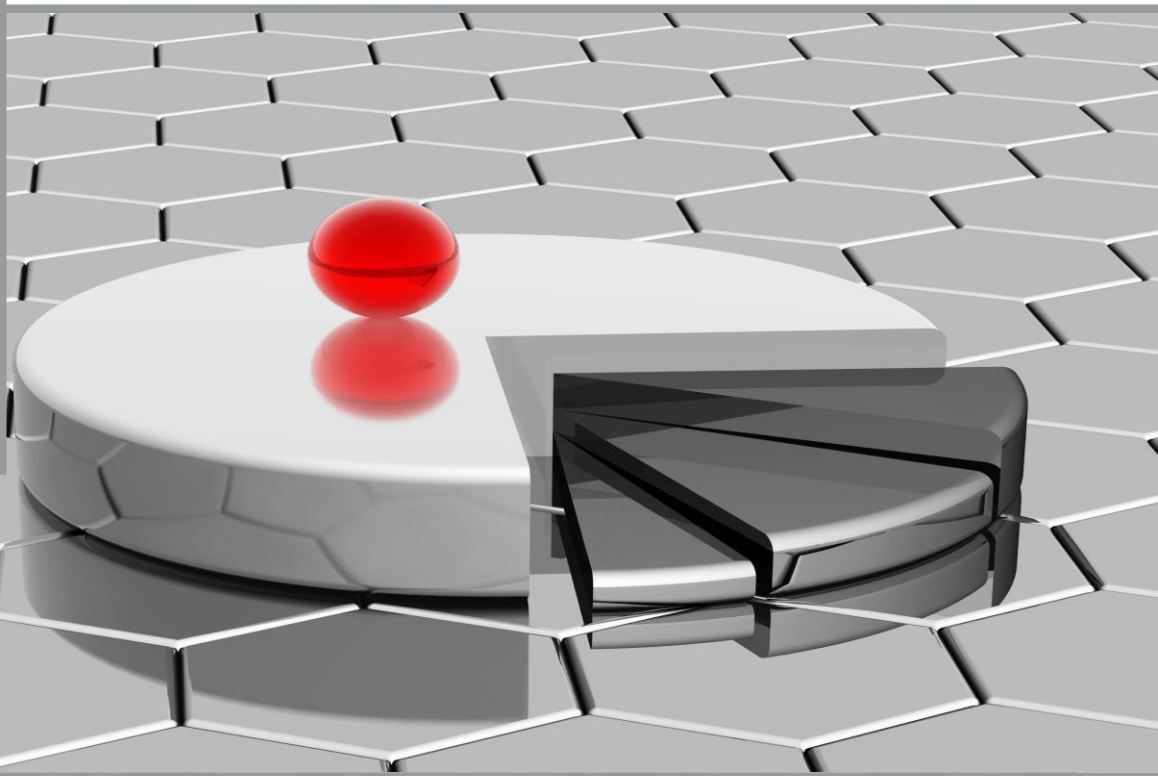


United Nations Development Programme



*Empowered lives.
Resilient nations.*



Financial Audit Report 2018
Enhancing National Food Security
in the context of Global Climate Change
{Project Id: 00087627 (Output No.: 00094574)}

06 April 2019

Lochan & Co.
Chartered Accountants

Head Office

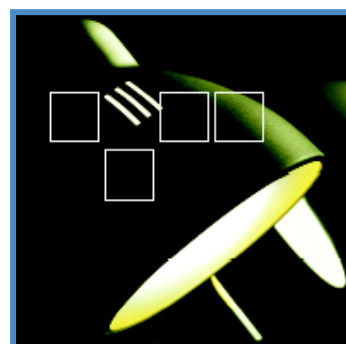
B 1 Dharma Apartments
Indraprastha Extension
New Delhi 110092 India
Tel 2272 7502, 2272 3101
Fax 2272 1849
Email : rajeev.lochan@lochanco.com
sharad.agarwal@lochanco.com
Website: www.lochanco.com

The Financial report is for special purpose and confidential report.

Contents



Particulars	Page Nos.
SECTION – I	01
Executive Summary	02
Scope of Audit and Scope Limitations	04
Independent Auditor's Report	06
SECTION – II	10
Management Letter	11
SECTION – III	18
Follow up Action Plan	19
SECTION – IV	20
Brief Background of the Project	21
Audit Methodology Adopted	22
Structure of the Report	23
SECTION – V	24
Annexures	25



Template for audit data and observations

Table 1: Template for NGO / NIM auditors to report on the audit of the UNDP CDR

UNDP Combined Delivery Report (CDR) as at 31 December 2018						
Project No.	Output No.	Amount audited and certified (in USD)	Audit opinion (unmodified, qualified, adverse, disclaimer)	Total amount of qualification of audit opinion (if qualified, adverse or disclaimer opinion) (in USD)	Reason(s) for qualification of audit opinion and breakdown of NFM amount (in USD)	Observation(s) that had impact on qualification of audit opinion (list observation number(s) and page of management letter)
00087627	00094574	473,589.00	Unmodified	N.A.	N.A.	N.A.

* Out of total expenditure of USD 525,244.36 for the project, UNDP support service cost of USD 51,655.36 is out of scope, hence not audited. Therefore, audited and certified figure is USD 473,589.00.

Table 2: Template for NGO / NIM auditors to report on the audit of the Statement of Cash Position

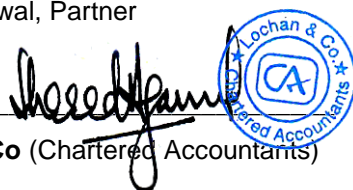
Statement of Cash Position as at 31 December 2018				
Project No.	Output No.	Value of Cash Position Statement as at 31 December 2018 (in USD)	Audit Opinion – Statement of Cash Position	Total amount of qualification - Statement of Cash Position (in USD)
00087627	00094574	N.A.	N.A.	N.A.

Table 3: Template for NGO / NIM auditors to report on the audit of the Statement of Assets and Equipment

Statement of Assets and Equipment as at 31 December 2018				
Project No.	Output No.	Value of Assets and equipment as at 31 December 2018 (cumulative from project start date) (in USD)	Audit Opinion – Statement of Asset and Equipment	Total amount of qualification on the Statement of Assets and Equipment (in USD)
00087627	00094574	38,444.50	Unmodified	N.A.

Name and Position of Auditor: Sharad Agarwal, Partner

Signature of Auditor: _____



Date: 06 April 2019

Name and stamp of Audit Firm: Lochan & Co (Chartered Accountants)

United Nations Development Programme



SECTION - I Executive Summary

Lochan & Co.
Chartered Accountants

SECTION – I

1.1 Executive Summary

1.1.1 Background

The purpose of the audit undertaken by Lochan & Co of the project titled “**Enhancing National Food Security in the context of Global Climate Change {Project Id: 00087627 (Output No.: 00094574)}**” is to:

- provide an assurance that there exist an adequate operational and internal control systems to ensure that the project is properly managed in accordance with the policies and procedures of UNDP for the achievement of its objectives with due regard for economy and efficiency;
- express an opinion on whether the CDR / financial report of the Project for the period from 01 January 2018 to 31 December 2018 presents fair view of the expenditure incurred on the project and whether the expenditure was incurred according to the approved budgets, for the approved purposes of the project and were incurred according to the UNDP policies and guidelines and were supported by properly approved vouchers and invoices;
- express an opinion on the Statement of asset and equipment of the project as on date whether the statement of asset and equipment presents fair view of the balance of the inventory of the project as at 31 December 2018 in all material respects; and
- express an opinion on the Statement of cash position of the project as on date whether the Statement of cash position reported by the project is fairly and adequately presented as at 31 December 2018.

1.1.2 Audit Highlights

Audit Issues and Recommendations

In the audit report, the audit firm has summarized five issues. The audit firm has prioritized its recommendations in respect of its observations, as given below

Risk Severity	Number of recommendations
High	-
Medium	5
Low	-

The audit report contains five recommendations, of which 100% are of medium priority. (Refer to **section 5.4** for definitions of the risk severity.)

