



INTERNAL AUDIT AND INVESTIGATIONS GROUP

UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

INTERNAL AUDIT REPORT

PROJECT NAME:	SMALL GRANTS PROGRAMME (SGP) – OPERATIONAL PHASE 6
ONEUNOPS PROJECT NUMBER:	11960-004
COUNTRY:	GUINEA
AUDITOR:	MOORE STEPHENS LLP
PERIOD SUBJECT TO AUDIT:	1 JANUARY 2016 TO 31 MARCH 2018

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Acronyms and abbreviations

AI	Administrative Instructions
BU	Business Unit
CBA	Community-based Adaptation
CBO	Community-based Organisation
CD	Country Director
DCD	Deputy Country Director
CO	Country Office
COA	Chart of Account (oneUNOPS)
COB	Country Operating Budget
CPMT	Central Programme Management Team
CPS	Country Programme Strategy
CSO	Civil Society Organization
DOA	Delegation of Authority
ERP	Enterprise Resource Planning (oneUNOPS)
FTA	Fixed-Term Appointments
GEF	Global Environment Facility
GLA	General Ledger Account
GLJE	General Ledger Journal Entry
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
NHI	National Host Institution
NSC	National Steering Committee
OD	Organisational Directive
OI	Operational Instructions
OP	Operational Phase
PA	Programme Assistant
PO	Purchase Order (oneUNOPS)
PRINCE2	Projects in Controlled Environments 2
REQ	Requisition (oneUNOPS)
RFP	Request for Payment
RR (Res. Rep.)	Resident Representative
SC	Service Contracts
SOP	Standard Operating Procedures
SGC	Small Grants Cluster (The UNOPS SGP team)
SGP	GEF Small Grants Programme
TAG	Technical Advisory Group
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNDSS	United Nations Department of Safety and Security
UNOPS	United Nations Office for Project Services
US\$	United States Dollars

Executive summary

The engagement context

From 13 to 17 August 2018, 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 6 (OP6) in Guinea, (one UNOPS Project reference 11960-004) (“the project”), which is implemented and managed by UNDP SGP Office in Guinea 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 US\$ 628,516 during the period from 1 January 2016 to 31 March 2018. 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 Guinea 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 period 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 (some improvement needed) which means “The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.”

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 6, Guinea		1 January 2016 – 31 March 2018	11960-004
Financial statement		Asset listing ¹	
Amount US\$	Opinion	Amount US\$	Opinion
628,516	Unmodified	31,192	n/a

Table 2: Internal control rating summary for project

Rating summary by functional area		
Functional area	Rating	
Grant management	Partially satisfactory (major improvement needed)	
Financial monitoring and processes	Satisfactory	
oneUNOPS processes	Satisfactory	
Document management – filing and archiving	Satisfactory	
Asset management	Partially satisfactory (some improvement needed)	
Overall rating of internal control	Partially satisfactory (some improvement needed)	

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.

Key issues and recommendations

There are five recommendations, two of which are ranked as high priority, while three are medium.

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

Table 3: Summary of audit findings

No.	Functional area	Audit finding title	Priority rating (high / medium / low)	Financial impact (US\$)
1	Grant management	Weaknesses in the management of the National Steering Committee	High	-
2	Grant management	Conflicts of interest for National Steering Committee	High	-
3	Grant management	Memorandum of Agreement signature date not recorded	Medium	-
4	Grant management	Monitoring of projects and grantees	Medium	-
5	Asset management	Weaknesses in asset management	Medium	-
Total				-

Detailed audit findings

1.	Title: Weaknesses in the management of the National Steering Committee	
Functional area:	Grant management	
Comparison criteria:	<p>Article 13 of the Operational Guidelines states that: "The NSC is composed of voluntary members from NGOs, academic and scientific institutions, other civil society organizations, the UNDP CO, and government, with a majority of members coming from the non-governmental sector. The NSC provides overall guidance and direction to the country programme, and contributes to developing and implementing strategies for country programme sustainability."</p> <p>Article 33 of the Operational Guidelines states that: "NSC members usually serve for a period of three years. Each country or sub-regional programme must decide whether this term is renewable, and how eligibility for renewal is determined. In general, periodically inviting new members is a sound and healthy policy that brings new ideas and expertise to programme implementation, and roughly one quarter of NSC members may rotate in any given year. Changing the entire membership at one time should be avoided."</p> <p>Section 4.4.4 of the Standard Operating Procedures states that: "...By the end of the NSC meeting the list of approved grantees needs to be updated in order to act as the Grant Approval List & NSC Meeting Minutes. This list shall contain all critical information on each project grant approved during that meeting. The NSC participants shall immediately sign this Grant Approval List at the conclusion of the same meeting. This simple list should be in English. The full detailed NSC meeting minutes which capture several other SGP related issues may be finalised and signed at a later stage. The more elaborate NSC meeting minutes are not essential for the grant process."</p> <p>Section 3 Article 9 of the SGP Procedure of the National Steering Committee of the Global Environment Facility Micro-Finance Program in Guinea states that: "<i>The term of office of the members of the CNP must not exceed four years, the duration of a GEF cycle.</i>" [translated]</p> <p>Section 5 Article 17 of the SGP Procedure of the National Steering Committee of the Global Environment Facility Micro-Finance Program in Guinea states that: "<i>The minutes of the [NSC] meetings where the projects are approved should be as detailed and specific as possible, listing each project reviewed, and including all recommendations and observations relating to each project. The NSC decision for each project should be clearly noted, including any necessary re-wording before final approval.</i>" [translated]</p>	
Priority:	High	
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures
Due date:	Immediate	
Financial impact	-	

Facts / observation:
Rotation of NSC members

NSC members have not been properly rotated, with six members serving over the recommended three years without the renewal of their positions being adequately justified. A list of the current and recent members is presented below, as well as the organisation they represent, the type of organisation, and the number of years they have served on the NSC.

