



INTERNAL AUDIT AND INVESTIGATIONS GROUP

UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

INTERNAL AUDIT REPORT

PROJECT NAME:	SMALL GRANTS PROGRAMME (SGP) – OPERATIONAL PHASE 5
ATLAS PROJECT NUMBER:	00078672
ONEUNOPS WORKPACKAGE:	10175-002-09
COUNTRY:	DEMOCRATIC REPUBLIC OF THE CONGO
AUDITOR:	MOORE STEPHENS LLP
PERIOD SUBJECT TO AUDIT:	1 JANUARY 2011 TO 30 SEPTEMBER 2016

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Acronyms and abbreviations

AI	Administrative Instructions
BU	Business Unit
CBA	Community-based Adaptation
CBO	Community-based Organisation
CD	Country Director
CO	Country Office
COA	Chart of Account (Atlas)
COB	Country Operating Budget
CPMT	Central Programme Management Team
CPS	Country Programme Strategy
DCD	Deputy Country Director
DOA	Delegation of Authority
ERP	Enterprise Resource Planning (Atlas)
FTA	Fixed-Term Appointments
GEF	Global Environment Facility
GLA	General Ledger Account
GLJE	General Ledger Journal Entry
GPSO	(UNOPS) Global Portfolio Services Office
IASSB	International Auditing and Assurance Standards Board
ICF	Internal Control Framework
IPSAS	International Public Sector Accounting Standards
LOA	Letter of Agreement
MOA	Memorandum of Agreement
MOSS	Minimum Operating Security Standards
MOU	Memorandum of Understanding
NC	National Coordinator
NFP	National Focal Person
NGO	Non-governmental Organisation
NSC	National Steering Committee
OD	Organisational Directive
OP	Operational Phase
PA	Programme Assistant
PO	Purchase Order (Atlas)
REQ	Requisition (Atlas)
RFP	Request for Payment
RR (Res. Rep.)	Resident Representative
SC	Service Contracts
SGC	Small Grants Cluster (The UNOPS SGP team)
SGP	GEF Small Grants Programme
SOP	Standard Operating Procedures
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services

Executive summary

The engagement context

From 6 to 17 February 2017, the Internal Audit and Investigations Group (IAIG) of the United Nations Office for Project Services (UNOPS), through Moore Stephens LLP (“the audit firm”), conducted an audit of Small Grants Programme (SGP), Operational Phase 5 (OP5) in Democratic Republic of the Congo, (Atlas Project ID 00078672, OneUNOPS Work Package 10175-002-09) (“the project”), which is implemented and managed by UNDP SGP Office in Democratic Republic of Congo on behalf of the Global Environment Facility (GEF). The audit firm was under the general supervision of IAIG in conformance with the International Standards for the Professional Practice of Internal Auditing.

The project reported expenditure amounting to USD 2,640,368 during the period from 1 January 2011 to 30 September 2016. This project was funded by the Global Environment Facility (GEF).

The UNOPS-Small Grants Cluster (SGC), in conjunction with the Central Programme Management Team (CPMT), adopted a risk-based approach to form the audit plan, through which the SGP Democratic Republic of Congo programme was selected to be audited.

Audit objectives

The overall objective of the audit was to assess the management of the project operations to obtain reasonable assurance towards the achievement of the project objectives. The areas of focus included:

- a) Effective, efficient and economical use of resources;
- b) Reliability of reporting;
- c) Safeguarding of assets; and
- d) Compliance with applicable legislation.

The purpose of the audit was to provide reasonable assurance that:

- a) Client/donor contributions and project expenditure are properly accounted for;
- b) Project expenditure was incurred in accordance with the contribution agreement, and is supported by adequate documentation; and
- c) The related financial statements prepared by UNOPS for the year under review present a fair view of the operations.

In particular, the audit firm provided an overall assessment of the operational and internal control systems that are in place for the management of the project so that related transactions are processed in accordance with UNOPS policies and procedures to achieve the project’s objectives.

Audit scope

The audit firm conducted the audit in accordance with International Standards on Auditing issued by the IASSB and UNOPS internal audit practices, and in consideration of the requirements of International Public Sector Accounting Standards (IPSAS).

Audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, IAIG assessed the management of the project as partially satisfactory which means “Internal controls,







governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity”.

The details of the audit results are presented in Tables 1 and 2.

Table 1: Summary results of the financial audit

Project title		Period	Project no.
Small Grants Programme – Operational Phase 5, Democratic Republic of the Congo		1 January 2011 – 30 September 2016	00078672 / 10175-002-09
Financial statement		Asset listing ¹	
Amount USD	Opinion	Amount USD	Opinion
2,640,368	Unqualified	-	n/a

Table 2: Internal control rating summary for project

Rating summary by functional area		
Functional area	Rating	
Grant management	Partially satisfactory	
Financial Monitoring and Processes	Satisfactory	
oneUNOPS (previously Atlas) processes	Satisfactory	
Document Management – Filing and Archiving	Partially satisfactory	
Asset Management	Partially satisfactory	
Overall rating of internal control	Partially satisfactory	

Key issues and recommendations

There are seven recommendations, of which three are ranked high priority while four are medium.

Below is a list of the audit findings, further details of which can be found in the detailed assessment section.

¹ All assets procured under the SGP programme are fully expensed at the time of purchase. They do not, therefore, appear on a separate statement of non-expendable property and an audit opinion is not required. The asset listing is provided as Annex II of this report.