The overall summary of observations is mentioned below:

Programme Management

The audit firm found the IP’s programme management to be partially satisfactory. The audit has revealed the following observations:

S. No	Subject Title	Recommendation	Priority
1.	Over and underutilization of individual budget heading	<ul style="list-style-type: none"> • IP should structure both the budget and the timeframe of activity implementation such that they are realistic and complementary. • If changes are required to any of the budgeted activities, the budget should be formally revised accordingly, with approval from the UNDP, to avoid significant variances between the expected and actual utilization rate. 	Medium

Human Resources

The audit firm found the IP’s human resources to be partially satisfactory. The audit has revealed the following observation:

S. No	Subject Title	Recommendation	Priority
2.	Attendance record not maintained	IP should ensure that attendance records are maintained for all the staffs on regular basis without any lapse.	Medium

Finance

The audit firm found the IP's finance function to be partially satisfactory. The audit has revealed the following observations:

S. No	Subject Title	Recommendation	Priority
3.	Two bank account maintained	IP should use either combined bank account or separate account for UNDP project funds.	Medium
4.	Under reporting of salary expenditure in FACE form	<ul style="list-style-type: none"> IP should take corrective action to rectify the under reporting of expenditure in upcoming FACE form to be submitted to UNDP. There is a need to have coordination and a proper internal control system for financial reporting to UNDP. 	Medium

Cash Management

IP has been using single bank account for project funds from different donors for most of the part of 2018. In October 2018, separate bank account has been opened by IP, however UNDP closing fund separation is not available with IP. Hence, statement of cash position is not applicable.

Procurement

The audit firm found the IP's procurement function to be satisfactory. No audit observation has been raised in this respect.

Asset Management

The audit firm found the IP's asset management to be partially satisfactory. The audit has revealed following observation:

S. No	Subject Title	Recommendation	Priority
5.	No assets movement document maintained by IP	<ul style="list-style-type: none"> There should be system of preparation / filling up of forms of handing over of assets to resources. There should be system of documentation at the time of returning back of assets from resources. 	Medium

General Administration

The audit firm found the IP's general administration to be satisfactory. No audit observation has been raised in this respect.

1.2 Scope of Audit & Scope Limitations

1.2.1 Scope of Audit

The scope of audit exercise has been as per Terms of Reference (ToR) and concentrated on the following aspects:

- To certify, express an opinion, and quantify the financial impact on each of the following:
 - Statement of Expenditure (CDR / financial reports / FACE).
 - Status of assets and equipment as at 31 December 2018;
 - Statement of Cash Position as on 31 December 2018; and
- To indicate the risks associated with their findings and provide a categorization by risk severity: High, Medium or Low.
- To classify the possible causes of audit findings.
- Assessment of the rate of delivery, project progress and implementation.
- Financial accounting, monitoring and reporting system.
- Management systems for recording, documenting and reporting on resources utilization.
- Procurement system, assets management, cash management and Information system.
- Management structure, including the adequacy of appropriate internal control and record keeping mechanisms.

1.2.2 Scope Limitations

1.2.2.1 The audit firm has restricted the work to Terms of Reference. The audit firm understands that the procedure to be performed is considered to be sufficient for UNDP purposes in connection with project namely **“Enhancing National Food Security in the context of Global Climate Change {Project Id: 00087627 (Output No.: 00094574)}”**.

1.2.2.2 This is financial audit report with recommendations and being submitted to UNDP Fiji Country Office after incorporating the management response and audit firm’s comments on the same.

1.2.2.3 The audit firm has undertaken the financial audit as per International Standards on Auditing (ISAs).

1.2.2.4 In performing the work, the audit firm has relied entirely on:

- Financial reports and expenditure report for the year 2018 provided by the Management.
- Financial information provided by the management project unit and UNDP.
- Discussion with the management regarding the present operations of project namely **“Enhancing National Food Security in the context of Global Climate Change {Project Id: 00087627 (Output No.: 00094574)}”**.
- Other supporting information, schedules, reports and explanations provided by the management and general administrative guidelines of Government of Kiribati.

1.2.2.5 As per TOR, UNDP Support Services are outside the scope of audit. Thus, the expenditure of USD 51,655.36 is not covered within the audit scope.

1.2.2.6 The audit firm has tested the trustworthiness of the accounting system or controls or otherwise corroborated the information contained in the report.

1.2.2.7 The audit firm’s audit opinion is limited to the issues and risks arising out of financial matters and monitoring of the project. The audit firm has not covered the technical issues of the project, which may have arisen out of project transactions entered into by Project Unit / UNDP.

1.2.2.8 The audit firm’s review of the documents of the project and the relevant records is limited to those document and records provided to us. While performing the work, the audit firm has assumed the substance of all signatures, the authenticity of all original documents.

- 1.2.2.9 The working papers, prepared in conjunction with the work are the property of the firm, constitute confidential and proprietary information and will be retained by the audit firm in accordance with firm's policies and procedures.
- 1.2.2.10 The audit firm has undertaken the evaluation of I.T. capability of the implementing partner as per the request of UNDP country office. However, in this respect, the audit firm has relied on the information provided by project unit and physically verified the equipment. The audit firm has not undertaken the technical evaluation.
- 1.2.2.11 The audit firm has no responsibility to update the report for events and circumstances occurring after the date of report.

1.3 Independent Auditor's report 2018 to The UNDP Resident Representative

1.3.1 Independent Auditor's Report on Statement of Expenses – UNDP Combined Delivery Report (CDR)

Report of Independent Auditors to UNDP Addressing “Enhancing National Food Security in the context of Global Climate Change {Project Id: 00087627 (Output No.: 00094574)}”.

We have audited the accompanying Statement of Expenses (“the Statement”) (annexure 5.1) of the project “Enhancing National Food Security in the context of Global Climate Change”, for the period from 1 January to 31 December 2018.

Opinion

In our opinion, the attached statement of expenses presents fairly, in all material respects, the expense of **USD 473,589.00** incurred by the project ‘Enhancing National Food Security in the context of Global Climate Change’ respectively for the period 1 January to 31 December 2018 in accordance with agreed upon accounting policies and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant UNDP regulations and rules, policies and procedures; and (iv) supported by properly approved vouchers and other supporting documents.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the statement of expenses section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management Responsibilities

Management is responsible for the preparation and fair presentation of the statement for “Enhancing National Food Security in the context of Global Climate Change” and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.


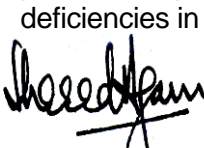
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the statement of expenses is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

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

- identify and assess the risks of material misstatement of the statement of expenses, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Sharad Agarwal, Partner
Membership Number: 088861

Lochan & Co

Chartered Accountants

Firm Registration Number: 008019N

Date: 06 April 2019

Place: Delhi (India)

1.3.2 Independent Auditor's Opinion on Statement of Assets and Equipment

We have audited the accompanying Statement of Assets and Equipment ("the Statement") (annexure 5.2) of the project "Enhancing National Food Security in the context of Global Climate Change {Project Id: 00087627 (Output No.: 00094574)}" as at 31 December 2018.

Opinion

In our opinion, the accompanying statement of assets and equipment presents fairly, in all material respects, the assets and equipment status of the project "Enhancing National Food Security in the context of Global Climate Change" amounting to **USD 38,444.50** respectively as at 31 December 2018 in accordance with agreed upon accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the statement of assets and equipment. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management Responsibilities

Management is responsible for the preparation of the statement of assets and equipment of the project "Poverty and Environment Initiative" and for such internal control as management determines is necessary to enable the preparation of a statement of assets and equipment that is free from material misstatement, whether due to fraud or error.

