



INTERNAL AUDIT AND INVESTIGATIONS GROUP

UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

INTERNAL AUDIT REPORT

16 January 2026

PROJECT NAME:	SMALL GRANTS PROGRAMME (SGP) OPERATIONAL PHASES 6 AND 7
PROJECT NUMBER:	11960-003 & 21970-002
COUNTRY:	ERITREA
AUDITOR:	BDO LLP
PERIOD SUBJECT TO AUDIT:	1 JANUARY 2018 TO 31 DECEMBER 2021

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Acronyms and abbreviations

APM	Associate Portfolio Manager
CBO	Community-based Organisation
CO	Country Office
COB	Country Operating Budget
CPMT	Central Programme Management Team
GEF	Global Environment Facility
GMS	Grants Management Service (UNOPS)
IPSAS	International Public Sector Accounting Standards
MOA	Memorandum of Agreement
NC	National Coordinator
NGO	Non-governmental Organisation
NSC	National Steering Committee
OP	Operational Phase
PA	Programme Assistant
PO	Purchase Order (oneUNOPS)
RFGA	Request for Grant Award
RFP	Request for Payment
SGP	GEF Small Grants Programme
SOP	Standard Operating Procedures
UN	United Nations
UNDP	United Nations Development Programme
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 ‘Small Grants Programme (SGP), Operational Phases 6 and 7 in Eritrea’ (“the project”) (oneUNOPS project references 11960-003 and 21970-002), which is implemented and managed by the SGP Office in Eritrea. 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\$ 484,691 during the period from 1 January 2018 to 31 December 2021.

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 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 Phases 6 and 7, Eritrea		1 January 2018 to 31 December 2021	11960-003, 21970-002
Financial statement		Asset listing ¹	
Amount US\$	Opinion	Amount US\$	Opinion
484,691	Qualified	21,098	n/a

Table 2: Internal control rating summary for project

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

Key issues and recommendations

The audit raised seven issues. There are seven recommendations; one is ranked high priority, which means “Prompt action is considered imperative to ensure that UNOPS is not exposed to high risks”. Six recommendations are ranked medium priority, meaning “Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences).”

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

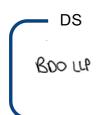
¹ All assets procured under the SGP programme are fully expensed at the time of purchase. They do not, therefore, appear on a separate statement of non-expendable property and an audit opinion is not required. The asset listing is provided as Annex II of this report.

No.	Functional area	Audit finding title	Priority rating (high / medium)	Financial impact (US\$)
1	Financial monitoring and processes	Grant payments recorded in incorrect period	High	151,359
2	Grant management	Weaknesses in grant management	Medium	-
3	Grant management	Grant selection and approval process - weakness in call for proposals	Medium	-
4	oneUNOPS processes	Delays in oneUNOPS processes (purchase orders and payments)	Medium	-
5	Document management – filing and archiving	SGP database does not include planned grant disbursement dates and amounts	Medium	-
6	Document management – filing and archiving	COB expenditure not adequately supported	Medium	3,568
7	Asset management	Weaknesses in asset management	Medium	-
Total				154,927

Management's comments

The UNOPS GMS Manager has accepted all of the findings.

Signed:



BDO LLP

16 January 2026

Operational overview

The Global Environment Facility (GEF) Small Grants Programme (SGP) is implemented by UNDP's Local Action Cluster of the Nature, Climate and Energy unit of BPPS on behalf of the GEF Partnership. It is executed by UNOPS. The SGP forms a central part of the UNDP Local Action Cluster of NCE.

SGP grant-making supports community-based innovation in addressing global environmental issues and improved, more sustainable livelihoods through initiatives led by civil society and community organizations, with special consideration for indigenous peoples, women, youth and persons with disabilities.

SGP has supported over 25,000 community-based projects in over 125 countries aimed at biodiversity conservation, climate change mitigation and adaptation, sustainable land management, protection of international waters, and sound chemicals and waste management. Over the years, SGP has developed extensive partnerships at global, national and local levels. See <http://sgp.undp.org> for further background information.

The audit team extends its appreciation to the SGP personnel in Eritrea, as well as UNOPS and UNDP staff for their full cooperation during the audit.

