

# **SPOT CHECK REPORT**

## **UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)**

### **PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA (PEMSEA)**

**RE: SUPPORTING PEMSEA RESOURCE FACILITY SECRETARIAT  
SERVICES TOWARDS THE SUSTAINABLE IMPLEMENTATION OF THE  
SDS-SEA**

---

**MANILA CONSULTING & MANAGEMENT CO. INC.**  
October 25-28, 2022

**ANNEX 1. PROGRAMME SPECIFIC INFORMATION**

<b>IP Name:</b>	<b>PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA (PEMSEA)</b>
<b>Programme Name:</b>	<b>Supporting PEMSEA Resource Facility Secretariat Services towards the Sustainable Implementation of the SDS-SEA</b>
<b>Programme Number:</b>	00054988
<b>Programme Background:</b>	The project will be a capacity building for PEMSEA Resource Facility (PRF) and PEMSEA participating countries in the management and operation of the PRF Secretariat Services, in support of the further development of a self-sustaining regional mechanism for the implementation of the SDS-SEA.
<b>Programme Location:</b>	PEMSEA Office Building, DENR Compound, Visayas Avenue, Quezon City 1100, Philippines
<b>Programme Contact Person(s):</b>	Elma Aimee T. Gonzales – Executive Director
<b>Location of records:</b>	PEMSEA Office Building, DENR Compound, Visayas Avenue, Quezon City 1100, Philippines
<b>Currency of records maintained:</b>	US Dollar (USD) and Peso (PHP)
<b>Period of transactions covered by spot check:</b>	January – June 2022
<b>Funds received during the period covered by the spot check:</b>	USD56,464.14 and PHP307,911.66
<b>Expenditures incurred/reported during the period covered by the spot check:</b>	USD56,464.14 and PHP307,911.66
<b>Intended start date of the spot check:</b>	25 October 2022
<b>Estimated number of days required for the spot check:</b>	(4) Days
<b>Recipient of the report:</b>	UNDP
<b>Submission deadline (including draft and final reports to local agency management):</b>	
<b>Any special requests to be considered during the spot check:</b>	NONE
<b>Cash transfer modality used by IP</b>	Reimbursement

## ANNEX 2. AGREED-UPON PROCEDURES REPORT

### *Report of factual findings*

To: UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

We have performed the procedures agreed with you and enumerated below with respect to the actual programme expenditures related to “*Supporting the PEMSEA Resource Facility Secretariat Services towards the Sustainable Implementation of the SDS-SEA*” for the period January to June 2022 submitted by PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA (PEMSEA) on FACE forms for the period January to June 2022. Our engagement was undertaken in accordance with Philippine Standards on Auditing (PSAs) or Philippine Standards on Review Engagements (PSREs) 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 UNDP and are summarized as follows:

1. Inquired from IP management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle.
2. Obtained a listing of all programme related expenditures that support the actual programme expenditures submitted by PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA on FACE forms for the period January 2022 to June 2022 for the agreed-upon procedures engagement and performed the following:

Randomly selected samples of expenditures amounting to \$33,372.96 representing 59% of the actual programme expenditures in USD and P264,209.26 representing 85% of the total of P307,911.66 submitted on the FACE form. For each sample selection performed the following procedure

- Verified that documentation exists to support the expenditure in accordance with the IP’s rules and procedures and agreements with UNDP.
  - Verified that the activity related to the expenditure is in accordance with the work plan.
  - Verified that the expenditure has been reviewed and approved in accordance with the IP’s rules and procedures and agreements with UNDP.
  - Verified that the expenditure was reflected on a certified FACE form submitted to UNDP.
  - Verified that the expenditure was reflected in the IP’s accounting records and bank statement.
  - Verified that supporting documents are stamped ‘PAID’ or coded to and recorded in a separate UNDP fund, indicating which agency funded the transaction.
  - Verified that the FACE form was submitted consistent with the periodicity-of-disbursement requirement in the HACT framework (within two weeks).
  - Verified the price paid for goods or services against United Nations agreed standard rates (if readily available).
3. Maintenance of a separate bank account is no longer required as cash modality is on a reimbursement basis. No further procedure was performed.