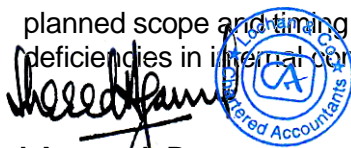
Auditor's responsibilities for the audit

Our objectives are to obtain reasonable assurance about whether the statement of assets and equipment is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

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

- identify and assess the risks of material misstatement of the statement of assets and equipment, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Sharad Agarwal, Partner
Membership Number: 088861

Lochan & Co

Chartered Accountants

Firm Registration Number: 008019N

Date: 06 April 2019

Place: Delhi (India)

1.3.3 Independent Auditor's Report on Statement of Cash Position

IP has been using single bank account for project funds from different donors for most of the part of 2018. In October 2018, separate bank account has been opened by IP, however UNDP closing fund separation is not available with IP. Hence, statement of cash position is not applicable.

United Nations Development Programme



SECTION - II Management Letter

Lochan & Co.
Chartered Accountants

SECTION – II

2.0 Management Letter

This management letter contains our findings / observations and summarized recommendations for improvements in the project's accounting system, procedures and internal controls. Hence, recommendations have been suggested to strengthen the processes so as to improve the effectiveness of overall management of project.

2.1 Programme Management

The audit firm has reviewed annual work plans, quarterly reports, and requests for direct payments and assess in terms of their timeliness and their compliance with the project document or the AWP, and the UNDP Programme Operations Policies and Procedures (POPP) on Results Management, reviewed the annual project report prepared by UNDP and the implementing partner and assess in terms of compliance with UNDP guidelines and whether UNDP and the implementing partner met their responsibilities for monitoring described in the project document or AWP, reviewed the pace of project progress.

The audit firm found the IP programme management function to be partially satisfactory. The audit has revealed the following observations:

Project Id / Output No.	Observation number	Audit Observation	Recommendation	Audit Area / Risk Severity	Project / Country Office Management Comments												
00087627/ 00094574	1	<p><u>Over and underutilization of individual budget heading</u></p> <ul style="list-style-type: none"> Part V. Section A of the Project Document between UNDP and MELAD provides that “The executing agency will take responsibility for different outcomes/activities according to existing capacities and field realities, ensuring effective and efficient use of GEF resources”. We observed overall utilization of budgeted expenditure of 59% (reflecting a budget of AUD 10,135,585 and actual expenditure of AUD 599,060) <p>The details are outlined in the table below: Amount in AUD</p> <table border="1"> <thead> <tr> <th>Outcome</th> <th>Budgeted AWP</th> <th>Actual Expenditure</th> <th>Deviation</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>372,627</td> <td>495,517</td> <td>133%</td> </tr> <tr> <td>2</td> <td>579,660</td> <td>34,226</td> <td>6%</td> </tr> </tbody> </table>	Outcome	Budgeted AWP	Actual Expenditure	Deviation	1	372,627	495,517	133%	2	579,660	34,226	6%	<ul style="list-style-type: none"> IP should structure both the budget and the timeframe of activity implementation such that they are realistic and complementary. If changes are required to any of the budgeted activities, the budget should be formally revised accordingly, with approval from the UNDP, to avoid significant 	Programme Management / Medium	<p><u>IP Comments:</u></p> <p>In most cases that is not possible because fund was usually available after much waiting by stakeholders and hence a first come first serve basis became the norm, however efforts would be made to be as realistic and complementary as possible.</p> <p>It was not made clear to PMU that approval should be sought from UNDP all the time, even after transfer of fund. Circumstances do change within weeks depending on commitment of relevant stakeholders, but efforts will made to get back to UNDP for every significant variance.</p> <p>Overspending and underutilization</p>
Outcome	Budgeted AWP	Actual Expenditure	Deviation														
1	372,627	495,517	133%														
2	579,660	34,226	6%														

Project Id / Output No.	Observation number	Audit Observation	Recommendation	Audit Area / Risk Severity	Project / Country Office Management Comments								
		<table border="1"> <tr> <td>3</td> <td>61,271</td> <td>69,317</td> <td>113%</td> </tr> <tr> <td>Total</td> <td>1,013,558</td> <td>599,060</td> <td>59%</td> </tr> </table> <p>Impact / Potential Risk:</p> <ul style="list-style-type: none"> • Overspending in a particular budget category indicates that either the budget prepared by the IP is unrealistic or the utilization of resources in the pursuit of project activities has not been efficient. • Underutilization in a particular budget category indicates that either the budget prepared by the IP is inappropriate or the intended activities are not undertaken. 	3	61,271	69,317	113%	Total	1,013,558	599,060	59%	variances between the expected and actual utilization rate.		<p>are bound to happen because the stakeholders tasked to roll out activities are not hired by the project full-time but Government officials (co-finance) who have competing priorities with other projects and Government priorities</p> <p>UNDP Comments: Please note that all funds in the balance, under-utilized, Outcome 2, will be distributed according to the project needs across the remaining years of 2019 and 2020. Based on the above explanation the UNDP Pacific Office will guide the in-country project management team to revise their budget for 2019 and 2020 so as not to exceed the original budget as in the project document. Please note that there are budget lines underutilized from project start to current. Between these budget lines and the overspent ones will reversals be done. And we will determine to keep the reversals within outcomes (1, 2 and 3). However, if reversals are required between outcomes then it will be between similar project budgetary allocations.</p>
3	61,271	69,317	113%										
Total	1,013,558	599,060	59%										

2.2 Human Resources

The audit firm has conducted the audit of human resource part of the project and reviewed the competitiveness, transparency and effectiveness of the recruitment and hiring of personnel and covered performance appraisal, attendance control, calculation of salaries and entitlements, payroll preparation and payment, and management of personnel records and found the same to be partially satisfactory.

The audit has revealed the following observation:

Project Id / Output No.	Observation number	Audit Observation	Recommendation	Audit Area / Risk Severity	Project / Country Office Management Comments
00087627/ 00094574	2	<p><u>Attendance record not maintained</u></p> <ul style="list-style-type: none"> As per UNDP POPP Policy on National Implementation “IP should maintain documentation and evidence of the proper and prudent use of project resources in conformity to the project document and in accordance with applicable regulations and procedures; documentation should be available on request to project monitors and designated auditors”. The audit team noted that, IP has not maintained attendance records for the staffs for the year 2018. <p><u>Impact / Potential Risk:</u> Risk of misallocation of costs due to the absence of sufficient underlying documentation to support actual staff time.</p>	IP should ensure that attendance records are maintained for all the staffs on regular basis without any lapse.	Human Resource / Medium	<p><u>IP Comments:</u> There was no prior briefing to PMU on UNDP regulations that staff attendance records should be kept separately from IP staff attendance for ease of Auditor’s monitoring. PMU staff do not keep up the attendance record but their whereabouts are known on a daily basis if they are not at the office. Similarly, the extension staff at the 3 pilot islands time sheet were not obtained due to short notice, but starting this April, all project staff will have their own individual attendance record that should be filed at PMU every fortnight or month.</p> <p><u>Further Auditor Comments:</u> During the review audit team noted that no attendance records were maintained for four staff out of six project staff and records maintained for two staff were not consistent.</p>

2.3 Finance

The audit firm has reviewed the existence of and adherence to financial policies and procedures manuals by IP. The audit firm has reviewed the accounting records maintained by IP and assessed their adequacy for maintaining accurate and complete records of receipts and disbursements of cash and for supporting the financial reports. It has also reviewed the records for direct payments and ensured that they were signed by the authorized IP. The audit covered the adequacy of the accounting and financial operations and reporting systems which include budget control, cash management, certification and approving authority, receipt of funds and disbursement of funds, recording of all financial transactions in expenses reports, records maintenance and control, cash advances to field offices, IP's staff etc.