Table 3: Summary of audit findings

No.	Functional area	Audit finding title	Priority rating (high / medium / low)	Financial impact (USD)
1	Grant Management	Memoranda of Understanding undated	Medium	-
2	Grant Management	Project numbering format not followed and inconsistencies noted between MOA and database	Medium	-
3	Grant Management	Grant payments not structured in line with SOP requirements	Medium	-
4	Financial Monitoring and Processes	Grant payments disbursed to grantees without required reports being submitted	High	-
5	Document Management – Filing and Archiving	Documentation missing	High	2,109
6	Documentation Management – Filing and Archiving	Weaknesses in grant documentation filing system	Medium	-
7	Asset Management	Asset management procedures inadequate	High	-
Total				2,109

Detailed assessment

#	Observation	Recommendation	Management comment and action plan	Responsible manager / due date / priority								
Functional area: Grant Management												
1	<p>Title</p> <p>Memoranda of Understanding undated</p> <p>Comparison criteria</p> <p>Section 55 of the Operational Guidelines states that:</p> <p style="padding-left: 40px;">Once the NSC has approved a project for SGP funding support, a Memorandum of Agreement (MOA) is signed on behalf of UNOPS between the grantee and the UNDP CO.</p> <p>Facts / observation</p> <p>We identified a number of projects where the MOA was not dated. The concerned projects we noted within our sample are detailed below:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Project reference</th> </tr> </thead> <tbody> <tr> <td>DRC/SGP/OP5/CORE/BD/12/17</td> </tr> <tr> <td>DRC/SGP/OP5/STAR/CC/2012/16</td> </tr> <tr> <td>DRC/SGP/OP5/Y2/CORE/BD/2012/23</td> </tr> <tr> <td>DRC/SGP/OP5/Y4/STAR/CC/2014/09</td> </tr> <tr> <td>DRC/SGP/OP5/Y4/STAR/CC/2014/10</td> </tr> <tr> <td>DRC/SGP/OP5/Y4/STAR/BD/2014/07</td> </tr> <tr> <td>DRC/SGP/OP5/Y3/STAR/BD/2013/05</td> </tr> </tbody> </table>	Project reference	DRC/SGP/OP5/CORE/BD/12/17	DRC/SGP/OP5/STAR/CC/2012/16	DRC/SGP/OP5/Y2/CORE/BD/2012/23	DRC/SGP/OP5/Y4/STAR/CC/2014/09	DRC/SGP/OP5/Y4/STAR/CC/2014/10	DRC/SGP/OP5/Y4/STAR/BD/2014/07	DRC/SGP/OP5/Y3/STAR/BD/2013/05	<p>The SGP office should include a date of signature in the MOA, even though the implementation period of the project is set after the NSC approval.</p>	<p>NC comments:</p> <p>We agree with the observation, however, we would like to point out the fact that this weakness occurred for MoAs signed prior to 2015. After 2015, all of the MoA's were duly signed.</p> <p>UNOPS-SGC comments:</p> <p>The NC is advised to ensure the MOAs are duly dated when they are signed by both the grantee and UNDP on behalf of UNOPS.</p>	<p>Responsible manager:</p> <p>NC</p> <p>Due date:</p> <p>Ongoing</p> <p>Priority:</p> <p>Medium</p>
Project reference												
DRC/SGP/OP5/CORE/BD/12/17												
DRC/SGP/OP5/STAR/CC/2012/16												
DRC/SGP/OP5/Y2/CORE/BD/2012/23												
DRC/SGP/OP5/Y4/STAR/CC/2014/09												
DRC/SGP/OP5/Y4/STAR/CC/2014/10												
DRC/SGP/OP5/Y4/STAR/BD/2014/07												
DRC/SGP/OP5/Y3/STAR/BD/2013/05												

		<table border="1"> <tr><td>DRC/SGP/OP5/CORE/BD/12/15</td></tr> <tr><td>DRC/SGP/OP5/CORE/CC/2012/20</td></tr> <tr><td>DRC/SGP/OP4/Y3/RAF/BD/2012/29</td></tr> <tr><td>DRC/SGP/OP5/Y4/STAR/LD/2014/12</td></tr> <tr><td>DRC/SGP/OP5/Y4/STAR/CC/2014/04</td></tr> <tr><td>DRC/SGP/OP5/Y4/STAR/CC/2013/09</td></tr> </table>	DRC/SGP/OP5/CORE/BD/12/15	DRC/SGP/OP5/CORE/CC/2012/20	DRC/SGP/OP4/Y3/RAF/BD/2012/29	DRC/SGP/OP5/Y4/STAR/LD/2014/12	DRC/SGP/OP5/Y4/STAR/CC/2014/04	DRC/SGP/OP5/Y4/STAR/CC/2013/09				
DRC/SGP/OP5/CORE/BD/12/15												
DRC/SGP/OP5/CORE/CC/2012/20												
DRC/SGP/OP4/Y3/RAF/BD/2012/29												
DRC/SGP/OP5/Y4/STAR/LD/2014/12												
DRC/SGP/OP5/Y4/STAR/CC/2014/04												
DRC/SGP/OP5/Y4/STAR/CC/2013/09												
<p>Impact</p> <p>Project documents should be dated in order to demonstrate when the terms of the agreement come into force and will expire. In this instance, it has not been possible for us to verify if grant disbursements were made before the contractual basis for the payments was in place.</p> <p>Cause</p> <p>Human error: Un-intentional mistakes committed by staff entrusted to perform assigned functions</p>												