Detailed assessment

1.	Title: Grant payments recorded in incorrect period																												
Functional area:		Financial monitoring and processes																											
Comparison criteria:		Article 89 of the SGP Operational Guidelines states: "In coordination with UNOPS, SGP country programme team are responsible for the financial monitoring of grants, disbursements, COB expenditures, and co-financing."																											
Priority:		High																											
Cause:		Compliance	Failure to comply with prescribed regulations, rules and procedures																										
Responsible manager:		NC / PA																											
Due date:		30 June 2026																											
Financial impact:		US\$ 151,359																											
Facts / observation:		<p>We identified multiple cut-off errors, whereby grant expenditure was recorded in the wrong period.</p> <p><u>First instalments</u></p> <p>A total of US\$ 136,769 was recorded during the audit period as the first instalments for six grants. We note that first instalments should be paid upon signature of the MOA, and that payments in Eritrea are made via ██████████, an intermediary NGO. Based on discussions with the NC, we understand that there was a halt on UN funded programmes in Eritrea at the time the first payments for these grants should have been made following the signature of the MOA.</p> <p>Payments were ultimately made to the NGOs in March 2022; however, the six payments were recorded as having been made on 25 November 2021. Resultantly, the payments have been incorrectly recorded in the expenditure report for the period 1 January 2018 to 31 December 2021.</p> <p>Details of these six transactions are included in the table below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Description</th> <th style="text-align: left;">MOA signature date</th> <th style="text-align: left;">Payment date (per listing)</th> <th style="text-align: right;">Amount recorded (US\$)</th> <th style="text-align: left;">Actual payment date</th> </tr> </thead> <tbody> <tr> <td>██████████, ERI/SGP/OP6/Y4/STAR/LD/2018/08</td> <td>27/03/2019</td> <td>25/11/2021</td> <td style="text-align: right;">25,000</td> <td>March 2022</td> </tr> <tr> <td>██████████, ERI/SGP/OP6/Y4/STAR/LD/2018/07</td> <td>27/03/2019</td> <td>25/11/2021</td> <td style="text-align: right;">25,000</td> <td>March 2022</td> </tr> <tr> <td>██████████, ERI/SGP/OP6/Y4/STAR/BD/2018/10</td> <td>27/03/2019</td> <td>25/11/2021</td> <td style="text-align: right;">21,132</td> <td>March 2022</td> </tr> <tr> <td>██████████, ERI/SGP/OP6/Y4/STAR/CC/2018/09</td> <td>27/03/2019</td> <td>25/11/2021</td> <td style="text-align: right;">19,510</td> <td>March 2022</td> </tr> </tbody> </table>			Description	MOA signature date	Payment date (per listing)	Amount recorded (US\$)	Actual payment date	██████████, ERI/SGP/OP6/Y4/STAR/LD/2018/08	27/03/2019	25/11/2021	25,000	March 2022	██████████, ERI/SGP/OP6/Y4/STAR/LD/2018/07	27/03/2019	25/11/2021	25,000	March 2022	██████████, ERI/SGP/OP6/Y4/STAR/BD/2018/10	27/03/2019	25/11/2021	21,132	March 2022	██████████, ERI/SGP/OP6/Y4/STAR/CC/2018/09	27/03/2019	25/11/2021	19,510	March 2022
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	■■■■■, ERI/SGP/OP6/Y4/ STAR/LD/2018/06	27/03/2019	25/11/2021	24,995	March 2022																									
	Total			136,769																										
<p><u>Final instalments</u></p> <p>A total amount of US\$ 14,590 was recorded as expenditure in the financial report for the period from 1 January 2018 to 31 December 2021, in relation to the final instalments for three grants. However, we found that these three payments were not made until December 2022 and January 2023. The expenditure is therefore overstated for the audit period.</p> <p>Details of the relevant payments are provided below:</p> <table border="1"> <thead> <tr> <th>Description</th> <th>Transaction date</th> <th>Amount (US\$)</th> <th>Actual payment date</th> <th>Ineligible (US\$)</th> </tr> </thead> <tbody> <tr> <td> ■■■■■ ERI/SGP/OP6/Y2/CORE/LD/2 016/02 </td> <td>12-Aug-21</td> <td>5,000</td> <td>29-Jan-23</td> <td>5,000</td> </tr> <tr> <td> ■■■■■, ERI/SGP/OP6/Y2/CORE/BD/2 016/04 </td> <td>13-Aug-21</td> <td>4,590</td> <td>9-Dec-22</td> <td>4,590</td> </tr> <tr> <td> ■■■■■, ERI/SGP/OP6/Y2/CORE/CC/2 016/03 </td> <td>13-Aug-21</td> <td>5,000</td> <td>9-Dec-22</td> <td>5,000</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td></td> <td>14,590</td> </tr> </tbody> </table>						Description	Transaction date	Amount (US\$)	Actual payment date	Ineligible (US\$)	■■■■■ ERI/SGP/OP6/Y2/CORE/LD/2 016/02	12-Aug-21	5,000	29-Jan-23	5,000	■■■■■, ERI/SGP/OP6/Y2/CORE/BD/2 016/04	13-Aug-21	4,590	9-Dec-22	4,590	■■■■■, ERI/SGP/OP6/Y2/CORE/CC/2 016/03	13-Aug-21	5,000	9-Dec-22	5,000	Total				14,590
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Total				14,590																										
Impact:	Recording expenditure in the wrong period affects the accuracy of the financial report and impacts the analysis of grant utilisation from one year to the next.																													
Recommendation:	<p>The SGP team should ensure that all grant disbursements are recorded on a timely basis. Further, receipts should only be created once the SGP team is in a position to pay them.</p> <p>If there is a need to correct these receipts, this should be done on a timely basis, so as not to cause cut-off errors in the financial reports.</p> <p>The SGP should periodically review the transactions recorded in oneUNOPS to ensure they are accurate and complete.</p>																													
Management reply and action plan:	<p>The audit recommendation is noted and accepted. The GMS Team will continue to enforce the requirement outlined in the updated Finance Checklist (i.e., receipts will only be created when payment is intended to be processed immediately, ensuring that receipt dates and invoice dates align within the same month to avoid cut-off errors.) The GMS team has been instructed to reject any payment requests that do not comply with this requirement. Additionally, periodic reviews of transactions recorded in OneUNOPS will be conducted to ensure ongoing accuracy and completeness with discrepancies being promptly corrected.</p>																													