We report our findings in the attached schedules specified by UNDP:

- (a) Spot Check Work plan.
- (b) Sample of Expenditures; and
- (c) Findings and Recommendations.

Because these procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSAs), Philippine Standards on Review Engagements (PSREs) or Philippine Standards on Assurance Engagements (PSAEs), we do not express any assurance on the actual programme expenditures submitted by PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA on FACE forms for the period January to June 2022.

Had we performed additional procedures, or had we performed an audit or review of the financial statement in accordance with Philippine Standards on Auditing (PSAs), Philippine Standards on Review Engagements (PSREs)

Had we performed additional procedures, or had we performed an audit or review of the financial statement in accordance with Philippine Standards on Auditing (PSAs), Philippine Standards on Review Engagements (PSREs) or Philippine Standards on Assurance Engagements (PSAEs), 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.

**Manila Consulting and Management Co., Inc.**

By:



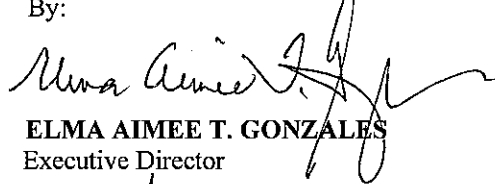
**VIRGINIA S. ESTRELLA**  
Lead Consultant



**ALYSSA G. DINGLASAN**  
Co-Lead Consultant

**Partnerships in Environmental Management for the  
Seas of East Asia (PEMSEA)**

By:



**ELMA AIMEE T. GONZALES**  
Executive Director



**MARY ANNE DELA PENA**  
Finance Specialist

Date: October 27, 2022

Address: Unit 2106, 88 Corporate Center  
141 Valero Cor. Sedeño Sts.  
Salcedo Village, 1227 Makati City

**ANNEX 3. Spot Check Work Plan**

<b>Programme title:</b>	Supporting PEMSEA Resource Facility Secretariat Services towards the Sustainable Implementation of the SDS-SEA
<b>Project title:</b>	Supporting PEMSEA Resource Facility Secretariat Services towards the Sustainable Implementation of the SDS-SEA
<b>Name of IP:</b>	<b>PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA (PEMSEA)</b>
<b>Location of IP/Programme:</b>	PEMSEA Office Building, DENR Compound, Visayas Avenue, Quezon City 1100, Philippines
<b>IP contact person and position:</b>	Elma Aimee T. Gonzales – Executive Director
<b>Start/end date of spot check</b>	25-28 October 2022
<b>Amount of Grant</b>	USD56,464.14 and PHP307,911.66
<b>Dates covered by FACE form selected for testing</b>	January to June 2022
<b>Date of last spot check</b>	September 10, 2021
<b>Members of the spot check team</b>	<b>Manila Consulting and Management Co., Inc.</b> Virginia S Estrella - Lead Consultant Alyssa P. Dinglasan - Co-Lead Consultant
<b>IP staff whom the spot check team worked with during the spot check</b>	Mary Ann R. Dela Pena – Finance Specialist Marlene Mariano – Finance Clerk Reggie Sison – Finance Assistant

## Internal Controls

### Procedures & Findings

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.

As confirmed through inquiry with the Finance Specialist, there were no significant changes to the internal control and its organizational structure since the prior internal control assessment from the prior micro assessment and spot check conducted.

We also noted no significant inconsistencies with the documentation of the financial transactions versus the process in the prior assurance activity reports from the corresponding programme cycle except that grant received and expenditures are no longer recognized at the end of the year. This is recorded upon receipt of the reimbursements from the funding agencies as in the case of UNDP grants.