The audit firm found the IP finance function to be partially satisfactory. The audit has revealed the following observations:

Project Id / Output No.	Observation number	Audit Observation	Recommendation	Audit Area / Risk Severity	Project / Country Office Management Comments
00087627/ 00094574	3	<p><u>Project funds maintained in two bank account</u></p> <ul style="list-style-type: none"> During the year 2018, IP has been using single account for all the funds received from different donors. In October 2018, IP opened a separate bank account for UNDP project. The audit team noted that, fund balance of UNDP project maintained in common account has not been transferred to the separate bank account. Also, the funds received after opening a separate bank account were received in the new account. Further, payment was made from old bank account even after opening separate bank account for project funds. <p><u>Impact / Potential Risk:</u> Weak internal control over maintenance of bank account.</p>	IP should use either common bank account or separate account for UNDP project funds.	Finance / Medium	<p><u>IP Comments:</u> Project had already used a separate bank account (as of Oct 2018) which is managed by the Kiribati Fiduciary Support Unit (KFSU). Please refer to the Secretary for MELAD's letter of confirmation.</p> <p><u>UNDP Comments:</u> Please refer to the letter from the Ministry attached on the confirmation of no fund balances saved in the concerned account as all funds have been transferred to the KFSU account-new bank account for the project.</p> <p><u>Further Auditor Comments</u> As at 31 December 2018, the funds were maintained by the IP in both the bank accounts.</p>
00087627/ 00094574	4	<p><u>Under reporting of salary expenditure in FACE form</u></p> <ul style="list-style-type: none"> As per UNDP POPP guidelines on National Implementation "UNDP advances cash funds on a quarterly basis to the IP, who in turn 	<ul style="list-style-type: none"> IP should take corrective action to rectify the under reporting of expenditure in 	Finance / Medium	<p><u>IP Comments</u> This happened because salary of project staffs is still paid out of the Government consolidated fund but NOT the project fund.</p>

Project Id / Output No.	Observation number	Audit Observation	Recommendation	Audit Area / Risk Severity	Project / Country Office Management Comments
		<p>reports expenses through FACE forms. The recording of expenses, from requisition to disbursement, occurs in the books of the implementing partner".</p> <ul style="list-style-type: none"> IP has reported the total salary expenditure of AUD 79,004 in the FACE form for the year 2018. On our review of payroll document, we noted that the actual amount to be reported under salary is AUD 120,217.20. Therefore, there is an under reporting of expenditure to the UNDP of AUD 41,213.20. <p><u>Impact or Potential Risks:</u> Under reporting of project expenditure.</p>	<p>upcoming FACE form to be submitted to UNDP.</p> <ul style="list-style-type: none"> There is a need to have coordination and a proper internal control system for financial reporting to UNDP. 		<p>Hopefully before the end of June, reconciliation would be undertaken, and Government fund will be reimbursed by KFSU in due course. Please refer to the Secretary for MELAD's letter of confirmation. A certain date (maybe May 2019) would be agreed by IP, Treasury and KFSU when all project salary would be paid out of KFSU.</p>

2.4 Cash Management

The IP does not maintain any separate bank account for the project. A separate account was opened in October 2018; however, the funds were maintained in both the bank accounts. Hence this section is not applicable.

2.5 Procurement

In its audit work, the audit firm has covered the competitiveness, transparency and effectiveness of the procurement activities of the project in order to ensure that the equipment and services purchased meet the requirement of either the government or UNDP and include the following:

- As applicable, delegations of authorities, procurement thresholds, call for bids and proposals, evaluation of bids and proposals and approval / signature of contracts and purchase orders;
- Receiving and inspection procedures to determine the conformity of equipment with the agreed specifications and, when applicable, the use of independent experts to inspect the delivery of highly technical and expensive equipment;
- Evaluation of the procedures established to mitigate the risk of purchasing equipment that do not meet specifications or is later proven to be defective; and
- Management and control over the variation orders.

The audit firm has also evaluated the use of consulting firms and the adequacy of procedures to obtain fully qualified and experienced personnel.

The audit firm found the IP's procurement function to be satisfactory.

2.6 Asset Management

The audit firm has covered the procedures of receipt, storage and disposal of equipment (typically technical equipment's, vehicles and office equipment's) purchased from project funds for use in the project.

The audit firm found the IP's asset management to be partially satisfactory. The audit has revealed the following observation

Project Id / Output No.	Observation number	Audit Observation	Recommendation	Audit Area / Risk Severity	Project / Country Office Management Comments
00087627/ 00094574	5	<p><u>No assets movement document maintained by IP</u></p> <ul style="list-style-type: none"> Following shortcomings are noticed in management of assets and equipment: <ul style="list-style-type: none"> While giving laptops, camera and movable items, there is no handing over form being filled by the resources, who are using it. Hence, lack of control on such movable items. Similarly, there is no system in place to receive back the equipment by the responsible person from the resources after the use. From above, the internal control over assets management is weak. <p><u>Impact / Potential Risk:</u> Due to weak internal control over assets management, there is control risk of utilization of assets and equipment.</p>	<ul style="list-style-type: none"> There should be system of preparation / filling up of forms of handing over of assets to resources. There should be system of documentation at the time of returning back of assets from resources. 	Assets Management / Medium	<p><u>IP Comments:</u> There is a system in place, but the assets purchased in 2018 had not be properly handed over, due to the Project Coordinator's oversight. This would be done before end of June, along with the borrowing/lending system, if not handed over to those who actually needed the assets.</p>

2.7 General Administration

The audit firm has checked the upkeep and maintenance of accounting and other records, process of travel activities, offices premises and lease management, office communications and IT systems and found the same to be satisfactory.

Annexure – Under reporting of salary in the FACE Form

(Amount in AUD)

Project Staff List	Title	First Appointment	Home Island	Salary	PF	Total	Fortnight	Leave grant	Salary total	Total Pay
Mrs Tererei Abete-Reema	Project Coordinator	Jul-16	KURIA	1502.61	112.69	1615.31	26.00	1,500.00	41,998.10	43,498.10
Mr Arawaia Moiwa	Project Assistant	Sep-16	BERU	588.00	44.10	632.10	26.00	1,500.00	16,434.60	17,934.60
Maiana Island										
Ms Teburenga Tirinikai	Fisheries Extension Assistant	Jan 2018	MAIANA	317.20	23.79	340.99	26.00	1,500.00	8,865.74	10,365.74
Mr Marouea Kautu	Assistant Agricultural Assistant	Mar 2018	MAIANA	317.20	23.79	340.99	26.00	1,500.00	8,865.74	10,365.74
Abemama Island										
Ms Rauamo Tiam	Fisheries Extension Assistant	Feb 2018	ABEMAMA	317.2	23.79	340.99	24	1,500.00	8,183.76	9,683.76
Mr Tion Tiotaake	Assistant Agricultural Assistant	Jan 2018	ABEMAMA	317.2	23.79	340.99	22	1,500.00	7,501.78	9,001.78
Nonouti Island										
Mr Tekanimaiu Tebwerea	Fisheries Extension Assistant	Jan 2018	NONOUTI	317.20	23.79	340.99	26	1,500.00	8,865.74	10,365.74
Mr Maraki Tion	Assistant Agricultural Assistant	Mar 2018	NONOUTI	317.20	23.79	340.99	22	1,500	7,501.78	9,001.78
Total										120,217.20

