

## UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

### INTERNAL AUDIT REPORT

30 June 2025

<b>Project name:</b>	<b>SEAMAP - Technical support to ASEAN for the implementation of SEAMAP initiative</b>
<b>Project number:</b>	<b>23725-001</b>
<b>Country:</b>	<b>Indonesia (South-east Asia and Pacific Multi-Country Office (EAPMCO))</b>
<b>Auditor:</b>	<b>BDO LLP</b>
<b>Period subject to audit:</b>	<b>1 January to 31 December 2024</b>

## Contents

<b>Acronyms and abbreviations</b> .....	<b>3</b>
<b>Executive summary</b> .....	<b>4</b>
<b>Operational overview</b> .....	<b>7</b>
<b>Detailed assessment</b> .....	<b>8</b>
<b>Annex I - Definitions</b> .....	<b>10</b>

## Acronyms and abbreviations

EAPMCO	South East Asia and Pacific Multi-Country Office
IAASB	International Auditing and Assurance Standards Board
IAIG	Internal Audit and Investigations Group
IESBA	International Ethics Standards Board for Accountants
IFS	Interim Financial Statement
IPSAS	International Public Standard Accounting System
ISA	International Standards on Auditing
SEAMAP	The Southeast Asia Regional Program on Combating Marine Plastics
UN	United Nations
UNOPS	United Nations Office for Project Services
US\$	United States Dollars

## Executive summary

### The engagement context

The Internal Audit and Investigations Group (IAIG) of the United Nations Office for Project Services (UNOPS), through BDO LLP ("the audit firm"), conducted an audit of the project 'SEAMAP - Technical support to ASEAN for the implementation of SEAMAP initiative' ("the project") (oneUNOPS project ID 23725-001), which is implemented and managed by the UNOPS South East Asia and Pacific Multi-Country Office (EAPMCO) in Indonesia. 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\$ 1,349,290 during the period from 1 January to 31 December 2024. The donor who contributed to the project is the World Bank.

### 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 IAASB 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 satisfactory (effective), which means, "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". 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.
SEAMAP - Technical support to ASEAN for the implementation of SEAMAP initiative		1 January to 31 December 2024	23725-001
Financial statement		Statement of non-expendable property	
Amount US\$	Opinion	Amount US\$	Opinion
1,349,290	Unmodified	-	-

**Table 2: Internal control rating summary for project**

Rating summary by functional area		
Functional area	Rating	
Project management	Satisfactory	
Finance	Partially satisfactory (some improvement needed)	
Procurement and supply chain	Satisfactory	
Human resources	Satisfactory	
General administration	Satisfactory	
Information and Communications Technology	Satisfactory	
<b>Overall rating of internal control</b>	<b>Satisfactory</b>	

## Key issues and recommendations

The internal audit report raised one recommendation, which is of medium priority.

Recommendations with a medium priority mean that “Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences).”

The table below summarizes the recommendations we have issued in relation to the functional areas concerned and provides a list of the audit findings, further details of which can be found in the section 'detailed assessment'.

No.	Functional area	Audit finding title	Priority rating (high / medium)	Financial impact (US\$)
1	Finance	Weaknesses in financial reporting	Medium	-
<b>Total</b>				-

### Management's comments

The Head of Support Services at EAPMCO accepted the recommendation.

Signed:

DS  
BDO LLP

BDO LLP

30 June 2025

## Operational overview

The Southeast Asia Regional Program on Combating Marine Plastics (SEAMAP) project aims to reduce plastics consumption, increase recycling, and minimize leakages to prevent land- and sea-based marine plastics pollution in Southeast Asia.

The project aims to provide support to develop and harmonize regional policies, as well as create regional platforms for innovation, investments, knowledge and partnerships.

The SEAMAP project is comprised of the following three components:

1. Strengthening Regional Policies and Institutions for Plastics Circularity;
2. Establishing Regional Platforms to Promote Innovations, Knowledge, and Partnerships for Plastics Circularity; and
3. Project Management and Capacity Building.

The contract entered into force on 12 September 2022 and is expected to end on 31 March 2027, with a total budget of US\$ 15,500,000.

The audit team extends its appreciation to the management and staff members of the UNOPS South East Asia and Pacific Multi-Country Office (EAPMCO) in Indonesia for their full cooperation during the audit.