### Testing Procedures & Findings

We have randomly selected samples representing 85% of the total expenditures in PHP and 59% of total expenditures in USD for testing. Based on the agreed upon procedures, the following are our observations:

- Based on IP's current internal control procedures, all expenditures must be supported with adequate documentation to clearly show the justification and authorization for the transactions. All sampled expenditures were supported with invoices, Official Receipts (OR), Purchase Order (PO), Time Log reports, etc.
- As a HACT framework requirement, project funds must be utilized as intended. The activity related to the sampled expenditures are within the work plan and were paid in accordance with the budget as agreed upon between PEMSEA and UNDP.
- All the sampled expenditures were properly reviewed and approved in accordance with the IP's policies and procedures as contained in PEMSEA's Finance Rules and Regulations and in agreement with UNDP.
- Inasmuch as this is on a reimbursement basis, all the selected transactions formed part of the total expenditures reflected in the FACE reimbursement form submitted to UNDP.
- All sampled transactions were traced as cash outflow from the bank statement except expenditures authorized to be paid thru the corporate credit card. All sampled expenditures were recorded in the accounting system initially as an AR-clearing account. Expense recognition is done via Journal entry upon receipt of the reimbursement from UNDP.
- Based on inspection, all the vouchers and supporting documents that are for reimbursements were stamped "PAID-PEMSEA" In cases, where actual amount paid per voucher is shared by other projects, the portion chargeable to UNDP is properly identified.
- FACE reimbursement forms are submitted consistent with the periodicity-of-disbursement requirement in the HACT framework policy as follows:
  - Jan to March expenditures for the May reimbursement were submitted on April 4, 2022
  - April to June expenditures for the August reimbursement were submitted on Aug. 1, 2022
- Payment for goods and services are within the agreed UN standard rates as detailed in the duly approved ICE and Annual Procurement Plan. Authorization and costs are within the bounds of the contracts and invoices which indicated the prices of the goods and services. Any deviation was supported with note-

to-file justification which were reviewed and approved by UNDP accordingly. While Sample No. 3 is a full payment of an obligation based on contract, we noted expenditure was not included in the allocated budget per ICE.

- Maintenance of a separate bank account is no longer required as cash modality is on a reimbursement basis. No further procedure was performed.

**UNDP – PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA (PEMSEA) STRICTLY PRIVATE & CONFIDENTIAL**  
**SPOT CHECK**

**SAMPLE OF EXPENDITURES**

**Column Legend:**

**A** –Documentation exists to support expenditure in accordance with IP’s applicable rules and procedures and agreements with the agency

**B** –Activity is related to expenditure in accordance with work plan

**C** – Expenditure has been reviewed and approved in accordance with IP’s applicable rules and procedures and agreements with the agency

**D**– Expenditure was reflected on a certified FACE form submitted to the agency and in the period, it was incurred

**E**– Supporting documents are stamped “PAID” indicating which agency funded the transaction or coded to and recorded in a UNDP specific fund

**F**– Expenditure was recorded in the IP’s accounting records and reflected in bank statement

**G**– Price paid for goods or services agreed against United Nations agreed standard rates

**H**– Review mathematical computation of individual payments and total payments against expenditure

	Sample expenditure description and voucher number	Amount in PHP/USD	A	B	C	D	E	F	G	H	Comment/ finding
<b>IN PHP</b>											
1	<b>CONVERGE ICT SOLUTIONS</b>  - Payment for the 10MBPS Metro-Connect line subscription internet fee for the period Jan 1-31,2022 per DV#6362	<b>P21,851.20</b>	<b>Y</b> <b>Supported with:</b> FACE Form, ICE, Cash Receipt Voucher #2496, SOA dated Jan 7,2022, Official Receipt #165248,	<b>Y</b> <b>Activity 3 Sub-Activity 1.1.1</b>  Effective PEMSEA Resource Facility Secretariat services - Contractual Services Co	<b>Y</b> All Request for payment was approved by the Executive Director. DV is prepared by the Finance Clerk and reviewed/certified and approved by the Finance Specialist.	<b>Y</b> Expenditures were reflected on Q1 PHP FACE report dated April 04, 2022, and reported in the period, it was incurred.	<b>Y</b> The DV and all supporting documents related to UNDP project are stamped “PAID”.	<b>Y</b> Expenditure was recorded in the IP’s accounting records as AR-clearing account initially. Expense recognition is done upon receipt of the reimbursement. Reimbursement from UNDP was reflected	<b>Y</b> Payment is in accordance with standard rates (recurring) and within the allocated budget in the ICE.	<b>Y</b> Mathematical computation of the total amount paid agreed with the supporting SOA.	No deviation noted.



