
Sustainable Management of Highly Migratory Fish Stocks in West Pacific and East Asian Seas – Phase II

01 January to December 2017

*United Nations
Development
Programme*

*Western and Central
Pacific Fisheries
Commission
(Implementing
Partner)*

*Audit Report
4 June 2018*

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Report on the 1 January to 31 December 2017 Audit of Sustainable Management of Highly Migratory Fish Stocks in the West Pacific and East Asian Seas Phase II with Western and Central Pacific Fisheries Commission.

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Section I - Executive Summary

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Mr. Titon Mitra
Country Director
United Nations Development Programme

4 June 2018

Dear Mr. Teo and Mr. Mitra:

We are pleased to submit our report on the audit of Sustainable Management of Highly Migratory Fish Stocks in the West Pacific and East Asian Seas Phase II ('Project'), financed by the United Nations Development Programme (UNDP) and performed by the Western and Central Pacific Fisheries Commission - Implementing Partner (WCPFC-IP), covering the period from 1 January to 31 December 2017.

This report summarizes the scope, risk ratings, related findings, recommendations and implementation plan that were developed throughout the review procedures performed in the WCPFC-IP office in Micronesia and Responsible Parties' (RPs) country offices in Indonesia, Philippines, and Vietnam. We have discussed our findings with all interested parties and expect that the findings herein represent the exit discussions held on 09 March 2018 in WCPFC-IP office in Micronesia. There were further update discussions on the results of the audit with WCPFC-IP relative to their responses to the key internal control recommendations and variances identified from our audit of the RPs through exchange of emails from 22 March 2018 to 30 May 2018 with Aaron Nighswander, WCPFC Finance Manager and Sung Kwon Soh, Project Manager. An update discussion about the result of the audit with WCPFC-IP and RP country offices in Indonesia and Philippines was also made on 26 April 2018 with Helen Grace Canol, Finance Analyst and Michael Jaldon, Programme Associate. There was also update communication with UNDP Programme Associate through email until 31 May 2018. The initial draft report was completed and submitted for comments to WCPFC-IP and UNDP on 23, 25 and 30 May 2018 after further review of the draft report to ensure compliance with International Standards on Auditing and terms of reference requirements. The final layer of review was completed on 4 June 2018.

Included in this submission is our Management Letter for audit observations and recommendations.

A. Background

The Project intends to strengthen national capacities and regional cooperation to implement fishery sector reforms that will sustain and conserve highly migratory fish stocks in the West Pacific Ocean and East Asia Large Marine Ecosystems (LMEs) taking into consideration the climatic variability and change.

There are several strategic considerations that underlie this approach:

- Build the capacity of Philippines, Indonesia and Vietnam to mainstream climate change impacts into their national fisheries institutions and policies;
- Strengthen regional collaborative mechanisms for monitoring and assessment of highly migratory fish stocks;
- Use an ecosystems approach to fisheries management of shared target and non-target oceanic stocks;

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- Strengthen national and regional monitoring, regulation and control;
 - Contribute to the implementation of the Sustainable Development Strategy for the Seas of East Asia (SDS-SEA); and
 - Link the activities to the work of the WCPF Commission.

The objective of the Project is to improve the management of highly migratory species in the entire West and Central Pacific (WCPF) Convention area by continuing to strengthen national capacities and international participation of Indonesia, Philippines and Vietnam in the WCPF Commission activities.

This objective will be achieved through the following interlinked components:

1. Regional governance for building regional national adaptive capacity of Indonesia, Philippines and Vietnam in the management of highly migratory fish stocks;
2. Implementation of policy, institutional and fishery management reforms; and
3. Knowledge sharing on highly migratory fish stocks.

The Project will allow the three countries in the region i.e., Philippines and Indonesia who are Commission members and Vietnam which is a cooperating non-member, to strengthen the governance of oceanic tuna fisheries in the East Asian Seas through full participation in the WCPFC. This also includes improving the sub-regional monitoring and assessment and sharing of information of highly migratory tuna stocks and anticipating the impact of climate change on future catches in the fishing areas. Furthermore, this will be coupled with policy, institutional and fishery management reform on a national level for each of the three countries. The Project will generate the following outcomes:

Outcome 1.1: Improved regional mechanisms for monitoring and assessment of highly migratory fish stocks and Illegal, Unreported and Unregulated (IUU) fishing in the Pacific Ocean Warm Pool (POWP) and EAS LMEs.

Outcome 1.2: Enhanced capacity of technical staff, policy and decision makers in Indonesia, Philippines and Vietnam to integrate climate change impacts on highly migratory stocks into management regimes.

Outcome 1.3: Climate change concerns mainstreamed into national fishery sector policy in Indonesia, Philippines, and Vietnam.

Outcome 2.1: Enhanced compliance of existing legal instruments at national, regional and international levels.

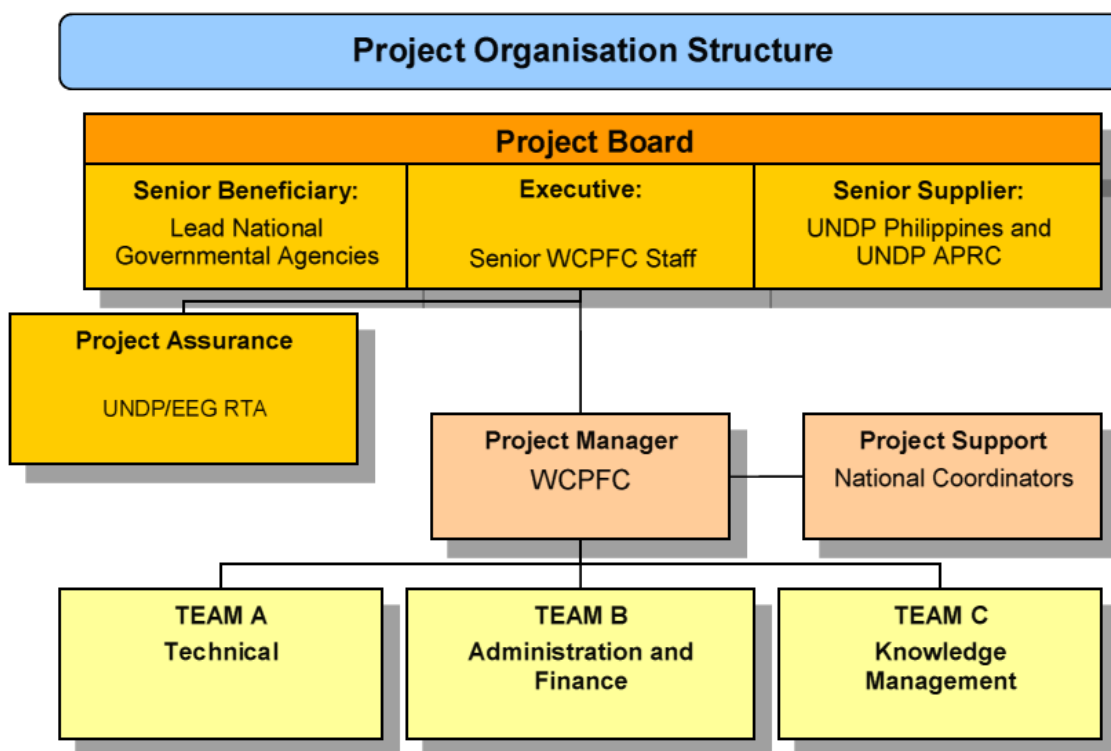
Outcome 2.2: Adoption of market-based approaches to the sustainable harvest of tunas.

Outcome 2.3: Reduced uncertainty in stock assessment of POWP and EAS LMEs highly migratory fish stocks and improved understanding of associated ecosystem and their biodiversity.

Outcome 2.4: Ecosystem Approach to Fisheries Management (EAFM) guiding sustainable harvest of the oceanic tuna stock and reduced by-catch of sea turtles, sharks and seabirds.

Outcome 3.1: Knowledge sharing on highly migratory fish stocks in the POWP and EAS LMEs.

The Project will be executed by the WCPFC-IP through its Science Programme. The Project organization structure, summarized in the figure below, will consist of a Project Board, Project Assurance and a Project Implementation Unit (PIU). Roles and responsibilities are described below:



The WCPFC PIU in Pohnpei, Federated States of Micronesia (FSM) has a full time Project Management Assistant, along with the Finance Officer, both under the supervision of the Project Manager and Finance and Administration Manager of WCPFC-IP. The PIU liaises with Responsible Parties (RPs) to the Project namely National Fisheries Research and Development Institute (NFRD) and Bureau of Fisheries and Aquatic Resources (BFAR) in the Philippines, Center for Fisheries Research (CFR) and Directorate General of Capture Fisheries (DGCF) in Indonesia, and Directorate of Fisheries (D-Fish), Ministry of Agriculture and Resource Development (MARD), and Department of Capture Fisheries and Resource Protection (DECAFIREP) in Vietnam including other stakeholders, in order to support the implementation of the Project.

B. Audit Objectives

The overall objective of the audit is to provide UNDP with a reasonable assurance on the appropriate use of funds provided to WCPFC-IP in accordance with the reporting requirements of UNDP under the Harmonized Approach to Cash Transfer (HACT) Framework, the funding agreement, Project document, work plan, and budgets.

The audit was conducted in accordance with International Auditing Standards (ISA) 800 (Revised January 2016) Special considerations - *Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*.

C. Scope of Work

The audit was limited to the Statement of Expenditures or Combined Delivery Report (CDR) by Activity consisting of government expenses, Statement of Cash Position, Statement of Assets and Equipment and notes to the financial report, including a summary of significant accounting policies (collectively referred to as “Financial Reports”) for Sustainable Management of Highly Migratory Fish Stocks in the West Pacific and East Asian Seas Phase II Project for the period from 1 September 2014 to 31 December 2016 reported during the audit period by WCPFC-IP on funds provided by UNDP.

The Statement of Expenditures contains the transactions for the audit period including all funds transferred to the RPs in Indonesia, Philippines and Vietnam for the implementation of the Project, which are recorded directly as expense upon transfer of funds. The Statement of Cash Position reports on the balance of any remaining funds unspent at the end of the covered period. The Statement of Assets and Equipment reports all assets and equipment purchased for the implementation of the Project as reported by RPs.