## Detailed assessment

1.	Title:	<b>Weaknesses in financial reporting</b>																								
<b>Functional area:</b>		<b>Finance</b>																								
<b>Comparison criteria:</b>		UNOPS Executive Office Directive Ref. EOD.ED.2017.04 "Financial Regulations and Rules" Regulation 23.11 states "The Comptroller shall certify that to the best of his/her knowledge, information, and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the financial statements."																								
<b>Priority:</b>		Medium																								
<b>Cause:</b>		Guidance	Lack of or inadequate guidance or supervision at the PC level (lack of oversight over the review of invoices and over the process of preparation of the financial statements)																							
<b>Responsible manager:</b>		Head of Support Services (EAPMCO)																								
<b>Due date:</b>		31 December 2025																								
<b>Financial impact:</b>		-																								
<b>Facts / observation:</b>		<p>We noted weaknesses in the preparation process of the Interim Financial Statement (IFS). In the first version of the IFS provided for audit, an adjustment was made to remove an invoice from supplier [REDACTED] and the associated management fee from the 2024 expenditure in the IFS as it was determined that the services had been provided in 2025. The details of the adjusted expenditure are provided below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Supplier name</th> <th style="background-color: #0070C0; color: white;">Invoice no.</th> <th style="background-color: #0070C0; color: white;">Invoice date</th> <th style="background-color: #0070C0; color: white;">US\$</th> <th style="background-color: #0070C0; color: white;">Comments</th> </tr> </thead> <tbody> <tr> <td>[REDACTED]</td> <td>0025003</td> <td>14 January 2025</td> <td>129,772</td> <td>Per the invoice, the services were delivered during August 2024 to January 2025</td> </tr> <tr> <td>N/A - associated UNOPS fee</td> <td>N/A</td> <td>N/A</td> <td>4,503</td> <td></td> </tr> <tr> <td style="text-align: right;"><b>Total</b></td> <td></td> <td></td> <td style="text-align: right;"><b>134,275</b></td> <td></td> </tr> </tbody> </table> <p>However, it was subsequently determined by UNOPS that the services covered by this invoice were provided wholly in 2024, and it was then added to the 2024 expenditure in the IFS, in line with the accruals basis of accounting. The updated IFS was only shared with the auditors after the audit fieldwork had already been completed. We reviewed the supporting documentation, including the invoice, the stamp 'Services rendered by/Goods received' dated 17 December 2024 and a confirmation from the supplier which stated the services were completed during 2024.</p> <p>We understand that the description on the invoice incorrectly stated that the services were partially provided in 2025. As such, we agree that the services had</p>					Supplier name	Invoice no.	Invoice date	US\$	Comments	[REDACTED]	0025003	14 January 2025	129,772	Per the invoice, the services were delivered during August 2024 to January 2025	N/A - associated UNOPS fee	N/A	N/A	4,503		<b>Total</b>			<b>134,275</b>	
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	<p>been provided in 2024 and that the expenditure was therefore correctly included in the 2024 expenditure in the second version of the IFS.</p> <p>However, we noted that the PO commitments figure had not been corrected to account for the adjustment to expenditure and still included the invoice and the associated UNOPS fee as a commitment. Following a discussion with the auditors, a manual adjustment was then made by UNOPS, correctly adjusting the supplier commitment figure and the associated management charge in the final version of the IFS.</p> <p>As the final version of the IFS shows the correct amounts for the 2024 expenditure and the PO commitments, this finding has no financial impact.</p>
<b>Impact:</b>	Risk of errors in the financial statements
<b>Recommendation:</b>	<p>We recommend UNOPS to verify all relevant information on invoices received from suppliers, such as the dates covered by the service, to ensure that they correctly reflect the periods in which the service was carried out. Any incorrect details should be identified and the supplier should be requested to reissue the invoice with the correct information prior to payment being made.</p> <p>When late adjustments are made to the financial statements, UNOPS should ensure that the associated commitments figure is also adjusted, where applicable.</p>
<b>Management reply:</b>	Recommendation is noted and we will implement necessary actions in the future as presented below.
<b>Action plan:</b>	<ol style="list-style-type: none"> <li>1. Conduct a refresher session to all relevant Multi-Country Office (MCO) personnel on ensuring invoices are correctly reflected in the service delivery period and commitment amounts are correctly shown in the Financial Statements (FS);</li> <li>2. The existing controls within MCO level are available to ensure that the figures in the FS are accurate, where each FS submitted by the projects are reviewed including the figures for commitments and matched with the Trial Balance figures. However on the invoice level, we will enhance the role of the project team (PSO) to verify the correctness of the documents before proceeding with the payment.</li> </ol>

## 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
- (d) 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
<b>Satisfactory (effective)</b>	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.
<b>Partially satisfactory (some improvement needed)</b>	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.
<b>Partially satisfactory (major improvement needed)</b>	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.
<b>Unsatisfactory (ineffective)</b>	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
<b>High</b>	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).
<b>Medium</b>	Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences).
<b>Low</b>	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.