#	Observation	Recommendation	Management comment and action plan	Responsible manager / due date / priority
Functional area: Grant Management				
2	<p>Title</p> <p>Project numbering format not followed and inconsistencies noted between MOA and database</p> <p>Comparison criteria</p> <p>As stated in Section 4.1.2 of the SOP :</p> <p>It is absolutely important to properly assign each new grant project with a numbering sequence to serve as clear identification for that specific SGP grant project. It is even more important for the NC/PA to remain consistent in the manner in which s/he assigns these numbers to new grant projects. Please see the proper sequence below:</p> <p>Three-letter country code / the funding source (SGP) / the SGP operational phase / the allocation year of the OP / CORE or RAF or STAR / calendar year (reflecting date when NSC approved the project) / number project approved in that OP Year</p> <p>Since July 2007, UNOPS made it mandatory for all new grant MOAs to properly have its financial data (including the planned disbursement dates and amounts) entered into the SGP Database.</p>	<p>The NC should ensure that the SGP guidelines are followed and applied going forward.</p> <p>The database should be reviewed to ensure historical entries are corrected wherever possible.</p> <p>The database should accurately reflect the amount included within the MOA, any differences should be clearly documented and, if necessary, agreements modified.</p>	<p>NC comments:</p> <p>Agreed. As for observation 1, the numbering issue occurred prior to 2016. From 2016 onwards, project references are unique and harmonised between the database and grant agreement. A list of projects approved in 2016 was provided to the auditor to show that the project references were completely harmonised.</p> <p>UNOPS-SGC comments:</p> <p>The NC is advised to ensure the incorrect database entries are resolved.</p> <p>It is noted from the NC comments that the new projects are accurately numbered and entered in database using the SOP naming convention.</p>	<p>Responsible manager:</p> <p>NC / PA</p> <p>Due date:</p> <p>31 December 2017</p> <p>Priority:</p> <p>Medium</p>

<p>Facts / observation</p> <p>We noted that in a number of cases the numbering applied to each new grant project was not in line with the guidelines. For example, the correct numbering format should be DRC/SGP/OP5/Y1/CORE/CC/12/05. There are a significant number of these examples within the project database. We also identified one example where project reference number DRC/SGP/OP5/Y4/STAR/CD/2015/31 could not be located in the database, either as a result of a numbering error or because it was not entered.</p> <p>Furthermore, we noted that project reference numbers included on signed MOAs do not always match the corresponding entries in the grant database. This significantly hinders the traceability of projects from documentation to database.</p> <p>The inconsistencies were noted within the following projects sampled:</p> <table border="1" data-bbox="271 823 1155 1043"> <thead> <tr> <th>Project number database</th> <th>Project number MOA</th> </tr> </thead> <tbody> <tr> <td>DRC/SGP/OP5/Y1/CORE/CC/12/05</td> <td>DRC/SGP/OP5/Y1/STAR/CC/12/05</td> </tr> <tr> <td>DRC/SGP/OP5/Y1/CORE/CD/12/06</td> <td>DRC/SGP/OP5/CORE/MF/2012/06</td> </tr> <tr> <td>DRC/SGP/OP5/Y3/STAR/BD/2013/01</td> <td>DRC/UN-REDD CBR+/OPI/Y1/CD/2015/05</td> </tr> <tr> <td>DRC/SGP/OP5/Y4/STAR/LD/2015/25</td> <td>DRC/SGP/OP5/Y4/STAR/CC/2015/25</td> </tr> <tr> <td>DRC/SGP/OP5/Y4/STAR/CC/2015/22</td> <td>DRC/SGP/OP5/Y4/STAR/LD/2015/22</td> </tr> <tr> <td>DRC/SGP/OP5/Y4/STAR/CC/2015/34</td> <td>DRC/SGP/OP5/Y4/STAR/CC/2015/</td> </tr> </tbody> </table> <p>We also found an inconsistency between the total amount granted within the MOA and that input within the database for project reference DRC/SGP/OP5/Y4/ STAR/BD/2013/02. The database notes a total grant amount of US\$ 90,000 whereas the MOA is for US\$ 120,000. No explanation was provided or documented for this difference.</p>	Project number database	Project number MOA	DRC/SGP/OP5/Y1/CORE/CC/12/05	DRC/SGP/OP5/Y1/STAR/CC/12/05	DRC/SGP/OP5/Y1/CORE/CD/12/06	DRC/SGP/OP5/CORE/MF/2012/06	DRC/SGP/OP5/Y3/STAR/BD/2013/01	DRC/UN-REDD CBR+/OPI/Y1/CD/2015/05	DRC/SGP/OP5/Y4/STAR/LD/2015/25	DRC/SGP/OP5/Y4/STAR/CC/2015/25	DRC/SGP/OP5/Y4/STAR/CC/2015/22	DRC/SGP/OP5/Y4/STAR/LD/2015/22	DRC/SGP/OP5/Y4/STAR/CC/2015/34	DRC/SGP/OP5/Y4/STAR/CC/2015/		<p>With regards to DRC/SGP/OP5/Y3/STAR/BD/2013/02, the NC has confirmed that the reduction in total grant amount was due to a project re-design. This has been annotated in the SGP database as well.</p>	
Project number database	Project number MOA																
DRC/SGP/OP5/Y1/CORE/CC/12/05	DRC/SGP/OP5/Y1/STAR/CC/12/05																
DRC/SGP/OP5/Y1/CORE/CD/12/06	DRC/SGP/OP5/CORE/MF/2012/06																
DRC/SGP/OP5/Y3/STAR/BD/2013/01	DRC/UN-REDD CBR+/OPI/Y1/CD/2015/05																
DRC/SGP/OP5/Y4/STAR/LD/2015/25	DRC/SGP/OP5/Y4/STAR/CC/2015/25																
DRC/SGP/OP5/Y4/STAR/CC/2015/22	DRC/SGP/OP5/Y4/STAR/LD/2015/22																
DRC/SGP/OP5/Y4/STAR/CC/2015/34	DRC/SGP/OP5/Y4/STAR/CC/2015/																