Initials	Organisation	Organisation type	Years on the NSC
KB	[REDACTED]	Public University	8
NBB	[REDACTED]	Government	8
SS	[REDACTED]	Government†	8
SMK	[REDACTED]	Public University	8
LC	[REDACTED]	Government	8
MAK	[REDACTED]	NGO/CSO	8
MB	[REDACTED]	UN	4 (resigned)
ESD	[REDACTED]	NGO/CSO	3
CAL	[REDACTED]	NGO/CSO	3
MS	[REDACTED]	NGO/CSO	3
KS	[REDACTED]	Government	3
SY	[REDACTED]	Government	3
MCC	[REDACTED]	UN	1
NSC principals by organisation type			
Government or public institutions			7
CSO / NGO			4
UN*			1

† This is a supra-national body formed of West African governments.

*This figure does not count members who have resigned.

Composition of the NSC

In addition to the length of time some of the members have served, we found that the composition of the committee, when excluding UN representatives, has more government or public institutions than civil society organisations (CSOs) or NGOs. The Operational Guidelines state that the majority of the Committee should come from the non-governmental sector, and so any future appointments should maintain or strengthen this balance and support the independence of the NSC.

Appointment of NSC members

Signed appointment letters were received for all committee members.

As the members of the NSC are appointed through their organisations, no review of their individual credentials has been retained by the SGP and the expertise of their organisations is the basis upon which they were selected.

The selection process and rotation of NSC members was not sufficiently documented. The NC did not detail the selection criteria or method for NSC members including minimum requirements, evaluation methods and other considerations.

	<p>The NC did not maintain records for the basis of appointments to the NSC and relied on their current position and reputation rather than physical evidence; hence the relevant documents (i.e. CVs, interviews, reference checks, academic works, etc.) were not available for inspection. Without supporting documentation it is not possible to assess the NC's decision process for appointment of NSC members.</p> <p>Each individual selected was approved by the UNDP representative.</p> <p><u>NSC Meetings Minutes</u></p> <p>The documented record of NSC meetings should clearly detail all critical information relating to grants which have been approved. However, we found that the NSC committee minutes were not sufficiently detailed and lacked the results of the evaluation of each project and any observations made by the committee.</p>
Impact:	<p>The objectivity, transparency and credibility of the NSC is of paramount importance to the success of the country programme, and for maintaining good relationships with stakeholders.</p> <p>If the NSC cannot be demonstrated to be duly independent, there is an increased risk of bias, or the perception of bias, in the grant making process.</p>
Recommendation:	<p>The appointment of NSC members should follow the recommended procedures stated in the Operational Guidelines, in order to increase impartiality in the selection of grant awards. The technical capacity of the individual NSC members should be considered in addition to their membership in one of the represented organisations.</p> <p>NSC members should be rotated on a pre-determined and justifiable basis to bring new ideas and expertise to the programme</p> <p>The NC and RR should ensure that any new appointments to the NSC support the recommended composition of the committee.</p> <p>The NC should document selection decisions and retain documentation sought while selecting and appointing NSC members.</p> <p>All critical information relating to grants approved during NSC meetings should immediately be documented and signed by the members of the committee who were present.</p>
Management reply and action plan:	<p>Agreed. The audit recommendation will be implemented.</p>

