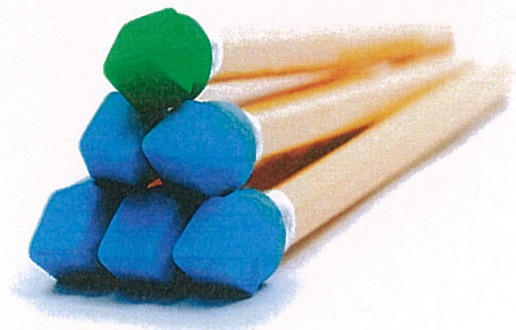


## United Nations Development Programme

### Internal Control Audit of Department of National Parks, Wildlife and Plant Conservation

March 2016





บริษัท ดีลอยท์ ทูเช่ โทมัทสு  
ไชยยศ ที่ปรึกษา จำกัด  
อาคารจักรนาการ ชั้น 25-26, 28  
3 ถนนสาทรใต้  
แขวงยานนาวา เขตสาทร  
กรุงเทพฯ 10120  
โทร : 66 (0) 2676 5700  
แฟกซ์ : 66 (0) 2676 5757

Deloitte Touche Tohmatsu  
Jaiyos Advisory Co., Ltd.  
Rajanakarn Bldg. 25<sup>th</sup>-26<sup>th</sup>, 28<sup>th</sup> Fl.,  
3 South Sathorn Road,  
Yannawa, Sathorn,  
Bangkok 10120, Thailand  
Tel: 66 (0) 2676 5700  
Fax: 66 (0) 2676 5757

No. 0097/2016

25 March 2016

Dear sirs,

In line with Terms of Reference For Internal Control Audit in HACT Framework, please find the attachment is the Internal Control Audit Report.

We would like to thank you and your staff for their cooperation and assistance provided during our audit.

Should you have any questions, please do not hesitate to contact Sittichai at 02-6765700 Ext. 13033 for any clarification.

Yours sincerely,

DELOITTE TOUCHE TOHMATSU JAIYOS ADVISORY CO., LTD.

Weerapong Krisadawat

Partner – Enterprise Risk Services

## REPORT OF FACTUAL FINDINGS

To United Nations Development Programme

We have performed the procedures agreed with you and enumerated below with respect to the internal controls of the implementing partner and expenditures related to Catalyzing Sustainability of Thailand's Protected Areas System (CATSPA) Project ID: 73656 as at 1 February 2016, set forth in the accompanying management letter. Our engagement was undertaken in accordance with the International Standard on Related Services 4400 Agreed-upon Procedures Regarding Financial Information. The procedures were performed solely to assist you in evaluating the functioning of internal controls and programme expenditures and are summarized as follows:

1. Obtain documentation describing the IP's financial management internal controls and report on whether the documentation includes controls related to the following areas of financial management:

(a) Authorization of expenditures, including FACE forms and requests for direct payment:

- Expenditures authorized in accordance with IP policies and procedures;
- Expenditure included in activity detailed in the work plan;<sup>1</sup>
- Expenditures supported by documentation consistent with IP policies and procedures and the HACT framework.

(b) Procurement/contracting of supplies and services, in terms of ensuring that:

- Competitive bids are obtained for expenditures described in the work plan;
- Vendors consistently implement with the IP's rules and procedures and agreements with the agency;
- Procurement of supplies and services is consistent with the IP's rules and procedures and agreements with the agency, including requirements for competitive procurement; and
- Supplies and services agree with those required by the work plan.

(c) Adequacy of the accounting and financial operations and reporting systems, in terms of ensuring that:

- The IP has an accounting manual or guidelines;
- The IP's accounting methodology complies with applicable standards in the IP country of operation;
- Duties are segregated between the components of the accounting and management departments;

---

<sup>1</sup> Agency work Plan (WP) can be annual, multi-year, rolling or joint.

- The IP maintains a separate official accounting record/sub-ledger to record transactions against the cash transfers for the agency; and
- The IP prepares a monthly bank reconciliation if it maintains a separate bank account for the agency's funds.

(d) Maintenance and security of accounting records, in terms of ensuring that:

- IP facilities have security procedures to protect against theft, damage or loss of data; and
- The IP has a document retention policy that conforms to agency requirements.

(e) Safeguarding assets, in terms of ensuring that IP facilities have security procedures to protect against theft, damage or loss of data.