	<p>Impact Inconsistent numbering of projects can negatively impact both the traceability and monitoring of country programme activities.</p> <p>Cause Human error: Unintentional mistakes committed by staff entrusted to perform assigned function</p>			
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#	Observation	Recommendation	Management comment and action plan	Responsible manager / due date / priority
Functional area: Grant Management				
3	<p>Title</p> <p>Grant payments not structured in line with SOP requirements</p> <p>Comparison criteria</p> <p>Section 4.1.1 of SOP states that :</p> <p>Planning grants up to US\$ 5,000 can be approved by the NC of that country programme.</p> <p>The payment schedule for this type of grant can be at the discretion of the NC, however a schedule of 80% upon signature and 20% upon acceptance of the final report is recommended. Since the idea of the planning grant is to lead to a full-scale project grant, the amount approved for the planning grant is counted as part of the US\$ 50,000 limit per beneficiary.</p> <p>Section 4.1.2 of SOP states that :</p> <p>The recommended payment schedule in the MOA shall present a total of three to five total payments. The first payment should usually not be more than 50% of the total grant amount. Exceptions to the 50% "rule" need to be justified and documented and should be communicated to CPMT/UNOPS prior to finalization of the MOA.</p> <p>Section A (i) of the letter referenced SGP/MOA/2012-04-26 "Recommandation pour la programmation des paiements initiaux et Compte-rendu auprès des Bénéficiaires du PMF" states that:</p>	<p>We recommend that the payment schedule is set up as per the guidelines in the SOP. Any deviations from this should be approved in advance by CPMT / UNOPS.</p>	<p>NC comments: Agreed.</p> <p>UNOPS-SGC comments: The NC is advised to take note and follow the SOP guidance under section 4.4.5. Preparing Grant MOAs.</p>	<p>Responsible manager: NC</p> <p>Due date: Ongoing</p> <p>Priority: Medium</p>

ii. [Nous recommandons aussi que 3 paiements soient établis dans l'échéancier selon la répartition suivante: 50% / 40% / 10%]

iii. [Par ailleurs, le Guide Opérationnel stipule également que la limite de 50% pour le premier paiement peut être dépassée si elle est pleinement justifiée et après obtention de l'accord préalable de l'UNOPS]

Facts / observation

We noted that the limit for the first payment tranche was exceeded in a number of instances. Documented justification and approval for exceeding the stipulated limits has not been retained on file for the projects listed below:

N° projet	% of first payment
DRC/SGP/OP5/STAR/BD/2012/15	55,56%
DRC/SGP/OP5/Y4/STAR/CC/2014/01	60,00%
DRC/SGP/OP5/Y4/STAR/CC/2014/09	55,56%
DRC/SGP/OP5/Y4/STAR/CD/2015/17	55,56%
DRC/SGP/OP5/Y4/STAR/BD/2014/05	55,56%
DRC/SGP/OP5/STAR/LD/2012/09	100,00%
DRC/SGP/OP5/Y4/STAR/CC/2014/13	55,56%
DRC/SGP/OP5/Y4/STAR/BD/2014/03	55,56%
DRC/SGP/OP5/Y4/STAR/BD/2014/07	55,56%
DRC/SGP/OP5/CORE/CC/2012/14	100,00%
DRC/SGP/OP5/STAR/CC/2012/16	55,55%
DRC/SGP/OP5/Y4/STAR/CC/2014/04	55,56%
DRC/SGP/OP5/Y4/STAR/BD/2014/11	55,56%
DRC/SGP/OP5/Y2/CORE/CC/2012/22	55,56%
DRC/SGP/OP5/STAR/CC/2012/08	100,00%

	DRC/SGP/OP5/Y4/STAR/CC/2013/13	100,00%			
	DRC/SGP/OP5/STAR/CC/2012/07	100,00%			
	DRC/SGP/OP5/Y4/STAR/CC/2014/02	60,00%			
	DRC/SGP/OP5/Y4/STAR/LD/2014/12	55,56%			
	DRC/SGP/OP5/Y4/STAR/BD/2013/19	55,56%			
	DRC/SGP/OP5/Y4/STAR/LD/2015/201	55,56%			
	DRC/SGP/OP5/Y4/STAR/LD/2014/08	55,56%			
	DRC/SGP/OP5/Y4/STAR/LD/2014/06	55,56%			
	Impact				
	Making initial payments to grantees in excess of the amounts stipulated by UNOPS and without sufficient authorisation puts those funds at increased risk of loss or misuse.				
	Cause				
	Guidance: Lack of or inadequate guidance or supervision at the RO/OC/PC level				