United Nations Development Programme



SECTION - III Follow up Action Plan

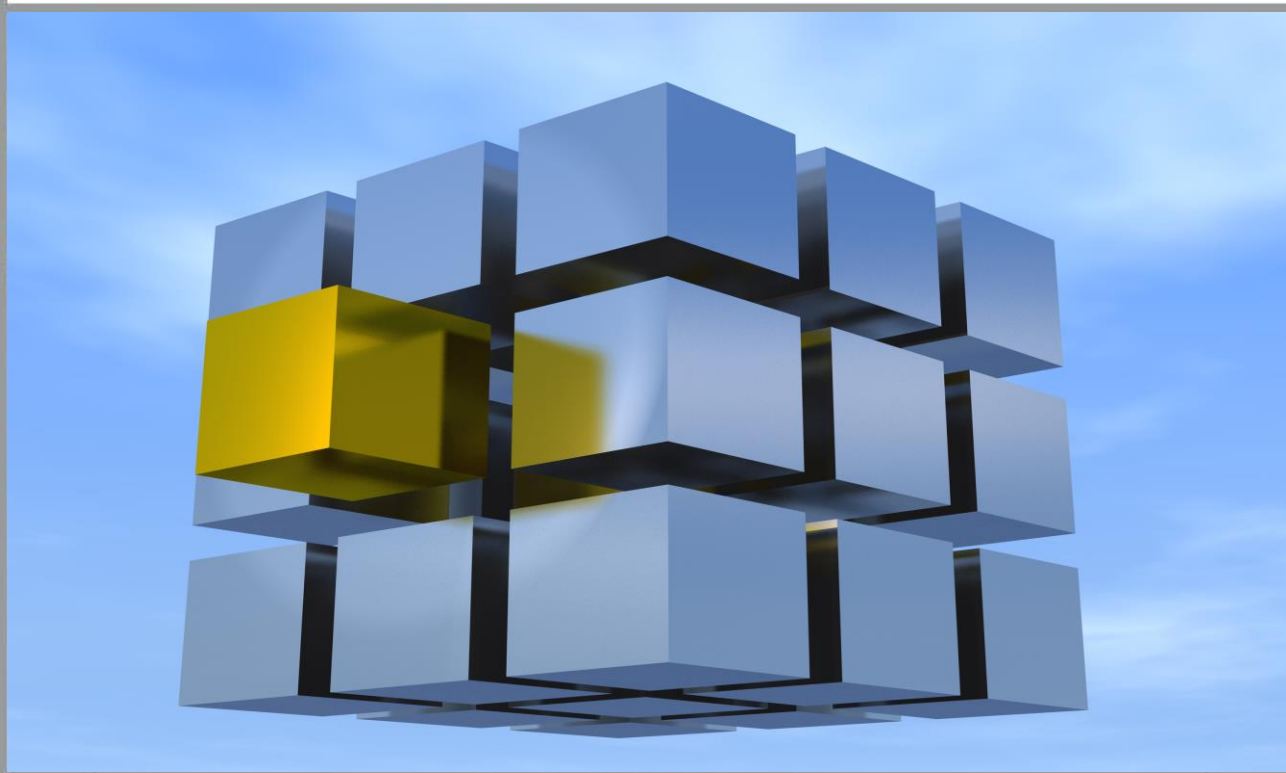
Lochan & Co.
Chartered Accountants

SECTION – III

3.0 Follow up Action Plan

No audit has been conducted for the project earlier, hence this section is not applicable.

United Nations Development Programme



SECTION - IV Project Background and Audit Methodology

Lochan & Co.
Chartered Accountants

SECTION – IV

4.0 Project Background and Audit Methodology

4.1 Introduction

In terms of the scope of work identified in Terms of Reference (ToR) attached to United Nations Development Fund (UNDP) contract with Lochan & Co (“the audit firm”), the audit firm has carried out an audit of the transactions pertaining to the Project titled “Enhancing National Food Security in the context of Global Climate Change {Project Id: 00087627 (Output No.: 00094574)}”, financed by UNDP for the period from 01 January 2018 to 31 December 2018. Ministry of Environment, Lands and Agriculture Development (MELAD) is implementing the Project.

4.2 Brief Background of the Project

4.2.1 A brief background of the project (as extracted from the Project Document) is provided in the subsequent paragraphs:

The project objective is to build the adaptive capacity of vulnerable Kiribati communities to ensure food security under conditions of climate change.

To address these challenges and reach the project’s objective, the LDCF investment will support the realization of two components and related activities. Both components will be closely aligned so that national and site-based activities are designed to build synergies, increase awareness, and generate much more informed and strategic use of natural resources so that ecosystem is able to continue to function as the foundation of food security needs.

Project Information

a)	Project Id	00087627
b)	Output No.	00094574
c)	Project Title	Enhancing National Food Security in the context of Global Climate Change
d)	Actual Start Date	27 May 2015
e)	Estimated End Date	26 May 2020
f)	Funding Agency	United Nations Development Programme (UNDP)
g)	Implementing Agency	Ministry of Environment, Lands and Agriculture Development (MELAD)
h)	Annual budget for the year 2018	USD 1,013,558.00
i)	Actual Expenditure (as per Statement of Expenses) for the year 2018	USD 525,244.36

4.3 Audit Methodology Adopted

4.3.1 Lochan & Co has adopted the following methodology to undertake the project audit:

- Understand the purpose for which the funds are intended, the context of project, objectives as well as in terms of the specific budget for the project.
- Understand the organization structure and map the critical linkage in the flow of financial information and also analyze qualitative aspects of financial statement of IP.
- Understand the project operations through following documents, information / manuals and reports:
 - Project Agreement between UNDP and IP;
 - Approved annual work plan and budget;
 - IP procurement (bidding) regulations;
 - Project's Operational Manual;
 - Project's financial and physical progress reports;
 - Description of the accounting systems;
 - Certification statements;
 - Policies and procedures adopted in procurement; and
 - Procedures followed in the receipt, storage and distribution of goods and materials.
- Ensure the adequacy and timeliness of financial, management and operational information.
- Perform test checks on accounts and documents.
- Review of internal control system to establish its existence effectiveness and adequacy.
- Ensure that financial reports are prepared and submitted in accordance with procedures outlined by UNDP and existence of proper internal control system in preparation of financial reports.
- **Procedures were evaluated for:**
 - safeguarding of assets and its proper utilization;
 - adequate distribution of responsibilities with delegation of power;
 - adequacy and timeliness in recording of transactions;
 - verifying the eligibility of reimbursement of advances.
- **The audit was conducted after obtaining sufficient supporting evidence:**
 - Verifying the adherence of procurement methods and procedures adopted by implementing partner;
 - Identify the types of potential material misstatements that could occur in financial statements prepared for specific use and risk involved;
 - Ascertain whether project document signed by all parties before implementation starts; project management plan and budget(s) in place;
 - Ensuring the project implementation is within the parameters of project need;
 - Check the copy of Project Document, implementing partner grant agreement, work plan and original budget;
 - Review minutes of tripartite meetings;
 - Review the minutes of Executive Committee and review correspondence between UNDP, implementing partner and responsible parties;
 - Review project budget;
 - Check periodic financial reports submitted by implementing partner to UNDP;
 - Review various financial reports / FACE to determine whether they are submitted within time or not;
 - Review the vouchers to determine if they were adequately supported and approved;
 - Review advances given for sub contracts and other activities;
 - Review records to determine that all transactions are legitimately recorded;
 - Review the procurement system of non-expendable properties;
 - Physical verification of fixed assets at office to determine whether assets purchased are included in inventory list or not, all assets are in good condition within offices premises;
 - Any other documentation that may be necessary for the effective audit.

- Express an opinion on implementing partner's compliance with the terms of the Project Agreement and applicable laws and regulations.
 - Express an opinion on the Project Financial Statement that they are prepared in accordance with consistently applied accounting standards and give a true and fair view of the financial position.
 - Express an opinion on whether the supplementary financial information for the project is fairly presented in all material respects.
- 4.3.2 The audit firm has carried out the financial audit in conformity with the provisions of the programme support document, generally accepted common auditing standards, principle and procedures prescribed for United Nations with respect to funds obtained from or through UNDP. The audit, accordingly, includes such tests of accounting records, internal controls, and other procedures as are considered essential for the due performance of this audit.
- 4.3.3 Discussions on management and accountability are held with the UNDP programme and finance personnel, the government coordinating authority, IP and the concerned line ministries, wherever possible.
- 4.3.4 The audit firm has visited the office of implementing partner in Kiribati for the records of the project kept and maintained for the purpose of conducting the financial audit.