**UNDP – PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA (PEMSEA) STRICTLY PRIVATE & CONFIDENTIAL**  
**SPOT CHECK**

								in the Bank Statement on May 16, 2022.			
2	<p><b>MICRO-IMAGE INTERNATIONAL CORPORATION</b></p> <p>-Purchase of (4) units of ASUS Expert book B1400CEAE-EK3026R (PO2022-003&amp; PR2022-03) as per DV#6397 Less 50% non-chargeable</p> <p>Note: Only (2) units of laptop are allocated in the approved 2022 annual Procurement Plan of the project.</p>	<p><b>P130,400.00</b></p> <p>260,800.00  <u>(130,400.00)</u>  <b>130,400.00</b></p>	<p><b>Y</b></p> <p><b>Supported with:</b>  FACE Form, ICE, CRV#2496, Collection Receipt#19765, Deposit Slip, Delivery Receipt#26246, Sales invoice#43843, Hardware Quotation, Supplier's Bank Details, Purchase Order No.2022-003, Purchase Requisition</p>	<p><b>Activity 3</b></p> <p><b>1.1.1</b>  Effective PEMSEA Resource Facility Secretariat services - IT equipment</p> <p><b>Sub-activity 1.1.1</b>  Implement the results and outcomes of the EAS Congress 2021</p>	<p><b>Y</b></p> <p>All Request for payment was approved by the Executive Director. DV is prepared by the Finance Clerk and reviewed/certified and approved by the Finance Specialist.</p>	<p><b>Y</b></p> <p>Expenditures were reflected on Q1 PHP FACE report dated April 04, 2022, and reported in the period, it was incurred.</p>	<p><b>Y</b></p> <p>The DV and all supporting documents related to UNDP project are stamped "PAID".</p>	<p><b>Y</b></p> <p>Expenditure was recorded in the IP's accounting records as AR-clearing account initially. Expense recognition is done upon receipt of the reimbursement. Check was deposited to supplier's account. Reimbursement from UNDP was reflected in the Bank Statement on May 16, 2022.</p>	<p><b>Y</b></p> <p>Payment is in accordance with standard rates. Competitive bids were evaluated by the Procurement Committee</p>	<p><b>Y</b></p> <p>Mathematical computation of the total amount paid agreed with the supporting Invoice.</p>	<p>No deviation noted.</p>
3	<p><b>ALICIA YAEL B. HONASAN –</b></p> <p>Final Milestone payment for services rendered (Annual Report 2021) per DV#6625</p>	<p><b>P 50,000.00</b></p>	<p><b>Y</b></p> <p><b>Supported with:</b>  FACE Form, ICE, Bank fund transfer form, , Contract Payment Form for Consultancy Contract,</p>	<p><b>Activity 3</b></p> <p><b>Sub-Activity 1.1.1</b>  Effective PEMSEA Resource Facility Secretariat services -</p>	<p><b>Y</b></p> <p>All Request for payment was approved by the Executive Director. DV is prepared by the Finance Clerk and reviewed/certified</p>	<p><b>Y</b></p> <p>Expenditure was reflected on Q2 PHP FACE report dated August 1, 2022, and reported in the period, it</p>	<p><b>Y</b></p> <p>The DV and all supporting documents related to UNDP project are stamped "PAID".</p>	<p><b>Y</b></p> <p>Expenditure was recorded in the IP's accounting records as AR-clearing account initially. Expense recognition is done upon</p>	<p><b>N</b></p> <p>Payment is in accordance with the Consultancy contract and upon acceptance of the deliverables.</p>	<p><b>Y</b></p> <p>Mathematical computation of the total amount paid agreed with the agreed contract price.</p>	<p>G – No budget allocation for the expenditure was included on the 2022 FACE requests and approved ICE.</p> <p><b>PEMSEA says:</b></p>

**UNDP – PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA (PEMSEA) STRICTLY PRIVATE & CONFIDENTIAL**  
**SPOT CHECK**