#	Observation	Recommendation	Management comment and action plan	Responsible manager / due date / priority
Functional area: Grant Management				
4	<p>Title</p> <p>Grant payments disbursed to grantees without required documentation being submitted</p> <p>Comparison criteria</p> <p>Section 4.1.4 of the SOP states that:</p> <p style="padding-left: 40px;">As stated in the UNOPS PO notification, the NC certifies that the progress/financial reports submitted by the grantee are in line with the MOA. The NC submits the necessary supporting documents (invoice, reports, etc.) to the UNDP CO for release of the next grant instalment.</p> <p>Section 4.4.2 of the SOP states that:</p> <p style="padding-left: 40px;">Grant Release: Prior to the release of every grant disbursement from an already authorized Atlas Purchase Order, the NC is responsible for the written certification of all Progress/Financial Reports (including invoices, receipts, etc.) being in line with the MOA and the approved grant proposal.</p> <p>Section 4.1 of the MOA states:</p> <p style="padding-left: 40px;">UNOPS shall provide funds to the Local NGO/CBO in an amount of...subject to the Local CBO's submission of timely and accurate expense reports.</p> <p>Section 5.3 of the MOA states:</p>	<p>The NC should ensure that all reports are received, reviewed and retained prior to subsequent tranches being disbursed to the grantees. Payments should not be processed without the documentation required by the SOP.</p>	<p>NC comments: Agreed.</p> <p>UNOPS-SGC comments: The NC is advised under no circumstances the grant payment should be processed without progress reports submitted and reviewed. The provision excludes the first payment which is due upon MOA signature.</p> <p>The SOP sections 5.6 and 5.7 can be consulted for further guidance on how to process the grant payments.</p>	<p>Responsible manager: NC</p> <p>Due date: Ongoing</p> <p>Priority: Medium</p>

Within sixty days after completion of the Project, the Local NGO/CBO shall provide UNOPS with a final report on the project in the form set out in Annex E, indicating the progress made toward the goals of the activities undertaken, together with a final report in the form set out in Annex F with respect to all expenditures made from such funds (including salaries, travel and supplies).

Facts / observation

In a large number of cases the NC authorised the payment of funding tranches where the narrative and / or financial reports from grantees had not been received and which still had not been received at the time of our fieldwork.

Written certification of reports was not provided in the format required within the MOA and no documentation was retained to show that the NC had reviewed any report or considered the amounts spent to date by the grantees.

We summarise below the which reports were missing from the listed projects. There is no evidence that these reports have been received and they are not filed within the grantee files.

Project reference	Comments
DRC/SGP/OP5/STAR/BD/2012/03	No interim or final financial reports
DRC/SGP/OP5/CORE/LD/2012/02	No interim financial or narrative reports
DRC/SGP/OP5/CORE/CC/2012/20	No final financial report
DRC/SGP/OP5/Y4/STAR/BD/2014/11	No final financial report
DRC/SGP/OP5/Y4/STAR/CC/2014/04	No final financial report
DRC/SGP/OP5/Y4/STAR/CD/2015/25	Interim report (05/01/2017) was not signed and did not include an amount to be paid.
DRC/SGP/OP5/Y4/STAR/CC/2013/09	No final financial report, no certification of interim reports
DRC/SGP/OP5/Y4/STAR/BD/2013/12	No final financial report, no certification of interim reports

DRC/SGP/OP5/Y4/STAR/BD/2013/18	No certification of reports			
DRC/SGP/OP5/Y4/STAR/BD/2015/24	No interim financial and progress reports, no certification letter.			
Impact				
<p>Requiring the financial and narrative reports in respect of the first tranches of funding provides a fundamental control that the funds have been used in accordance with the anticipated activities and objectives. By disbursing additional funds prior to receiving this information the NC increases the risk of further delays in reporting and a total lack of documentary evidence to demonstrate the stage of implementation. In the event of the sudden departure of the NC there would be no centrally stored information concerning the status of any of these projects.</p>				
Cause				
Intentional: intentional overriding of internal controls				

#	Observation	Recommendation	Management comment and action plan	Responsible manager / due date / priority
Functional area: Documentation Management – Filing and Archiving				
5	<p>Title</p> <p>Documentation missing</p> <p>Financial impact</p> <p>USD 2,109</p> <p>Comparison criteria</p> <p>Section 4.2.3 of the SOP states that:</p> <p style="padding-left: 40px;">The NC must keep records showing supporting documentation (i.e. invoices, receipts, ticket stubs, etc.).</p> <p style="padding-left: 40px;">All expenditures against the SGP country project(s) in Atlas must be correct, appropriately documented, and within the approved budget.</p> <p>Section 4.2.3 of the SOP states that:</p> <p style="padding-left: 40px;">The Atlas “buyer” user profile permits the NC and the PA to source Requisition quantities/amounts to a new admin PO for UNDP CO approval. This action in Atlas “draws” the necessary funds from the already approved/authorized Admin REQ and reduces the available admin REQ amount accordingly. The remaining quantity/amount is available for the next time when an admin payment needs to be made. The NC/PA then submits the necessary supporting documents (invoice, receipt, etc.) to the UNDP CO for release of the administrative payment to the vendor.</p>	<p>Documentation should be retained to support all expenditure incurred.</p> <p>All DSAs and travel costs should be adequately supported, with the purpose and duration of the trip clearly evidenced.</p>	<p>NC comments:</p> <p>Agreed. We will ensure to improve the process by retaining the accurate and complete set of supporting documentations.</p> <p>UNOPS-SGC comments:</p> <p>The NC is advised to comply with the Travel Chapter in SOPs. All travel requests i.e. TAs and TECs should be submitted with required documentations.</p>	<p>Responsible manager:</p> <p>NC</p> <p>Due date:</p> <p>31 December 2017</p> <p>Priority:</p> <p>High</p>