2.	Title:	Weaknesses in grant management																																	
Functional area:	Grant management																																		
Comparison criteria:	<p>Article 5.1 of the SGP Standard Operating Procedures Manual states that: "Effective contract management and administration involves monitoring and control of contract performance, payments, reporting and contract completion. Throughout the contract management phase, it is paramount that open communication is maintained with SGP grantees."</p> <p>Article 5.6 states that: "Upon successful completion of the grants, the final report needs to be submitted by grantee and the project status needs to be changed to "satisfactory completed" in the database. Also, the grant file including the MOA, progress reports, and other related documents and information should be stored for the records and audit trail."</p>																																		
Priority:	Medium																																		
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures																																	
Responsible manager:	NC / PA																																		
Due date:	30 June 2026																																		
Financial impact:	-																																		
Facts / observation:	<p>a) <u>Delays in final tranche payment upon completion</u></p> <p>We noted that for the grants reported below there was a delay in final payment to the grantee, despite activities finishing and the grant being recorded as complete during the audit period.</p> <table border="1"> <thead> <tr> <th>Grantee</th> <th>Grant</th> <th>Amount (US\$)</th> <th>Date of certification of financial report by NC</th> <th>Payment date</th> <th>Delay (days)</th> </tr> </thead> <tbody> <tr> <td>████</td> <td>ERI/SGP/OP6/Y2/C ORE/LD/2016/02</td> <td>5,000</td> <td>30-Jun-21</td> <td>29-Jan-23</td> <td>578</td> </tr> <tr> <td>████████</td> <td>ERI/SGP/OP6/Y2/C ORE/BD/2016/04</td> <td>4,590</td> <td>30-Jun-21</td> <td>9-Dec-22</td> <td>527</td> </tr> <tr> <td>████████</td> <td>ERI/SGP/OP6/Y2/C ORE/CC/2016/03</td> <td>5,000</td> <td>30-Jun-21</td> <td>9-Dec-22</td> <td>527</td> </tr> <tr> <td>Total</td> <td></td> <td>14,590</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>We noted that financial and progress reports were received from the grantees and certified by the NC, but the final payments were delayed. The financial impact of the above transactions has already been included in Finding 1.</p> <p>b) <u>Lack of signed project budgets</u></p> <p>SGP Eritrea uses an intermediary NGO, the ██████████ (██████████), to help implement and facilitate payments to the grantees. We noted that for the below grants, copies of the grant budgets (Annex B) were kept at the offices of the ██████████ and no copies were kept in the SGP offices:</p>					Grantee	Grant	Amount (US\$)	Date of certification of financial report by NC	Payment date	Delay (days)	████	ERI/SGP/OP6/Y2/C ORE/LD/2016/02	5,000	30-Jun-21	29-Jan-23	578	████████	ERI/SGP/OP6/Y2/C ORE/BD/2016/04	4,590	30-Jun-21	9-Dec-22	527	████████	ERI/SGP/OP6/Y2/C ORE/CC/2016/03	5,000	30-Jun-21	9-Dec-22	527	Total		14,590			
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	Grantee	Grant	Date MOA signed	Amount (US\$)
	██████████	ERI/SGP/OP6/Y4/STAR/LD/2018/08	27/03/2019	50,000
	██████████	ERI/SGP/OP6/Y4/STAR/LD/2018/07	27/03/2019	50,000
	██████	ERI/SGP/OP6/Y4/STAR/BD/2018/10	27/03/2019	42,264
	██████	ERI/SGP/OP6/Y4/STAR/CC/2018/09	27/03/2019	39,020
	██████	ERI/SGP/OP6/Y4/STAR/BD/2018/11	27/03/2019	42,264
	<p>We also noted that these budgets have not been signed by the grantees.</p> <p>As SGP Eritrea has ultimate responsibility of the programme, the SGP team should ensure that copies of all supporting documents are kept at their premises and available upon request.</p>			
Impact:	<p>a) Without timely payment of the final tranche to the grantee upon completion of the project activities, the grantees may face financial difficulty while they are out of pocket and awaiting reimbursement.</p> <p>b) The lack of project budgets on file suggests that the SGP office is not carrying out the necessary controls over grantee expenditure. The lack of grantee signatures on the project budgets could indicate that these are not the final versions.</p>			
Recommendation:	<p>a) We recommend that payment of the final tranche is made shortly after the grantee has finished their activities and their final report has been certified as being complete.</p> <p>b) The SGP office should ensure that all key documents are retained on file, including project budgets, and that these are signed by the grantees.</p>			
Management reply and action plan:	<p>The audit recommendation is noted and accepted. The country office will implement a standardized process whereby payments are made within two weeks after grantee activities are completed and the financial reports are certified and reconciled. Additionally, the APM will monitor the SGP Grant Commitments and Ongoing Project dashboard to identify completed projects and follow up with NC when POs are not raised within two weeks. Furthermore, the SGP team will retain all key documents on file. In addition, all delays in payments will be followed up and documented.</p>			