			Deposit slip, Consultancy Contract,	Contractual Services Co	fied and approved by the Finance Specialist.	was incurred.		receipt of the reimbursement. Payment was deposited to payee's account. Reimbursement from UNDP was reflected in the Bank Statement on Aug. 19, 2022.	However, this was not included in the 2022 budget as per approved ICE		<i>The budget was included in the Q2 \$ FACE form Request under 71305 amounting to \$900 but was disbursed in Php 50,000</i>
4	<b>ZOOM.US ACCOUNT (JO2022-07)</b> (paid through corporate) credit card. 4 accounts only were funded out of 11 accounts 8,052.10 each)	<b>P</b> 32,308.41	<b>Y</b> <b>Supported with:</b> FACE Form, ICE, Cash Receipt Voucher #2598, Bank fund transfer form, Reimbursement form, Contract Payment Form for Consultancy Contract, Deposit slip, Consultancy Contract, Statement of Account, OR#168506, Credit Card Account, Job Order, Invoice#2146	<b>Y</b> <b>Activity 3 Sub-Activity 1.1.1</b>  Effective PEMSEA Resource Facility Secretariat services - Contractual Services Co	<b>Y</b> All Request for payment was approved by the Executive Director. DV is prepared by the Finance Clerk and reviewed/certified and approved by the Finance Specialist.	<b>Y</b> Expenditures were reflected on Q2 PHP FACE report dated April 04, 2022, and reported in the period, it was incurred.	<b>Y</b> The DV and all supporting documents related to UNDP project are stamped "PAID".	<b>Y</b> Expenditure was recorded in the IP's accounting records as AR-clearing account. Expense recognition is done upon receipt of the reimbursement. Charges were reflected in the corporate credit card. Reimbursement from UNDP was reflected in the Bank Statement on Aug. 19, 2022.	<b>Y</b> Payment is in accordance with standard rates as reflected in the approved CAS.	<b>Y</b> Mathematical computation of the total amount paid agreed with the supporting SOA.	No deviation noted.

**UNDP – PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA (PEMSEA) STRICTLY PRIVATE & CONFIDENTIAL**  
**SPOT CHECK**

			163 & INV1411146 60								
5	SITEGROUND – Renewal 6Months Cloud Hosting 40GB SSD,4 CPUs, 8GB RAM (ASIA DC)	P <b>29,649.65</b>	Y <b>Supported with:</b> FACE Form, ICE, Cash Receipt Voucher #2598, ,Job Order, Invoice#2146 163 & INV1411146 60	Y <b>Output 3 Sub-Activity 1.1.1</b>  Effective PEMSEA Resource Facility Secretariat services - Contractual Services Co	Y All Request for payment was approved by the Executive Director. DV is prepared by the Finance Clerk and reviewed/certi fied and approved by the Finance Specialist.	Y Expenditure s were reflected on Q2 PHP FACE report dated April 04, 2022, and reported in the period, it was incurred.	Y The DV and all supporting document s related to UNDP project are stamped “PAID”.	Y Expenditure was recorded in the IP’s accounting records as AR- clearing account initially. Expense recognition is done upon receipt of the reimbursemen t. Charges were reflected in the corporate credit card. Reimburseme nt from UNDP was reflected in the Bank Statement on Aug. 19. 2022.	Y Payment is in accordance with standard rates as reflected in the approved CAS.	Y Mathematical computation of the total amount pai agreed with the supporting SOA.	No deviation noted.
<b>IN USD</b>											
6	DOCUSIGN – DocuSign eSignature subscription for the period 3/14/2022 to 3/13/2023 per DV#6476 Bank charges	\$ 1,230.00  1,200.00 30.00	Y <b>Supported with:</b> FACE Form, ICE, form, DV#6476, Invoice#INV 31892189,	Y <b>Output 3 Sub-Activity 1.1.1</b>  Effective PEMSEA Resource	Y All Request for payment was approved by the Executive Director.	Y Expenditure s were reflected on Q1 FACE reports dated April 04, 2022,	Y The DV and all supporting document s related to UNDP project are	Y Expenditure was recorded in the IP’s accounting records as AR-clearing account	Y Payment is in accordance with the approved 2022 APP.	Y Mathematical computation agreed with the total amount paid.	No deviation noted.