<p>Section 4.2.5 of the SOP states that:</p> <p>Petty cash accounts are available for all country programmes. Petty cash is purely a tool at the disposal of the NC/PA for the “quick” utilization of admin funds against the COB. The used petty cash cannot be in excess of the amounts authorized in the Admin REQ. For the SGP, UNOPS Finance has authorized this for up to US\$ 100 per item and US\$ 1,000 in total per month. This is not a cash advance or Imprest account modality.</p> <p>The Document Management – Filing and Archiving section of ‘Audit Parameters’ states that:</p> <p>Non-grant files are complete with COB authorisations, Purchase Orders (PO) and all related disbursement records and supporting documentations.</p> <p>Facts / observation</p> <p>We identified a number of transactions which were insufficiently supported by documentation.</p> <p>The first two of these transactions are also for significant amounts of petty cash, in excess of the recommended limits stipulated within the SOP.</p> <p>For the DSA payment identified, there was inadequate detail to support the journeys taken, including mission orders or site visit reports, vehicle logs or specific detail of the trips undertaken. Mission reports were not systematically signed and attached to relevant expense claims.</p> <p>The relevant transactions are detailed below:</p>			
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Activity	PO ID	Description	Vendor	Invoice description	Voucher ID	Amount USD
CONGO DR	01442	Building Maintenance	0000075074	Petty Cash SGP DR Congo	00002637	1,000
SUNDRY	01076	Sundry	0000097982	Petty Cash	00002038	1,002
TRAVEL	01236	Travel Tickets-Local	0000115143	DSA Mission Mbandaka Novembre	00002320	107
Total:						2,109

We also noted that the purchase order for the payment detailed below was not kept on file.

Invoice Description	Voucher ID	Amount USD
Paiement Facture ETS COMPUTECH	00002201	1,334

Impact

Costs have been included within the financial statements which are not adequately supported meaning that the project has not met the requirements for document retention.

Cause

Human error: Un-intentional mistakes committed by staff entrusted to perform assigned functions

#	Observation	Recommendation	Management comment and action plan	Responsible manager / due date / priority
Functional Area: Document Management – Filing and Archiving				
6	<p>Title</p> <p>Weaknesses in grant documentation filing system</p> <p>Comparison criteria</p> <p>Section 4.4.6. of the Standard Operating Procedures (SOP) states that:</p> <p style="padding-left: 40px;">The NC/PA is responsible for the proper and correct archiving of all SGP related documentation. While it is advisable to maintain hard copy originals, it is also recommended to establish scanned versions (electronic archives) to be saved on CD ROM.</p> <p>The ‘Document Management – Filing and Archiving section of ‘Audit Parameters’ states that:</p> <p style="padding-left: 40px;">Grants project files are up to date and complete (including MOA copies/amendments, corresponding annexes, progress and final reports, disbursement records, and related correspondences.</p> <p>Section 17 of the Operational Guidelines states that :</p> <p style="padding-left: 40px;">The NC’s major functions inter alia include : (iii) ensuring sound programme monitoring and evaluation, including periodic project site visits; (v) global reporting to CPMT, UNOPS, responding to audits, and other tasks as stipulated in their ToR.</p>	<p>The NC should ensure that all necessary grant documentation, namely the MoA plus any amendments, proposal documents, NSC and other approval documents, progress and final reports, Atlas and other financial information, supporting invoices or similar and any correspondence with the grantees is maintained in both hard and soft copy for each grant.</p> <p>This may be facilitated through the introduction of a standardised filing system (i.e. numbered sections which would apply to</p>	<p>NC comments: Agreed.</p> <p>UNOPS-SGC comments: The NC is advised to follow SOP section 2.6 on Record Retention and Archiving, and complete the missing grant files.</p>	<p>Responsible manager: NC</p> <p>Due date: Ongoing</p> <p>Priority: Medium</p>

<p>Facts / observation</p> <p>There were several instances of documents missing from the grant-specific hard-copy files. These documents included items such as the approval of the grant payment by the NC, evidence of the disbursement of specific grant tranches (payment vouchers and bank confirmations), progress and final financial and narrative reports, evidence to support expenditure, MOAs and correspondence with grantees.</p> <p>Some of the documents were not found and / or not obtained initially from the grantees, and MOAs were filed separately to the grant files. It was evident that the files were not reviewed for completeness on a periodic basis.</p> <p>We noted that site visit reports were missing in the project files for the following projects:</p> <table border="1" data-bbox="474 794 1001 1289"> <thead> <tr> <th>N°</th> <th>PROJECT NUMBER</th> </tr> </thead> <tbody> <tr><td>1</td><td>MOZ/SGP/OP5/Y1/CORE/BD/12/02</td></tr> <tr><td>2</td><td>DRC/SGP/OP5/CORE/LD/2012/04</td></tr> <tr><td>3</td><td>DRC/SGP/OP5/STAR/CC/2012/05</td></tr> <tr><td>4</td><td>DRC/SGP/OP5/Y1/CORE/CD/12/06</td></tr> <tr><td>5</td><td>DRC/SGP/OP5/STAR/BD/2012/10</td></tr> <tr><td>6</td><td>DRC/SGP/OP5/Y2/CORE/CC/2012/23</td></tr> <tr><td>7</td><td>DRC/SGP/OP5/Y4/STAR/BD/2013/01</td></tr> <tr><td>8</td><td>DRC/SGP/OP5/Y4/STAR/CC/2013/09</td></tr> <tr><td>9</td><td>DRC/SGP/OP5/Y4/STAR/BD/2014/03</td></tr> <tr><td>10</td><td>DRC/SGP/OP5/Y4/STAR/BD/2013/18</td></tr> <tr><td>11</td><td>DRC/SGP/OP5/Y4/STAR/CC/2014/09</td></tr> <tr><td>12</td><td>DRC/SGP/OP5/Y4/STAR/BD/2014/07</td></tr> <tr><td>13</td><td>DRC/SGP/OP5/Y4/STAR/BD/2015/24</td></tr> </tbody> </table>	N°	PROJECT NUMBER	1	MOZ/SGP/OP5/Y1/CORE/BD/12/02	2	DRC/SGP/OP5/CORE/LD/2012/04	3	DRC/SGP/OP5/STAR/CC/2012/05	4	DRC/SGP/OP5/Y1/CORE/CD/12/06	5	DRC/SGP/OP5/STAR/BD/2012/10	6	DRC/SGP/OP5/Y2/CORE/CC/2012/23	7	DRC/SGP/OP5/Y4/STAR/BD/2013/01	8	DRC/SGP/OP5/Y4/STAR/CC/2013/09	9	DRC/SGP/OP5/Y4/STAR/BD/2014/03	10	DRC/SGP/OP5/Y4/STAR/BD/2013/18	11	DRC/SGP/OP5/Y4/STAR/CC/2014/09	12	DRC/SGP/OP5/Y4/STAR/BD/2014/07	13	DRC/SGP/OP5/Y4/STAR/BD/2015/24	<p>both hard and soft copies), and a summary front sheet indicating the contents.</p> <p>The NC and / or PA should periodically perform spot checks on the files to ensure completeness.</p> <p>Site visits should be performed and documented for all projects.</p>		
N°	PROJECT NUMBER																														
1	MOZ/SGP/OP5/Y1/CORE/BD/12/02																														
2	DRC/SGP/OP5/CORE/LD/2012/04																														
3	DRC/SGP/OP5/STAR/CC/2012/05																														
4	DRC/SGP/OP5/Y1/CORE/CD/12/06																														
5	DRC/SGP/OP5/STAR/BD/2012/10																														
6	DRC/SGP/OP5/Y2/CORE/CC/2012/23																														
7	DRC/SGP/OP5/Y4/STAR/BD/2013/01																														
8	DRC/SGP/OP5/Y4/STAR/CC/2013/09																														
9	DRC/SGP/OP5/Y4/STAR/BD/2014/03																														
10	DRC/SGP/OP5/Y4/STAR/BD/2013/18																														
11	DRC/SGP/OP5/Y4/STAR/CC/2014/09																														
12	DRC/SGP/OP5/Y4/STAR/BD/2014/07																														
13	DRC/SGP/OP5/Y4/STAR/BD/2015/24																														