If the IP does not have internal controls related to the above noted areas, it should be documented as a finding.

2. Select a sample of control instances during the period under review for the attestation engagement, at 50 per cent of total control instances for each control by haphazard sampling method. Selections should be made randomly. For each sample selection perform the following procedures:

- (a) Obtain relevant supporting documentation to verify that the control occurred as described.
- (b) Verify that the actual date of occurrence was within 2 weeks (14 days business days) of the occurrence.

3. Obtain a listing of all programme-related expenditures during the period under review for the attestation engagement and perform the following:

(a) Select a sample of expenditures using a Non-statistical approach (haphazard sampling method) amounting to more than 50% of total expenditures for the period. At least one item should be selected from each expense category that is more than 5% of the total expenditure for the period. Extend the sample if ineligible expenses are discovered in the respective expense category.

(b) For each sample selection perform the following procedures:

- Verify that documentation exists to support the expenditure in accordance with the IP's rules and procedures and agreements with the agency, including a transparent selection process for procurement of goods and services.
- Verify that activity is in accordance with the work plan.
- Verify that expenditures have been properly reviewed and approved in accordance with the IP's rules and procedures and agreements with the agency.
- Verify that expenditures were properly reflected on the certified FACE form submitted to the agency.
- Trace the sample transactions into the IP's accounting records and bank statement.

- Verify that supporting documents are stamped 'PAID from United Nations Development Programme (UNDP) resources' or coded to and recorded in a separate fund, indicating which agency funded the transaction.
- Verify that submission of the FACE form was consistent with the periodicity-of-disbursement requirement in the HACT framework (two weeks).
- Compare the price paid for goods or services against agreed standard rates (if readily available).

We report our findings below:

(a) With respect to item 1 we found the following internal controls in place:

- Authorization of expenditures

According to the CATSPA's organization chart and Notifications No. 1168/2558, we noted that DNP Director is the authorized person for CATSPA. The DNP Director (K. Parsert S. (Ex-Director) and K. Songtam S. (current)) has delegated the authority to the K. Thunnarin N., K. Komkrit S., or K. Sunee S. according to the attachment under the Instruction of DNP 1168/2558 dated 3 June 2015. If the first authorizer is not available, the delegated authorizer will be a representative.

In practice, IP Coordinator will provide the Budget Detail for each sub-project which is referenced to the outcome in the Work Plan and presented to authorizer for approval.

For welfare expenditures (including allowance, travelling, meal, accommodation, fuel, car usage), IP will comply with government regulations.

- Procurement/contracting of supplies and services

For procurement process, IP follows Regulation of the Office of the Prime Minister on Procurement B.E. 2535 (1992). However, the policy details a procurement method, Price Agreeing (Negotiating) Method, for expenditures lower than THB 100,000 or USD 2,857, for which competitive bidding is not required. For additional information, the amount of expenditure under THB 100,000 is 63.53% of total expenditures in 2015.

Also, there are some expenditures provided by United Nations Development Programme (UNDP) for business support such as; accommodation, air ticket, IT equipment etc.

In general, IP Administrator provides purchase requisition to DNP's Procurement Team to process the procurement. The procurement documents are submitted to the authorized person for approval prior to sending to the vendor. Once vendor delivers goods/service, the inspection committee checks the correctness of the goods/service prior to issuing the Goods/Service Receipt.

After goods/service receipt is issued, IP Administrator provides the supporting document and submits the supporting documents to IP Finance to check and thereafter submits to United Nations Development Programme (UNDP) to process the payment. United Nations Development

Programme (UNDP) will maintain the approved direct payment FACE Form, original suppliers invoice, and copied of contract (if applicable).

However, based on our sample of control instances of document retention, we noted that IP does not provide Document Registration to check the completeness of procurement documents that occurred and submitted to United Nations Development Programme (UNDP).

Procurement responsible by United Nations Development Programme (UNDP) is out of our scope.

- Adequacy of the accounting and financial operations and reporting systems

For accounting process, IP follows Government Accounting Guideline from CGD to record the expenditure. IP records the expenditures based on the Accrual basis.

Based on the quarterly basis, IP provide FACE Form based on the Cash basis. Also, IP provide Bank Reconciliation to check the correctness and completeness of expenditures in FACE Form prior submit to IP's authorized person for approval and submit to United Nations Development Programme (UNDP).