2.	Title:	Conflicts of interest for National Steering Committee																													
Functional area:	Grant management																														
Comparison criteria:	<p>Section 38 of the SGP Operational Guidelines states that: "As a general rule, country programmes cannot consider proposals associated with organizations of sitting NSC members. A CSO may nonetheless submit proposals when its representative has finished the term of service and is no longer on the Committee. On an exceptional basis, and under specified conditions pre-approved by CPMT [Central Program Management Team], CSOs with members in the NSC can submit proposals."</p> <p>Section 2.2.1 of the Standard Operating Procedures states that: "In case of the NSC members, they should disclose their position and recuse themselves from participating in the NSC meeting. Further, the NSC members should also sign the NSC Conflict of Interest Statement to confirm that each member is aware of the situation."</p> <p>Section 3 Article 9 of the SGP Procedure of the National Steering Committee of the Global Environment Facility Micro-Finance Program in Guinea states that: "By accepting their appointment to the NSC, members commit to ensuring the total objectivity and transparency of the NSC in its actions. The NSC must avoid conflict of interest, or influence peddling. No member of the NSC will participate in the review or approval of a project in which that member, or an Organization to which that member is affiliated, has an interest. In such cases, the member will not participate in the discussion and decision on the project." [translated]</p>																														
Priority:	High																														
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures																													
Due date:	Immediate																														
Financial impact:	-																														
Facts / observation:	<p><u>Conflict of interest declarations</u></p> <p>Six of the NSC members who had joined the NSC after the start of the SGP programme had not signed conflict of interest declarations. The NSC members who were appointed at the start of the programme had signed conflict of interest declarations at that time, although these were not dated. After the lack of conflict of interest declarations for the more recently appointed members had been identified, the NC requested them to sign declarations, which was carried out as per the details below:</p> <table border="1"> <thead> <tr> <th>Initials</th> <th>Organisation</th> <th>Status prior to audit</th> <th>Signed date</th> </tr> </thead> <tbody> <tr> <td>■■■■</td> <td>■■■■■■■■■■</td> <td>Unsigned</td> <td>15 August 2018</td> </tr> <tr> <td>■■■■</td> <td>■■■■■■■■■■</td> <td>Unsigned</td> <td>15 August 2018</td> </tr> <tr> <td>■■■■</td> <td>■■■■■■■■■■</td> <td>Unsigned</td> <td>15 August 2018</td> </tr> <tr> <td>■■■■</td> <td>■■■■■■■■■■</td> <td>Unsigned</td> <td>16 August 2018</td> </tr> <tr> <td>■■■■</td> <td>■■■■■■■■■■</td> <td>Unsigned</td> <td>16 August 2018</td> </tr> <tr> <td>■■■■</td> <td>■■■■■■■■■■</td> <td>Unsigned</td> <td>n/a</td> </tr> </tbody> </table>			Initials	Organisation	Status prior to audit	Signed date	■■■■	■■■■■■■■■■	Unsigned	15 August 2018	■■■■	■■■■■■■■■■	Unsigned	15 August 2018	■■■■	■■■■■■■■■■	Unsigned	15 August 2018	■■■■	■■■■■■■■■■	Unsigned	16 August 2018	■■■■	■■■■■■■■■■	Unsigned	16 August 2018	■■■■	■■■■■■■■■■	Unsigned	n/a
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	<p>There is no guideline for NSC members to re-sign their conflict of interest declarations. However, in instances where they are on the committee for extended periods of time (outside of the three year rotation period specified in the Operational Guidelines), such a re-declaration would be prudent given that circumstances can change significantly during this period and new conflicts can develop.</p> <p><u>NSC members affiliated with CSOs</u></p> <p>As outlined in the Operational Guidelines, CSOs affiliated with an NSC member can only apply for a grant when pre-approved by CPMT with specified conditions set to manage the conflict of interest. In practice, the NC should ensure the specified conditions are in place and that CPMT has approved the application in principal before putting the application forward to the NSC.</p> <p>If an NSC member is affiliated with a CSO, the NSC member cannot:</p> <ul style="list-style-type: none"> • Participate in the discussion on the proposal; and • Partake in monitoring visits. <p>The NSC members affiliated with CSOs which applied for and received grant funding were as follows:</p> <table border="1"> <thead> <tr> <th>Initials</th> <th>Organisation</th> <th>Grant Agreement Number</th> <th>Prior approval of application by CPMT</th> <th>Attended NSC meeting at application</th> <th>Involved in monitoring of grant</th> </tr> </thead> <tbody> <tr> <td>█</td> <td>█</td> <td>GIN/SGP/OP6 /Y3/CORE/BD/ 2017/01</td> <td>No</td> <td>Yes</td> <td>No</td> </tr> <tr> <td>█</td> <td>█ █ █</td> <td>GIN/SGP/OP6 /Y3/CORE/BD/ 2018/10</td> <td>No</td> <td>No</td> <td>No</td> </tr> <tr> <td>█</td> <td>█ █ █</td> <td>GIN/SGP/OP6 /Y2/CORE/CD /2016/01</td> <td>No</td> <td>Yes</td> <td>Yes</td> </tr> </tbody> </table> <p><u>Prior approval from CPMT of affiliated CSO's applications</u></p> <p>CPMT requested that the █ referred to in the table above, a director of █, be appointed as a NSC member. This appointment was made before the award of the grant to █, and it is not documented whether CPMT was aware of the conflict at the time.</p> <p>No prior approval was sought or obtained from CPMT for the other two applicant CSOs affiliated with NSC members █</p> <p><u>Attendance at the NSC meeting where the connected CSO is approved</u></p> <p>The NSC meeting minutes for the approval of █ on 29 September 2016 indicated that the conflicted NSC member, █, signed the attendance sheet. There was no indication in the minutes that █ recused themselves from the discussion held about the application in question.</p> <p>The NSC meeting minutes for the approval of █ on 4 August 2017 indicated that the conflicted NSC member, █ signed the attendance sheet. There was no indication in the minutes that █ recused themselves from the discussion held about the application in question.</p> <p>The NSC meeting minutes for the approval of █ on 22 February 2018 indicated that the NSC member linked to the organisation, █ did not sign</p>	Initials	Organisation	Grant Agreement Number	Prior approval of application by CPMT	Attended NSC meeting at application	Involved in monitoring of grant	█	█	GIN/SGP/OP6 /Y3/CORE/BD/ 2017/01	No	Yes	No	█	█ █ █	GIN/SGP/OP6 /Y3/CORE/BD/ 2018/10	No	No	No	█	█ █ █	GIN/SGP/OP6 /Y2/CORE/CD /2016/01	No	Yes	Yes
Initials	Organisation	Grant Agreement Number	Prior approval of application by CPMT	Attended NSC meeting at application	Involved in monitoring of grant																				
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	<p>the attendance sheet. Nevertheless, the meeting minutes did not clearly state that the member had recused themselves due to a conflict of interest.</p> <p><u>Monitoring of the connected CSO</u></p> <p>We noted that [REDACTED] was present during the monitoring visit of [REDACTED] in November 2017. The other two NSC members noted above were not present for the monitoring of their respective CSOs.</p>
Impact:	<p>The objectivity, transparency and credibility of the NSC is of paramount importance to the success of the country programme, and to maintaining good relations among stakeholders.</p>
Recommendation:	<p>NSC members should sign the NSC conflict of interest declaration upon their appointment and before undertaking any NSC related activities. The declaration should be dated and should be revisited if the NSC member's circumstances changes.</p> <p>The SGP programme and the NSC should not accept applications from CSOs affiliated with NSC members without specific approval of CPMT. Upon award, CPMT should make sure that any specific conditions set prior to the award have been complied with, and put in place a plan to follow-up on these conditions during the lifecycle of the grant.</p> <p>Where connected CSOs are permitted to make an application, the connected NSC member should not attend the NSC meeting at which it is discussed, so as not to influence other NSC members. However, if the NSC member does attend the meeting, they must recuse themselves when the application is discussed.</p> <p>NSC members affiliated with a CSO should not be involved in the monitoring visits by the NSC of that CSO, in their capacity as an NSC member. This recusal should be made clear and documented within the record of the monitoring visit to ensure that all parties are aware of the conflict.</p>
Management reply and action plan:	<p>Agreed. The remaining NSC members are required to sign the no-conflict of interest statement. The NSC member will further declare before any NSC meeting, in case they have conflict of interest, and will recuse themselves from taking part in the process.</p>