4.4 Structure of the Report

This report has been structured as follows:

Section I	:	1.1	Executive Summary
		1.2	Scope of Audit & Scope Limitations
		1.3	Independent Auditor's Report
Section II	:	2.0	Management Letter
Section III	:	3.0	Follow up Action Plan
Section IV	:	4.1	Introduction
		4.2	Brief Background of the Project
		4.3	Audit Methodology Adopted
		4.4	Structure of the Report
Section V	:	5.1	Signed Statement of Expenses (Combined Delivery Report)
		5.2	Signed Statement of Cash Position
		5.3	Organization Chart
		5.4	Definition of Risk Severities and Functional Area ratings
		5.5	Abbreviations and Acronyms

United Nations Development Programme



SECTION - V Annexures

Lochan & Co.
Chartered Accountants

Combined Delivery Report by Activity

UN Development Programme

Report ID: unglcdrb

Page 2 of 5

Run Time: 22-02-2019 00:02:27

Project Id : 00087627 Kiribati LDCF	Period : Jan-Dec (2018)		
Output # : 00094574 Kiribati Food Security Project	Impl. Partner : 01245 Kiribati Min. of Environment		
	Location : Fiji		
Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Activity : ACTIVITY2 (ImplementCA measure to foodsec)

Fund : 62160 (GEF LDC/NAPA Programme Actv)

64397 - Services to projects -CO staff	0.00	13.09	0.00	13.09
71205 - Intl Consultants-Sht Term-Tech	0.00	1,982.21	0.00	1,982.21
71405 - Service Contracts-Individuals	312.88	0.00	0.00	312.88
71605 - Travel Tickets-International	0.00	1,941.92	0.00	1,941.92
71610 - Travel Tickets-Local	1,334.07	0.00	0.00	1,334.07
71615 - Daily Subsistence Allow-Intl	0.00	1,124.08	0.00	1,124.08
71620 - Daily Subsistence Allow-Local	13,386.90	0.00	0.00	13,386.90
71635 - Travel - Other	186.08	376.00	0.00	562.08
72205 - Office Machinery	50.25	0.00	0.00	50.25
72505 - Stationery & other Office Supp	7,294.61	0.00	0.00	7,294.61
73410 - Maint, Oper of Transport Equip	80.59	0.00	0.00	80.59
74525 - Sundry	150.18	0.00	0.00	150.18
74596 - Services to projects -GOE	0.00	5.62	0.00	5.62
75709 - Learning - training of counter	2,613.90	0.00	0.00	2,613.90
Total for Fund 62160	25,409.46	5,442.92	0.00	30,852.38
Total for Activity ACTIVITY2	25,409.46	5,442.92	0.00	30,852.38

Activity : ACTIVITY3 (Project Management)

Fund : 62160 (GEF LDC/NAPA Programme Actv)

63335 - Home Leave Trvl & Allow-IP Stf	0.00	0.00	0.00	0.00
64397 - Services to projects -CO staff	0.00	243.34	0.00	243.34
71405 - Service Contracts-Individuals	49,308.47	0.00	0.00	49,308.47
71605 - Travel Tickets-International	0.00	14,811.35	0.00	14,811.35
71615 - Daily Subsistence Allow-Intl	0.00	4,410.13	0.00	4,410.13
71625 - Daily Subsist Allow-Mtg Partic	0.00	10,200.00	0.00	10,200.00
71635 - Travel - Other	0.00	3,122.18	0.00	3,122.18
72515 - Print Media	0.00	78.82	0.00	78.82
74505 - Insurance	1,940.34	0.00	0.00	1,940.34
74596 - Services to projects -GOE	0.00	104.35	0.00	104.35
75705 - Learning costs	0.00	7,709.29	0.00	7,709.29
76135 - Realized Gain	0.00	-3,505.57	0.00	-3,505.57
Total for Fund 62160	51,248.81	37,173.89	0.00	88,422.70
Total for Activity ACTIVITY3	51,248.81	37,173.89	0.00	88,422.70
Total for Output : 00094574	441,631.96	83,612.40	0.00	525,244.36

Combined Delivery Report by Activity



UN Development Programme
Report ID: unglcdrb

Page 3 of 5
Run Time: 22-02-2019 00:02:27

Project Id: 00087627 Kiribati LDCF	Period: Jan-Dec (2018)			
Output#: 00094574 Kiribati Food Security Project	Impl. Partner: 01245 Kiribati Min. of Environment			
	Location: Fiji			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Project Total:	441,631.96	83,612.40	0.00	525,244.36
----------------	------------	-----------	------	------------

For Lochan & Co
Chartered Accountants

Shreedharam
Partner



06/04/2019

Signed By: _____ Date: _____

Signed By: _____ Date: _____



Handwritten signature

AK

Combined Delivery Report by Activity



UN Development Programme
Report ID: unglcdrb

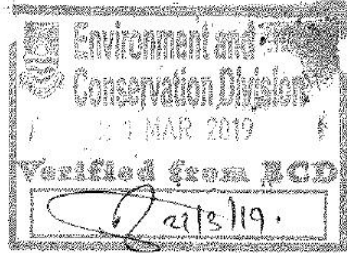
Page 4 of 5
Run Time: 22-02-2019 00:02:27

Selection Criteria :

Business Unit : FJI10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00094574

Project Id: ALL	Period: Jan-Dec (2018)
Output #: ALL	Impl. Partner:
	Location:

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
41301 - Kiribati - Cty Pgrmm	441,631.96	83,612.40	0.00	525,244.36



8

Combined Delivery Report by Activity



UN Development Programme
Report ID: unglcdrb

Page 5 of 5
Run Time: 22-02-2019 00:02:31

Funds Utilization

Selection Criteria :

Business Unit : FJI10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00094574

Project/Award: 00087627 Kiribati LDCF

Period : As Of Dec31,2018

Output #	00094574	Impl. Partner :01245 Kiribati Min. of Environment	UNDP AMOUNT
Outstanding NEX advances			1,314.49
Undepreciated Fixed Assets			0.00
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			12,439.30

8

5.2 Signed Statement of Assets and Equipment

Statement of Assets and Equipment
as at 31 December 2018

UNDP Country Office:	UNDP Fiji
Project title:	MELAD
Award ID:	87627
Project ID:	94574



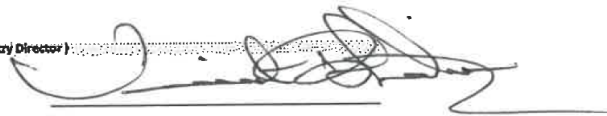
For asset value of a minimum of 10008 per item