3.	Title:	Grant selection and approval process – weakness in call for proposals	
Functional area:	Grant management		
Comparison criteria:	<p>Article 67 of the SGP Operational Guidelines states that: “Each SGP Country Programme prepares and issues a call for proposals on a regular basis in line with the approved SGP Country Programme Strategy (CPS) or Project Document (in the case of UCPs). Information in the call for proposals should clearly state that the SGP makes grants to eligible CSOs (or to individuals in exceptional cases as in the case of fellowships), on specific thematic and geographic focuses with a maximum grant amount of US\$50,000 for regular grants.”</p> <p>Article 68 states that: “The process for developing an SGP grant project concept and project document should take place in a transparent manner covering the: (i) project preparation guidelines setting forth the eligibility criteria; (ii) application/proposal review process and calendar; (iii) templates for project concept and proposal development, and; (iv) co-financing requirements in cash and/or in-kind.”</p>		
Priority:	Medium		
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures	
Responsible manager:	NC / PA		
Due date:	30 June 2026		
Financial impact:	-		
Facts / observation:	We reviewed the call for proposals issued during the audit period and found that this did not include that the project costs may not exceed \$US 50,000, as required by the SGP operational guidelines.		
Impact:	Lack of information in the call for proposals increases the risk that applicants submit proposals that do not meet the SGP eligibility criteria.		
Recommendation:	We recommend that the calls for proposals are sufficiently detailed and, at a minimum, include the information as set out in the SGP operational guidelines.		
Management reply and action plan:	The audit recommendation is noted and accepted. The NC will adopt a new Call for Proposal template that includes all mandatory information, including the maximum project cost, and will ensure all proposals comply with GEF co-financing requirements and the 1:1 ratio. A tracker will be maintained to record all grant applications and their evaluation status, providing a clear audit trail and ensuring consistency and compliance with SGP operational guidelines.		

