.00	Y	Y	Y	N	N	N	Y	Amount in the documents does not add up to what has been paid to the staff member.

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72	09/30/2019 308935T-0000003	TO ATTEND RIDGE TO REEF PLANNI T193885	1,286.00	Y	Y	Y	N	N	N	Y	
73	09/30/2019 308935T-0000007	TO ATTEND RIDGE TO REEF PLANNI T193884	1,286.00	Y	Y	Y	N	N	N	Y	
74	09/30/2019 309736T-0000039	TO ATTEND RIDGE TO REEF PLANNI T193877	1,706.00	Y	Y	Y	N	N	N	Y	Per diem, other transportation costs and departure fees
75	09/30/2019 310047T-0000039	TO ATTEND RIDGE TO REEF PLANNI T193887	1,286.00	Y	Y	Y	N	N	N	Y	
76	09/30/2019 310047T-0000045	TO ATTEND RIDGE TO REEF PLANNI T193886	1,706.00	Y	Y	Y	N	N	N	Y	
77	01/07/2019 281916T-0000005	CATERING SERV - DECEM 237-R2R-C-	2,043.62	Y	Y	Y	Y	N	Y	Y	Catering for the Capacity needs assessment in Chuuk FSM
78	03/19/2019 288575T-0000119	CATERING - DECEM EEMFG063-1	1,140.00	Y	Y	Y	Y	N	Y	Y	Catering for Ridge to Reef Project from 13-15th February

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79	03/26/2019 289363T-0000127	FOODS - DECEM L191336	1,920.00	Y	Y	Y	Y	N	Y	Y	
80	09/27/2019 307651T-0000309	FOOD-DECEM L193228	1,485.00	Y	Y	Y	N	N	N	Y	Sighted Invoice, PO, Finance PV and Cheque
81	02/15/2019 285761T-0000007	EXPENDABLE-DECEM/R2R PROJECT N180573	3,918.75	Y	Y	Y	Y	N	Y	Y	An advance was made by the Department of Finance to secure the goods from the vendor and the supplies were provided. Once received, the JV was reversed and DECEM reimbursed Dept of Finance.
82	08/23/2019 304482T-0000008	FREIGHT JV190479	3,918.75	Y	Y	Y	N	N	N	Y	
83	02/27/2019 286651T-0000043	EXPEND.-EQUIPMENT-DECEM L190638	2,925.00	Y	Y	Y	Y	N	Y	Y	Purchase of Projector, Speaker for R2R project
84	02/15/2019 285761T-0000003	EXPENDABLE-DECEM/R2R	8,208.00	Y	Y	Y	Y	N	Y	Y	Transaction N180573 and JV190479 were posted twice by the Department of Finance.

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		PROJECT N180573									This has yet to be adjusted in the system
85	02/15/2019 285761T-0000005	EXPENDABLE-DECEM/R2R PROJECT N180573	2,748.00	Y	Y	Y	Y	N	Y	Y	
86	02/26/2019 286461T-0000009	OFFICE SUPPLIES-DECEM N190099	1,505.95	Y	Y	Y	Y	N	Y	Y	Purchase of Enterolert - for the examination of water and wastewater
87	02/26/2019 286461T-0000011	OFFICE SUPPLIES-DECEM N190099	1,301.00	Y	Y	Y	Y	N	Y	Y	Purchase of Gamma Irad
88	08/23/2019 304482T-0000006	HP 700 GEOGRIDE/EARTH ANCHOR JV190479	10,956.00	Y	Y	Y	N	N	N	Y	Transaction N180573 and JV190479 were posted twice by the Department of Finance. This has yet to be adjusted in the system
89	09/30/2019 310409T-0000009	POL-DECEM N190792	1,380.00	Y	Y	Y	N	N	N	Y	
90	02/01/2019 284497T-0000021	OFFICE SUPPLIES-DECEM L190572	1,980.00	Y	Y	Y	Y	N	Y	Y	T Shirts for DECEM staff, approved by Dept of Finance