Selected transactions of the programme were also checked against the account reconciliations of the bank accounts to which the funds were deposited for the Project. Separate expenditure verifications and key control assessments were performed at WCPFC-IP office in Micronesia; and at the RPs. The transactions were checked to determine whether they were adequately supported by appropriate documentation that evidenced the validity of the transactions reported, and whether the goods and services procured have been received and used to implement the activities in line with the work plan or Project document. We have also assessed whether the amounts reported in the Financial Reports correspond to the amounts recorded in the WCPFC-IP and the respective RP’s accounting system, and whether the amounts reconcile to the amounts reported by WCPFC-IP on the Funding Authorization and Certification of Expenditures (FACE) forms for the audit period.

We have performed the audit to obtain reasonable assurance about whether the Financial Reports are free from material misstatement. The audit involves performing all procedures necessary to obtain audit evidence about the amounts reported in the Financial Reports. The net financial impact of the audit observations and reasons for qualification will be reported.

The audit primarily covered: (a) determination of the fairness of presentation of the Financial Reports and (b) assessment of the implementing partner’s key internal controls in the areas of programme management, organization structure and staffing, accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring and procurement and contract administration.

D. Management Responsibilities

The Financial Reports are the responsibility of the management of the WCPFC-IP. In this regard, management is responsible for properly recording transactions in the accounting records and for establishing and maintaining internal control sufficient to permit the preparation of the Financial Reports in conformity with the terms and conditions of the agreement with UNDP and in accordance with the accounting practices prescribed by the UNDP accounting requirements. The audit of the Project’s Financial Reports does not relieve WCPFC-IP’s management of this responsibility. WCPFC-IP’s management is also responsible for making available to us all of the original accounting records and related information, and personnel to whom we had direct inquiries.

As required by International Standards on Auditing, we made specific inquiries of WCPFC-IP's management and others about the representations embodied in the Project's Statement of Expenditures, Statement of Cash Position and Statement of Assets and Equipment and a summary of significant accounting policies and other explanatory notes and the effectiveness of internal control over financial reporting. International Standards on Auditing also require that we obtain the representation letter covering matters material to the Project's Statement of Expenditures or CDR consisting of government expenses, Statement of Cash Position and Statement of Assets and Equipment and a summary of significant accounting policies and other explanatory notes from certain members of management. The results of our audit tests, the responses to our inquiries and the written representations of management comprise the evidential matter we relied in our audit.

E. Contact Persons

The following persons were contacted during the audit process:

Contact person : Sung Kwon Soh – Science Manager

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Contact person : Aaron Nighswander – Finance and Administrative Manager

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Physical Office Address : Kolonia, Pohnpei, Federated States of Micronesia

Contact Number : (+691) 320-1992

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Contact person : Merisa Delcampo – Finance Officer

Area of Responsibility : Western and Central Pacific Fisheries Commission

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Contact person : Emma Mori – Project Management Assistant

Area of Responsibility : Western and Central Pacific Fisheries Commission

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Contact person : Elaine G. Garvilles, National Tuna Coordinator

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 E-mail Address : claudine.deluna29@gmail.com

Contact person : Evalyn Jabaan, OIC Accounting
 Area of Responsibility : National Fisheries and Research Development Institute
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 Contact Number : (02) 376-5133
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Contact person : Miriam F. Cayme, OIC Budget Unit
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 Physical Office Address : Corporate 101 Bldg., Mother Ignacia Ave., South Triangle, Quezon City
 Contact Number : (02) 376-5133
 E-mail Address : mafcayme@yahoo.com

Contact person : Angelie B. Borrás, Technical Staff
 Area of Responsibility : Bureau of Fisheries and Aquatic Resources
 Physical Office Address : BFAR-NMFDC, PFDA Fishport Complex, NBBN, Navotas City
 Contact Number : (02) 283-7581/ (02) 929-6668
 E-mail Address : angelieborras@gmail.com

Contact person : Mr. Fayakun Satria – National Tuna Coordinator
 Area of Responsibility : Center for Fisheries Research
 Physical Office Address : Complex Bina Ocean Jl. Pasir Putih II 4th Floor, East Ancol, Jakarta, Indonesia
 E-mail Address : fsatria70@gmail.com

Contact person : Mr. Trian Yunanda – Project Coordinator
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 Physical Office Address : Gedung Mina Bahari I, Jalan Medan Merdeka Timur No. 1, Jakarta Pusat 10110, Jakarta, Indonesia
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Contact person : Nguyen Van Trung - Project Director
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Contact person : Pham Viet Anh - Project Coordinator
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Contact person : Tran Hai Yen- Chief Accountant
Area of Responsibility : Department of Capture Fisheries and Resources Protection,
Directorate of Fisheries
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F. Results of Audit

F.1 Financial Reports

Our audit opinion on the Financial Reports are summarized below and are presented in Sections II and III of this report. Our scope of CDR above excludes UNDP expenses as part of direct support services amounting to USD57,902.87 for the period from 1 January to 31 December 2017.

F.1.1. Report on the Audit of the UNDP CDR

UNDP Combined Delivery Report (CDR) For the period ended from 1 January 2017 to 31 December 2017							
Award No.	Project No.	Amount audited and certified (US\$)	Audit Opinion	Total amount of qualification*	Total amount of Net Financial Impact (NFI)**	Reason(s) for qualification and breakdown of NFI amount	Observation(s) that had impact on qualification
77221	88145	626,327.53	Qualified	180,635.96	181,155.55	<p>Project expenses amounting to US\$41,695.39 relating to unspent funds by RPs for the implementation of the Phase 2 Project for the year ended 31 December 2017 were already fully expensed by WCPFC and reported to UNDP. The unspent funds by RP-Philippines and RP-Indonesia as at 31 December 2016 amounting to US\$138,940.57 which were recorded and reported as expenses in 2016 to UNDP still remains to be unspent as at 31 December 2017.</p> <p>Reported expense overstated by US\$4.00 against the attached receipt from RP-Philippines.</p> <p>Variance from translation of funds received by RP-Indonesia</p>	No action take with prior year observations and recommendations on lack of acquittal and supporting documentation. No regular requirement of statement of expenditures, statement of cash position and statement of assets and equipment to support the financial reports submitted to UNDP.

						from WCPFC per bank statement recorded in Indonesian Rupiah against the confirmed USD amount from WCPFC amounting to US\$515.59.	
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E.1.2. Report on the Audit of the Statement of Cash Position

Statement of Cash Position As at December 2017				Total amount of qualification*	Total amount of Net Financial Impact (NFI)**	Reason(s) for qualification and breakdown of NFI amount	Observation(s) that had impact on qualification
Award No.	Project No.	Amount audited and certified (US\$)	Audit Opinion				
77221	88145	6,118.13	Unqualified	-	-	-	-

F.1.3. Report on the Audit of the Statement of Assets and Equipment

Statement of Assets and Equipment As at December 2017				Total amount of qualification*	Total amount of Net Financial Impact (NFI)**	Reason(s) for qualification and breakdown of NFI amount	Observation(s) that had impact on qualification
Award No.	Project No.	Amount audited and certified (US\$)	Audit Opinion				
77221	88145	19,494.64	Unqualified	-	-	-	-

* Total amount of qualification is the sum of all significant audit findings resulting into modification of the audit opinion.

** Total amount of Net Financial Impact (NFI) is the sum of all financial findings identified during the audit regardless of amount, which forms part of the Management Letter.

F.2. Project's Progress

According to the Project document, the Project consists of three (3) mutually reinforcing components and a total of 8 outcomes:

- Strengthening regional governance of oceanic fisheries;
- National fishery management policy and institutional reform; and
- Regional knowledge sharing in the West Pacific and East Asian

In line with the Project document, below is the summary of outputs proposed to support each of the components:

Component 1: Regional governance for building regional and national adaptive capacity of Indonesia, Philippines and Vietnam in the management of highly migratory fish stocks.	
1.1	Improved regional mechanisms for monitoring and assessment of highly migratory fish stocks and IUU fishing in the POWP LME and the EAS LMEs.
1.2	Enhanced capacity of technical staff, policy and decision makers in Indonesia, Philippines and Vietnam to integrate climate change impacts on highly migratory stocks into management regimes.
1.3	Climate change concerns mainstreamed into national fishery sector policy in Indonesia, Philippines and Vietnam.
Component 2: Implementation of policy, institutional and fishery management reforms.	
2.1	Enhanced compliance of existing legal instruments of national, regional and international levels.
2.2	Adoption of market-based approaches to the sustainable harvest of tunas.
2.3	Reduced uncertainty in stock assessment of POWP and EAS LMEs highly migratory fish stocks and improved understanding of associated ecosystem and their biodiversity.
2.4	Ecosystem Approach to Fisheries Management (EAF) guiding sustainable harvest of the oceanic tuna stock and reduced by-catch of sea turtles, sharks and seabirds
Component 3: Knowledge sharing on highly migratory fish stocks	
3.1	Knowledge sharing of highly migratory fish stocks in the POWP and EAS LMEs.

Refer to Appendix IV, Detailed Project Status for RP-Philippines Indonesia and Vietnam shared for review. These were verified through inquiry from the respective RP contact persons in-charge of the progress of the Project and through comparison of the Project reports received from RPs with the Project status report provided by WCPFC to UNDP.

F.3. Assessment of Internal controls

Our review and evaluation of the internal control structure of the WCPFC-IP and RPs country offices in Indonesia, Philippines and Vietnam are being based on selective test of accounting records and related data, would not necessarily disclose all possible improvements in the system which a more extensive and detailed review might develop, but only those areas which came to our attention during the course of our audit.

We have reviewed the implementation of applicable key internal controls of WCPFC-IP and RPs using the key questions from the 2016 HACT micro assessment questionnaire in the areas of programme management, organization structure and staffing, accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring, and procurement and contract administration and verified certain controls within our detailed expenditures testing. Refer to Section III - Management Letter for details of our assessment of internal control. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole. During our audit, we have not noted conditions that we believe to be material weaknesses.

We have summarized below the key internal control weaknesses per subject area noted based on risk severity.

Subject Area	No. of Key Control Weaknesses		
	High Risk	Medium Risk	Low Risk
Project Management	1	-	-
Fixed Assets and inventory	1	-	-
Financial Reporting and Monitoring	-	1	-
Accounting policies and procedures (Payments)	-	1	1
Other Observation	-	-	3

Below are the details of the key internal control weaknesses and other observations we have noted presented according to risk severity:

Subject Area	No.	Brief description of findings	Risk Rating
Project Management	1	No action or requirement of a regular Statement of Expenditures, Statement of Assets and Equipment with confirmation of the existence of the assets and equipment, and Statement of Cash Position related to the Project activities from in country Responsible Parties (RPs) as support to the financial reports submitted to UNDP	High
Fixed Assets and inventory	2	No action or requirement from in country RPs to monitor, report and reconcile all assets purchased for the implementation of the Project and that documentation is needed to evidence performance of physical inspection	High
Financial Reporting and Monitoring	3	No formal HACT training or update training was received by WCPFC from UNDP	Medium
Accounting policies and procedures (Payments)	4	Lapses in signature of the Finance and Administrative Manager or Committed Officer in RP to signify approval of recording of transactions or cash releases	Medium
	5	Some supporting documents were not stamped as "PAID" nor as "PAID from UNDP Fund" in both WCPFC-IP and Indonesia – RP country offices	Low
Other observations	6	Lack of acknowledgement of the amount received to confirm the funds transferred to and received by the RPs	Low
	7	Absence of actual sign-off on the WCPFC – IP's bank reconciliation statements to evidence review and approval	Low
	8	Lack of official receipts or acknowledgement receipts to substantiate travel related claims other than airfare	Low

Please refer to Section III - Management Letter for the detailed observations and recommendations together with the audit causes, risk severity and management comments.

G. Restriction of use

This report is intended solely for the information and use of UNDP and Western and Central Pacific Fisheries Commission (WCPFC), as the Implementing Partner, and should not be distributed to other parties. We do not accept or assume responsibility for the use of any other purpose or to any other person to whom this report is shown or into whose hands it may come, except where expressly agreed by our prior consent in writing.

* * *

Yours very truly,



Geraldine Hammond-Apostol
Partner

4 June 2018

Section II - Independent Auditor's Report

**Independent Auditor's Report
Combined Delivery Report**

To the Board of Management of
Western and Central Pacific Fisheries Commission

Report on the Audit of the Combined Delivery Report

Our Qualified Opinion

We have audited the Combined Delivery Report consisting of government expenses of the Project titled "Sustainable Management of Highly Migratory Fish Stocks in the West Pacific and East Asian Seas Phase II" covering the period from 1 January to 31 December 2017 by the Western and Central Pacific Fisheries Commission (the Implementing Partner or WCPFC-IP), and notes including a summary of significant accounting policies (herein referred to as 'CDR').

In our opinion, except for the effects of the matter described in Basis for Qualified Opinion section of our report, the accompanying CDR of WCPFC-IP for the period from 1 January to 31 December 2017 are prepared, in all material respects, in accordance with the reporting requirements of United Nations Development Programme (UNDP) under the Harmonized Approach to Cash Transfer (HACT) Framework, the funding agreement, Project document, work plan, and budgets.

Basis for Qualified Opinion

The reported project expenses to UNDP include US\$41,695.39 relating to unspent funds by the RPs for the implementation of the Phase 2 Project for the year ended 31 December 2017 but recorded as expense in the CDR. The unspent funds by RP-Philippines and RP-Indonesia as at 31 December 2016 amounting to US\$138,940.57 which were recorded and reported as expenses in 2016 to UNDP still remains to be unspent as at 31 December 2017.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the CDR section of our report. We are independent of the WCPFC-IP in accordance with the ethical requirements that are relevant to our audit of the financial reports in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter – Basis of Accounting, Scope and Restriction on Distribution and Use

We draw attention to Note 2 to the CDR, which describes the basis of accounting. The UNDP expenses amounting to US\$57,902.87 for the period from 1 January to 31 December 2017 as part of the CDR were excluded from our scope of work in accordance with the Terms of Reference of the Professional Service Contract with UNDP. The CDR was prepared to assist WCPFC-IP in complying with the financial reporting requirements of UNDP. As a result, the CDR may not be suitable for another purpose. Our report is intended solely for WCPFC-IP and UNDP and should not be distributed to or used by parties other than WCPFC-IP and UNDP. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the CDR

Management is responsible for the preparation of the CDR in accordance with the reporting requirements of UNDP under the Harmonized Approach to Cash Transfer (HACT) Framework, the funding agreement, Project document, work plan, and budgets and for such internal control as management determines is necessary to enable the preparation of Financial Reports that is free from material misstatement, whether due to fraud or error.

In preparing the CDR, management is responsible for assessing WCPFC-IP's ability to continue as a going concern to perform the Projects, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate WCPFC-IP or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing WCPFC-IP's financial reporting process.

Auditor's Responsibilities for the Audit of the CDR

Our objectives are to obtain reasonable assurance about whether the CDR as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this CDR.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement for the CDR, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WCPFC-IP's internal control. The existing key controls were assessed whether operating effectively by using the key questions from the 2016 HACT micro assessment questionnaire, verifying controls covered in testing of expenditures and checking the implementation of any recommendations from previous micro assessment.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on WCPFC-IP's ability to continue as a going concern to perform the Projects. If we conclude that a material uncertainty exist we are required to draw attention in our auditor's report to the related disclosures in the CDR or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause WCPFC-IP to cease to continue as a going concern to perform the Projects.

Independent Auditor's Report
Combined Delivery Report
To the Board of Management of
Western and Central Pacific Fisheries Commission
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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Isla Lipana & Co.



Geraldine Hammond-Apostol
Partner
Makati City
4 June 2018

**Independent Auditor's Report
Statement of Cash Position**

To the Board of Management of
Western and Central Pacific Fisheries Commission

Report on the Audit of the Statement of Cash Position

Our Opinion

We have audited the Statement of Cash Position of the Project titled “Sustainable Management of Highly Migratory Fish Stocks in the West Pacific and East Asian Seas Phase II” covering the period from 1 January to 31 December 2017 by the Western and Central Pacific Fisheries Commission (the Implementing Partner or WCPFC-IP), and notes including a summary of significant accounting policies (herein referred to as ‘SCP’).

In our opinion, the accompanying SCP of WCPFC-IP for the period from 1 January to 31 December 2017 are prepared, in all material respects, in accordance with the reporting requirements of United Nations Development Programme (UNDP) under the Harmonized Approach to Cash Transfer (HACT) Framework, the funding agreement, Project document, work plan, and budgets.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the SCP section of our report. We are independent of the WCPFC-IP in accordance with the ethical requirements that are relevant to our audit of the financial reports in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the SCP, which describes the basis of accounting. The SCP was prepared to assist WCPFC-IP in complying with the financial reporting requirements of UNDP. As a result, the SCP may not be suitable for another purpose. Our report is intended solely for WCPFC-IP and UNDP and should not be distributed to or used by parties other than WCPFC-IP and UNDP. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the SCP

Management is responsible for the preparation of the SCP in accordance with the reporting requirements of UNDP under the Harmonized Approach to Cash Transfer (HACT) Framework, the funding agreement, Project document, work plan, and budgets and for such internal control as management determines is necessary to enable the preparation of SCP that is free from material misstatement, whether due to fraud or error.

In preparing the SCP, management is responsible for assessing WCPFC-IP’s ability to continue as a going concern to perform the Projects, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate WCPFC-IP or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing WCPFC-IP’s financial reporting process.

Auditor's Responsibilities for the Audit of the SCP

Our objectives are to obtain reasonable assurance about whether the SCP as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this SCP.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement for the SCP, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WCPFC-IP's internal control. The existing key controls were assessed whether operating effectively by using the key questions from the 2016 HACT micro assessment questionnaire, verifying controls covered in testing of expenditures and checking the implementation of any recommendations from previous micro assessment.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on WCPFC-IP's ability to continue as a going concern to perform the Projects. If we conclude that a material uncertainty exist we are required to draw attention in our auditor's report to the related disclosures in the SCP or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause WCPFC-IP to cease to continue as a going concern to perform the Projects.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Isla Lipana & Co.



Geraldine Hammond-Apostol
Partner
Makati City
4 June 2018

**Independent Auditor’s Report
Statement of Assets and Equipment**

To the Board of Management of
Western and Central Pacific Fisheries Commission

Report on the Audit of the Statement of Assets and Equipment

Our Opinion

We have audited the Statement of Assets and Equipment of the Project titled “Sustainable Management of Highly Migratory Fish Stocks in the West Pacific and East Asian Seas Phase II” as at 31 December 2017 by the Western and Central Pacific Fisheries Commission (the Implementing Partner or WCPFC-IP), and notes including a summary of significant accounting policies (herein referred to as ‘SAE’).

In our opinion, the accompanying SAE of WCPFC-IP as at 31 December 2017 are prepared, in all material respects, in accordance with the reporting requirements of United Nations Development Programme (UNDP) under the Harmonized Approach to Cash Transfer (HACT) Framework, the funding agreement, Project document, work plan, and budgets.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the SAE section of our report. We are independent of the WCPFC-IP in accordance with the ethical requirements that are relevant to our audit of the SAE in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the SAE, which describes the basis of accounting. The SAE was prepared to assist WCPFC-IP in complying with the financial reporting requirements of UNDP. As a result, the SAE may not be suitable for another purpose. Our report is intended solely for WCPFC-IP and UNDP and should not be distributed to or used by parties other than WCPFC-IP and UNDP. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the SAE

Management is responsible for the preparation of the SAE in accordance with the reporting requirements of UNDP under the Harmonized Approach to Cash Transfer (HACT) Framework, the funding agreement, Project document, work plan, and budgets and for such internal control as management determines is necessary to enable the preparation of financial reports that is free from material misstatement, whether due to fraud or error.

In preparing the SAE, management is responsible for assessing WCPFC-IP’s ability to continue as a going concern to perform the Projects, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate WCPFC-IP or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing WCPFC-IP’s financial reporting process.

Auditor's Responsibilities for the Audit of the SAE

Our objectives are to obtain reasonable assurance about whether the SAE as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial reports.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement for the SAE, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WCPFC-IP's internal control. The existing key controls were assessed whether operating effectively by using the key questions from the 2016 HACT micro assessment questionnaire, verifying controls covered in testing of expenditures and checking the implementation of any recommendations from previous micro assessment.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on WCPFC-IP's ability to continue as a going concern to perform the Projects. If we conclude that a material uncertainty exist we are required to draw attention in our auditor's report to the related disclosures in the SCP and SAE or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause WCPFC-IP to cease to continue as a going concern to perform the Projects.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Isla Lipana & Co.



Geraldine Hammond-Apostol
Partner
Makati City
4 June 2018

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Sustainable Management of Highly Migratory Fish Stocks in the West Pacific and East Asian Seas
Phase II

Notes to the Combined Delivery Report, Statement of Cash Position and Statement of Assets and
Equipment (CDR, SCP and SAE)

For the period from 1 January to December 2017

Note 1 - Project general information

Western & Central Pacific Fisheries Commission (WCPFC-IP), acts as the Implementing Partner (Project Executive) of the Project known as “Sustainable Management of Highly Migratory Fish Stocks in the West Pacific and East Asian Seas”. WCPFC-IP has assigned the Responsible Parties (RPs) namely: (NFRD) and Bureau of Fisheries and Aquatic Resources (BFAR) in the Philippines, Center for Fisheries Research (CFR) and Directorate General of Capture Fisheries (DGCF) in Indonesia, and Directorate of Fisheries (D-Fish), Ministry of Agriculture and Resource Development (MARD), and Department of Capture Fisheries and Resource Protection (DECAFIREP) in Vietnam to undertake day-to-day implementation activities of the Project. Based on the Project Cooperative Agreement (PCA) signed on 07 October 2014, WCPFC-IP is responsible for the overall Project and reporting to UNDP in the Philippines.

The Project Implementation Unit (PIU) in WCPFC ensures that each country based activity is accompanied with an approved activity based proposal which includes an approved activity budget. The funding in the approved budget is then advanced to the implementing countries in order to carry out the approved activities as per Project Document, which are directly recorded in the books as expense upon transfer of the funds and reported to UNDP. Project document provides all the components of the Project from conceptualization and planning to Projection of expected outcomes. This covers the situation analysis made during conceptualization, Project background, objectives, strategies, activities to be performed by all implementing countries including budget and time frame, and the expected outcomes. This is reviewed by WCPFC’s Project Manager and serve as basis of the Finance Manager for approval of the fund transfer to each country. The funding provided for the approved activities will enable the implementing countries to achieve the following specific objectives:

1. Indonesia – Outcome 5: Climate Change and Environment: Strengthened climate change mitigation and adaption and environmental sustainability measures in targeted vulnerable provinces, sectors and communities;
2. Philippines – Outcome 4: Resilience towards Disasters and Climate Change: Adaptive capacities of vulnerable communities and ecosystems will have been strengthened to be resilient toward threats, shocks, disasters and climate change; and
3. Vietnam – Focus Area One: Inclusive, Equitable and Sustainable Growth

The Project’s accounting procedures, policies and internal controls are inherited from the WCPFC-IP. The payment processes and functions are performed by the Finance Department of WCPFC-IP. The RPs are to adhere with their government accounting procedures, policies and internal controls including the payment processes and functions within their Finance Department.

The PIU is responsible for preparing all necessary qualitative and financial information for the activities carried out under the Project in order to facilitate timely preparation and submission to UNDP of annual progress reports, annual work plans, request for advances and Funding Authorisation and Certificate of Expenditure (“FACE”) forms based from the recorded expenditures. The Combined Delivery Report (“CDR”) is prepared by the UNDP through the use of the FACE forms submitted by the PIU.

The CDR, SCP and SAE for the UNDP funded project for the period from 1 January to 31 December 2017 have been authorized for issuance by UNDP and IP as shown in the attached documents.

Note 2 - Basis of preparation and PCA Financial and Operational Arrangements with UNDP

The Statement of Expenditures or CDR consisting of government expenses, Statement of Cash Position and Statement of Assets and Equipment (herein referred to as 'financial reports) contain the transactions for the audit period and reports on the balance of any remaining funds unspent at the end of the covered period. The financial reports have been prepared under cash basis of accounting. The Statement of Expenditures was prepared by the WCPFC-IP in the format aligned with the Funding Authorization and Certificate of Expenditures (FACE) form submitted to UNDP. The Statement of Cash Position and Assets and Equipment are prepared using the templates required by UNDP.

The funds and any supplies and equipment provided by UNDP should be utilized by WCPFC-IP in strict compliance with the Project Document. WCPFC-IP shall notify UNDP about any expected variations on the occasion of the quarterly consultations with UNDP. Any variations on any one-line item that maybe necessary for the proper and successful implementation of the Project shall be subject to prior consultations with and approval by UNDP. In WCPFC – IP's procedures for procurement of goods or services or other requirements with funds made available by UNDP as provided for in the Project Budget, WCPFC-IP should ensure that, when placing orders or awarding contracts, it will safeguard the highest quality, economy and efficiency, and that the placing of such orders will be based on an assessment of competitive quotations, bids, or proposals unless otherwise agreed to by UNDP.

WCPFC-IP further agrees to return within two (2) weeks any unused supplies made available by UNDP at the termination or end of the present agreement or the completion of the Project. Any unspent funds shall be returned within 60 days of the termination of the present Agreement of the completion of the Project, unless a separate approval is requested from UNDP.

Expenditures

Expenditures represent costs incurred in meeting the Project objectives in line with the approved budgets. Expenses are recognized when decrease in the future economic benefits related to a decrease in asset or an increase of a liability for expenses that have actually incurred but not yet paid. Fund transfers made to RPs based from the approved submitted Project proposal are recorded as outright expenses and reported to UNDP.

Cash

Cash includes cash in bank maintained in a separate UNDP designated bank account by WCPFC-IP.

Assets and Equipment

Assets and equipment are initially measured at cost in the Statement of Assets and Equipment, and recorded as expense in the FACE and submitted to UNDP. These shall remain the property of UNDP and be returned to UNDP upon completion of the Project or upon termination of the PCA, unless otherwise agreed upon between the WCPFC-IP and UNDP, and in consultation with the government coordinating authority. During the Project Implementation and prior to such return, WCPFC-IP shall be responsible for the proper custody, maintenance and care of all equipment.



Combined Delivery Report by Activity

UN Development Programme
Report ID: unglcdrb

Page 1 of 5
Run Time: 05-02-2018 08:02:41

Selection Criteria :

Business Unit : PHL10
Period : Jan-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00088145

Table with project details: Project Id: 00077221, Output #: 00088145, Period: Jan-Dec (2017), Impl. Partner: 02521 Wstrn&Ctrl Pacific Fisheries, Location: Philippines. Includes columns for Govt Exp, UNDP Exp, UN Agencies Exp, and Total Exp.

Activity : ACTIV (NIL)

Fund : 62000 (GEF Voluntary Contribution)

Table listing expenses for Fund 62000 under Activity ACTIV, including items like Services to projects -CO staff, Svc Co-Natural Resources & Env, etc.

Summary table for Activity ACTIV showing Total for Fund 62000 and Total for Activity ACTIV with values for Govt Exp, UNDP Exp, UN Agencies Exp, and Total Exp.

Activity : ACTIVITY 2 (NIL)

Fund : 62000 (GEF Voluntary Contribution)

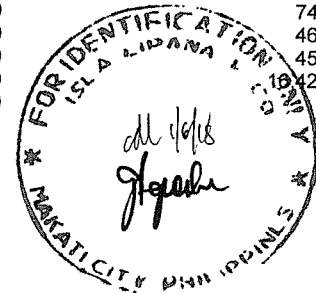
Table listing expenses for Fund 62000 under Activity ACTIVITY 2, including items like Services to projects -CO staff, Svc Co-Natural Resources & Env, etc.

Summary table for Activity ACTIVITY 2 showing Total for Fund 62000 and Total for Activity ACTIVITY 2 with values for Govt Exp, UNDP Exp, UN Agencies Exp, and Total Exp.

Activity : ACTIVITY1 (Regional governance CapB)

Fund : 62000 (GEF Voluntary Contribution)

Table listing expenses for Fund 62000 under Activity ACTIVITY1, including items like Appointment-Subsistence Allow, Services to projects -CO staff, Direct Project Cost-Staff, etc.





Combined Delivery Report by Activity

UN Development Programme
Report ID: unglcdrb

Page 2 of 5
Run Time: 05-02-2018 08:02:41

Table with project details: Project Id: 00077221 Sustainable Management of High, Output #: 00088145 Sustainable Management of High, Period: Jan-Dec (2017), Impl. Partner: 02521 Wstrn&Ctrl Pacific Fisheries, Location: Philippines. Includes columns for Govt Exp, UNDP Exp, UN Agencies Exp, and Total Exp.

Summary table for Fund 62000 and Activity ACTIVITY1. Rows include 74596 - Services to projects -GOE, 74598 - Direct Project Costs - GOE, 75705 - Learning costs, 75706 - Learning - ticket costs. Totals: 149,053.68, 4,049.06, 0.00, 153,102.74.

Activity : ACTIVITY2 (Implementation of policy)

Fund : 62000 (GEF Voluntary Contribution)

Summary table for Fund 62000 and Activity ACTIVITY2. Rows include 64397 - Services to projects -CO staff, 71305 - Local Consult.-Sht Term-Tech, 71360 - Local Consult-Security, 71405 - Service Contracts-Individuals, 72115 - Svc Co-Natural Resources & Env, 72120 - Svc Co-Trade and Business Serv, 74596 - Services to projects -GOE, 75707 - Learning - subsistence allowan, 76125 - Realized Loss. Totals: 293,955.00, 12,230.40, 0.00, 306,185.40.

Activity : ACTIVITY3 (Knowledge Management)

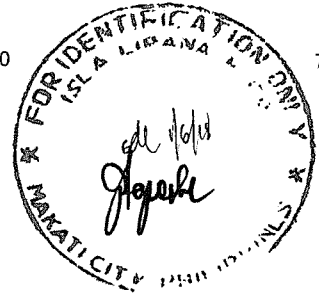
Fund : 62000 (GEF Voluntary Contribution)

Summary table for Fund 62000 and Activity ACTIVITY3. Rows include 64397 - Services to projects -CO staff, 71610 - Travel Tickets-Local, 71615 - Daily Subsistence Allow-Intl, 71620 - Daily Subsistence Allow-Local, 71635 - Travel - Other, 74596 - Services to projects -GOE, 76125 - Realized Loss. Totals: 0.00, 2,064.41, 0.00, 2,064.41.

Activity : ACTIVITY4 (Project Management)

Fund : 62000 (GEF Voluntary Contribution)


Summary table for Fund 62000 and Activity ACTIVITY4. Row: 64397 - Services to projects -CO staff. Totals: 0.00, 75.85, 0.00, 75.85.





Combined Delivery Report by Activity

Project Id : 00077221 Sustainable Management of High	Period : Jan-Dec (2017)			
Output # : 00088145 Sustainable Management of High	Impl. Partner : 02621 Wstrn&Ctrl Pacific Fisheries			
	Location : Philippines			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
64398 - Direct Project Cost-Staff	0.00	462.91	0.00	462.91
71305 - Local Consult.-Sht Term-Tech	0.00	20,894.00	0.00	20,894.00
71360 - Local Consult-Security	0.00	888.00	0.00	888.00
71405 - Service Contracts-Individuals	14,374.53	0.00	0.00	14,374.53
71605 - Travel Tickets-International	0.00	2,783.00	0.00	2,783.00
71615 - Daily Subsistence Allow-Intl	0.00	576.16	0.00	576.16
71620 - Daily Subsistence Allow-Local	0.00	159.97	0.00	159.97
71635 - Travel - Other	0.00	459.98	0.00	459.98
72105 - Svc Co-Construction & Engineer	7,687.40	0.00	0.00	7,687.40
72120 - Svc Co-Trade and Business Serv	0.00	0.00	0.00	0.00
74510 - Bank Charges	- 57.04	15.00	0.00	- 42.04
74596 - Services to projects -GOE	0.00	32.51	0.00	32.51
74598 - Direct Project Costs - GOE	0.00	198.39	0.00	198.39
75705 - Learning costs	49,041.10	4,785.15	0.00	53,826.25
75706 - Learning - ticket costs	13,818.27	0.00	0.00	13,818.27
75707 - Learning - subsistence allowan	8,414.10	0.00	0.00	8,414.10
Total for Fund 62000	93,278.36	31,330.92	0.00	124,609.28
Total for ActivityACTIVITY4	93,278.36	31,330.92	0.00	124,609.28
Total for Output : 00088145	626,327.53	57,902.87	0.00	684,230.40
Project Total :	626,327.53	57,902.87	0.00	684,230.40


Geraldine H. Apostol
Partner, PwC Philippines
1 June 2018

Signed By: Aaron Nighswander*  Date: 3-5-18

Signed By: ENRICO GAVEGLIA  Date: 4 May 2018

* Signature is only for Government Expense line.



Combined Delivery Report by Activity

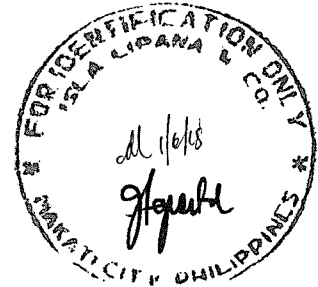
UN Development Programme
Report ID: unglcdrb

Page 4 of 5
Run Time: 05-02-2018 08:02:44

Selection Criteria :

Business Unit : PHL10
Period : Jan-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00088145

Project Id : ALL	Period : Jan-Dec (2017)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
42805 - Philippines - Energy &Envirmt	626,327.53	57,902.87	0.00	684,230.40





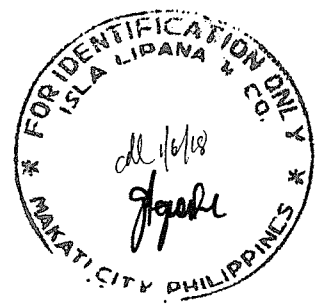
Funds Utilization

Selection Criteria :

Business Unit : PHL10
Period : Jan-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00088145

Project/Award: 00077221 Sustainable Management of High **Period : As Of Dec31,2017**

Output #	00088145	Impl. Partner :02521 Wstrn&Ctri Pacific Fisheries	UNDP AMOUNT
Outstanding NEX advances			6,118.13
Undepreciated Fixed Assets			0.00
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			56,121.75



**Statement of Cash Position
As of December 31, 2017**

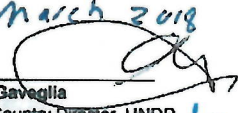
Country Office: Inclusive and Sustainable Development		
Project title: Sustainable Management of Highly Migratory Fish Stocks in the West Pacific and East Asian Seas		
Award ID: 00088145		
Period covered : 2017		
	Amount Local currency	Amount US \$
A Opening Fund Balance		
Cash In Hand	-	72,147.66
Bank	-	-
Balance at the Field Offices	-	-
Sub Total	-	72,147.66
B Advance Received from UNDP during 2017	-	580,298.00
C Total Funds Available (A+B) for 2017	-	632,445.66
D Payments/Expenditures for 2017	-	626,327.53
E Exchange Gain/(Loss)		
F Closing Fund Balance (C-D)	-	6,118.13
G Closing Balance represented by:		
Cash in hand	-	
Bank	-	
Balance at the field offices	-	
Total	-	6,118.13

Signed by: 
Name: **Aaron Highswander**
Title: Finance and Administration Manager
WCPFC


Date: **7 March 2018**

Signed by: 
Name: **Feleti Teo**
Title: Executive Director, WCPFC

Date: **7 March 2018**

Signed by: 
Name: **Enrico Gavaglia**
Title: Deputy Country Director, UNDP

Date: **20/3/18**

 Geraldine H. Apostol Partner, PwC Philippines 1 June 2018
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Empowered lives.
Resilient nations.

Statement of Assets and Equipment
as of 31 December 2017

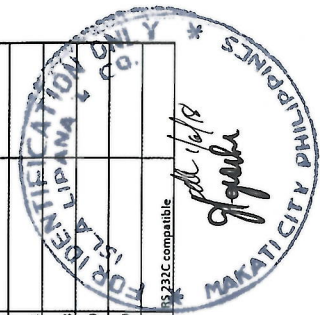
UNDP Country Office: PHILIPPINES

Project title: Sustainable Management of Highly Migratory Fish stocks in the West Pacific and East Asian Seas (WPEA-SM) and West Pacific East Asia Oceanic Fisheries Management Project (WPEA-OFMP)

Project ID: 00088145

Period covered from 2014-2017

TAG NUMBER (Capital Asset above \$1,000.00)	with UNDP sticker/s	ACQUISITION DATE	ITEM DESCRIPTION (make and model)	PROJECT NUMBER	FUND	CONDITION	RESPONSIBLE PERSON/ENTITY	ITEM LOCATION	MANUFACTURER	US\$ VALUE	SERIAL NUMBER	REMARKS
	✓	15-Jun-15	Scanner (Panasonic KVSLD066)	88145	62000	Good	Elaine Garvilles	NFRDI-Philippines	Panasonic KVSLD066	1,044.08	GS35181809	
		3-Sep-15	Desktop computer (HP Pavilion 550-093D)	88145	62000	Good	Elaine Garvilles	NFRDI-Philippines	HP Pavilion (550-093D)	1,237.98	HCES2310F1	
		3-Sep-15	Tablet (5 units) : SAMSUNG GALAXY TAB S	88145	62000	Good	Mario Demo-os	BFAR-FOP-Philippines	Samsung Electronics Co. Ltd.	2,619.11	RFZG5039VFX, RFZG5039QFE	
		3-Sep-15	Desktop computer (2 units) All-in-One: LENOVO B4D-30	88145	62000	Good	Mario Demo-os	BFAR-FOP-Philippines	Lenovo PC HK Limited	1,813.14	P900F453; P900FANZ	
		3-Sep-15	External Hard Drive (1TB)	88145	62000	Good	Mario Demo-os	NFRDI-Philippines	Seagate	85.52		
		8-Jan-16	Laptop: LENOVO 20CL	88145	62000	Good	Elaine Garvilles	NFRDI-Philippines	Lenovo	1,783.76	PC-07209P 15/08	
		12-May-16	Copier (Kyocera M253DN)	88145	62000	Good	Elaine Garvilles	BFAR12-Philippines	Kyocera (M253DN)	1,014.55	LZ05604820	
		7-Jul-17	Wall Mounter aircon	88145	62000	Good	Elaine Garvilles	NFRDI-Philippines		1,751.55		
		7-Dec-15	Boots (25 prs)	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		289.00		
		7-Dec-15	T-Shirt (50 pcs)	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		770.00		
		7-Dec-15	Laptop and Printer	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		428.00		
		7-Dec-15	Shoes	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		189.00		
		7-Dec-15	Raincoat	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		138.00		
		7-Dec-15	Measuring Board (20 pcs)	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		462.00		
		7-Dec-15	ID Card (25 pcs)	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		97.00		
		14-Dec-15	Rain Coat (25 pcs)	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		385.00		
		14-Dec-15	Hat (30 pcs)	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		116.00		
		14-Dec-15	Caliber (20 pcs)	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		731.00		
		14-Dec-15	Sampling Equipment	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		1,562.00		
		4-Feb-17	Printer Canon IP 2770	88145	62000	Good	DGCF-MMAF	Bitung Indonesia	Canon	50.00		
		29-Jan-17	Generic Gloves	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		39.98		
		29-Jan-17	PC Desktop Lenovo S500	88145	62000	Good	DGCF-MMAF	Bitung Indonesia	Lenovo	1,015.38		
		29-Jan-17	UPS APC 650VA	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		92.31		
		4-Feb-17	Generic Hats	88145	62000	Good	DGCF-MMAF	Bitung Indonesia		18.28		
		4-Feb-17	Laptop Lenovo	88145	62000	Good	DGCF-MMAF	Bitung Indonesia	Lenovo	310.00		
		29-Jan-17	Printer HP Laserjet 1102w	88145	62000	Good	DGCF-MMAF	Jakarta, Indonesia	HPw	150.00		
		24-Nov-16	Projector: Panasonic PT-LE412	88145	62000	Good	Department of Capture Fisheries	Ha Noi, Viet Nam	Panasonic, made in China	1,302.00		15 231C compatible



TAG NUMBER	with UNDP Sticker/s	ACQUISITION DATE	ITEM DESCRIPTION (make and model)	PROJECT NUMBER	FUND	CONDITION	RESPONSIBLE PERSON/ENTITY	ITEM LOCATION	MANUFACTURER	US\$ VALUE	SERIAL NUMBER	REMARKS	
TOTAL											10,494.64		
GRAND TOTAL													

Prepared by:



Name: Aaron Nighswander
Title: Finance and Administration Manager
Date: 5-28-18

Certified by:



Name: Sanghwan Soh
Title: Project Manager
Date: 5-28-18

Signed by:



Name: Felicit Teo
Title: Executive Director, WCPFC
Date: 5-28-18

Signed by:




Name: Enelo Gavaglia
Title: UNCP Deputy Country Director
Date: 28/5

Certified by:

Name: Geraldine H. Apostol
Title: Senior Partner
Name of the Audit Firm: COA
Date:

*Signatures by WCPFC are only to verify that Viet Nam, Indonesia and the Philippines have reported the assets. No physical verification of the assets have been made by WCPFC


 Geraldine H. Apostol
 Partner, PwC Philippines
 1 June 2018

Section III - Management Letter

1. Overview

Prior to describing the control weaknesses, it should be noted that our role as auditors is to express an opinion on whether the Statement of Expenditures or Combined Delivery Report (CDR) by Activity consisting of government expenses, Statement of Cash Position, Statement of Assets and Equipment and notes to the financial report, including a summary of significant accounting policies (collectively referred to as “Financial Reports”) for Sustainable Management of Highly Migratory Fish Stocks in the West Pacific and East Asian Seas Phase II Project prepared by the management of Western and Central Pacific Fisheries Commission - Implementing Partner (WCPFC-IP or PIU) is presented fairly, in all material respects, in accordance with the WCPFC-IP’s accounting policy and the eligible expenditures incurred to implement activities in conformity with the terms of the PCA, work plan or Project document. This task is entrusted to us either after the activities funded by the UNDP or WCPFC-IP during the period covered by our audit have been implemented or after the Project has been completed. Therefore, we are not in a position to ascertain and confirm the actual occurrence of the events for which UNDP provided the funding. This is mainly because we can only check and verify facts and data provided to us during our audit. It must be appreciated that the matters raised in this report came to our attention during the conduct of our normal audit procedures. Our comments cannot, therefore, be expected to include all possible improvements in internal controls which a more extensive in-depth investigation might reveal.

2. Scope of Work

The scope of the audit covered the following areas as they are performed by WCPFC-IP:

- (a) Financial Reports for Sustainable Management of Highly Migratory Fish Stocks in the West Pacific and East Asian Seas Phase II Project for the period from 1 September 2014 to 31 December 2016 reported during the audit period by WCPFC- IP on funds provided by UNDP.

The Statement of Expenditures or CDR consisting of government expenses contain the transactions for the audit period including all funds transferred to the Responsible Parties (RPs), Indonesia, Philippines and Vietnam, for the implementation of the Project , which are recorded directly as expense upon transfer of funds. The Statement of Cash Position reports on the balance of any remaining funds unspent at the end of covered period. Statement of Assets and Equipment reports all assets and equipment purchased for the implementation of the Project as reported by RPs.

Selected transactions of the programme were also checked against the bank account reconciliations of the bank account which funds were deposited for the programme. Separate expenditure verifications and key control assessments were performed in WCPFC-IP office in Micronesia and RPs’ country offices in Indonesia, Philippines and Vietnam.

- (b) Check transactions to determine whether adequately supported by appropriate documentation that evidences the validity of transactions reported, and whether the goods and services procured have been received and used to implement the activities in line with the work plan or Project document.
- (c) Assess whether the amounts reported on the Statement of Expenditures or CDR consisting of government expenses correspond to the amounts recorded in WCPFC-IP and RP’s accounting system and verified that total expenditures reconcile with the amounts reported on the FACE forms for the audit period.
- (d) Assess whether the funds transferred to WCPFC-IP were used for the purpose intended and verified expenses are in accordance with the work plan or Project document, approved budget, and the requirements of the applicable funding agreement (Project Cooperative Agreement or PCA).
- (e) Quantify the monetary value of the net financial impact of the audit observations and clearly identify the reasons for qualification if the audit opinion is Qualified, Adverse or Disclaimer.

- (f) Assess the WCPFC-IP's key internal controls in the areas of programme management, organizational structure and staffing, accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring, and procurement and contract administration, and report on specific control weaknesses, audit observations and recommendations to address them, and indication of the risks associated with the weaknesses/observations. Management comments are expected.

3. Risk Ratings

Our findings are categorized into the following risk severity.

Rating	Explanation
High (Critical)	Prompt action is required to ensure UNDP is not exposed to high risks, i.e. failure to take action could result in major negative consequences and issues.
Medium (Important)	Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP.
Low	Action is desirable and should result in enhanced control or better value for money.

Key internal controls not operating effectively must be classified with respect the following subject areas:

1. Implementing partner
2. Programme Management
3. Organizational Structure and staffing
4. Accounting Policies and Procedures
 - General
 - Segregation of duties
 - Budgeting
 - Payments
 - Cash and bank
 - Other offices and entities
5. Fixed Assets and inventory
6. Financial Reporting and Monitoring
7. Procurement and Contract Administration
8. Other internal control weaknesses

4. Update on Status of Prior Year Audit Observations and Recommendations

We found that WCPFC-IP did not address or implement all the audit findings and recommendations from the audit report issued last 13 April 2017 by another auditor. Below are the details and updates of prior year audit observations and recommendations:

Obs No.	Audit Observation	Recommendation	Audit Area	Risk Rating	IP Comments	Target Impl. Date	Action Unit	Person Responsible for Action	Status Update
1	<p>The Project lacked clearly identified transaction listings that annotate the payment date, payment reference, amount, ATLAS budget classification and description. A cash ledger is maintained by the implementing partner (WCPFC – IP) on Quickbooks Accounting System and is not classified according to Project expense account.</p> <p>For the purpose of advancing funds to implementing countries, budget proposals were prepared by the Project Implementation Unit which accompanied by requests for advances.</p> <p>The absence of a Project transaction listing impaired our ability to ascertain total cash advances made to each individual implementing country. In addition, Project acquittals and related supporting documents for Project expenditure were not available during the audit.</p> <p>Acquittals and documentation are required as proof of compliance with NIM for Government for UNDP supported Projects 2011 which entails Best Value for Money, Impartiality, Integrity and Transparency, Effective Competition, Acquisition Ethics and Environment Competitions.</p> <p>As a result, a Disclaimer Opinion has been expressed for the CDR and</p>	<p>Project management ensure all future fund requests are accompanied by proper supporting documentation and are appropriately acquitted.</p> <p>Furthermore, Project management is recommended to receive a HACT training in order to be well aware of the UNDP HACT policies and procedures.</p>	CDR	High	<p>WCPFC acknowledges the observation. However, Project can only monitor funds used by the Office (DSAs, salaries, contracts). Any amount sent to the countries are payments for a specific output and there is no need to account for expenditures thereafter. When WCPFC releases money to Responsible Partners (RPs) these are considered as expenses. Ensure all incomplete supporting documents be made available.</p>	None	WCPFC Finance	<p>WCPFC-IP Program Manager</p> <p>UNDP Programme Associate</p>	<p>No action taken by WCPFC – IP. For this audit, the implementing countries were visited to validate the expenses incurred out of the funds advanced from WCPFC – IP.</p> <p>Refer to similar observation in the current report.</p>

Obs No.	Audit Observation	Recommendation	Audit Area	Risk Rating	IP Comments	Target Impl. Date	Action Unit	Person Responsible for Action	Status Update
	<p>Statement of Cash Position as the total Project funds advanced to Responsible Partners (RPs) per country cannot objectively be quantified to substantiate funds used in line with UNDP's HACT procedures.</p> <p>In addition, the acquittals provided from the Vietnam RP is not in the language of the Project Document.</p>								
2	<p>During the Project implementation period, cash advances were provided to the implementing countries to purchase assets, however, costs incurred for the purchase of assets from Vietnam RP could not be substantiated and as such has been excluded from the Statement of Assets and Equipment (SAE).</p> <p>Review of the signed Statement of Assets showed that a total of assets amounting to US\$1,525.38 were acquired in 2017, resulting in an overstatement. Moreover, the total value of US\$7,500 in assets purchased by the Philippine RP which we verified during the audit, was not included.</p> <p>The net financial impact of the above is US\$5,974.62 being assets not reported to UNDP, representing 119% of total assets. As a result, an Adverse Opinion has been expressed for the Statement of Assets as the variance is material in the context of our audit.</p>	<p>Project management to ensure that relevant details of the assets are updated in the SAE as soon as the asset is received and paid for.</p> <p>Furthermore, all Project assets are recommended to be clearly tagged for identification and record keeping.</p>	SAE	High	<p>The Project acknowledges the observation on asset management. For clarification, the assets listed in the SAE are procured by the RPs on the payments made to them by the Memorandum of Agreement (MOA) signed by WCPFC.</p> <p>It is then noted that WCPFC-IP will request from the countries the following::</p> <ul style="list-style-type: none"> a) Supporting documents as proof of purchase of these assets; b) Present photos of assets procured with the current newspaper to validate existence; and c) Ensure that tags are provided to these assets. 	None	WCPFC Finance	<p>WCPFC-IP Program Manager</p> <p>UNDP Programme Associate</p>	<p>No evidence presented for the action taken by WCPFC-IP which was claimed as distribution of asset tags to RPs. For this audit, the implementing countries were visited to validate the assets acquired from UNDP funds advanced from WCPFC – IP.</p> <p>Refer to similar observation in the current report.</p>

5. Assessment of Key Internal Controls

We have also reviewed the current applicable key internal controls using the key questions from the 2016 HACT micro assessment questionnaire in the areas of programme management, organizational structure and staffing, accounting policies and procedures, fixed and inventory, financial reporting and monitoring, and procurement and contract administration. Presented below are brief discussions on relevant matters per subject area, the related findings and recommendations (financial and internal control weaknesses) are summarized under items 6 and 7.

Western and Central Pacific Fisheries Commission – Implementing Partner

No.	Subject Area	Assessment
1	Program Management	<p>WCPFC prepares annual timeline for work plan/calendar of activities which include details such as target date of implementation of activity and responsible person. Project budget is documented in the Annual Work Plan (AWP) which is prepared annually based on the actual planned expenditures and activities. Regular monitoring of activities includes site visits of Project Manager during Project implementation. Activity report is prepared at the end of each quarter to report the status of the activities per Project Document as reviewed by the Program Manager. There is still no action or requirement of a regular statement of expenditures, statement of assets and equipment with confirmation of the existence of the assets and equipment, and statement of cash position related to the Project activities from in country Responsible Parties (RPs) as support the financial report submitted to UNDP. In addition, there is no action or requirement from in country RPs to monitor, report and reconcile all assets purchased for the implementation of the Project recorded as expenses and documentation that physical inspection was performed.</p> <p>In RP-Philippines, an annual work plan is prepared by the Project Leader and reviewed by the following: a. NFRDI Executive Director - NFRDI; b. Recommended for approval - Interim Executive Director. Project Manager. The annual plan is based on the Project Document of the Project which outlines the expected output to achieve the Project objectives. The approved work plan for Year 1 is attached in the Memorandum of Agreement between the Commission for Conservation and Management of Highly Migratory Fish Stocks in the Western Central Pacific Ocean and the NFRDI. The annual work plan then includes the activity, planned period of execution and the corresponding budget. Activity-based Project Proposal is also prepared in line with the annual work plan including the corresponding expected activity period and budget. The proposal is then reviewed by the Project Manager in WCPFC during his office visit prior to presentation to the steering committee for approval.</p> <p>The following are control lapses noted from RPs which have an impact in program management due to absence of review and monitoring of actual expenditures compared with budget of RPs and the consideration of random checking or validation of RP's expenses:</p> <ol style="list-style-type: none"> There are trainings conducted by RP- Indonesia wherein actual number of attendees were 37% lower than expected or planned which caused for higher cost of training. Missing employment contracts for 2015-2016 from RP-Philippines Missing official receipts to substantiate travel claims other than airfares and excess cash advance from RP-Philippines.
2	Organizational Structure and Staffing	<p>WCPFC's recruitment, employment and personnel practices are clearly defined in the Staff Regulation Manual. All applicants undergo skill test and series of interviews and are required to submit their resume. WCPFC - PIU's key finance and program personnel have the necessary competence and appropriate skills and experiences. The RPs are to adhere with their government recruitment, employment and personnel practices. In RP-Philippines, NFRDI's recruitment, employment and personnel practices are documented in NFRDI's Manual of Operations and Procedures. Currently, there is no guidance issued to RPs in proper filing of contracts and other documents such as employment contracts including policy and procedure for random checking.</p>

No.	Subject Area	Assessment
3.a	Accounting Policies and Procedures (General)	<p>WCPFC uses Quickbooks Accounting Software for recording and reporting financial transactions. The chart of accounts is prepared to properly account for and adequately report the activities and disbursements. All payment request is reviewed by the Project Coordinator checked by the Finance and Administration Manager and approved by the Executive Director. It applies cash basis of accounting and all cash disbursements made including funds transferred to Responsible Partners (RPs) based on their Proposal Activities and Budget as recorded and reported as expenses to UNDP. Documents for current and prior years are kept by the Finance Department for WCPFC incurred transactions. The RPs are to adhere with their government accounting procedures, policies and internal controls including the payment processes and functions within their Finance Department.</p> <p><u>RP-Indonesia:</u></p> <p>DGCF and CFR maintains separate financial monitoring for their respective funds on a cash in/cash out basis. All payments are made by means of cash except for venue payments for workshops which are paid via bank transfer. Authorization for cash withdrawals must be supported by approved Activity Based Project Proposal signed by the Director of the institutes or the National Tuna Coordinator in his behalf.</p> <p><u>RP-Philippines:</u></p> <p>NFRDI uses e-NGAs for recording and reporting financial transactions. The chart of accounts are prepared to properly account for and adequately report its activities and disbursements. The transaction listing or subsidiary ledger is prepared and tagged as to which grant and particulars of the expenses incurred in relation to the activity.</p> <p>We noted lack of acknowledgement of the amount received to confirm the funds transferred to and received by the RPs during the audit and absence of actual sign-off on the WCPFC – IP's bank reconciliation to evidence review and approval.</p>
3.b	Accounting Policies and Procedures (Segregation of duties)	<p>Custody of asset, recording of transaction and authorization are properly segregated. The functions of ordering, receiving, accounting and payment are properly assigned to separate personnel.</p> <p>The following table outlines the relevant responsibilities held by each staff in RP with regards to the preparation, certification and approval of payments related to the Project, and the approved delegation of authorities:</p> <p><u>RP-Indonesia:</u></p> <p>Payment requests/purchase orders/ requisitions - National Tuna Support Team Member responsible for the activity Certify/review of payment requisition - Institute Treasurer Approval payment requisition - Institute Director</p> <p><u>RP-Philippines:</u></p> <p>Authorization: Executive Director Recording: Finance Custody: Admin</p>

No.	Subject Area	Assessment
3.c	Accounting Policies and Procedures (Budgeting system)	Project Leaders of each RP, Indonesia, Philippines and Vietnam, are in-charge for the preparation of activity budget, these are reviewed and approved by the Project Manager in WCPFC based on the UNDP Approved Budget. Quarterly budgets for target activities are consolidated by the Project Leaders and submitted to the WCPFC Office in Micronesia. WCPFC Project Manager, Finance and Administration Manager, and Executive Director reviews the budget and compares this with the approved Budget before approval of budget requests prior to approval of the fund request.
3.d	Accounting Policies and Procedures (Payments)	<p>Payments for WCPFC transactions are approved by the Executive Director. The Executive Director may elect or delegate his authority to approve payments to other members of the management through written representations, when necessary. The RPs are to adhere with their government accounting procedures, policies and internal controls including the payment processes and functions within their Finance Department. Some supporting documents were not stamped as "PAID" nor as "PAID from UNDP Fund" in both WCPFC-IP and Indonesia – RP country offices.</p> <p>In RP-Indonesia, all payment requisition are approved by the Institute Director. While with RP-Philippines, Finance officer performed the review on the correctness, accuracy and completeness of liquidation reports and supporting documents. All payments are approved by the Executive Director regardless of the amount. Invoices including the disbursement vouchers and supporting documents are stamped with "PAID - NFRDI" but not marked with Project code and account code. Specific Project code and account code are documented in the attached journal voucher/cash voucher.</p>
3.e	Accounting Policies and Procedures (Cash and bank)	<p>WCPFC maintains a separate bank account for UNDP funds and a monthly bank reconciliation is prepared. Authorized signatories for check releases are the Executive Director or the Finance and Administration Manager. For the purpose of fund disbursement from UNDP fund, which were made through electronic fund transfers, these are authorized by the Finance and Administrative Manager. There were some lapses noted in signature of the Finance and Administrative Manager or Committed Officer in RP to signify approval of recording of transactions or cash release.</p> <p>In RP-Indonesia, funds received from the implementing partner were deposited to the separate WPEA account for each institution. DGCF maintains a US dollar account for the Project. Withdrawals and expenditures are however, transacted in Indonesia Rupiah. CFR, on the other hand, maintains an Indonesian Rupiah Account.</p> <p>For RP-Philippines, NFRDI requires dual signatories for bank transactions. Checks must be signed by two of the following:</p> <ul style="list-style-type: none"> a. Ma. Theresa M. Mutia, Administrative and Finance Division b. Analiza Ambatali, OIC Cashier <p>Bank balances are reconciled on a monthly basis by the Finance Officer. Bank Reconciliation Statements are reviewed and approved by the Accounting Section Officer-in-charge.</p>
4	Fixed Assets and Inventory	<p>CCTV's are installed in the WCPFC's premises and only authorized persons are allowed to enter their office but there are no assets or inventory acquired by WCPFC out of the UNDP funds. There is no requirement by WCPFC from in country RPs to monitor, report and reconcile all assets purchased for the implementation of the Project recorded as expenses and documentation that a physical inspection of the fixed assets was performed.</p> <p>In RP-Indonesia, fixed assets are not recorded in the books of both institutes. They are recorded in a separate MS Excel file by the NTC support team. Fixed assets are only reported to the PIU upon request. Latest asset report of the institutes to the PIU was dates 16 March 2017. For RP-Philippines, CCTV's are installed in the NFRDI's premises. Only authorized persons are allowed to enter IP's premises and needs to log in the guard's logbook. Currently, NFRDI is in the process of reconciling the property and equipment. Project acknowledgement report is accomplished upon turn-over of asset by the Property Officer to the end user. All issuances should be logged in the asset monitoring file of the Property Office acquired physical property count is not regularly conducted in NFRDI.</p>

No.	Subject Area	Assessment
5	Financial Reporting and Monitoring	The current external auditor of WCPFC is Deloitte and Touche LLP. They are located P.O. Box 753 Kolonia, Pohnpei, Micronesia. Their latest audited financial position was for the year ended 31 December 2016 to where the auditor has issued an unqualified opinion on the fairness of the presentation of the said financial reports. WCPFC did not receive a formal HACT training or update training from UNDP.
6	Procurement and Contract Administration	WCPFC's procurement procedures are documented in the Finance Regulations. Substantial purchases of equipment supplies and other requirements as specified in the financial regulations shall normally be by tender, except; where it has been ascertained that only a single supplier exists and that fact is so certified by the Executive Director; and in case of emergency, or where, for any other reason, these rules would not be in the best financial interest of the Commission and that fact is so certified by the Executive Director. The RPs are to adhere with their government procurement and contract administration policies and procedures.