4.	Title:	Delays in oneUNOPS processes (purchase orders and payments)																																					
Functional area:	oneUNOPS processes																																						
Comparison criteria:	<p>Article 3.6 of the SGP Standard Operating Procedures Manual states that: “the RFP for grants payments can be created following the creation of the Receipt and actual receipt of supporting documents i.e. invoices, receipts and reports from grantees. It is the responsibility of the SGP NC to supervise the PA (where applicable) to verify that the grant activity has been successfully completed, and certify the completeness and correctness of the supporting documents prior to creating the RFP in oU.”</p> <p>Article 3.7 states that “the RFP checklist is a step-by-step informational guide used to improve payment process chain, reduce delay in payment processing time, and avoid payment rejections and cancellations”.</p>																																						
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Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures																																					
Responsible manager:	NC / PA																																						
Due date:	30 June 2026																																						
Financial impact:	-																																						
Facts / observation:	<p>1. Delays in raising PO</p> <p>We identified a number of significant delays between the date the MOA was signed, and the purchase order being raised in oneUNOPS.</p> <p>Details of the delays are presented below:</p> <table border="1"> <thead> <tr> <th>Grantee</th> <th>Date MOA signed</th> <th>Date of PO</th> <th>Days elapsed</th> </tr> </thead> <tbody> <tr> <td>████</td> <td>11/05/2017</td> <td>19/07/2017</td> <td>69</td> </tr> <tr> <td>████████</td> <td>01/06/2017</td> <td>19/07/2017</td> <td>48</td> </tr> <tr> <td>██████</td> <td>01/06/2017</td> <td>19/07/2017</td> <td>48</td> </tr> <tr> <td>████</td> <td>01/06/2018</td> <td>19/07/2021</td> <td>48</td> </tr> </tbody> </table> <p>2. MOAs signed before grant approval</p> <p>We identified instances where the MOA was signed before the UNOPS Grant Authority Approval was obtained. Details of these delays are included below.</p> <table border="1"> <thead> <tr> <th>Grantee</th> <th>Signed MOA Date</th> <th>"Request for Grant Award" approval - date</th> <th>Days elapsed</th> </tr> </thead> <tbody> <tr> <td>████</td> <td>11/05/2017</td> <td>07/08/2017</td> <td>88</td> </tr> <tr> <td>████████</td> <td>11/05/2017</td> <td>07/08/2017</td> <td>88</td> </tr> <tr> <td>██████</td> <td>11/05/2017</td> <td>07/08/2017</td> <td>88</td> </tr> </tbody> </table>			Grantee	Date MOA signed	Date of PO	Days elapsed	████	11/05/2017	19/07/2017	69	████████	01/06/2017	19/07/2017	48	██████	01/06/2017	19/07/2017	48	████	01/06/2018	19/07/2021	48	Grantee	Signed MOA Date	"Request for Grant Award" approval - date	Days elapsed	████	11/05/2017	07/08/2017	88	████████	11/05/2017	07/08/2017	88	██████	11/05/2017	07/08/2017	88
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	<p>3. Delays in raising Request for Payment (RfP)</p> <p>We identified instances whereby the RfP was raised more than one week after the certification of a milestone report, and in some cases much longer. Details of these delays are included below.</p> <table border="1" data-bbox="496 414 1439 712"> <thead> <tr> <th data-bbox="496 414 687 504">Grantee</th> <th data-bbox="687 414 935 504">Certification date of milestone</th> <th data-bbox="935 414 1238 504">Date of request for payment (RFP) creation date</th> <th data-bbox="1238 414 1439 504">Days elapsed</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 504 687 548">████</td> <td data-bbox="687 504 935 548">18/06/2018</td> <td data-bbox="935 504 1238 548">28/06/2018</td> <td data-bbox="1238 504 1439 548">10</td> </tr> <tr> <td data-bbox="496 548 687 593">████████</td> <td data-bbox="687 548 935 593">18/06/2018</td> <td data-bbox="935 548 1238 593">10/07/2018</td> <td data-bbox="1238 548 1439 593">22</td> </tr> <tr> <td data-bbox="496 593 687 638">████████</td> <td data-bbox="687 593 935 638">18/06/2018</td> <td data-bbox="935 593 1238 638">28/06/2018</td> <td data-bbox="1238 593 1439 638">10</td> </tr> <tr> <td data-bbox="496 638 687 683">████</td> <td data-bbox="687 638 935 683">13/06/2018</td> <td data-bbox="935 638 1238 683">21/06/2018</td> <td data-bbox="1238 638 1439 683">8</td> </tr> <tr> <td data-bbox="496 683 687 712">████</td> <td data-bbox="687 683 935 712">30/06/2020</td> <td data-bbox="935 683 1238 712">04/12/2020</td> <td data-bbox="1238 683 1439 712">157</td> </tr> </tbody> </table>	Grantee	Certification date of milestone	Date of request for payment (RFP) creation date	Days elapsed	████	18/06/2018	28/06/2018	10	████████	18/06/2018	10/07/2018	22	████████	18/06/2018	28/06/2018	10	████	13/06/2018	21/06/2018	8	████	30/06/2020	04/12/2020	157
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████	13/06/2018	21/06/2018	8																						
████	30/06/2020	04/12/2020	157																						
Impact:	Delays in payments may negatively affect project implementation due to funds not being available on a timely basis.																								
Recommendation:	<p>We recommend ensuring that purchase orders are raised promptly after signing MOAs, and that requests for payment are processed swiftly, to avoid any significant delays in grantees receiving funds.</p> <p>The NC should also ensure that UNOPS Grant Authority Approval is obtained prior to signing the MOA.</p>																								
Management reply and action plan:	<p>The recommendation is noted and accepted. The NC will ensure that UNOPS Grant Authority Approval (RFGA) is obtained before signing any MOA. Purchase Orders will be created promptly after MOA countersignature to avoid disbursement delays.</p> <p>An automated query, “Automatic Fetch of Flagged Non-PO RfPs in Workflow ≥ USD 2,500,” is used to identify commitments without an associated PO. The Finance Team will coordinate with the APM to ensure POs are issued immediately after MOA signing. This process is integrated within OneUNOPS to support accurate tracking and compliance. Payment requests will be monitored to ensure timely processing.</p>																								

5.	Title:	SGP database does not include planned grant disbursement dates and amounts	
Functional area:	Document management – filing and archiving		
Comparison criteria:	<p>Article 5.5 of the SGP Standard Operating Procedures Manual states: “All new grants must be entered into the SGP Database, and MOAs and Grant Approval List & NSC Meeting Minutes uploaded along each grants entry. Without this information on the SGP Database, funding for the grant would not be released by UNOPS.</p> <p>It is important for financial monitoring and reporting to keep the SGP Database records up to date, any change in grants activities i.e. MOA amendment, completion or termination of the grants should be reflected in database in due time. The same is true for the grants disbursement dates and amounts. The database entries should be completed immediately after the NSC meeting concludes and MOAs are prepared and signed.”</p>		
Priority:	Medium		
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures	
Responsible manager:	NC / PA		
Due date:	30 June 2026		
Financial impact:	-		
Facts / observation:	<p>We noted that for a number of grant disbursement dates and amounts (both planned and actual) were not included in the SGP database. When the grant was entered onto the database, the total grant amount was recorded without any detail of the tranches to be paid. This was noted for the following grantees:</p> <ul style="list-style-type: none"> • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] <p>We noted that copies of the MOAs were uploaded in the database, alongside a description of each grant.</p>		
Impact:	Information in the SGP database is not complete.		
Recommendation:	We recommend that the NC ensures that details of grant disbursement dates and amounts are recorded in the SGP database. This information should be entered into the database as soon as MOAs have been signed by both parties.		
Management reply and action plan:	Upon the signing of the MOA by both parties, the details will be entered into the database immediately. The APM will perform a periodic review of all new projects in the SGP database to ensure that supporting documents are uploaded and that the details of grant disbursement are promptly recorded and entries reconcile with the terms of the MOA. In cases where exceptions are noted, the APM will follow up with the NC/PA.		