TAG/SERIAL NO.	ACQUISITION DATE	ITEM DESCRIPTION (make and model)	PROJECT No.	FUND	CONDITION	RESPONS. PERSON/entity	ITEM LOCATION	MANUFACTURE R	Currency	AUD Value	RATE	US VALUE	REMARKS
LDCF00001	10/26/2016	Dell Laptop Notebook	94574	UNDP	New	Arawaia Moiva	PMU - MELAD	DELL	AUD				Trade-in to Pintech
LDCF00002	10/26/2016	Dell Notebook Laptop	94574	UNDP	New	Tererei Abete-Reema	PMU - MELAD	DELL	AUD				Trade-in to Pintech
LDCF00003	10/26/2016	Nikon D5200- Camera	94574	UNDP	New	Tererei Abete-Reema	PMU - MELAD	NIKON	AUD				
LDCF00004	8/28/2018	Split Aircon	94574	UNDP	New	ECD/MELAD	PMU - MELAD	AIRCON	AUD	1225			
LDCF00005	11/30/2016	ZTE MF910 - Pocket Wifi	94574	UNDP	New	Tererei Abete-Reema	PMU - MELAD	POCKET WIFI	AUD	79			
LDCF00006	8/21/2016	Epson H79C-Projector	94574	UNDP	New	Tererei Abete-Reema	PMU - MELAD	PROJECTOR	AUD	1495.34			
LDCF00007	10/26/2016	Brother Printer - Colour copier, scanner, printer	94574	UNDP	New	Tererei Abete-Reema	PMU - MELAD	PRINTER	AUD				
LDCF00009	14/12/17	GPS	94574	UNDP	New	KNTQ	PMU - MELAD	Garmin	AUD	337.99		259.99	Black & Grey colour
LDCF00010	22/11/17	Office Stationeries (Stapler, Paper punch etc)	94574	UNDP	New	Tererei Abete_Reema	PMU - MELAD		AUD	194.84			
LDCF00011	28/12/16	Chair	94574	UNDP	New	Arawaia	PMU - MELAD	Executive Chair	AUD	160			
LDCF00012	28/12/16	Chair	94574	UNDP	New	Tererei	PMU - MELAD	Executive Chair	AUD	160			
LDCF00013		Cabinet	94574	UNDP	New	Arawaia	PMU - MELAD		AUD				
LDCF00014		Cabinet	94574	UNDP	New	Tererei	PMU - MELAD		AUD				
LDCF00015	9/29/2017	3 Rack	94574	UNDP	New	AA & AAA for ALD	PMU - MELAD		AUD	58.5			
LDCF00016	9/29/2017	3 Bush Knife	94574	UNDP	New	AA & AAA for ALD	PMU - MELAD	BrassBell	AUD	30			
LDCF00017	9/29/2017	3 Washing can	94574	UNDP	New	AA & AAA for ALD	PMU - MELAD		AUD	75			
LDCF00018	11/21/2017	Diving Mask	94574	UNDP	New	FA & FEA for CFD	Pilot Island	Y.C. FISH	AUD	60			Diving gears for all the FAs at the three islands Maiana, Abemama and Nonouti.
LDCF00019	11/21/2017	Snorkel	94574	UNDP	New	FA & FEA for CFD	Pilot Island	Y.C. FISH	AUD	100			
LDCF00020	11/21/2017	Fin	94574	UNDP	New	FA & FEA for CFD	Pilot Island		AUD	150			
LDCF00021	11/21/2017	6 Aluminium Basin	94574	UNDP	New	AA & AAA for ALD	Pilot Island	WEISHIGE	AUD	1364.44			Blue Colour
LDCF00022	12/21/2017	Laptop	94574	UNDP	New	AA & AAA for ALD	Pilot Island	HP	AUD	1364.44			Grey
LDCF00024	12/21/2017	Laptop	94574	UNDP	New	AA & AAA for ALD	Pilot Island	HP	AUD	1364.44			Grey
LDCF00025	12/21/2017	Laptop	94574	UNDP	New	AA & AAA for ALD	Pilot Island	HP	AUD	1364.44			Grey & Blue
LDCF00026	2/15/2018	Calculator	94574	UNDP	New	Arawaia	PMU - MELAD	Canon	AUD	33.33			
LDCF00027	2/15/2018	Printer	94574	UNDP	New	ALD Extension	ALD Extension	Brother	AUD	346.67			
LDCF00028	2/15/2018	Printer	94574	UNDP	New	ALD Extension	ALD Extension	Brother	AUD	346.67			
LDCF00029	2/15/2018	Camera	94574	UNDP	New	MDE	MDE	Canon	AUD	350			Black
LDCF00030	2/21/2018	1 Jig Saw	94574	UNDP	New	Fisheries FAD	MFMRD	Total	AUD	175			Green color and accessories such as spare brush, hex key and Gula paralela
LDCF00031	2/21/2018	1 Drill	94574	UNDP	New	Fisheries FAD	MFMRD	Makita	AUD	490			Green color
LDCF00032	3/2/2018	1 Water Dispenser	94574	UNDP	New	ECD	PMU - MELAD	Crystal Mountair	AUD	690			White colour
LDCF00033	3/15/2018	2 Micro SD Card	94574	UNDP	New	MDE	MDE/PMU	Fujimax	AUD	350			One to MDE and PMU
LDCF00034	3/15/2018	2 wireless mouse	94574	UNDP	New	PMU	PMU - MELAD	HP invent	AUD	51.85			Red color with a USB receiver
LDCF00035	3/15/2018	External Harddisc	94574	UNDP	New	PMU	PMU - MELAD	Toshiba	AUD	190			Black & Red color (used by PA & PC LDCF)
LDCF00039	8/24/2018	Phone	94574	UNDP	New	KFSU	KFSU	LANZ	AUD	79			Black
LDCF00040	20/10/17	Phone	94574	UNDP	New	PMU	PMU - MELAD	LANZ	AUD	49			Not working
LDCF00041		16" Wall Fan	94574	UNDP	New	PMU	PMU - MELAD	NUTZEN	AUD				White
LDCF00042	9/13/2018	Handyscan	94574	UNDP	New	PMU	PMU - MELAD	Akita	AUD	194		99.00	Black/Grey
LDCF00043	1/15/2019	External Harddisc	94574	UNDP	New	PMU	PMU - MELAD	SEAGATE	AUD				
LDCF00046	6/11/2018	1 Laptop	94574	UNDP	New	FEA Melana	Pilot Island	HP	AUD	1200			
LDCF00047	6/11/2018	1 Laptop	94574	UNDP	New	FEA Abemama	Pilot Island	HP	AUD	1200			
LDCF00048	6/11/2018	1 Laptop	94574	UNDP	New	FEA Nonouti	Pilot Island	HP	AUD	1200			
LDCF00049	7/11/2018	1 Replicator Docking	94574	UNDP	New	PMU	ECD - MELAD	DELL	AUD	280			
LDCF00050	7/11/2018	1 Replicator Docking	94574	UNDP	New	PMU	ECD - MELAD	DELL	AUD	280			
LDCF00053	7/11/2018	1 Laptop	94574	UNDP	New	PC	PMU - MELAD	DELL	AUD	1350			
LDCF00054	14/01/19	1 Camera	94574	UNDP	New	Culture	MIA	Canon	AUD	2718			
LDCF00055	20/12/18	1 Stand Projector Screen	94574	UNDP	New	PMU	ECD - MELAD	GMR	AUD	450			
LDCF00056	7/1/2019	1 Executive Chair	94574	UNDP	New	KFSU	MFED		AUD	399.8			
LDCF00057	7/1/2019	1 Executive Chair	94574	UNDP	New	KFSU	MFED		AUD	399.8			
LDCF00058	7/1/2019	1 Executive Chair	94574	UNDP	New	KFSU	MFED		AUD	399.8			
LDCF00059	27/11/18	1 Wireless Display Adaptor	94574	UNDP	New	PMU	ECD - MELAD		AUD	150			
LDCF00060	7/11/2018	1 Set Keyboard & Mouse	94574	UNDP	New	PMU	ECD - MELAD		AUD	68			
LDCF00061	7/11/2018	1 Set Keyboard & Mouse	94574	UNDP	New	PMU	ECD - MELAD		AUD	68			
LDCF00062	7/11/2018	1 Screen	94574	UNDP	New	PC	PMU - MELAD	DELL	AUD				
LDCF00063	1/2/2019	1 Laptop	94574	UNDP	New	PA	PMU - MELAD	DELL	AUD				
LDCF00051	7/11/2018	1 Screen	94574	UNDP	New	PA	PMU - MELAD	DELL	AUD				