3.	Title:	Memorandum of Agreement signature date not recorded	
Functional area:	Grant Management		
Comparison criteria:	<p>Section 7.4 of the Standard Operating Procedures states that: "All SGP MOAs templates should have the UNOPS logo on them and this is notwithstanding the fact that the UNDP RRs are signing the MOAs on behalf of UNOPS. It is also required that the first seven pages of MOAs are initialised by the UNDP RR or his/her delegate at the time of signing the MOAs."</p> <p>Article 27 of the Standard Operating Procedures states that: "...Only the UNDP RR or his/her Officer in Charge (OIC) can sign SGP grant Memoranda of Agreement (MOAs) and for signing any co-financing arrangements on behalf of SGP... The NC should consult the CPMT and the UNOPS SGP Cluster should there be doubt on signing rules and procedures."</p> <p>Article 3.1 of the Memorandum of Agreement with the NGO states that: <i>"This Agreement will enter into force on the date of signature by both Parties and will expire on January 31, 2019."</i> [translated]</p>		
Priority:	Medium		
Cause:	Human error	Mistakes committed by staff entrusted to perform assigned functions	
Due date:	Immediate		
Financial impact:	-		
Facts / observation:	<p>For the agreement with [REDACTED] (GIN/SGP/OP6/Y3/CORE/BD/2018/08) neither the NGO nor UNDP representatives dated the agreement and there is therefore no record of when the agreement began and terms came into force.</p> <p>MoAs are sent to the NGOs for signature, and are then returned and sent directly to the UNDP representative for their signature. From discussions held during our review, we understand that the NC does not review the signed MoA returned by NGO prior to the signature of the UNDP representative.</p> <p>For all but one of the 17 MoAs we reviewed, the NGO representative had dated their signature, whilst the UNDP representative had not.</p>		
Impact:	It is important that the MoA is signed and dated by both parties to establish the starting point of their contractual relationship. If the signatures are not dated, it cannot be established with certainty when the agreement came into effect, which directly impacts time sensitive clauses in the contract.		
Recommendation:	<p>All MOAs should be signed and dated by both parties. The NC should ensure that these agreements are dated retrospectively with the agreement of the UNDP representative and the grantee.</p> <p>Prior to the grant agreement being signed by the UNDP representative, the NC should perform a thorough check on each page of the agreement. The UNDP representative must also perform a check, reading and initialling each page. Any changes should be flagged, reported and investigated.</p>		