<p>We noted that original MOAs were not filed for the following projects:</p> <table border="1" data-bbox="524 363 954 475"> <thead> <tr> <th>Project reference</th> </tr> </thead> <tbody> <tr> <td>DRC/SGP/OP5/Y4/STAR/BD/2015/24</td> </tr> <tr> <td>DRC/SGP/OP5/Y4/STAR/LD/2015/12</td> </tr> </tbody> </table> <p>Impact</p> <p>Without an orderly structured file, it is more likely that important documents are omitted, thereby resulting in the potential delay of project implementation or inaccurate information being presented to the beneficiary or SGP stakeholders.</p> <p>Without periodic project site visits there is a greater risk that project delays go undetected.</p> <p>Cause</p> <p>Guidance – Lack of or inadequate guidance or supervision at the CO level</p>	Project reference	DRC/SGP/OP5/Y4/STAR/BD/2015/24	DRC/SGP/OP5/Y4/STAR/LD/2015/12			
Project reference						
DRC/SGP/OP5/Y4/STAR/BD/2015/24						
DRC/SGP/OP5/Y4/STAR/LD/2015/12						

#	Observation	Recommendation	Management comment and action plan	Responsible manager / due date / priority
Functional area: Asset Management				
7	<p>Title</p> <p>Asset management procedures inadequate</p> <p>Comparison criteria</p> <p>Section 6.1.4 of the SOP states that:</p> <p>The NC/PA is responsible for maintaining an equipment inventory database in the prescribed format which should be submitted to UNOPS upon request. Project assets should be assigned an ID number and bear the SGP Logo on it.</p> <p>The inventory list should be reviewed and the status of working condition and life expectancy shall be up dated periodically.</p> <p>Section 6.1.5 of the SOP states that:</p> <p>The disposal or transfer of any SGP equipment item is initiated by the NC and is undertaken in accordance with the terms of the applicable local UNDP procedure. Assets are written-off when it is established that they are missing, lost or damaged beyond repair. Obsolete or surplus assets may also be written-off when their current value is nil and/or it is established that they cannot be sold or donated. SGP assets may be redeployed to another project with the same UNOPS</p>	<p>The NC should ensure that a detailed inventory list is maintained in line with the SOP, including all necessary details.</p> <p>Asset listings should be periodically reviewed and the status of assets updated.</p>	<p>NC comments: Agreed. We have noted the recommendations and will take the necessary steps to implement them.</p> <p>UNOPS-SGC comments: We agree with the recommendation. The NC is advised to update the asset register and review it on a regular basis to ensure its accuracy.</p>	<p>Responsible manager: NC</p> <p>Due date: 31 December 2017</p> <p>Priority: High</p>

<p>client (i.e. UNDP), whether that project is executed by UNOPS or not. Assets must be made available at the SGP country office for inspection when an audit is conducted.</p> <p>Facts / observation</p> <p>We noted that no statement of non-expendable property had been systematically prepared by the SGP programme. Only one such report had been prepared between 2013 and 2016, which was that prepared for the audit. We also noted that:</p> <ul style="list-style-type: none"> • Regular physical inventory counts are not undertaken; • The assets of the program remaining in the province of Equateur are not subject to any physical verification; • No documents were available to support the disposal or transfer of SGP equipment from the province Equateur to Kinshasa; • All assets were not properly labelled and identified as belonging to the SGP programme; and • The asset listing does not have any values assigned. <p>Impact</p> <p>Without maintaining the asset register in the prescribed format, there is an increased risk that assets are lost or misappropriated, and that obsolete or lost assets are still accounted for by the SGP office and not de-recognised.</p> <p>Cause</p>			
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	Human error: Un-intentional mistakes committed by staff entrusted to perform assigned functions			
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Annex I - Definitions

Standard Audit Ratings for overall performance of internal control system

The harmonized rating system being applied by the internal audit services of UNICEF, UNFPA, WFP, UNDP and UNOPS effective 1 January 2010 is based on the following principles:

There are three categories:

- (a) satisfactory,
- (b) partially satisfactory, and
- (c) unsatisfactory.