6.	Title:	COB expenditure not adequately supported																		
Functional area:	Document management – filing and archiving																			
Comparison criteria:	<p>Article 1.6 of the SGP Standard Operating Procedures Manual (7 January 2017) states that "Documents should be organised in a filing system that can be easily navigated. Most SGP files should be placed into one of the following folders:</p> <ul style="list-style-type: none"> - Non-grant – Non-grant files should be filed in the following order - A checklist or table content of documents included in the file - COB authorisation - Travel authorisation and TEC and other related supporting documents - Purchase Orders (POs) - Disbursements and supporting documentation" <p>Article 70 of the SGP Operational Guidelines states that: "The COB/SROB covers the following operating expenses: personnel costs and local consultant fees; travel; expendable and non-expendable equipment; premises; operations and maintenance; reporting and outreach; and sundries (including communications costs)".</p> <p>Article 74 of states that: "The NC/SRC manages the COB/SROB. On behalf of UNOPS, the NC/SRC CO and host NGO (if applicable) are responsible for ensuring that all expenditures are correct, appropriately documented, and within the approved budget."</p>																			
Priority:	Medium																			
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures																		
Responsible manager:	NC / PA																			
Due date:	30 June 2026																			
Financial impact:	US\$ 3,568																			
Facts / observation:	<p>We identified reported Country Operating Budget (COB) expenditure that was not supported by sufficient documentation. As such, we were not able to ensure that it related to the SGP project and complied with relevant guidelines and procedures. Details of the unsupported transactions are included below:</p> <table border="1" data-bbox="470 1630 1433 1848"> <thead> <tr> <th>Voucher number</th> <th>Supplier</th> <th>Amount (US\$)</th> <th>Comments</th> </tr> </thead> <tbody> <tr> <td>██████████</td> <td>██████████</td> <td>3,012</td> <td>No proof of payment in oneUNOPS</td> </tr> <tr> <td>██████████</td> <td>██████████</td> <td>556</td> <td>No supporting documents received</td> </tr> <tr> <td>Total</td> <td></td> <td>3,568</td> <td></td> </tr> </tbody> </table>				Voucher number	Supplier	Amount (US\$)	Comments	██████████	██████████	3,012	No proof of payment in oneUNOPS	██████████	██████████	556	No supporting documents received	Total		3,568	
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██████████	██████████	3,012	No proof of payment in oneUNOPS																	
██████████	██████████	556	No supporting documents received																	
Total		3,568																		
Impact:	<p>There is a risk that the expenditure claimed did not relate to SGP project activities. It is not possible to verify whether COB expenditure is in line with the budget.</p>																			

Recommendation:	We recommend that the NC retains all necessary information, such as invoice, proof of payment, and evidence that costs were linked to the project activities (such as mission reports) on file for all COB expenditure. The documentation should be retained for the prescribed period.
Management reply and action plan:	All payments are processed through OneUNOPS, which serves as a central repository for key documents, including invoices, POs, payment confirmations, and financial reports, with documents retrievable using PO numbers or project IDs. The NC, under the APM's guidance, will implement a structured filing system with electronic folders and physical binders organized chronologically to enhance record management and ensure easy access.