Based on our sample of control instances on FACE Form and Bank Reconciliation, we noted that there is no missing item on account recording.

In practice, there is no control to monitor the completeness of expenditure within the period for account recording based on the Accrual basis. However, all expenditures are required to record into account system prior payment process.

Also, the expenditures which payments are processed by United Nations Development Programme (UNDP), IP will not record account transaction.

There is segregation between management and accounting duties according to the organization chart.

IP opens a specific bank account for cash transfer from agency. However, IP uses the same account code (1101030101: Current Account), in accounting system, to record cash transfer from agencies. In practice, IP Finance classifies CATSPA account manually.

IP provides monthly Bank Reconciliation between IP's GL and Bank Statement. Also, IP provides quarterly Bank Reconciliation between FACE Form and Bank Statement as it is matched with FACE Form which is also provided on quarterly basis.

There is cash advance for some activities. However, there is no cash advance monitoring process to monitor the pending advance clearing within CATSPA.

- Maintenance and security of accounting records

IP does not have a formal Security Policy. However, we observed the IP's facility and noted that there is a locked door and a backup process to protect the account recording.

For document retention, IP maintains the project's documentation at a store room which is only accessible by IP staff.

- Safeguarding assets

In general, we observed the IP's facility and noted that a locked door and security guard is present to protect the assets.

(b) With respect to item 2 we found that we randomly selected the sample of internal control instances the period from 1 January 2015 – 31 December 2015, we noted the following:

- Authorization of Expenditure

- There is no evidence to verify that the deputized authorizer is representative of the first authorizer.

- Maintenance and security of accounting records

- Some expenditure documents are missing from the IP's store room without any audit trail. However, the documents which be submitted to United Nations Development Programme (UNDP) are maintained at United Nations Development Programme (UNDP) completely.

- Safeguarding assets

- There is no control in place to control the inventory on hand. Each purchase requestor is responsible to maintain the inventory on hand without any registration.

(c) With respect to item 3 we found that based on the randomly selected sample of expenditures during the period from 1 January 2015 – 31 December 2015 which amount to 73.61% of the total expenditure, we noted the following:

- Some expenditures are not in line with supporting document.

- There is 1 sample of expenditure (THB 485,780.00) from 206 expenditures (THB 9,290,603.16) that the payment amount (THB 485,780.00) is different from the agreed amount in contract (THB 454,000.00) due to IP included VAT (THB 31,780) in payment however the contract amount (THB 454,000.00) is already included VAT.

- There is 1 sample of expenditure (THB 2,900.00) from 206 expenditures (THB 9,290,603.16) that the supporting of expenditure is not appropriate. This is travelling expense for instructor. The attached document is Receipt (BKK to HDY) (THB 1,900.00) and air ticket (HDY to BKK) (no stated price) for reimbursement. So, there is no evidence of remaining expenditure (THB 1,000).

- All paid expenditures responsible by IP are not stamped 'PAID'. However, there is compensate controls to prevent the duplicate expenditure by checking the history of payment for each vendor prior payment. Also, there is the independence reconcile to ensure that the expenditure is correct and completed.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the functioning of internal controls and programme expenditures during 1 January 2015 – 31 December 2015.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, 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 and 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 statements of the implementing partner, taken as a whole.



Dr. Suwatchai Meakhaamnouychai

25 March 2016

Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd.

Rajanakarn Bldg. 25th-26th, 28th Fl., 3 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120,  
Thailand



# Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 225,000 professionals are committed to becoming the standard of excellence.

## **About Deloitte Southeast Asia**

Deloitte Southeast Asia Ltd – a member firm of Deloitte Touche Tohmatsu Limited comprising Deloitte practices operating in Brunei, Cambodia, Guam, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam – was established to deliver measurable value to the particular demands of increasingly intra-regional and fast growing companies and enterprises.

Comprising over 270 partners and 7,300 professionals in 25 office locations, the subsidiaries and affiliates of Deloitte Southeast Asia Ltd combine their technical expertise and deep industry knowledge to deliver consistent high quality services to companies in the region.

All services are provided through the individual country practices, their subsidiaries and affiliates which are separate and independent legal entities.

## **About Deloitte Thailand**

In Thailand, services are provided by Deloitte Touche Tohmatsu Jaiyos Co., Ltd. and its subsidiaries and affiliates.

© 2016 Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd.