



INTERNAL AUDIT AND INVESTIGATIONS GROUP

UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

INTERNAL AUDIT REPORT

15 January 2026

PROJECT NAME:	SMALL GRANTS PROGRAMME (SGP) OPERATIONAL PHASES 6 AND 7
PROJECT NUMBER:	11960-008, 21970-007
COUNTRY:	KIRIBATI
AUDITOR:	BDO LLP
PERIOD SUBJECT TO AUDIT:	1 JANUARY 2018 TO 31 DECEMBER 2021

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Acronyms and abbreviations

CBO	Community-based Organisation
CO	Country Office
COB	Country Operating Budget
CPMT	Central Programme Management Team
FJD	Fijian Dollars
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)
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 the ‘Small Grants Programme (SGP), Operational Phases 6 and 7, Kiribati’ (“the project”) (oneUNOPS project references 11960-008 and 21970-007), which is implemented and managed by the SGP Office in Kiribati. 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\$ 621,754 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, Kiribati		1 January 2018 to 31 December 2021	11960-008, 21970-007
Financial statement		Asset listing ¹	
Amount US\$	Opinion	Amount US\$	Opinion
621,754	Qualified	n/a	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	Partially satisfactory (some 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	Partially satisfactory (some improvement needed)	
Overall rating of internal control	Partially satisfactory (some improvement needed)	

Key issues and recommendations

The audit raised 11 issues. There are 11 recommendations, three of which are ranked high priority, meaning “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)”. Eight

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.

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)”.

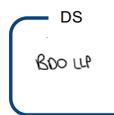
Below is a list of the audit findings, further details of which can be found in the detailed assessment section.

No.	Functional area	Audit finding title	Priority rating (high / medium)	Financial impact (US\$)
1	Grant management	Weaknesses in grant management	High	-
2	Grant management	Grant selection and approval process - weakness in call for proposals	Medium	-
3	Grant management	Weaknesses in management of the National Steering Committee ("NSC")	Medium	-
4	Financial monitoring and processes	Final payment made prior to receipt of final report	Medium	-
5	oneUNOPS processes	Delays in oneUNOPS processes (purchase orders and payments)	Medium	-
6	oneUNOPS processes	SGP database does not include planned grant disbursement dates and amounts	Medium	-
7	oneUNOPS processes	Adjustments recorded in incorrect period	Medium	14,623
8	Document management – filing and archiving	No site visit or remote monitoring report	Medium	-
9	Document management – filing and archiving	COB expenditure not adequately supported	Medium	776
10	Asset management	Weaknesses in asset management	High	-
11	Human resources management	Weaknesses in HR management and managing annual leave balance	High	5,872
Total				21,271

Management's comments

The UNOPS portfolio manager has accepted all of the findings.

Signed:



DS
BDO LLP

BDO LLP

15 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 Kiribati, as well as UNOPS and UNDP staff for their full cooperation during the audit.

████████████████████	07-Jul-2021	First	23,900
████████████████████	07-Jul-2021	First	21,818
████████████████████	15-Jul-2021	First	10,000
████████████████████	28-Dec-2020	First	15,125
████████████████████	13-Dec-2021	First	12,500
████████████████████	13-Dec-2021	First	12,500
██████████	13-Dec-2021	First	12,500
████████████████████	13-Dec-2021	First	24,500
			269,631

2) Transaction listing not reconciled to financial reports

For the grant disbursements where transaction listings were available, we identified a variance between the expenditure reported per the financial report and per the transaction listing submitted by the grantee. Details of this variance are included below:

Grantee	Transaction date	Amount (US\$)	Expenditure per financial report (AU\$)	Expenditure per listing (AU\$)	Difference (AU\$)
██████████ ████████████████████	08-Oct-2021	7,200	8,909	9,000	91

3) Lack of underlying documents for grantee expenditure

We selected the below grants for reperformance of the control carried out by the NC to review and certify grantee expenditure.

Grantee	Grant reference	Transaction date	Amount (US\$)
████████████████████	KIR/SGP/OP6/CORE/IW/2021/04	07-Jul-2021	24,440
████████████████████	KIR/SGP/OP6/CORE/IW/2021/04	07-Dec-2021	19,552
████████████████████	KIR/SGP/OP6/CORE/BD/2018/03	29-Dec-2020	24,413
████████████████████	KIR/SGP/OP6/CORE/BD/2018/03	21-Dec-2021	19,530

We obtained the transaction listing for expenditure reported by ██████████ and selected a sample of expenditure for verification. However, we found that there was no sufficient underlying documentation to support the grantee expenditure. In particular, there were no invoices or receipts, a lack of quotations, no goods received notes or service delivery notes, and a lack of mission reports / minutes. As such, we were not able to verify that the NC had correctly performed their review of grantee expenditure prior to authorising subsequent disbursements. We also noted that vouchers and

	<p>invoices provided by the grantees were not numbered, and did not provide descriptions for the services or goods provided.</p> <p>We noted that no transaction listing or underlying documentation was provided for the expenditure reported by [REDACTED].</p> <p>4) Insufficient financial verification of grantee expenditure by NC</p> <p>We noted that financial reviews were not consistently carried out by the NC on grantee expenditure. Instead, the NC performed random spot check verifications on a sample of grantee expenditure; however, these were not formally recorded in a checklist or report attesting that the verification was performed.</p> <p>5) Lack of MoA extensions</p> <p>We noted that amendments had not been issued for grants whose project activities were ongoing after the project period specified in the MoA. The below grants were missing an MoA extension:</p> <table border="1" data-bbox="470 750 1428 1444"> <thead> <tr> <th>Grantee</th> <th>Grant</th> </tr> </thead> <tbody> <tr> <td>[REDACTED]</td> <td>KIR/SGP/OP6/CORE/BD/2018/03</td> </tr> <tr> <td>[REDACTED]</td> <td>KIR/SGP/OP6/CORE/BD/2021/01</td> </tr> <tr> <td>[REDACTED]</td> <td>KIR/SGP/OP6/CORE/BD/2018/02</td> </tr> <tr> <td>[REDACTED]</td> <td>KIR/SGP/OP5/CORE/IW/2021/03 - recoded</td> </tr> <tr> <td>[REDACTED]</td> <td>KIR/SGP/OP6/CORE/BD/2021/02</td> </tr> <tr> <td>[REDACTED]</td> <td>KIR/SGP/OP6/CORE/IW/2021/06</td> </tr> <tr> <td>[REDACTED]</td> <td>KIR/SGP/OP6/CORE/CC/2018/04</td> </tr> <tr> <td>[REDACTED]</td> <td>KIR/SGP/OP7/CORE/CC/2021/04</td> </tr> <tr> <td>[REDACTED]</td> <td>KIR/SGP/OP7/CORE/IW/2021/02</td> </tr> <tr> <td>[REDACTED]</td> <td>KIR/SGP/OP7/CORE/IW/2021/01</td> </tr> <tr> <td>[REDACTED]</td> <td>KIR/SGP/OP7/CORE/IW/2021/03</td> </tr> </tbody> </table> <p>6) Lack of project budget in MoA</p> <p>We found that no project budgets were attached to the MoAs for the grant disbursements made during the period under review.</p>	Grantee	Grant	[REDACTED]	KIR/SGP/OP6/CORE/BD/2018/03	[REDACTED]	KIR/SGP/OP6/CORE/BD/2021/01	[REDACTED]	KIR/SGP/OP6/CORE/BD/2018/02	[REDACTED]	KIR/SGP/OP5/CORE/IW/2021/03 - recoded	[REDACTED]	KIR/SGP/OP6/CORE/BD/2021/02	[REDACTED]	KIR/SGP/OP6/CORE/IW/2021/06	[REDACTED]	KIR/SGP/OP6/CORE/CC/2018/04	[REDACTED]	KIR/SGP/OP7/CORE/CC/2021/04	[REDACTED]	KIR/SGP/OP7/CORE/IW/2021/02	[REDACTED]	KIR/SGP/OP7/CORE/IW/2021/01	[REDACTED]	KIR/SGP/OP7/CORE/IW/2021/03
Grantee	Grant																								
[REDACTED]	KIR/SGP/OP6/CORE/BD/2018/03																								
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[REDACTED]	KIR/SGP/OP5/CORE/IW/2021/03 - recoded																								
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[REDACTED]	KIR/SGP/OP7/CORE/IW/2021/03																								
<p>Impact:</p>	<p>Without detailed transaction listings, there is insufficient evidence to support the expenditure amounts reported by grantees. There is an increased risk that grant funds have been spent on activities not relating to the project, due to a lack of monitoring and review of grantee expenditure throughout the project.</p> <p>Without obtaining sufficient documentation from the grantees to evidence expenditure incurred, there is a risk that grantee funds may not have been spent in line with the terms of the MOA and project budget.</p> <p>Lack of an MoA extension may increase the risk of ineligibility of expenditure.</p>																								

Recommendation:	<p>1) The NC should ensure that a transaction listing detailing expenditure is submitted by the grantee with each financial report.</p> <p>2) The expenditure per the transaction listing should be reconciled with the financial report during the verification process by the NC and any discrepancies between the expenditure amounts should be investigated.</p> <p>Disbursements to grantees should not be made unless a complete financial report has been submitted for the previous tranche, including a transaction list which details the expenditure incurred and reconciles to the financial report submitted by the grantee.</p> <p>3) We recommend that complete documentation is obtained and retained in relation to grantee reporting, to support the implementation of activities and ensure sound financial management of the expenditure prior to certifying Grantee expenditure.</p> <p>4) We recommend that financial reviews are consistently carried out by the NC on all grantee expenditure, not just on a sample basis. These reviews should be formally recorded in a checklist or report, documenting the results of the verification performed.</p> <p>5) We recommend that MoA extensions are signed in a timely manner, and prior to the MoA implementation period ending.</p> <p>6) We recommend that project budgets are attached to the MoAs for each grantee.</p>
Management reply and action plan:	<p>The recommendation is noted and accepted. We have introduced a standardized reconciliation template to ensure that grantees' transaction listings and supporting documents are reconciled with Annex D (Interim Report) or Annex F (Final Report). Grantees are now required to submit detailed transaction listings with each financial report, which we review against the approved budget and MoA terms. The NC verifies grantees' expenditures for compliance, including procurement thresholds, and provides written approval for procurements exceeding limits. Compliance with all MoA conditions will be confirmed before authorizing disbursements. Final reports and supporting documents are archived in the SGP database, and all MoAs (including the extensions) are signed in a timely manner with annexed project proposals and budgets.</p>

2.	Title:	Grant selection and approval process - weakness in call for proposals	
Functional area:	Grant management		
Comparison criteria:	<p>Article 67 of the SGP Operating 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		
Due date:	30 June 2026		
Financial impact:	-		
Facts / observation:	<p>Weaknesses in call for proposals</p> <p>We reviewed the call for proposals issued during the period in scope of this audit and found that they did not include the following key information relating to the programme, as required by the operational guidelines:</p> <ul style="list-style-type: none"> • Project preparation guidelines setting forth the eligibility criteria - grants are available for eligible CSOs, with priority to supporting poor and vulnerable communities in the GEF focal areas, with a maximum grant amount for a project of US\$ 50,000; • Application / proposal review process and calendar; • Templates for project concept and proposal development; • Co-financing requirements in cash and / or in-kind; • Whether an NGO or CBO may present a subsequent proposal after completion of a first project. <p>We also noted that the criteria in the evaluation reports were different from those mentioned in the call for proposals, and that there was no trail of applications from the application stage to the approval stage.</p> <p>We were not provided any documents relating to the call for proposals for Operational Phase 7, therefore we were unable to review the process for OP7.</p> <p>GEF requirements for co-financing overlooked</p>		

	<p>We noted that no co-financing criteria were taken into account when selecting grantees, or included in the budgets.</p>
Impact:	<p>Lack of information in the call for proposals increases the risk that applicants submit proposals that do not meet the SGP eligibility criteria.</p> <p>Lack of application of co-financing criteria may decrease the community involvement and increase the grantee's reliance on GEF funding.</p>
Recommendation:	<p>We recommend that the calls for proposals are sufficiently detailed and, at a minimum, include the information as set out in the operational guidelines.</p> <p>The information provided should reflect the actual process and equip applicants with all relevant information regardless of their previous experience with SGP.</p> <p>The criteria used in the evaluation reports should be the same as those mentioned in the call for proposals, and there should be a trail of applications from the application stage to the approval stage.</p> <p>We recommend that evidence of all calls for proposals is maintained on file, for all operational phases, so that the supporting documents are readily available for audit purposes, and to document the selection and approval process followed.</p> <p>The NC should ensure that all proposals submitted contain details of co-financing, whether it is in cash or in kind, to be in compliance with the GEF criteria.</p>
Management reply and action plan:	<p>The recommendation is noted and accepted. The NC will use a new Call for Proposal template aligned with SGP operational guidelines to ensure applicants receive clear and comprehensive guidance. All proposals will be reviewed to confirm compliance with GEF co-financing requirements, maintaining a 1:1 co-financing ratio during the operational phase.</p> <p>To further strengthen transparency and accountability, NSC meeting minutes will document the review and decision-making process for all proposals, including confirmation of compliance with GEF co-financing requirements.</p> <p>All call for proposals will be assessed against predefined and objective criteria approved by the NSC. Additionally, the NC will maintain evidence of all calls for proposals on file for each operational phase. In addition, a tracker will be maintained to log all grant applications and their evaluation status, providing a clear audit trail from submission to approval.</p>

3.	Title:	Weaknesses in management of the National Steering Committee ("NSC")																									
Functional area:	Grant management																										
Comparison criteria:	Article 44 of the SGP Operating Guidelines states that "In accordance with the UN rules on ethical conduct, all members of the NSC must declare any conflict of interests, actual or potential, with respect to concepts or proposals submitted for consideration. All NSC members must sign a Declaration of Conflict of Interest (COI) statement at the time of their appointment, as well as for each sitting of the NSC which reviews and approves projects. A conflict of interest may involve a range of circumstances including inter alia: (i) the presence of relatives or family members connected with the proposal; (ii) a financial or personal interest in the applicant organization; (iii) political, reputational and/or other ethical considerations. For more details, please refer to the UNOPS SOPs."																										
Priority:	Medium																										
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures																									
Responsible manager:	NC																										
Due date:	30 June 2026																										
Financial impact:	-																										
Facts / observation:	<p>We noted the following weaknesses in the management of the NSC:</p> <p>a) Conflict of Interest (COI)</p> <p>We found that COI forms were not signed upon appointment of NSC members, as detailed in the table below:</p> <table border="1"> <thead> <tr> <th>NSC member</th> <th>Organisation</th> <th>COI form</th> </tr> </thead> <tbody> <tr> <td>■</td> <td>████████████████████</td> <td>None provided</td> </tr> </tbody> </table> <p>b) Meeting minutes</p> <p>No minutes were provided for the NSC meetings held between 2018 and 2020.</p>			NSC member	Organisation	COI form	■	████████████████████	None provided																		
NSC member	Organisation	COI form																									
■	████████████████████	None provided																									
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Impact:	<p>The objectivity, transparency and credibility of the NSC is of paramount importance to the success of the country programme, and maintaining good relationships with stakeholders.</p> <p>If the NSC cannot be demonstrated to be duly independent, with documentation to support this, 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. All NSC members should sign a COI form shortly after appointment.</p> <p>Minutes should be documented on file for all NSC meetings held.</p>
Management reply and action plan:	<p>The recommendation is accepted. The GMS and CPMT Teams will work with the SGP Team to comply with Operational Guidelines for NSC member appointments. The NC will ensure that NSC members promptly sign a Conflict of Interest form.</p> <p>Formal meeting minutes will be maintained for all NSC meetings, documenting attendance, and decision taken.</p>

4.	Title:	Final payment made prior to receipt of final report									
Functional area:	Financial monitoring and 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 79 of the SGP Operational Guidelines states that “the amounts and schedules may differ, contingent upon the nature and length of project activities. Typically, SGP grants follow three installments: first disbursement of 30% to 50% of the total project grant amount at the time of grant agreement, followed by 40% to 60% at the midterm after the submission of progress report (in one or two tranches); and a final 10% installment after the submission of final report. Approval is sought from UNOPS and CPMT for exceptional cases that divert from the regular installment pattern.”</p>										
Priority:	Medium										
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures									
Responsible manager:	NC										
Due date:	30 June 2026										
Financial impact:	-										
Facts / observation:	<p>We identified one grantee for which the final tranche was paid upon receipt of the second progress and financial report, rather than being retained until submission of the final report.</p> <table border="1" data-bbox="472 1397 1410 1541"> <thead> <tr> <th>Grantee</th> <th>Grant</th> <th>Transaction date</th> <th>Amount (US\$)</th> </tr> </thead> <tbody> <tr> <td>██████████</td> <td>KIR/SGP/OP7/CORE/IW/2021/03</td> <td>13-Dec-2021</td> <td>12,500</td> </tr> </tbody> </table> <p>Per the terms of the Memorandum of Agreement Amendment, signed on 2 June 2023, the final progress report and final financial report were due for submission by the grantee by 30 September 2023. However, we noted that the final report was actually submitted by the grantee on 7 October 2025. Despite this, the final tranche had already been paid to the grantee in December 2021.</p>			Grantee	Grant	Transaction date	Amount (US\$)	██████████	KIR/SGP/OP7/CORE/IW/2021/03	13-Dec-2021	12,500
Grantee	Grant	Transaction date	Amount (US\$)								
██████████	KIR/SGP/OP7/CORE/IW/2021/03	13-Dec-2021	12,500								
Impact:	Advancing the final instalment of grant funds prior to the completion of project activities increases the risk that the grantee does not deliver their remaining activities and obligations.										
Recommendation:	The NC should ensure that all grantees submit final reports on a timely basis upon completion of their project activities, in line with the requirements of the grant agreement.										

	Final payment to grantees should only be made once the final report has been received from the grantee and approved by the NC.
Management reply and action plan:	The recommendation is noted and accepted. The NC will actively follow up with grantees after project completion to collect final progress and financial reports, and all necessary supporting documentation before final payment is made to the grantee.

5.	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>																																																										
Priority:	Medium																																																										
Cause:	Resources	Lack of or inadequate resources (funds, skills, staff, etc.) to carry out an activity or function																																																									
Responsible manager:	NC																																																										
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, as detailed below:</p> <table border="1"> <thead> <tr> <th>Grantee</th> <th>Payment date</th> <th>Amount (US\$)</th> <th>Date MOA signed</th> <th>Date of PO</th> <th>Days elapsed</th> </tr> </thead> <tbody> <tr> <td>[REDACTED]</td> <td>07-Jul-2021</td> <td>24,440</td> <td>26/05/2021</td> <td>30/06/2021</td> <td>35</td> </tr> <tr> <td>[REDACTED]</td> <td>07-Dec-2021</td> <td>19,552</td> <td>26/05/2021</td> <td>30/06/2021</td> <td>35</td> </tr> <tr> <td>[REDACTED]</td> <td>29-Dec-2020</td> <td>24,413</td> <td>14/12/2020</td> <td>28/12/2020</td> <td>14</td> </tr> <tr> <td>[REDACTED]</td> <td>21-Dec-2021</td> <td>19,530</td> <td>14/12/2020</td> <td>28/12/2020</td> <td>14</td> </tr> <tr> <td>[REDACTED]</td> <td>07-Jul-2021</td> <td>24,440</td> <td>26/05/2021</td> <td>03/07/2021</td> <td>38</td> </tr> <tr> <td>[REDACTED]</td> <td>15-Jul-2021</td> <td>24,440</td> <td>26/05/2021</td> <td>05/07/2021</td> <td>40</td> </tr> <tr> <td>[REDACTED]</td> <td>16-Sep-2021</td> <td>24,440</td> <td>21/08/2021</td> <td>15/09/2021</td> <td>25</td> </tr> <tr> <td>[REDACTED]</td> <td>29-Dec-2020</td> <td>24,413</td> <td>14/12/2020</td> <td>28/12/2020</td> <td>14</td> </tr> </tbody> </table>					Grantee	Payment date	Amount (US\$)	Date MOA signed	Date of PO	Days elapsed	[REDACTED]	07-Jul-2021	24,440	26/05/2021	30/06/2021	35	[REDACTED]	07-Dec-2021	19,552	26/05/2021	30/06/2021	35	[REDACTED]	29-Dec-2020	24,413	14/12/2020	28/12/2020	14	[REDACTED]	21-Dec-2021	19,530	14/12/2020	28/12/2020	14	[REDACTED]	07-Jul-2021	24,440	26/05/2021	03/07/2021	38	[REDACTED]	15-Jul-2021	24,440	26/05/2021	05/07/2021	40	[REDACTED]	16-Sep-2021	24,440	21/08/2021	15/09/2021	25	[REDACTED]	29-Dec-2020	24,413	14/12/2020	28/12/2020	14
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[REDACTED]	07-Jul-2021	23,900	26/05/2021	03/07/2021	38
[REDACTED]	07-Jul-2021	21,818	26/05/2021	30/06/2021	35
[REDACTED]	15-Jul-2021	10,000	26/05/2021	07/07/2021	42
[REDACTED]	30-Sep-2021	8,000	26/05/2021	07/07/2021	42
[REDACTED]	15-Jul-2021	9,000	26/05/2021	03/07/2021	38
[REDACTED]	08-Oct-2021	7,200	26/05/2021	03/07/2021	38
[REDACTED]	28-Dec-2020	15,125	14/12/2020	28/12/2020	14
[REDACTED]	13-Dec-2021	12,500	16/11/2021	02/12/2021	16
[REDACTED]	13-Dec-2021	12,500	16/11/2021	02/12/2021	16
[REDACTED]	13-Dec-2021	12,500	16/11/2021	02/12/2021	16
[REDACTED]	13-Dec-2021	12,500	16/11/2021	02/12/2021	16

2. Delays in raising the request for payment (RfP)

We also identified delays in processing the first payment to grantees, following signing of the MOA. Details of these delays are included below.

Grantee	Payment date	Amount (US\$)	Date MOA signed	Date of RfP	Days elapsed
[REDACTED]	07-Jul-2021	24,440	26/05/2021	07/07/2021	42
[REDACTED]	29-Dec-2020	24,413	14/12/2020	29/12/2020	15
[REDACTED]	07-Jul-2021	24,440	26/05/2021	07/07/2021	42
[REDACTED]	15-Jul-2021	24,440	26/05/2021	15/07/2021	50
[REDACTED]	16-Sep-2021	24,440	21/08/2021	16/09/2021	26
[REDACTED]	29-Dec-2020	24,413	14/12/2020	29/12/2020	15
[REDACTED]	07-Jul-2021	23,900	26/05/2021	07/07/2021	42
[REDACTED]	07-Jul-2021	21,818	26/05/2021	07/07/2021	42
[REDACTED]	15-Jul-2021	10,000	26/05/2021	15/07/2021	50

	██████████	15-Jul-2021	9,000	26/05/2021	15/07/2021	50
	██████████ ██████████	28-Dec-2020	15,125	14/12/2020	17/11/2022	703
	██████████	13-Dec-2021	12,500	16/11/2021	13/12/2021	27
	██████████	13-Dec-2021	12,500	16/11/2021	14/12/2021	28
	██████████ ██████████	13-Dec-2021	12,500	16/11/2021	13/12/2021	27
	██████████	13-Dec-2021	12,500	16/11/2021	13/12/2021	27
	██████████ ██████████	13-Dec-2021	24,500	16/11/2021	22/12/2021	36
We identified two instances whereby there was a delay between NC certification of financial reports and the RfP being raised, as detailed below:						
	Grantee	Payment date	Payment amount (US\$)	Date of certification of financial report by NC	Date of request for payment (RFP)	Days elapsed
	██████████	30-Sep-2021	8,000	17/09/2021	30/09/2021	13
	██████████	08-Oct-2021	10,008	20/09/2021	11/10/2021	21
Impact:	Delays in payments to grantees may negatively affect project implementation due to funds not being available on a timely basis.					
Recommendation:	We recommend ensuring that purchase orders are raised promptly after signing MOAs, and that requests for payment for the first disbursement are processed swiftly, to avoid significant delays in grantees receiving funds. We recommend that RfPs are raised promptly following the NC's certification of financial reports submitted by grantees.					
Management reply and action plan:	The audit recommendation is accepted. The SGP Team along with its GMS counterpart will ensure that Purchase Orders are created in a timely manner after the signing of MOAs. The NC will certify financial reports promptly to allow for the timely implementation of subsequent disbursements. In addition, an automated query titled "Automatic Fetch of Flagged Non-PO RfPs in Workflow ≥ USD 2,500" is in place to identify commitments exceeding USD 2,500 that have been raised without an associated PO. The Finance Team will coordinate closely with the APM to ensure that POs are issued immediately after MOA signing, and not beforehand. This process is fully integrated within OneUNOPS to support accurate tracking and strengthen compliance.					

6.	Title:	SGP database does not include planned grant disbursement dates and amounts	
Functional area:	oneUNOPS processes		
Comparison criteria:	<p>Article 90 of the GEF SGP Operational Guidelines states that “The SGP country programme team is responsible for regularly keeping project and country-level information updated in the SGP Global Database for all prior and current Operational Phases.”</p> <p>Article 1.4.5 of the SGP Standard Operating Procedures Manual states that “The SGP Intranet and Database is a repository of grants projects, documents, knowledge, and other information across the SGP. Among other things, the SGP Database has been established to comprehensively capture all grant project commitments for the SGP, as well as for the contact details for SGP country teams, partnerships, communications, lessons learned and knowledge management. It is the responsibility of the NC/PA that all grant project entries are complete and accurate. This will ensure the data quality and accuracy of reporting.</p> <p>It is mandatory for all new grant MOAs to be properly entered (including the planned disbursement dates and amounts into the global SGP Database. In addition, the actual MOA (including any amendments) and the signed NSC Meeting Grant Approval List need to be uploaded to the appropriate database project entry.”</p>		
Priority:	Medium		
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures	
Responsible manager:	NC		
Due date:	30 June 2026		
Financial impact:	-		
Facts / observation:	<p>We noted that the SGP database is not kept up-to-date. We found that the database only includes details of the grant name and total allocated amount.</p> <p>Required documents, such as MOAs and signed NSC meeting minutes, are not uploaded, and disbursement dates and amounts are not recorded.</p>		
Impact:	Information in the SGP database is not complete.		
Recommendation:	<p>We recommend that the NC ensures details of grant disbursement dates and amounts are recorded in the SGP database. This information should be entered as soon as MOAs have been signed by both parties.</p> <p>We also recommend that the MOAs and Grant Approval List & NSC Meeting Minutes are uploaded on the database.</p>		
Management reply and action plan:	The audit recommendation is noted and accepted. The SGP Team with the support from GMS Team will work on updating and maintaining the SGP Database to ensure it remains current.		

7.	Title:	Adjustments recorded in incorrect period																																										
Functional area:	oneUNOPS processes																																											
Comparison criteria:	Article 3.5 of the Standard Operating Procedures Manual (20 February 2020) states that: "The act of creating a Receipt from a PO in oneUNOPS serves as the certification that the goods and services obligated in the PO are received or completed."																																											
Priority:	Medium																																											
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures																																										
Responsible manager:	UNOPS GMS																																											
Due date:	30 June 2026																																											
Financial impact:	US\$ 14,623																																											
Facts / observation:	<p>We identified two transactions that were recorded as expenditure in December 2021, but subsequently reversed in January 2022, which falls outside of the period covered by the statement of expenditure subject to audit.</p> <p>Details of the relevant transactions are included in the table below:</p> <table border="1"> <thead> <tr> <th>Voucher no.</th> <th>PO number</th> <th>Account description</th> <th>Date</th> <th>Amount (US\$)</th> </tr> </thead> <tbody> <tr> <td>██████</td> <td>██████</td> <td>Grants to Instit & other Benef</td> <td>31-Dec-2021</td> <td>3,833</td> </tr> <tr> <td>██████</td> <td>██████</td> <td>Grants to Instit & other Benef</td> <td>31-Dec-2021</td> <td>10,790</td> </tr> <tr> <td colspan="4" style="text-align: right;">Total</td> <td>14,623</td> </tr> </tbody> </table> <p>UNOPS GMS provided details of the transactions which reversed the above expenditure in January 2022, as detailed in the table below:</p> <table border="1"> <thead> <tr> <th>Receipt no.</th> <th>PO number</th> <th>Description</th> <th>Date</th> <th>Amount (US\$)</th> </tr> </thead> <tbody> <tr> <td>██████</td> <td>██████</td> <td>Grants to Instit & other Benef</td> <td>11-Jan-2022</td> <td>(3,833)</td> </tr> <tr> <td>██████</td> <td>██████</td> <td>Grants to Instit & other Benef</td> <td>11-Jan-2022</td> <td>(10,790)</td> </tr> <tr> <td colspan="4" style="text-align: right;">Total</td> <td>(14,623)</td> </tr> </tbody> </table> <p>The impact of these postings is that the expenditure report for the period 1 January 2018 to 31 December 2021 is overstated by US\$ 14,623.</p>				Voucher no.	PO number	Account description	Date	Amount (US\$)	██████	██████	Grants to Instit & other Benef	31-Dec-2021	3,833	██████	██████	Grants to Instit & other Benef	31-Dec-2021	10,790	Total				14,623	Receipt no.	PO number	Description	Date	Amount (US\$)	██████	██████	Grants to Instit & other Benef	11-Jan-2022	(3,833)	██████	██████	Grants to Instit & other Benef	11-Jan-2022	(10,790)	Total				(14,623)
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Total				(14,623)																																								
Impact:	The untimely review of accounting entries may result in accounting records which are not up-to-date and do not reflect accurate positions. The expenditure statement for OP6 and OP7 incorrectly reflects the expenditure incurred.																																											

Recommendation:	We recommend a regular review of Grants expenditure by GMS to ensure that any necessary adjustments are made on a timely basis, and recorded in the period to which they relate.
Management reply and action plan:	<p>The audit recommendation is noted and accepted. We recognize the issue related to transactions recorded in December 2021, which were subsequently credited and corrected in January 2022. Due to an error identified after the initial recording, no actual fund transfer occurred in December 2021, yet the transactions were still registered as expenditures for that period.</p> <p>The SGP team will implement a more rigorous review process for grant expenditures to ensure timely adjustments. We will also establish a protocol for regular monitoring and review of transactions, ensuring any errors or discrepancies are identified and corrected within the appropriate accounting period. Additionally, we will enhance reporting mechanisms to provide oversight and prevent similar issues from recurring in future financial periods.</p>

8.	Title:	No site visit or remote monitoring report																																						
Functional area:	Document management – filing and archiving																																							
Comparison criteria:	<p>Article 1.6 of the SGP Standard Operating Procedures Manual states that "The NC is accountable for the systemic archiving and storage of SGP documents. Subject to available funds, the NC is responsible to supervise the PA for the proper and correct archiving of all SGP related documentation. This is essential for both audit purposes and the retention of knowledge and lessons learnt".</p> <p>Article 87 of the SGP Operational Guidelines states that "At country level, SGP country programme teams, as well as the NSC, undertake monitoring of grant portfolio on an ongoing basis. Each project is visited at least once during the life cycle of project.</p> <p>Guided by the COB guidelines for a given Operational Phase, additional missions to the project site can be made by the SGP Country Programme team and/or NSC members when there are particular needs and is cost effective."</p>																																							
Priority:	Medium																																							
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures																																						
Responsible manager:	NC																																							
Due date:	30 June 2026																																							
Financial impact:	-																																							
Facts / observation:	<p>As a result of the COVID-19 pandemic, eight grants were not subject to a site visit by the NC during the implementation period. Details of these grants are included in the table below:</p> <table border="1"> <thead> <tr> <th>Grantee</th> <th>Project number</th> <th>Date</th> <th>Amount (US\$)</th> </tr> </thead> <tbody> <tr> <td rowspan="2">██████████ ██████████</td> <td rowspan="2">KIR/SGP/OP6/CORE/BD/2018/03</td> <td>29-Dec-2020</td> <td>24,413</td> </tr> <tr> <td>21-Dec-2021</td> <td>19,530</td> </tr> <tr> <td rowspan="2">██████████ ██████████</td> <td rowspan="2">KIR/SGP/OP6/CORE/BD/2018/02</td> <td>29-Dec-2020</td> <td>24,413</td> </tr> <tr> <td>28-Dec-2020</td> <td>15,125</td> </tr> <tr> <td>██████████ ██████████</td> <td>KIR/SGP/OP7/CORE/CC/2021/04</td> <td>13-Dec-2021</td> <td>12,500</td> </tr> <tr> <td>██████████ ██████████</td> <td>KIR/SGP/OP7/CORE/IW/2021/02</td> <td>13-Dec-2021</td> <td>12,500</td> </tr> <tr> <td>██████████ ██████████</td> <td>KIR/SGP/OP7/CORE/IW/2021/01</td> <td>13-Dec-2021</td> <td>12,500</td> </tr> <tr> <td>██████████ ██████████</td> <td>KIR/SGP/OP7/CORE/IW/2021/05</td> <td>13-Dec-2021</td> <td>12,500</td> </tr> <tr> <td>██████████ ██████████</td> <td>KIR/SGP/OP7/CORE/IW/2021/03</td> <td>13-Dec-2021</td> <td>24,500</td> </tr> </tbody> </table>				Grantee	Project number	Date	Amount (US\$)	██████████ ██████████	KIR/SGP/OP6/CORE/BD/2018/03	29-Dec-2020	24,413	21-Dec-2021	19,530	██████████ ██████████	KIR/SGP/OP6/CORE/BD/2018/02	29-Dec-2020	24,413	28-Dec-2020	15,125	██████████ ██████████	KIR/SGP/OP7/CORE/CC/2021/04	13-Dec-2021	12,500	██████████ ██████████	KIR/SGP/OP7/CORE/IW/2021/02	13-Dec-2021	12,500	██████████ ██████████	KIR/SGP/OP7/CORE/IW/2021/01	13-Dec-2021	12,500	██████████ ██████████	KIR/SGP/OP7/CORE/IW/2021/05	13-Dec-2021	12,500	██████████ ██████████	KIR/SGP/OP7/CORE/IW/2021/03	13-Dec-2021	24,500
Grantee	Project number	Date	Amount (US\$)																																					
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	In order to perform monitoring activities, the NC followed up regularly with the grantees remotely. However, there was no evidence of these remote monitoring activities maintained on file.
Impact:	The audit trail documenting the existence and results of monitoring activities is lacking if there is no evidence and summary of key lessons from each of the remote meetings held between the SGP Country Office and the grantee.
Recommendation:	We recommend that minutes and outcomes of all monitoring activities, including lessons learnt, are documented.
Management reply and action plan:	The recommendation is noted and accepted. The SGP country programme will ensure thorough monitoring of project activities and enhance the review process of grantee report files before proceeding with payments. Additionally, we will document the minutes and outcomes of all monitoring activities, including lessons learned, to ensure comprehensive records and continuous improvement.

9.	Title:	COB expenditure not adequately supported																						
Functional area:	Document management – filing and archiving																							
Comparison criteria:	<p>Article 70 of the GEF 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 the Operational Guidelines state 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																							
Due date:	30 June 2026																							
Financial impact:	US\$ 776																							
Facts / observation:	<p>We identified Country Operating Budget (COB) expenditure that was not supported by sufficient documentation, as detailed in the table below:</p> <table border="1"> <thead> <tr> <th>Account</th> <th>Description</th> <th>Payment date</th> <th>Amount (US\$)</th> <th>Lack of supporting documents</th> </tr> </thead> <tbody> <tr> <td>Service Contracts-Individuals</td> <td>GL Journal [REDACTED] (voucher number: [REDACTED])</td> <td>31-May-2021</td> <td>776</td> <td>Agency Service Clearing Report provided with entry against journal number [REDACTED] of US\$ 7,764.40 for [REDACTED] but no explanation was provided of what this is for or how it reconciles to the amount per the transaction (10% of the amount per the journal)</td> </tr> </tbody> </table> <p>As such, we were not able to ensure that the COB expenditure related to the SGP project and complied with relevant guidelines and procedures. We therefore consider the expenditure (US\$ 776) to be ineligible.</p> <p>For 17 transactions, we noted that certain supporting documents (such as mission reports, minutes, goods received notes and travel authorisations) were not available for our review, as detailed in the table below:</p> <table border="1"> <thead> <tr> <th>Account</th> <th>Description</th> <th>Payment date</th> <th>Amount (US\$)</th> <th>Missing supporting documents</th> </tr> </thead> <tbody> <tr> <td>Daily Subsistence Allow-Intl</td> <td>DSA and TE for mission to [REDACTED]</td> <td>16-Mar-2018</td> <td>3,347</td> <td>Mission report</td> </tr> </tbody> </table>				Account	Description	Payment date	Amount (US\$)	Lack of supporting documents	Service Contracts-Individuals	GL Journal [REDACTED] (voucher number: [REDACTED])	31-May-2021	776	Agency Service Clearing Report provided with entry against journal number [REDACTED] of US\$ 7,764.40 for [REDACTED] but no explanation was provided of what this is for or how it reconciles to the amount per the transaction (10% of the amount per the journal)	Account	Description	Payment date	Amount (US\$)	Missing supporting documents	Daily Subsistence Allow-Intl	DSA and TE for mission to [REDACTED]	16-Mar-2018	3,347	Mission report
Account	Description	Payment date	Amount (US\$)	Lack of supporting documents																				
Service Contracts-Individuals	GL Journal [REDACTED] (voucher number: [REDACTED])	31-May-2021	776	Agency Service Clearing Report provided with entry against journal number [REDACTED] of US\$ 7,764.40 for [REDACTED] but no explanation was provided of what this is for or how it reconciles to the amount per the transaction (10% of the amount per the journal)																				
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Daily Subsistence Allow-Intl	DSA and TE for mission to [REDACTED]	16-Mar-2018	3,347	Mission report																				

	Daily Subsistence Allow-Local	Payment for [REDACTED]	14-Sep-2018	2,145	Mission report
	Daily Subsistence Allow-Local	Payment for: [REDACTED]	29-Oct-2019	2,009	Mission report
	Daily Subsistence Allow-Local	Payment of [REDACTED] Implementation 4 November 2019	29-Oct-2019	2,009	Mission report
	Participation of counterparts	[REDACTED]	01-Dec-2019	915	Meeting minutes
	Travel - Other		26-Jun-2018	1,308	Participants list
	Travel - Other	Payment of [REDACTED] Implementation_4 November 2019	29-Oct-2019	658	Travel authorisation
	Travel DSA Mtng Partic	Move COB charges from OP6 to OP7 as of 1st July 2020 when OP7 started	17-Jun-2021	(5,878)	Mission report
	Travel Tickets-International	Invoice # [REDACTED] travel 19 March 2018	30-Apr-2018	2,578	Mission report
	Travel Tickets-Local		13-Dec-2018	2,088	Mission report
	Travel Tickets-Local	Payment of Invoice [REDACTED] for airticket to [REDACTED]	14-Sep-2018	1,897	PO + receipt
	Travel Tickets-Local		02-Nov-2019	3,889	Mission report / workshop agenda / photos
	Acquis of Computer Hardware	Petty cash replenishment/ 21970-007-03/15 April - 15 September 2021	17-Jun-2021	409	Mission report
	Common Services-Premises	Move COB charges from OP6 to OP7 as of 1st July 2020 when OP7 started	17-Jun-2021	1,891	Travel Authorisation
	Svc Co-Transportation Services	Move COB charges from OP6 to OP7 as of 1st July 2020 when OP7 started	17-Jun-2021	1,241	Mission report
	Travel DSA Mtng Partic	Move COB charges from OP6 to OP7 as of 1st July 2020 when OP7 started	17-Jun-2021	5,878	Mission report
	Travel Other - Mtng Partic	Payment for air ticket	17-Jun-2021	1,222	Travel Authorisation
	<p>However, since invoices, receipts and proof of payments were provided, we have not reported this expenditure as ineligible.</p>				
Impact:	There is a risk that the expenditure claimed did not relate to SGP project activities.				

Recommendation:	We recommend that the NC retains all necessary information, such as invoices, 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:	The recommendation is noted and accepted. 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.

10.	Title:	Weaknesses in asset management																			
Functional area:	Asset management																				
Comparison criteria:	Article 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 the Asset List Template. The assets inventory sheet needs to be updated to reflect the correct status of the asset.”																				
Priority:	High																				
Cause:	Resources	Lack of or inadequate resources (funds, skills, staff, etc.) to carry out an activity or function																			
Responsible manager:	NC																				
Due date:	30 June 2026																				
Financial impact:	-																				
Facts / observation:	<p>The asset list provided was not signed and dated as at 31 December 2021.</p> <p>Lack of detail in the asset listing</p> <p>We noted that certain key information was not recorded in the asset inventory list, such as the serial number of each asset, the purchase date, acquisition value, PO number, current status, location or tag number. As a result, there is no link between the physical assets we verified and the assets listed apart from the description.</p> <p>Lack of review of asset listing</p> <p>There was no evidence of the asset listing being reviewed, or an inventory count being performed, and there is therefore a risk that the listing contains many obsolete assets or assets which are no longer in use.</p> <p>Incomplete asset listing</p> <p>We noted three assets that were not recorded in the asset list, as shown in the table below:</p> <table border="1"> <thead> <tr> <th>Asset description</th> <th>Acquisition cost AU\$</th> <th>Asset condition</th> </tr> </thead> <tbody> <tr> <td>Dell Latitude Laptop</td> <td>1,999</td> <td>Available and functional</td> </tr> <tr> <td>Dell Latitude Laptop</td> <td>1,999</td> <td>Available and functional</td> </tr> <tr> <td>Casio Exilim</td> <td>None provided</td> <td>Not functioning</td> </tr> </tbody> </table> <p>Incorrect serial number</p> <p>For one item, we noted that the serial number was recorded incorrectly, with the letter “O” used rather than a zero:</p> <table border="1"> <thead> <tr> <th>Asset description</th> <th>Serial number recorded</th> <th>Correct serial number</th> </tr> </thead> <tbody> <tr> <td>4G LTE VOIP Router</td> <td>RBO11F7000547</td> <td>RB011F7000547</td> </tr> </tbody> </table>			Asset description	Acquisition cost AU\$	Asset condition	Dell Latitude Laptop	1,999	Available and functional	Dell Latitude Laptop	1,999	Available and functional	Casio Exilim	None provided	Not functioning	Asset description	Serial number recorded	Correct serial number	4G LTE VOIP Router	RBO11F7000547	RB011F7000547
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4G LTE VOIP Router	RBO11F7000547	RB011F7000547																			

	<p>Incorrect status in asset listing</p> <p>There were two items that could not be located by the SGP CO, as detailed below:</p> <table border="1" data-bbox="480 367 1430 542"> <thead> <tr> <th>Asset description</th> <th>Acquisition cost AU\$</th> <th>Asset status</th> </tr> </thead> <tbody> <tr> <td>Dell Latitude Laptop</td> <td>1,500</td> <td>Lost</td> </tr> <tr> <td>Samsung Galaxy A7</td> <td>790</td> <td>Lost</td> </tr> </tbody> </table> <p>Lack of invoices</p> <p>We noted five items for which no invoices were provided, as detailed below:</p> <table border="1" data-bbox="480 651 1430 1003"> <thead> <tr> <th>Asset description</th> <th>Acquisition cost AU\$</th> <th>Asset condition</th> </tr> </thead> <tbody> <tr> <td>Brother Printer</td> <td>178</td> <td>Not functioning</td> </tr> <tr> <td>Filing Cabinet- 2 Drawer</td> <td>None provided</td> <td>Available and Functional</td> </tr> <tr> <td>Dell Latitude Laptop</td> <td>1,500</td> <td>Lost</td> </tr> <tr> <td>4G LTE VOIP Router</td> <td>230</td> <td>Available and Functional</td> </tr> <tr> <td>Casio Exilim</td> <td>None provided</td> <td>Not functioning</td> </tr> </tbody> </table> <p>Assets not tagged</p> <p>We noted that no tags were added to any of the assets held by the SGP office.</p> <p>Assets not transferred or discarded</p> <p>We noted that lost assets, assets not in working condition, or assets used by other projects were not transferred or discarded, as required by the SOP, as detailed below:</p> <table border="1" data-bbox="480 1267 1430 1563"> <thead> <tr> <th>Asset description</th> <th>Acquisition cost AU\$</th> <th>Asset condition</th> </tr> </thead> <tbody> <tr> <td>Dell Latitude Laptop</td> <td>1,500</td> <td>Lost</td> </tr> <tr> <td>Samsung Galaxy A7</td> <td>790</td> <td>Lost</td> </tr> <tr> <td>Brother Printer</td> <td>178</td> <td>Not functioning</td> </tr> <tr> <td>Casio Exilim</td> <td>None provided</td> <td>Not functioning</td> </tr> </tbody> </table>	Asset description	Acquisition cost AU\$	Asset status	Dell Latitude Laptop	1,500	Lost	Samsung Galaxy A7	790	Lost	Asset description	Acquisition cost AU\$	Asset condition	Brother Printer	178	Not functioning	Filing Cabinet- 2 Drawer	None provided	Available and Functional	Dell Latitude Laptop	1,500	Lost	4G LTE VOIP Router	230	Available and Functional	Casio Exilim	None provided	Not functioning	Asset description	Acquisition cost AU\$	Asset condition	Dell Latitude Laptop	1,500	Lost	Samsung Galaxy A7	790	Lost	Brother Printer	178	Not functioning	Casio Exilim	None provided	Not functioning
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<p>Impact:</p>	<p>The lack of review of the register increases the risk of inaccuracies in the asset register, such as assets being listed that are no longer in use, or new assets not being recorded.</p> <p>The details included in the asset listing are not complete and some details included are not accurate or up-to-date.</p> <p>Assets may not be traceable, and untagged assets may be lost or misappropriated.</p> <p>A lack of appropriate supporting documentation for transactions makes it difficult to substantiate the purchase of assets for project purposes.</p>																																										

Recommendation:	<p>The asset listing should include details such as the serial number of each asset, the purchase date, acquisition value, PO number, current status, location and tag number.</p> <p>The SGP office should ensure that an annual asset verification exercise is carried out and documented on file.</p> <p>Assets which are not functional and no longer in use should be disposed of.</p> <p>All assets should be clearly tagged with the SGP project name and include a reference number which can link them to the asset inventory list.</p> <p>The SGP office should ensure that all relevant supporting documentation for fixed asset purchases is retained, in accordance with documentation retention policies, and is made available for any future audits.</p>
Management reply and action plan:	<p>The audit recommendation is noted and accepted. The SGP team will implement a regular update of the asset inventory listing, ensuring that each asset is accurately documented with key details such as serial numbers, purchase dates, PO numbers, current status, location, and tag numbers. The SGP office will ensure that all assets in their custody are properly tagged and included in the asset listing. Additionally, an annual asset verification exercise will be conducted and fully documented, prepared by the PA and reviewed by the NC. Any non-functioning assets identified during this exercise will be disposed.</p>

11.	Title:	Weaknesses in HR management and managing annual leave balance	
Functional area:	Human resources management		
Comparison criteria:	<p>Article 21 of the GEF SGP Operational Guidelines states that “In summary, the UNDP CO provides operational support (under a Country Office Support letter of agreement), for, inter alia: • Recruitment and appointment of SGP country programme staff on behalf of UNOPS.”</p> <p>Article 2.1 of the SGP Standard Operating Procedures (SOP) Manual states that “During the initial three months after recruitment, it is recommended that all new SGP personnel take part in an orientation and training session led by an experienced SGP National Coordinator (NC) in the region.”</p> <p>Article 2.2 of the SGP Standard Operating Procedures (SOP) Manual states that “All SGP personnel, regardless of contract type or nationality, are required to complete the mandatory courses as informed at the time of signing your contract. [...] Upon completion of each course, the new SGP personnel should send a digital copy of the “Certificate of Completion” to the UNOPS SGP HR Focal Person.”</p> <p>Article 2.4 of the SGP Standard Operating Procedures (SOP) Manual states that “For Service Contracts, UNDP CO administers all matters on behalf of UNOPS – including monthly salary payments, leave requests and monitoring, etc.” Section 2.d of the audit terms of reference states that “The audit shall review recording of Service Contract personnel annual leave to ensure that it is reported to the UNDP CO HR focal point and sufficient control exists over administration of leave.”</p>		
Priority:	High		
Cause:	Compliance	Failure to comply with prescribed regulations, rules and procedures	
Responsible manager:	NC		
Due date:	30 June 2026		
Financial impact:	US\$ 5,872		
Facts / observation:	<p>Weaknesses in HR management</p> <p>We noted weaknesses with the documentation maintained on file with regards to various HR processes.</p> <p><u>Lack of records for the NC Support Consultant</u> [REDACTED]</p> <ul style="list-style-type: none"> - Copy of all mandatory online training completion certificates (Article 2.2 of SOP) - Separation checklist <p>We also noted that the following documents were missing for the staff and months selected for testing:</p>		

Transaction	Period	Amount US\$	Description	Position	Missing documents
██████████	201805	1,624	201805 payroll OPS ECR	Project Manager	Statement of Earnings and Deductions (payslip)
██████████	201809	1,608	201809 payroll OPS ECR	Project Manager	Statement of Earnings and Deductions (payslip)
██████████	201912	1,229	201912 OPS Retainer Batch 8 JAN 20	NC Support Consultant	Certificate of Payment (COP)
██████████	201910	1,411	201910 OPS Retainer Batch 5 NOV 2019	NC Support Consultant	Certificate of Payment (COP)
Total		5,872			

Therefore, we consider an amount of US\$ 5,872 to be inadequately supported.

Weaknesses in managing annual leave balance

Attendance records not maintained

We noted that no Absence Record Cards were provided for the period subject to audit (2018 to 2021). We therefore conclude that attendance records were not properly maintained.

Annual leave balance not reported to UNOPS

Since attendance records were not properly maintained for the period, the annual leave balance was not reported to UNOPS.

Leave not taken by staff

We noted that as at 30 June of each year, staff lose any annual leave days exceeding the 18 days that are allowed to be carried over.

We noted that in 2018, 2019, 2020 and 2021, staff were not able to use their full annual leave balance, thus entitled paid annual leave days were lost.

Impact:

Weaknesses in HR management

- Inadequate induction and training of newly hired staff;
- Lack of documentation to ensure separation of staff in line with procedures.
- Insufficient supporting documentation leading to ineligibility of expenditure.

Weaknesses in managing annual leave balance

- Annual leave accruals may not be correctly recognised by UNOPS;
- Possible breach with national labour laws.

Recommendation:	<p>Weaknesses in HR management</p> <p>We recommend that sufficient records are kept on file for all SGP personnel, in relation to HR processes relating to induction and separation. In particular, the minimum documentation maintained on file should be as follows:</p> <ul style="list-style-type: none"> - Evidence of any induction training completed; - Copy of all mandatory online training completion certificates; - Separation checklist/Clearance Form. <p>We also recommend that sufficient documents are retained on file to evidence proof of payment to SGP personnel.</p> <p>Weaknesses in managing annual leave balance</p> <p><u>Attendance records not maintained</u></p> <p>We recommend that sufficient records of attendance are kept on file for SGP personnel, so that appropriate annual leave accruals can be posted for the balance outstanding at the period end.</p> <p><u>Annual leave balance not reported to UNOPS</u></p> <p>We recommend that the UNDP CO reports the annual leave balances of all service contractors to UNOPS at the end of each reporting period so that appropriate annual leave accruals are posted and correctly reflect the balance outstanding at the end of the period.</p> <p>The correct annual leave balance should be determined between UNDP HR and UNOPS, taking into account the limit on the number of days that can be carried forward upon renewal of service contracts.</p>
Management reply and action plan:	<p>The recommendation is accepted and considered implemented. All former UNDP Service Contract (SC) holders from SGP have been transitioned to UNOPS contracts. Absence requests and annual leave are now fully integrated and managed through UNOPS HR and the OneUNOPS Absence module.</p> <p>In addition, the APM maintains a dashboard generated from the Learning Zone to track completion of mandatory training for all personnel. Records of induction training, mandatory training completion, and separation checklists/clearance forms are maintained on file, along with supporting documentation evidencing payments to SGP personnel, ensuring that all HR and payroll records are complete, accurate, and readily available for audit purposes.</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
- (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.



INTERNAL AUDIT AND INVESTIGATIONS GROUP

Annex II - Asset listing