LDCF00052		1 Laptop	94574	UNDP	New	PCO	PMU - MELAD	DELL	AUD				
LDCF00064	7/12/2016	1 Wireless mouse	94574	UNDP	New	PC	PMU - MELAD		AUD	35			
LDCF00065	7/12/2016	1 Wireless mouse	94574	UNDP	New	PA	PMU - MELAD		AUD	35			
LDCF00066	14/12/17	1 GPS	94574	UNDP	New	KNTO	PMU - MELAD	Garmin	AUD			259.99	
LDCF00067	29/09/17	3 Grew Bar	94574	UNDP	New	AA & AAA for ALD		Pilot Island	AUD	330			
LDCF00068	29/09/17	3 Fork	94574	UNDP	New	AA & AAA for ALD		Pilot Island	AUD	162			
LDCF00069	29/09/17	3 Hand grass cutter	94574	UNDP	New	AA & AAA for ALD		Pilot Island	AUD	174			
LDCF00070	10/10/2017	1 Flash Drive	94574	UNDP	New	PC		PMU - MELAD	AUD	22.22			
LDCF00071	10/10/2017	1 Flash Drive	94574	UNDP	New	PA		PMU - MELAD	AUD	26.67			
LDCF00072	29/09/17	84 Shovel	94574	UNDP	New	MOE		Schools Pilot islands	AUD	2898			
LDCF00073	29/09/17	84 Spade	94574	UNDP	New	MOE		Schools Pilot islands	AUD	2436			
LDCF00074	2/10/2017	3 Wheelbarrow	94574	UNDP	New	AA & AAA for ALD		Pilot Island	AUD	873			
LDCF00075	13/06/17	2 Doormat	94574	UNDP	New	PMU		PMU - MELAD	AUD	135			
LDCF00076	19/04/18	3 Office Desk	94574	UNDP	New	PMU		PMU - MELAD	AUD	1200			
LDCF00077	19/04/18	3 Office Chair	94574	UNDP	New	PMU		PMU - MELAD	AUD	745.05			
LDCF00078	26/08/18	2 Cooking Basin	94574	UNDP	New	Eco-Farm		MFMRD	AUD	44.8			
LDCF00079	26/08/18	2 Small Rubbish Bin	94574	UNDP	New	PMU		PMU - MELAD	AUD	25.8			
LDCF00080	26/08/18	2 Big rubbish Bin	94574	UNDP	New	Eco-Farm		MFMRD	AUD	38			
LDCF00088	1/6/2017	Vehicle	94574	UNDP	New	Terere/Abete-Reema	PMU - MELAD	FORD RANGER	AUD				1 vehicle, grey colour
LDCF00023	21/11/17	Motorcycle	94574	UNDP	New	FA & FEA for Fisheries		Maiana	HONDA	AUD	3500		3 motorcycle, colour light green
LDCF00036	14/12/17	Motorcycle	94574	UNDP	New	AA & AAA for ALD		Maiana	HONDA	AUD	3500		Red colour
LDCF00037	14/12/17	Motorcycle	94574	UNDP	New	AA & AAA for ALD		Abemama	HONDA	AUD	3500		Red colour
LDCF00038	14/12/17	Motorcycle	94574	UNDP	New	AA & AAA for ALD		Nonouti	HONDA	AUD	3500		Red colour
LDCF00044	15/04/18	Motorcycle	94574	UNDP	New	FA & FEA for Fisheries		Nonouti	HONDA	AUD	3543.8		Red colour
LDCF00045	15/04/18	Motorcycle	94574	UNDP	New	FA & FEA for Fisheries		Abemama	HONDA	AUD	3543.8		Red colour
									TOTAL VALUE:		\$52,284.52		\$38,444.50

FOR UNDP

NAME AND POSITION: Georges van Montfort (Country Director)



SIGNATURE

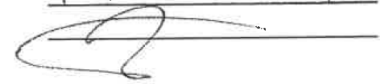
STAMP

FOR (Fiji) Min. of Environment

NAME AND POSITION

PUSA TOFINGA / OIC - ECD

SIGNATURE



STAMP



FOR LOCHAN & CO

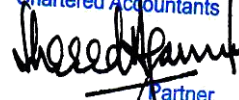
NAME AND POSITION

Shrad Agarwal, Partner

SIGNATURE

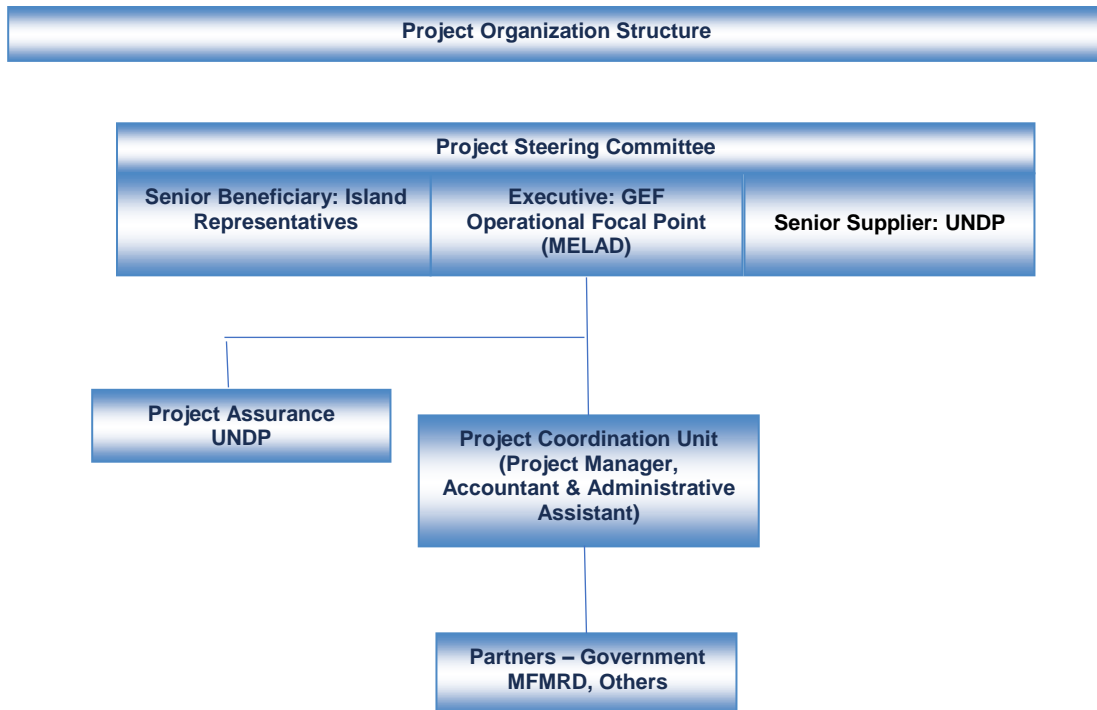
STAMP

For Lochan & Co
Chartered Accountants




06/04/2019

5.3 Organization Chart



5.4 Definition of Risk Severities and Functional Area ratings

Categorization of audit findings by risk severity

Rating	Definition
High	Prompt action is required to ensure that UNDP is not exposed to high risks, i.e. failure to take action could result in major negative consequences and issues.
Medium	Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP.
Low	Action is desirable and should result in enhanced control or better value for money.

Categorization of internal control ratings

Rating	Definition
Satisfactory	Internal controls and risk management practices were adequately established and functioning well. No high-risk areas were identified. Overall, the IP/Sub IPs objectives are likely to be achieved.
Partially Satisfactory	Internal controls and risk management practices were generally established and functioning but needed improvement. One or more high and medium risk areas were identified that may impact on the achievement of the IP/Sub IPs objectives
Unsatisfactory	Internal controls and risk management practices were either not established or not functioning well. The majority of issues identified were high risk. Hence, the overall IP/Sub IPs objectives are not likely to be achieved.

5.5 Abbreviations and Acronyms

AUD	:	Australian Dollar
AWP	:	Annual Work Plan
CDR	:	Combined Delivery Report
DSA	:	Daily Subsistence Allowance
FACE	:	Funding Authorization and Certificate of Expenditures
I.T.	:	Information Technology
IESBA	:	International Ethics Standards Board of Accountants
IP	:	Implementing Partner
ISAs	:	International Standards on Auditing
MELAD	:	Ministry of Environment, Lands and Agriculture Development
NIM	:	National Implementation Modality
NFM	:	Net Financial Misstatement
NGO	:	Non-Government Organization
PEI	:	Poverty and Environment Initiative
POPP	:	Programme Operations Policies and Procedures
RFQ	:	Request for Quotation
SoA	:	Statement of Assets
SoE	:	Statement of Expenses
ToR	:	Terms of Reference
UNDP	:	United Nations Development programme
USD	:	United States Dollars



Lochan & Co.
Chartered Accountants