Management reply and action plan:	Agreed. The NC will ensure that the correct MOA template is used, and also request UNDP representative to duly date the MOA during the signature process.
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4.	Title:	Monitoring of projects and grantees	
Functional area:	Grant Management		
Comparison criteria:	<p>Article 26 of the Standard Operating Procedures states that: "...The NC is responsible for ensuring sound programme and project monitoring and evaluation, and laying the foundation for programme sustainability."</p> <p>Section 1.3.6 of Standard Operating Procedures states that: "Each UNDP CO also contributes to monitoring programme activities (usually through broad oversight by the designated focal point as part of NSC responsibilities), facilitating interaction with the host government, and developing links with other in-country financial and technical resources"</p>		
Priority:	Medium		
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures	
Due date:	Immediate		
Financial impact:	-		
Facts / observation:	<p><u>Failure to document the result of a site monitoring visit</u></p> <p>There was no evidence of site visits having been undertaken for the grantee ██████████ (GIN/SGP/OP6/Y2/CORE/LD/2016/10), although the project ended in October 2017. No field visit notes or monitoring reports were completed, although we understand that the site was visited multiple times as it was in close proximity to the SGP office. There were no travel costs to claim due to the short distance travelled, and therefore no site visit report was completed.</p> <p><u>Ineffective review of CSO's expenditure</u></p> <p>There was no indication that the NC had performed a review of the documentation provided by the NGO ██████████ (GIN/SGP/OP6/Y2/CORE/CD/2017/18) to support their final report before the final payment was made.</p>		
Impact:	<p>Without documenting the results of site visits there is no evidence that monitoring was performed and that grantee funds are being spent in accordance with the MOA. Records retained by the SGP programme are therefore incomplete.</p> <p>Without a detailed review of evidence submitted by grantees to support project expenditure, there is a risk that expenditure will be funded by the grant which does not support the intended project activities outlined in the MOA. Without a sufficient review control there is an increased risk of fraud and misstatement by the grantees.</p>		

Recommendation:	<p>The NC should monitor grantees on a periodic basis and document the results of the field visits in a timely manner by completing monitoring reports. Field monitoring reports should be provided to the NSC for review with the results discussed in the next NSC meeting.</p> <p>In the short term, monitoring reports should be used to identify areas of concern for grantees and develop projects to improve the eventual project outcome. In the longer term, the monitoring reports should be used to develop the strategies of the SGP and NSC.</p> <p>Expenditure evidence submitted by the CSO should be reviewed in detail to ensure that is eligible for reimbursement. The reviewer should have sufficient financial capability to ensure that grant expenditure is properly supported.</p>
Management reply and action plan:	<p>Agreed. The audit recommendation is duly noted. The following action points will be carried out to implement the audit recommendation:</p> <ul style="list-style-type: none"> (1) prepare an annual schedule of project monitoring missions, based on the TORs; (2) have the NSC review the monitoring reports; (3) document all mission reports (4) Submit the reports of the monitoring missions to the review of supervisor.

5.	Title:	Weaknesses in asset management												
Functional area:	Asset management													
Comparison criteria:	<p>Section 2.5 of the Standard Operating Procedures states that: "It is important to maintain an updated inventory of all physical assets. The assets should be tagged, and entered into asset inventory sheet. The assets inventory sheet needs to be updated to reflect the correct status of the asset."</p> <p>Section 2.5.3 of the Standard Operating Procedures states that: "Managing the SGP vehicle is crucial for successful operations and it is the responsibility of the NC. The vehicle is to be maintained as per the recommended service periods of the manufacturer and if possible by a registered service provider of the specific make of the vehicle. Maintenance is to be planned so as not to affect the operations of the SGP, and a written maintenance plan should be created. Monthly routine maintenance is also to be scheduled and conducted on the vehicle."</p> <p>Section 2.5.1 of the Standard Operating Procedures states that: "Upon purchase or receipt of any new equipment it is important to arrange for insurance coverage for theft and accidents. The insurance premium will be covered and needs to be budgeted for in the COB."</p> <p>Section 2.5.2 of the Standard Operating Procedures states that: "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."</p> <p>Section 3 Article 9 of the SGP Procedure of the National Steering Committee of the Global Environment Facility Micro-Finance Program in Guinea states that: "A stock-taking meeting is planned at the end of each year." [translated].</p>													
Priority:	Medium													
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures												
Due date:	Immediate													
Financial impact:	-													
Facts / observation:	<p><u>Fixed asset reconciliation</u></p> <p>SGP perform an annual physical verification of assets reconciling between the fixed asset register (FAR) and the assets on site, as evidenced by the fixed asset working sheet. However, the results of the physical verification were not updated in the fixed asset listing.</p> <p><u>Asset disposal</u></p> <p>We found that assets which had been stolen, and therefore were no longer in the possession of the project, or which no longer functioned remained on the FAR without applying the appropriate disposal procedures. The relevant assets we identified in our testing are detailed in the table below:</p> <table border="1" data-bbox="486 1888 1401 1960"> <thead> <tr> <th>Asset ID</th> <th>Purchase Date</th> <th>Description</th> <th>Value (US\$)</th> <th>Condition per asset register</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>				Asset ID	Purchase Date	Description	Value (US\$)	Condition per asset register					
Asset ID	Purchase Date	Description	Value (US\$)	Condition per asset register										