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91	02/14/2019 285637T-0000077	ADVERTISING-DECEM N190169	3,447.00	Y	Y	Y	Y	N	Y	Y	
92	02/15/2019 285700T-0000099	PRINTING-DECEM L190702	1,200.00	Y	Y	Y	Y	N	Y	Y	Sight the Vehicle stickers
93	09/30/2019 308111T-0000069	T-SHIRT W/ PRINT-DECEM L193419	2,250.00	Y	Y	Y	N	N	N	Y	Sighted PR and approved cheque.
94	08/14/2019 303278T-0000011	RENTAL-DECEM N190821	2,125.00	Y	Y	Y	N	N	N	Y	Coral Reef Monitoring Visit - Need to confirm the purpose of this purchase
95	05/08/2019 293378T-0000133	OFFICE SUPPLIES-DECEM N190173	6,286.00	Y	Y	Y	Y	N	Y	Y	Purchase of a Overhauling Engine, Total PO amount is \$8,999.90
96	01/18/2019 283031T-0000007	Consultant-deccem C190239	4,500.00	Y	Y	Y	Y	N	Y	Y	Sighted contract and amount was a 50% deposit of the full service payment of \$9K.
97	01/18/2019 283031T-0000011	Consultant-Deccem C190238	1,500.00	Y	Y	Y	Y	N	Y	Y	Translation services from Chuuk Conservation Society

Sample No	Sample expenditure description and voucher number		Sample expenditure amount reported (USD)	Documentation exists to support expenditure in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and in IP's accounting records and bank statement? (Y/N)	Supporting documents are stamped 'PAID from UNDP grant', indicating which agency funded the transaction or coded to and recorded in a UNDP specific fund? (Y/N)	Expenditure was recorded in the IP's accounting records and reflected in a certified FACE form in the period in which it was incurred (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available) and according to budget	Comment/ finding
98	02/14/2019 285578T-0000035	P3DM OF KITTI MUN - DECEM C190088	25,000.00	Y	Y	Y	Y	N	Y	Y	Sighted the contract for the procurement of the service between the Government of FSM and the Nature Conservancy (TNC) for the development of a 3D Model of Kitti Municipality on behalf of the FSM R2R project, Invoice, approval of service by the Department of Justice and Approval by the Secretary. As per the FMR policy, no quotations are required for goods/services with a value below USD 50,000.
99	05/09/2019 293521T-0000003	Independent Contractor C191036	9,000.00	Y	Y	Y	Y	N	Y	Y	Sighted the Draft Workplan and Guidance done by the Consultant, Memo of Service to Secretary of Dept of Finance and Administration. Sighted approved Cheque

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100	09/03/2019 305121T-0000005	ASSESSMENT FOR R2R PROJECT 203-19	3,000.00	Y	Y	Y	N	N	N	Y	Sighted Cheque, Invoice for assessment for R2R project strategic environmental assessment.
101	09/30/2019 310100T-0000003	Consultant C190238	1,500.00	Y	Y	Y	N	N	N	Y	Sighted the contract and memo from DECEM to Department of Justice (approved) and to the Department of Finance, approval and proof of payment.
102	02/13/2019 285457T-0000633	EQUIPMENT-DECEM L190592	1,483.99	Y	Y	Y	Y	N	Y	Y	DJI Mavic Pro Quadcopter with Remote Controller
103	02/19/2019 285911T-0000043	EQUIPMENT-DECEM N190172	4,921.95	Y	Y	Y	Y	N	Y	Y	
104	05/16/2019 294186T-0000003	HEAVY MACHINERY-N190160	21,575.00	Y	Y	Y	Y	N	Y	Y	Mini excavator purchased for the project in Yap state. Sighted pictures to confirm existence in FA testing.
	Total sample expenditures:		299,123.12								

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	Total expenditures reported on FACE form:		445,516.82								
	Percentage coverage: (Total sample expenditures divided by total expenditures reported on FACE forms)		67%								