7.	Title:	Weaknesses in asset management																												
Functional area:	Asset management																													
Comparison criteria:	Section 1.5 of the SGP Standard Operating Procedures Manual states that “It is important to maintain an updated inventory of all physical assets. The assets should be tagged, and entered into Asset List Template. The assets inventory sheet needs to be updated to reflect the correct status of the asset.”																													
Priority:	Medium																													
Cause:	Human error	Un-intentional mistakes committed by staff entrusted to perform assigned functions																												
Responsible manager:	NC / PA																													
Due date:	30 June 2026																													
Financial impact:	-																													
Facts / observation:	<p><u>Difference between asset listing item and underlying invoice</u></p> <p>We noted that for two of the items on the asset inventory list, the stated value per the listing did not agree to the price per the invoice. Details are included in the table below:</p> <table border="1"> <thead> <tr> <th>Date of purchase</th> <th>Asset description</th> <th>Amount per register (US\$)</th> <th>Amount per receipt (US\$)</th> <th>Difference (US\$)</th> </tr> </thead> <tbody> <tr> <td>03/01/2019</td> <td>Dell latitude 7290-laptop</td> <td>1,986</td> <td rowspan="2">5,450</td> <td rowspan="2">348</td> </tr> <tr> <td>03/01/2019</td> <td>Dell PH 2719H-27" Monitor</td> <td>913</td> </tr> <tr> <td>03/01/2019</td> <td>Dell latitude 7290-laptop</td> <td>1,986</td> <td rowspan="2">2,380</td> <td rowspan="2">817</td> </tr> <tr> <td>03/01/2019</td> <td>Dell PH 2719H-27" Monitor</td> <td>913</td> </tr> <tr> <td>11/11/2020</td> <td>MPF M 635 Printer</td> <td>3,197</td> <td></td> <td></td> </tr> </tbody> </table>				Date of purchase	Asset description	Amount per register (US\$)	Amount per receipt (US\$)	Difference (US\$)	03/01/2019	Dell latitude 7290-laptop	1,986	5,450	348	03/01/2019	Dell PH 2719H-27" Monitor	913	03/01/2019	Dell latitude 7290-laptop	1,986	2,380	817	03/01/2019	Dell PH 2719H-27" Monitor	913	11/11/2020	MPF M 635 Printer	3,197		
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11/11/2020	MPF M 635 Printer	3,197																												
Impact:	The acquisition cost included in the asset listing is not accurate.																													
Recommendation:	The asset listing should reflect accurate recording of the inventory value which is supported by appropriate evidence.																													
Management reply and action plan:	The audit recommendation is noted and accepted. The SGP team will update the asset registry to ensure that the values listed for all assets accurately reflect the amount stated on the corresponding invoices.																													

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
Satisfactory (effective)	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 (ineffective)	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:

- **Compliance:** failure to comply with prescribed regulations, rules and procedures;
- **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.

Annex II – Asset listing

Non-expendable Property Statement (revised) - SGP Eritrea, 31 December 2021
 Project: SGP Eritrea ; Asset Location: Eritrea