	PMF/GIN50/T IC/OP/001	11/08/2009	ordinateur portable toshiba	1,219	Stolen 03/10/2013								
	PMF/GIN50/T IC/PH/001	17/09/2009	Copieur canon Numérique IR1018 NS: 21 DQQ05679	1,112	Poor Condition								
	PMF/GIN50/T IC/OP/002	06/07/2010	ordinateur portable core 2 HP G61 Clavier numerique DD 320 Go	1,069	Poor Condition								
	PMF/GIN50/T IC/PH/002	26/03/2015	Copieur canon Multifonction MF8040 CN 12 PPM en noir blanc-08 PPM en couleur	2,117	Poor Condition								
	PMF/GIN50/T IC/IM/001	17/09/2009	Imprimante HP D2563 couleur NS: CB671/64003	99	Broken								
	PMF/GIN50/T IC/IM/002	04/06/2010	Imprimante HP Deskjet D1663	78	Poor Condition								
	PMF/GIN50/T IC/ON/001	06/07/2010	onduleur APC 1500 VA	608	Poor Condition								
	PMF/GIN50/ MB/MVA/001	06/07/2010	Vidéo projecteur sony 3000 max XGA 1024*768	985	Poor Condition								
	PMF/GIN50/I F/FR/001	27/11/2017	FRIGO SP 1000W	300	Poor Condition								
	<p>Insurance</p> <p>The SOP requires that assets are insured, however, we noted that with the exception of the vehicles, none of the assets were. There are limitations to what can reasonably be expected to be insured, given the operating context of the SGP country programme. Nevertheless, significant assets should be insured as their loss could impact the ability of the SGP programme to continue operating effectively, and would represent a significant loss of programme resources.</p> <p>We consider the generator held by the SGP programme to be a significant asset, and it was not insured. The corresponding entry in the fixed asset register is detailed below:</p>												
	<table border="1"> <thead> <tr> <th>Asset ID</th> <th>Purchase Date</th> <th>Description</th> <th>Value (US\$)</th> </tr> </thead> <tbody> <tr> <td>PMF/GIN50/I F/GE/001</td> <td>26/11/2010</td> <td>Groupe Electrogène INSONORISE N/S OLY00000 marque: Olympian 18 Kva Moteur: Perkins ; Génératrice: Leroy SOMER</td> <td>14,250</td> </tr> </tbody> </table>					Asset ID	Purchase Date	Description	Value (US\$)	PMF/GIN50/I F/GE/001	26/11/2010	Groupe Electrogène INSONORISE N/S OLY00000 marque: Olympian 18 Kva Moteur: Perkins ; Génératrice: Leroy SOMER	14,250
Asset ID	Purchase Date	Description	Value (US\$)										
PMF/GIN50/I F/GE/001	26/11/2010	Groupe Electrogène INSONORISE N/S OLY00000 marque: Olympian 18 Kva Moteur: Perkins ; Génératrice: Leroy SOMER	14,250										
Impact:	<p>Without periodic reviews to update the asset listing there is a greater risk that assets are lost or misappropriated, and the information reported is inaccurate.</p> <p>A poorly maintained fixed asset register limits the effectiveness of any counts and ultimately the traceability of assets which are still in good, working order.</p> <p>Poor maintenance can contribute to the degradation of project assets as well as pose a risk to safety of project staff.</p> <p>Without insurance there is a financial and operational risk to the programme should the assets be stolen.</p>												

Recommendation:	<p>Asset listings should be periodically reviewed and the status of assets updated.</p> <p>Fixed asset maintenance should be performed periodically to ensure equipment is in working order and safe. Where items are no longer functioning or in poor condition, the organisation should investigate repairing the asset to working order. Where this repair is not possible or the asset is no longer required, the SGP should write off the asset in accordance with the SOP and look to replace the asset if necessary.</p> <p>Stolen assets should be reported to the police and UNDP. Insurance should be taken out either on an aggregate basis or on individual high value assets. Where an insured asset is stolen, a claim should be made to the insurance company. All assets should be clearly marked as belonging to the SGP.</p> <p>Insurance should be sought on any high value assets, where possible and efficient to do so.</p>
Management reply and action plan:	<p>Agreed. The NC will update the asset register regularly, and also dispose any obsolete asset.</p>

Annex I - Definitions

Standard Audit Ratings for overall performance of internal control system

Effective 1 January 2017, the internal audit services of UNDP, UNFPA, UNICEF, UNOPS and WFP adopted harmonized audit rating definitions, as described below. IAIG assesses the entity under review as a whole as well as the specific audit areas within the audited entity:

- (a) satisfactory (effective),
- (b) partially satisfactory (some improvement needed),
- (c) partially satisfactory (major improvement needed), and
- (c) unsatisfactory (ineffective).

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	The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
Partially satisfactory (some improvement needed)	The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
Partially satisfactory (major improvement needed)	The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
Unsatisfactory	The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity.

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:

Rating	Definition
Compliance	Failure to comply with prescribed regulations, rules and procedures
Guidelines	Absence of written procedures to guide staff in the performance of their functions
Guidance	Inadequate or lack of supervision by supervisors
Human errors	Mistakes committed by staff entrusted to perform assigned functions
Resources	Lack of or inadequate resources (funds, skills, staff, etc.) to carry out an activity or function

List of functional areas

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

- Grant management
- Financial monitoring and processes
- oneUNOPS processes
- Document management – filing and archiving
- Asset management

Liste d'inventaire des Actifs et Equipment
au 31 Mars 2018



PNUD Bureau Pays : GUINEA	
Project title: PROGRAMME DE MICROFINANCEMENT DU FEM/PNUD,	
Award ID:	
N Projet :	11960-004-10 UNOPS
Periode couverte de l'inventaire de projet: (01/06/2009) au 31 Mars 2018	