**UNDP – PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA (PEMSEA) STRICTLY PRIVATE & CONFIDENTIAL**  
**SPOT CHECK**

			Purchase Requisition# 2022-7, email/communications threads on the justification of the expenditures	Facility Secretariat services - Contractual Services Co	DV is prepared by the Finance Clerk and reviewed/certified and approved by the Finance Specialist	and in the period, it was incurred.	stamped "PAID".	initially. Expense recognition is done upon receipt of the reimbursement. and reflected in the bank statement. Reimbursement from UNDP was reflected in the Bank Statement on May 16, 2022.			
7	<p><b>Service Contracts Salaries</b> for the period Jan – March 2022</p> <p>AE. Gonzales (22 days)  K. See (25 days)  D. Cayaban (57 days)  E. Merina (18 days)  M. Dela Pena (42 days)  M. Mariano (27.36 days)</p> <p>PEMSEA has Time Log online system which requires approval by the</p>	<p><b>32,142.96</b></p> <p>13,509.10  2,549.50  5,197.83  1,277.10  7,692.30  1,917.13</p>	<p><b>Y</b></p> <p>Supported with: FACE Form, ICE, Cash Receipt Voucher #2512, Breakdown of Jan-March Reimbursement form, DV#6366 &amp; 6460 Fund transfer forms, PEMSEA's payroll computation authorization to debit account, Time Log Report Jan- Mar. Bank fund transfer form, Letter of Appointment.</p>	<p><b>Y</b></p> <p>Sub-Activity 1.1.1 Effective PEMSEA Secretariat</p> <p>Sub-Activity 2.1.1.3 Effective planning and servicing of EAS Partnership Council meetings.</p> <p>Sub-Activity 4.1.1 Management of the PEMSEA Resource Facility</p>	<p><b>Y</b></p> <p>All Request for payment was approved by the Executive Director. DV is prepared by the Finance Clerk and reviewed/certified and approved by the Finance Specialist.</p>	<p><b>Y</b></p> <p>Expenditures were reflected on Q1 PHP FACE report dated April 04, 2022, and reported in the period, it was incurred. period, it was incurred.</p>	<p><b>Y</b></p> <p>The DV and all supporting documents related to UNDP project are stamped "PAID".</p>	<p><b>Y</b></p> <p>Expenditure was recorded in the IP's accounting records as Salaries Expense. Reimbursement from UNDP was reflected in the Bank Statement on May 16, 2022.</p>	<p><b>Y</b></p> <p>Payment is in accordance with the Time Log report and Letter of Appointment. However, the total salaries for the period exceeded the allocated budget in the approved ICE. A note-to-file was attached for justifications</p>	<p><b>Y</b></p> <p>Mathematical computation agreed with the total amount paid</p>	<p>A deviation was noted but this was considered and approved by UNDP Team accordingly.</p> <p>The off-budget salary portion was due to various project activities which required significant time for its completion</p>

**UNDP – PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA (PEMSEA) STRICTLY PRIVATE & CONFIDENTIAL**  
**SPOT CHECK**

	budget owner. This is monitored by HR										
<b>Total sample expenditures:</b>								<b>\$ 33,372.96</b>	<b>P 264,209.26</b>		
<b>Total expenditures reported on FACE forms during period under spot check</b>								<b>\$ 56,464.14</b>	<b>P 307,911.66</b>		
<b>Percentage coverage:</b> (Total sample expenditures divided by total expenditures reported on FACE forms during period under spot check)								<b>59.10%</b>	<b>85.80%</b>		

**FINDINGS AND RECOMMENDATIONS**

**A. OBSERVATIONS RELATING TO OVERALL FINANCIAL MANAGEMENT PRACTICES, INTERNAL CONTROL ENVIRONMENT AND COMPLIANCE**

	Observation description	Category of observation <sup>1</sup>	Risk rating <sup>2</sup>	Management Response	Recommendation	Priority <sup>3</sup>	Due date for implementation	Management Response
1.	All expenditures reported in FACE forms are all on Reimbursement Cash modality. IP has complied with all the documentary requirements for reimbursements.  IP with ISO certification has an effective internal control system specifically in protecting funding resources from various business partners.	1,2,5	Low		IP to continuously exercise its existing internal control measures and compliance with documentary requirements as required by its funding partners.			Well noted.
<b>RECOMMENDED RISK RATING: LOW</b>								