Asset Group Description	Asset Group	Asset/Item Description	Assigned To:	Assigned Date	Supplier/Vendor	Model/Serial No.	Serial Number	Purchase Order Date	Purchase Amount US\$	PO #	Transaction No #	Asset Condition	Asset Status	Work Package	Donor	Nature of Cost	Remarks/Current Asset Value
Furniture- Chair	FURN9	CHAIR HIGHBACK SWIVEL		1-Feb-10			ERIO0538	NA				Disposed to UNDP CO	Obsolete				Returned to UNDP CO
Furniture- Chair	FURN9	CHAIR HIGHBACK SWIVEL-Black colored		31-Dec-21			ERIO1791		\$ 300		620556594	Available	Functional				\$ 300
Furniture- Chair	FURN9	CHAIR LOWBACK METAL FRAME		1-Feb-10			ERIO0573					Available	Functional				UNDP CO donated in Feb 2010
Furniture- Chair	FURN9	CHAIR HIGHBACK SWIVEL-Black colored		31-Dec-21			ERIO1790	NA	\$ 300		620556594	Available	Functional				\$ 300
Furniture- Chair	FURN9	CHAIR MIDBACK METAL FRAME CONFERENCE		1-Feb-10			ERIO1068	NA				Available	Functional				UNDP CO donated in Feb 2010
Furniture- Chair	FURN9	CHAIR MIDBACK METAL FRAME LEATHER VISITOR		22-Oct-09			ERIO1109	15-Oct-09	\$ 300	ERIS0-0000000109		Available	Functional				Below zero
Furniture- Chair	FURN9	CHAIR MIDBACK METAL FRAME LEATHER VISITOR		22-Oct-09			ERIO1110	15-Oct-09	\$ 300	ERIS0-0000000109		Available	Functional				Below zero
Furniture - Cabinets and bookshelves	FURN2	SHELF WOODEN 2 GLASS AND WOODEN DOORS		22-Oct-09			ERIO1111	15-Oct-09	\$ 600	ERIS0-0000000109		Available	Functional				Below zero
Furniture - Cabinets and bookshelves	FURN2	SHELF WOODEN 2 GLASS AND WOODEN DOORS		22-Oct-09			ERIO1112	15-Oct-09	\$ 600	ERIS0-0000000109		Available	Functional				Below zero
Furniture- Tables	FURN5	COFFEE TABLE WOODEN		22-Oct-09			ERIO1113	15-Oct-09	\$ 200	ERIS0-0000000109		Available	Functional				Below zero
Furniture- Desks	FURN1	DESK WOODEN EXECUTIVE		22-Oct-09			ERIO1116	15-Oct-09	\$ 800	ERIS0-0000000109		Available	Functional				Below zero
Furniture- Chair	FURN9	CHAIR MIDBACK LEATHER SWIVEL		22-Oct-09			ERIO1117	15-Oct-09	\$ 867	ERIS0-0000000109		Damaged/Broken	Functional				Returned to UNDP CO
Furniture- Desks	FURN1	DESK WOODEN COMPUTER		22-Oct-09			ERIO1119	15-Oct-09	\$ 800	ERIS0-0000000109		Available	Functional				Below zero
Furniture- General	FURN10	BOARD PIN STICKER		22-Jun-09			ERIO1120	22-Jun-09	\$ 39	ERIS0-0000000076		Available	Functional				Below zero
Furniture- General	FURN10	WHITE BOARD (BIG)		22-Jun-09			ERIO1121	22-Jun-09	\$ 187	ERIS0-0000000076		Available	Functional				Below zero
Furniture- Chair	FURN9	CHAIR MIDBACK METAL FRAME VISITOR		1-Feb-10			ERIO1123					Available	Functional				UNDP CO donated in Feb 2010
Furniture- General	FURN10	BOARD PIN STICKER		1-Feb-10			ERIO1124					Available	Functional				UNDP CO donated in Feb 2010
Furniture - Cabinets and bookshelves	FURN2	SHELF WOODEN 2 GLASS AND WOODEN DOORS		22-Jun-09			ERIO1126	22-Jun-09	\$ 39	ERIS0-0000000076		Available	Functional				Below zero
Furniture- General	FURN10	COAT HANGER		1-Feb-10			ERIO1128					Available	Functional				UNDP CO donated in Feb 2010
Furniture- General	FURN10	COAT HANGER		14-Jun-11			ERIO1188					Available	Functional				UNDP CO donated in June 2011
Furniture - Cabinets and bookshelves	FURN2	SMALL CUPBOARD WITH THREE DRAWERS		5-Jul-21			ERIO1378					Available	Functional				UNDP CO donated in June 2021
Furniture- General	FURN10	WHITE BOARD (90cm X 60cm)		1-Jan-19			ERIO1794		\$ 47		620277070	Available	Functional				\$ 88
Furniture- Tables	FURN5	TABLE L SHAPE		25-Oct-09			ERIO1435	6-Oct-09	\$ 1,200	ERIS0-0000000176		Available	Functional				Below zero
Communication and IT equipment	ICT1	Dell Latitude 7290-Laptop		4-Feb-19		9159752	ERIO1502	31-Dec-18	\$ 1,986	3079702	620325596	Available	Functional				\$ 993
Communication and IT equipment	ICT1	Dell PH2719H-27"-Monitor		4-Feb-19		FW956R2	ERIO1503	31-Dec-18	\$ 913	3079702	620325596	Available	Functional				\$ 457
Communication and IT equipment	ICT12	DIGITAL SENDER 9250C		22-Jul-10		MXCCB600QV	ERIO1438	24-Jun-10	\$ 1,180	ERIS0-0000000149		Available	Functional				Below zero
Communication and IT equipment	ICT4	HP LASER JET PRINTER		22-Jul-10			ERIO1439	24-Jun-10	\$ 2,495	ERIS0-0000000149		Available	Functional				Below zero
Communication and IT equipment	ICT1	Dell Latitude 7290-Laptop		4-Feb-19		JZ9752	ERIO1504	31-Dec-18	\$ 1,986	3079702	620325596	Available	Functional				\$ 993
Communication and IT equipment	ICT1	Dell PH2719H-27"-Monitor		4-Feb-19		FZ856R2	ERIO1505	31-Dec-18	\$ 913	3079702	620325596	Available	Functional				\$ 457
Communication and IT equipment	ICT10	Sony VPL-EX145 LCD Projector		11-Dec-12		S002691	ERIO1475	11-Dec-12	\$ 884	ERIS0-0000000250		Available	Functional				Below zero
Communication and IT equipment	ICT13	Panasonic SDR-H101 digital Video Camera		11-Dec-12		G2TG00012	ERIO1476	11-Dec-12	\$ 231	ERIS0-0000000250		Available	Functional				Below zero
Communication and IT equipment	ICT12	WD External Hard disk of 2TB		1-Jan-17		WX71A859189E	ERIO1493		\$ 280	NA	620094915	Available	Functional	11960-003-03	1447	11960-003-03-004	Below zero
Specific Equipment	HYM4	Safe Deposit Box of 60 Kg		1-Jan-19		NAD	ERIO1792		\$ 389	NA	620315288	Available	Functional	11960-003-03	1447	11960-003-03-004	\$ 311
Communication and IT equipment	ICT12	MPF M635h Printer		3-Feb-21			ERIO1727	12-Oct-20	\$ 3,197	3122192	620515399	Available	Functional	11960-003-03	1447	11960-003-03-004	\$ 3,197
Furniture- General	FURN10	COAT HANGER		22-Dec-21			ERIO1793	NA	\$ 65	NA	620556594	Available	Functional				\$ 85
								Total	\$ 21,098								

NB> 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.

Prepared by: Programme Assistant	Certified by: National Coordinator
Name: [Redacted]	Name: [Redacted]
Signature: [Redacted]	Signature: [Redacted]
Date: 17/08/23	Date: [Redacted]