For asset value of a minimum of 1000\$ per item

TAG NO.	ACQUISITION DATE	ITEM DESCRIPTION (make and model)	PROJECT No.	FUND	VOUCHER	RESPONS. PERSON/entity	ITEM LOCATION	MANUFACTURER	US\$ VALUE	SERIAL NO.	REMARKS	
PMF/GIN50/TIC/OP/001	11/08/2009	ordinateur portable toshiba	57264	62141	1 083	Gadiry SOUMAH	SIEGE	ACCES BUREAU	1 219		volé 03/10/2013	
PMF/GIN50/TIC/PH/001	17/09/2009	Copieur canon Numérique IR1018 NS: 21 DQQ05679	57264	62141	348 731	Gadiry SOUMAH	SIEGE	ETS TATA	1 112		Mauvais etat	
PMF/GIN50/MB/BR/001	06/07/2010	bureau Directeur complet avec armoire 4battants , caissons à tiroir et un retour	57264	62141	1 145	Foromo Roger SAGNO	SIEGE	LIPCO	1 985		Bon état	
PMF/GIN50/TIC/OP/002	06/07/2010	ordinateur portable core 2 HP G61 Clavier numerique DD 320 Go	57264	62141	1 146	Gadiry SOUMAH	SIEGE	BUR INFORMAT	1 069		Mauvais etat	
PMF/GIN50/IF/GE/001	26/11/2010	Groupe Electrogène INSONORISE N/S OLY00000 marque: Olympian 18 Kva Moteur: Perkins ; Génératrice: Leroy SOMER	57264	62141		PMF/FEM	SIEGE	Manutention Guin	14 250		Bon état	
PMF/GIN50/EC/AC/002	20/03/2012	Système Autocommutateur	78689	62141	1 306	PMF/FEM	SIEGE	KPM PRESTATIC	1 363		Mauvais etat	
PMF/GIN50/TIC/PH/002	26/03/2015	Copieur canon Multifonction MF8040 CN 12 PPM en noir blanc-08 PPM en couleur	78689	62141	1 618	Gadiry SOUMAH	SIEGE	NTI GUINEE	2 117			
									TOTAL VALUE	23 115		

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

Prepared by

Name:

Title:

Date:

SA EVO Foromo Roger
Programme Assistat
17/11/2018

Reviewed by

Name:

Title:

Date:

Gadiry SOUMAH
NC
17.12.2018

Liste d'inventaire des Actifs et Equipment

au 31 Mars 2018

UNDP Country Office: GUINEA		
Project title: PROGRAMME DE MICROFINANCEMENT DU FEM/PNUD		
Award ID:		
Project ID:	11960-004-10	UNOPS
Period covered from inception of project: (01/05/2009) au 31 Mars 2018		

"attractive items"

TAG NO.	ACQUISITION DATE	ITEM DESCRIPTION (make and model)	PROJECT No.	FUND	VOUCHER	RESPONS. PERSON/ENTITY	ITEM LOCAT	MANUFACTURER	US\$ VALUE	SERIAL NO.	REMARKS
PMF/GIN50/TIC/IM/001	17/09/2009	Imprimante HP D2563 couleur NS: CB671/64003	57264	62141	348 731	Gadiry SOUMAH	SIEGE	ETS TATA	99		non fonctionnel
PMF/GIN50/TIC/DE/001	17/09/2009	Disque Externe 250 Go	57264	62141	348 731	Gadiry SOUMAH	SIEGE	ETS TATA	106		Bon état
PMF/GIN50/MB/FR/001	20/10/2009	Fauteuil haut dossier sur roulette en tissu noir	57264	62141	1 097	Gadiry SOUMAH	SIEGE	RIVIERA GUINEE	116		Bon état
PMF/GIN50/MB/FR/002	20/10/2009	Fauteuil bas dossier sur roulette en tissu noir	57264	62141	1 097	Gadiry SOUMAH	SIEGE	RIVIERA GUINEE	94		Bon état
PMF/GIN50/MB/CVI/001	20/10/2009	Chaise visiteur avec accoudoirs en tissu	57264	62141	1 097	Gadiry SOUMAH	SIEGE	RIVIERA GUINEE	48		Bon état
PMF/GIN50/MB/CVI/002	20/10/2009	Chaise visiteur avec accoudoirs en tissu	57264	62141	1 097	Gadiry SOUMAH	SIEGE	RIVIERA GUINEE	48		Bon état
PMF/GIN50/MB/CVI/003	20/10/2009	Chaise visiteur avec accoudoirs en tissu	57264	62141	1 097	Gadiry SOUMAH	SIEGE	RIVIERA GUINEE	48		Bon état
PMF/GIN50/MB/CVI/004	20/10/2009	Chaise visiteur avec accoudoirs en tissu	57264	62141	1 097	Gadiry SOUMAH	SIEGE	RIVIERA GUINEE	48		Bon état
PMF/GIN50/MB/CVI/005	20/10/2009	Chaise visiteur avec accoudoirs en tissu	57264	62141	1 097	Gadiry SOUMAH	SIEGE	RIVIERA GUINEE	48		Bon état
PMF/GIN50/MB/CVI/006	20/10/2009	Chaise visiteur avec accoudoirs en tissu	57264	62141	1 097	Gadiry SOUMAH	SIEGE	RIVIERA GUINEE	48		Bon état
PMF/GIN50/MB/CVI/007	20/10/2009	Chaise visiteur avec accoudoirs en tissu	57264	62141	1 097	Gadiry SOUMAH	SIEGE	RIVIERA GUINEE	48		Bon état
PMF/GIN50/MB/CVI/008	20/10/2009	Chaise visiteur avec accoudoirs en tissu	57264	62141	1 097	Gadiry SOUMAH	SIEGE	RIVIERA GUINEE	48		Bon état
PMF/GIN50/MB/BR/002	30/11/2009	Bureau serie MEX stratifié 180*80 cm avec bloc caisson 3	57264	62141	373 489	Gadiry SOUMAH	SIEGE	GALERIE DES MERVEILLES	235		Bon état
PMF/GIN50/MB/BR/003	30/11/2009	Bureau serie MEX stratifié 180*80 cm avec bloc caisson 3	57264	62141	373 489	Gadiry SOUMAH	SIEGE	GALERIE DES MERVEILLES	245		Bon état
PMF/GIN50/MB/ASV/001	30/11/2009	Armoire haute à 4 portes battantes serie MEX dont 2	57264	62141	373 489	Gadiry SOUMAH	SIEGE	GALERIE DES MERVEILLES	431		Bon état
PMF/GIN50/MB/ASV/002	30/11/2009	Armoire haute à 4 portes battantes serie MEX dont 2	57264	62141	373 489	Gadiry SOUMAH	SIEGE	GALERIE DES MERVEILLES	431		Bon état
PMF/GIN50/TIC/IM/002	04/05/2010	imprimante HPDeskjet D1663	57264	62141	1 138	Gadiry SOUMAH	SIEGE	ETS MA MOUCTAR	78		mauvais etat