The elements of the rating system take into account the audited office's internal control system, risk management practices, and their impact on the achievement of office objectives.

The definitions of the ratings are, as follows:

Standard Rating	Definition
Satisfactory	Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited party.
Partially Satisfactory	Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.
Unsatisfactory	Internal controls, governance and risk management processes were either not established or not functioning well. The issues identified were such that the overall objectives of the audited entity could be seriously compromised.

Categories for priorities of audit recommendations

The audit observations are categorized according to the priority of the audit recommendations and the possible causes of the issues. The categorized audit observation provides a basis by which the UNOPS country office management is to address the issues.

The following categories of **priorities** are used:

Categories	Definition
High	Prompt action is considered imperative to ensure that UNOPS is not exposed to high risks (that is, where failure to take action could result in critical or major consequences for the organization).
Medium	Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences).
Low	Action is considered desirable and should result in enhanced control or better value for money.

Possible causes

The following categories of **possible causes** are used:

- **Guidelines:** absence of written procedures to guide staff in performing their functions;
 - Lack of or inadequate corporate policies or procedures
 - Lack of or inadequate RO/OC/PC policies or procedures
 - Inadequate planning
 - Inadequate risk management processes
 - Inadequate management structure
- **Guidance:** inadequate or lack of supervision by supervisors;
 - Lack of or inadequate guidance or supervision at the RO/OC/PC level
 - Inadequate oversight by Headquarters
- **Resources:** insufficient resources (funds, skill, staff) to carry out an activity or function;
 - Lack of or insufficient resources (financial, human, or technical resources)
 - Inadequate training
- **Human error:** Un-intentional mistakes committed by staff entrusted to perform assigned functions;
- **Intentional:** intentional overriding of internal controls;
- **Other:** Factors beyond the control of UNOPS.

List of functional areas

The following categories of **functional areas** are used:

- Grant Management
- Financial Monitoring and Processes
- OneUNOPS (previously Atlas) processes
- Document Management – Filing and Archiving
- Asset Management

Annex II – Asset listing



Inventaire des matériels SGP au 30 septembre 2016

DESCRIPTION ET MODEL	SERIAL ID	DATE D'ACQUISITION	MONTANT EN US \$	LABEL	LIEU	LOCALISATION	FOURNISSEUR	ETAT
ORDINATEUR LAP TOP Dell Latitude	8W0G 62	2015	1200	SGP/DRC/001	Imm.Losonia Kin /Gombe	CODV88B0002	Radiocom	Bon état
ORDINATEUR LAP TOP Dell Latitude	S/N:4H8H262	2015	1200	SGP/DRC/002	Imm.Losonia Kin /Gombe	CODV88B0005	Radiocom	Bon état
IMPRIMANTE HP laser Jet 400 Color MFP M175dn	S/N : CND 8F9S8V5	2015	350	SGP/DRC/003	Imm.Losonia Kin /Gombe	CODV88B0005	Computech	Bon état
VIDEO PROJECTEUR SONY VPL-DX 100	7018651 243 S	2015	550	SGP/DRC/004	Imm.Losonia Kin /Gombe	CODV88B0021	Computech	Bon état
APPAREIL PHOTO Nikon D810 DSLR AVEC Lens 55-300 MM	8904840	2016	4500	SGP/DRC/005	Imm.Losonia Kin /Gombe	CODV88B0021	Planson international	Bon état
APPAREIL PHOTO CANON EAO 5D Mark –EOS5D	4,13023 E+11	2016	4500	SGP/DRC/006	Imm.Losonia Kin /Gombe	CODV88B0021	Planson international	Bon état
SCANNER HP HP SCANJET 200	CN3CRB21HQ	2015	250	SGP/DRC/007	Imm.Losonia Kin /Gombe	CODV88B0021	Computech	Bon état
ORDINATEUR LAP TOP Dell inspiron	HN 82 QT1	2013	1200	SGP/DRC/008	Imm.Losonia Kin /Gombe	CODV88B0002	Computech	Obsolète
IPAD APPLE	DMP JCK60VGL	2013	800	SGP/DRC/009	Imm.Losonia	CODV88B0002	Orange ordinateur	Obsolète

30 SEP 2016

30 SEP 2016

IMPRIMANTE HP	S/N : CND8F9S8V5	2012	780	SGP/DRC/010	Imm.Losonia Kin /Gombe	CODV88B0021	Computech	Bon état
IMPRIMANTE HP	S/N :CN2798081	2012	780	SGP/DRC/011	Imm.Losonia Kin /Gombe	CODV88B0002	Computech	Bon état
TOTAL			16110					

“All the assets listed in the report are non-capitalised assets and have been already reported as expense to the client at the time of purchase, and thus not reflected in a general ledger”

Vérifié et confirmé par
Benjamin Lukoki
Associé au Programme
SGP – DR CONGO

Vu et approuvé par
Célestin Kabeya
Coordonnateur National
SGP – DR CONGO