Annex 2: Detailed Findings and Recommendations

	Sample expenditure description and voucher number	Sample expenditure amount reported (USD)	Observation description	Category of observation	Recommendation	Priority	Due date for implementation	Management Response
1	09/17/2019 306422T-0000022 Labor summary	2,735.39	<p>Upon reviewing the payroll documents, we noted that the project staff records had not been regularly updated.</p> <p>As a result, two offshore project consultants, who had left the project, were still being paid via Cheques.</p> <p>In addition, the FACE Form was not submitted in accordance with the periodicity-of-disbursement-requirement in the HACT Framework.</p>	<p>(i) Missing or inadequate documentation</p> <p>(ii) Lack of proof that expenditure was incurred or no proof of payment.</p> <p>(iii) Other - FACE form was not submitted in accordance with the periodicity of disbursement requirement in the HACTR Framework (within two weeks).</p>	<p>(i) We recommend that the IP maintain appropriate documentation for funding used as well as payroll in accordance with the agency agreements.</p> <p>(ii) We recommend that the IP ensure that the rules related to FACE form submission be complied with</p>	High		
2	09/17/2019 306495T-0000075 Labor summary	1,843.08	<p>Upon reviewing the payroll documents, we noted that the project staff records had not been regularly updated.</p> <p>As a result, two offshore project consultants, who had left the project, were still being paid via Cheques.</p> <p>In addition, the FACE Form was not submitted in accordance with</p>	<p>(iv) Missing or inadequate documentation</p> <p>(v) Lack of proof that expenditure was incurred or no proof of payment.</p> <p>(vi) Other - FACE form was not submitted in</p>	<p>(ii) We recommend that the IP maintain appropriate documentation for funding used as well as payroll in accordance with the agency agreements.</p> <p>(ii) We recommend that the IP ensure that the rules related to FACE form</p>	High		

	Sample expenditure description and voucher number	Sample expenditure amount reported (USD)	Observation description	Category of observation	Recommendation	Priority	Due date for implementation	Management Response
			the periodicity-of-disbursement-requirement in the HACT Framework.	accordance with the periodicity of disbursement requirement in the HACTR Framework (within two weeks).	submission be complied with			
3	09/17/2019 306504T-0000015 Labor summary	1,325.38	<p>Upon reviewing the payroll documents, we noted that the project staff records had not been regularly updated.</p> <p>As a result, two offshore project consultants, who had left the project, were still being paid via Cheques.</p> <p>In addition, the FACE Form was not submitted in accordance with the periodicity-of-disbursement-requirement in the HACT Framework.</p>	<p>(vii) Missing or inadequate documentation</p> <p>(viii) Lack of proof that expenditure was incurred or no proof of payment.</p> <p>(ix) Other - FACE form was not submitted in accordance with the periodicity of disbursement requirement in the HACTR Framework (within two weeks).</p>	<p>(iii) We recommend that the IP maintain appropriate documentation for funding used as well as payroll in accordance with the agency agreements.</p> <p>(ii) We recommend that the IP ensure that the rules related to FACE form submission be complied with</p>	High		
4	09/30/2019 307900T-0000024 Labor summary	2,735.39	<p>Upon reviewing the payroll documents, we noted that the project staff records had not been regularly updated.</p> <p>As a result, two offshore project consultants, who had left the</p>	<p>(x) Missing or inadequate documentation</p> <p>(xi) Lack of proof that expenditure was</p>	(iv) We recommend that the IP maintain appropriate documentation for funding used as well as payroll in accordance with the agency agreements.	High		

	Sample expenditure description and voucher number	Sample expenditure amount reported (USD)	Observation description	Category of observation	Recommendation	Priority	Due date for implementation	Management Response
			<p>project, were still being paid via Cheques.</p> <p>In addition, the FACE Form was not submitted in accordance with the periodicity-of-disbursement-requirement in the HACT Framework.</p>	<p>incurred or no proof of payment.</p> <p>(xii) Other - FACE form was not submitted in accordance with the periodicity of disbursement requirement in the HACTR Framework (within two weeks).</p>	<p>(ii) We recommend that the IP ensure that the rules related to FACE form submission be complied with</p>			
5	<p>03/25/2019 289138T-0000015</p> <p>TO CONDUCT LOCAL EARLY ACTION T190218</p>	1,350.00	<p>The IP could not provide adequate documentation to help substantiate the amount incurred as well as the procurement procedures used.</p> <p>In addition, the FACE Form was not submitted in accordance with the periodicity-of disbursement-requirement in the HACT Framework.</p>	<p>(i) Missing or inadequate documentation</p> <p>(ii) Lack of proof that expenditure was incurred or no proof of payment.</p> <p>Other – FACE form was not submitted in accordance with the periodicity of disbursement requirement in the HACT Framework (within two weeks)</p>	<p>(i) We recommend that the IP maintain appropriate documentation for funding used as well as procurement in accordance with the agency agreements.</p> <p>(ii) We recommend that the IP ensure that the rules related to FACE form submission be complied with</p>	High		

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