8

PMF/GIN50/MB/AG/001	04/06/2010	Agrafeuses GM (20-141F)	57264	62141	1 138	Gadiry SOUMAH	SIEGE	ETS MA MOUCTAR	35	Bon état
PMF/GIN50/MB/AG/002	04/06/2010	Agrafeuses M M	57264	62141	1 138	Gadiry SOUMAH	SIEGE	ETS MA MOUCTAR	7	Bon état
PMF/GIN50/MB/FR/003	06/07/2010	Fauteuil haut dossier Prada1	57264	62141	1 145	Foromo Roger S	SIEGE	LIPCO	308	Bon état
PMF/GIN50/MB/FVI/001	06/07/2010	Fauteuil visiteur	57264	62141	1 145	Foromo Roger S	SIEGE	LIPCO	80	Bon état
PMF/GIN50/MB/FVI/002	06/07/2010	Fauteuil visiteur	57264	62141	1 145	Foromo Roger S	SIEGE	LIPCO	80	Bon état
PMF/GIN50/TIC/ON/001	06/07/2010	onduleur APC 1500 VA	57264	62141	1 146	Gadiry SOUMAH	SIEGE	BURE INFORM TECH	608	mauvais etat
PMF/GIN50/MB/MVA/001	06/07/2010	Vidéo projecteur sony 3000 max XGA 1024*768	57264	62141	1 146	Gadiry SOUMAH	SIEGE	BURE INFORM TECH	985	mauvais etat
PMF/GIN50/EC/RP/001	06/07/2010	Radio Motorola VHF GP 380	57264	62141	1 146	Gadiry SOUMAH	SIEGE	BURE INFORM TECH	800	Bon état
PMF/GIN50/MB/MVA/002	06/07/2010	Appareil photo numerique SONY	57264	62141	1 146	Gadiry SOUMAH	SIEGE	BURE INFORM TECH	315	Bon état
PMF/GIN50/TIC/IM/003	09/12/2011	Imprimante HP DESK JET 2050 20 PM 16 PPM Printer Split 18000 BTU	78689	62141	1 271	Foromo Roger S	SIEGE	ETS MA MOUCTAR	222	Bon état
PMF/GIN50/IF/CL/005	26/03/2012	Meno Bloc 9000 BTU	78689	62141	1 308	TOURE Lansana	SIEGE	CAFROID	500	Bon état
PMF/GIN50/IF/CL/006	26/03/2012	Etagères de rangement documents	78689	62141	1 308	PMFFEM	SIEGE	CAFROID	331	Bon état
PMF/GIN50/MB/ETR/003	28/03/2012	Etagères de rangement documents	78689	62141	1 310	TOURE Lansana	SIEGE	KERABA CONST	521	Bon état
PMF/GIN50/TIC/IM/004	11/09/2017	Imprimante HP multifonction 4675 Printer scan copy 8PPM	11960-004-10	62141	620 175 913	Gadiry SOUMAH	SIEGE	ALFAW GENERAL S	266	Bon état
PMF/GIN50/MB/MVA/002	27/11/2017	Vidéo projecteur sony DX 100	11960-004-10	62141	620 200 706	PMFFEM	SIEGE	GALLO MULTI SERV	500	Bon état
PMF/GIN50/IF/FR/001	27/11/2017	FRIGO SP 1000W	11960-004-10	62141	620 200 706	PMFFEM	SIEGE	GALLO MULTI SERV	300	mauvais etat
								TOTAL VALUE	8 077	

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Prepared by

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Title:

Date:

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17/12/2018



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Date:

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