*Note 1:*

*Category of observations:*

1. Accounting and financial reporting systems and procedures
2. Cash, bank and asset management
3. Internal control deficiency, including approvals and segregation of duties
4. Contracting process and procurement procedures
5. Compliance with agreement and other laws and regulations
6. Other

*Note 2:*

*Risk ratings:*

- High: significant likelihood of negative impact on the IP's ability to execute or report on the programme in accordance with the work plan  
Medium: likelihood of negative impact on the IP's ability to execute or report on some aspects of the programme in accordance with the work plan  
Low: low likelihood of potential negative impact on the IP's ability to execute or report on the programme in accordance with the WP

*Note 3:*

*Priority Ranking:*

- High: Action that is considered imperative to ensure that the agency is not exposed to high risks (i.e. failure to take action could result in major consequences and issues).  
Medium: Action that is considered necessary to avoid exposure to significant risks (i.e. failure to take action could result in significant consequences).  
Low: Action that is considered desirable and should result in enhanced control or better value for money.

**B. OBSERVATIONS RELATING TO SPECIFIC EXPENDITURES SELECTED FOR TESTING**

	Description and Reference	Amount	Observation Description	Category	Risk rating	Management Response	Recommendation	Priority	Due date for implementation	Management Response
1	S3 - Final Milestone payment to A. Honasan for services rendered in the preparation of the Annual Report 2021 per DV#6625	P50,000.00	While this is based on a contract, we noted that no budget allocation for the expenditure was included on the 2022 FACE requests and approved ICE.	4	Low	<i>The budget was included in the Q2 \$ FACE form Request under 71305 amounting to \$900 but was disbursed in Php 50,000.</i>	ICE form must be used to report the actual expenditure incurred versus the authorized expenditure per FACE forms regardless of currency used  Any material variance between the authorized amount and the actual expenditure must be fully explained and justified.	Low		<i>For future payments, PRF will add a note on which payments in pesos correspond to ICE/FACE request in USD.</i>
2	S7 – Service contracts salaries for the period Jan – March	\$32,142.96	The expenditure exceeded the budget. The off-budget salary portion was due to various project activities which required significant time for its completion	4	Low	<i>A note-to-file was submitted for justification.</i>	Any material variance between the authorized amount and the actual expenditure must be fully explained.  A note-to-file was submitted which was considered and approved by UNDP.	Low		<i>The recorded amount in Q1 exceeded the budget for the quarter but PEMSEA will ensure that there will be no over expenditure at year end.</i>

Note 1:

Category of observations:

1. Missing or inadequate documentation
2. Error in calculating or recording the expenditure

Note 2:

Risk ratings:

High: significant likelihood of negative impact on the IP's ability to execute or report on the programme in accordance with the work plan

**UNDP – PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA (PEMSEA) STRICTLY PRIVATE & CONFIDENTIAL**  
**SPOT CHECK**

---

- |                                                                           |                                                                                                                         |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| 3. Expenditure not related to the programme or activity                   | <u>Medium</u> : likelihood of negative impact on the IP's ability to execute or report on some aspects of the programme |
| 4. Expenditure exceeds the approved budget rate or amount                 | in accordance with the work plan                                                                                        |
| 5. Expenditure incurred outside the agreement period                      | <u>Low</u> : low likelihood of potential negative impact on the IP's ability to execute or report on the programme      |
| 6. Expenditure not recorded in the correct period or FACE form            | in accordance with the WP                                                                                               |
| 7. Expenditure not approved as per IP policy                              |                                                                                                                         |
| 8. Expenditure not compliant with tax, legal or other regulations         |                                                                                                                         |
| 9. Lack of proof that the expenditure was incurred or no proof of payment |                                                                                                                         |
| 10. Potential fraud or other irregularity                                 |                                                                                                                         |
| 11. Other (specify)                                                       |                                                                                                                         |

Priority Ranking:

High: Action that is considered imperative to ensure that the agency is not exposed to high risks (i.e. failure to take action could result in major consequences and issues).

Medium: Action that is considered necessary to avoid exposure to significant risks (i.e. failure to take action could result in significant consequences).

Low: Action that is considered desirable and should result in enhanced control or better value for money.