6. Results of work – Western and Central Pacific Fisheries Commission

6.1 Financial Findings - Western and Central Pacific Fisheries Commission

The findings and our recommendations have been discussed with Mr. Aaron Nighswander, Finance and Administration Manager on 09 March, 11 April, 08 May, 29 May and 4 June 2018 their comments have been incorporated into the text.

No.	Category	Amount (US\$)	Audit Observation	Recommendation	Risk Rating	IP Comments															
1	Expenses	180,635.96	<p>Per PCA, WCPFC-IP shall keep accurate and up-to-date records and documents in respect of all expenditures incurred with the funds made available by UNDP to ensure that all expenditures are in conformity with the provisions of the Project Work Plan and Project Budgets. For each disbursement, proper supporting documentation shall be maintained, including original invoices, bills and receipts pertinent to the transaction.</p> <p>Based from our validation of funds transferred by WCPFC with RPs in the Philippines, Indonesia and Vietnam for the implementation of the Phase 2 Project against actual expenditures of RPs for the year ended 31 December 2017, we noted accumulated unspent funds from all RPs which were reported as Project expenses to UNDP in the CDR and not monitored for reporting to UNDP.</p> <p>Details of the excess funds from all RPs for the year ended 31 December 2017 are as follow:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Responsible Partners (RPs)</th> <th>Amount in USD</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>PHILIPPINES</td> <td>5,495.69</td> </tr> <tr> <td>2</td> <td>INDONESIA</td> <td>22,238.70</td> </tr> <tr> <td>3</td> <td>VIETNAM</td> <td>13,961.00</td> </tr> <tr> <td>Total</td> <td></td> <td>41,695.39</td> </tr> </tbody> </table>	No.	Responsible Partners (RPs)	Amount in USD	1	PHILIPPINES	5,495.69	2	INDONESIA	22,238.70	3	VIETNAM	13,961.00	Total		41,695.39	<p>WCPFC-IP to consider coordinating with UNDP on the appropriate activities that would require checking the expenditures of the RPs and hire an additional personnel to be responsible for verifying the expenses in relation to the activities implemented and include as an additional allotment in the Annual Work Plan or agree with UNDP the limitation in manpower by WCPFC and UNDP to shoulder the expenses in validating the actual expenses of RPs.</p> <p>Require a Statement of Cash Position from Responsible Partners in the Philippines, Indonesia and Vietnam and consider the unspent funds in the review of Budget Proposals for the request of funds by RPs to ensure that all funds will be used for the Project.</p>	High	Management acknowledged the observations. However, Finance and Administration Manager, Aaron Nighswander, emphasized that due to limited manpower in WCPFC-IP, their monitoring is limited to the funds used by WCPFC-IP. Any amount sent to implementing countries were considered expenses as payment for a specific output detailed in the Budget Proposal. The recommendations will be discussed by WCPFC-IP with UNDP.
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6.2 Financial finding – Indonesia and Philippines

Responsible Parties in Indonesia:

- Directorate General of Capture Fisheries (DGCF) – responsible for data management, implementing fisheries legislations and observer programs.
- Center for Fisheries Research (CFR) – responsible for data collection, port sampling and biological research.

Responsible Parties in Philippines:

- National Fisheries and Research Development Institute – responsible for data collection and data management, port sampling, biological research, and implementing fisheries legislations and observer programs.
- Bureau of Fisheries and Aquatic Resources – responsible for data collection and implementation of observer programs and workshop.

The findings and our recommendations have been discussed, whose comments have incorporated in the text as follows:

- Indonesia on 02 March 2018: Mr. Fayakun Satria, National Tuna Coordinator from Center for Fisheries Research and Mr. Trian Yunanda – Project Coordinator and Directorate General of Capture Fisheries and
- Philippines on 26 February 2018: Ms. Elaine Garvilles as an overall Project Coordinator for National Fisheries and Research Development Institute and Bureau of Fisheries and Aquatic Resources and NFRDI personnel.

No.	Category	Amount (US\$)	Audit Observation	Recommendation	Risk Rating	IP Comments
1	Program Management	4.00	<p><i>Variance between calculated expenses from the supporting document and amount recorded from RP-Philippines</i></p> <p>Variance amounting to Php150 or US\$3.00 between total expenditure calculated by audit and the amount declared by the RP for check no. 1056050 under Suzette Barcoma for travel expenses encashed on 20 April 2017 was noted. Further, we have also noted discrepancy amounting to Php50 or US\$1.00 between the receipts presented and the amount claimed for terminal fee.</p> <p>Total expenditure Php20,585.66 Per Claim/Expense Php20,735.76</p> <p>Terminal Fee Declared Php150.00 or US\$3.00 Terminal Fee per Support Php100.00 or US\$1.00</p>	All liquidations must be duly supported based on the IP's policies and procedures.	Low	<p>Commission on Audit representative reiterates the policy on liquidation. Prospectively, Finance to ensure that all liquidations are duly supported.</p> <p>Responsible Party : NFRDI Name: Ms. Elaine Garvilles Position: Project Coordinator Implementation date: Immediately</p>

No.	Category	Amount (US\$)	Audit Observation	Recommendation	Risk Rating	IP Comments								
2	Program Management	515.59	<p>1) <i>Variance from translation of funds received by RP-Indonesia from WCPFC per bank statement recorded in Indonesian Rupiah against the confirmed USD amount from WCPFC amounting to US\$515.59</i></p> <p>The fund transfers from WCPFC were automatically translated to Indonesian Rupiah upon receipt, thus, a bank remittance slip should be requested from bank to monitor the fund received in US\$. No bank remittance slip was presented by the RP from Indonesia to evidence the actual US\$ equivalent amount of fund receipt nor request a confirmation of the fund transferred in US\$ from WCPFC to assess the reasonableness of the amount received in the bank and exchange rate used in translating the funds in Indonesian Rupiah.</p> <p>We performed a reasonableness of the funds by translating the funds received in Indonesian Rupiah per bank to US\$ using spot rates on the date of transfers and noted a variance. Details of the variance are as follow:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Amount in USD</th> </tr> </thead> <tbody> <tr> <td>Funds transferred by WCPFC to RP-Indonesia</td> <td style="text-align: right;">215,780.00</td> </tr> <tr> <td>Funds received by RP-Indonesia translated in US\$ using spot rates on the date of transfers</td> <td style="text-align: right;">(215,264.41)</td> </tr> <tr> <td>VARIANCE</td> <td style="text-align: right;">515.59</td> </tr> </tbody> </table>	Particulars	Amount in USD	Funds transferred by WCPFC to RP-Indonesia	215,780.00	Funds received by RP-Indonesia translated in US\$ using spot rates on the date of transfers	(215,264.41)	VARIANCE	515.59	<p>RPs to ensure monitoring of fund received from WCPFC by maintaining copies of bank remittance slip and by sending e-mail confirmations to WCPFC upon receipt of the fund for additional control on fund monitoring.</p>	Low	<p>The management acknowledges the observation and considers the recommendation.</p> <p>Responsible Party : CFR Name: Fayakun Satria Position: Project Coordinator Implementation date: Immediately</p>
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Our review of the implementation of key internal controls noted the following weaknesses in relation to the expenditures:

No.	Responsible Party	Subject Area	Key Control Observation	Risk Rating	Recommendation	IP Comments
1	Western and Central Pacific Fisheries Commission – Implementing Partner	Programme Management	<p>Per PCA, WCPFC-IP shall keep accurate and up-to-date records and documents in respect of all expenditures incurred with the funds made available by UNDP to ensure that all expenditures are in conformity with the provisions of the Project Work Plan and Project Budgets. For each disbursement, proper supporting documentation shall be maintained, including original invoices, bills and receipts pertinent to the transaction.</p> <p>Reporting requirements of WCPFC-IP to the Responsible Parties (RPs) in Indonesia, Philippines and Vietnam is still limited to providing updates on the accomplishment of the implemented activities and with no action was taken to require information on the actual expenditures incurred related to the reported activities.</p> <p>For the purpose of advancing funds to implementing countries, budget proposals were prepared by the Project Leaders in each Responsible Party and submitted to Project Manager in WCPFC-IP. The Project Manager will finalize, approve and endorse the budget proposal to the Finance and Administration Manager of WCPFC-IP to proceed with the fund transfer. Budget transferred to responsible parties were reported as outright expenses as payment for a specific output detailed in the budget proposals.</p> <p>Currently, based on the Memorandum of Agreement signed by each Responsible Party with WCPFC – IP, the latter was not required to report on the financial aspect of the Project accomplishment to WCPFC-IP. Furthermore, based on the Project Cooperative Agreement (PCA), WCPFC-IP is responsible for the overall Project and reporting to UNDP in the Philippines.</p> <p>Also, per PCA, equipment, non-expendable materials or other property furnished or financed by UNDP shall remain the property of UNDP and shall be returned to UNDP upon completion of the Project or upon termination of the present Agreement. During the Project Implementation and prior to such return, WCPFC-IP shall be responsible for the proper custody, maintenance and care of all equipment. WCPFC-IP will place on the supplies, equipment and other materials it finances such markings as necessary to identify them as being provided by UNDP. WCPFC – IP, in cases of damages, theft or other losses of vehicles and other</p>	High	<p>WCPFC-IP to consider coordinating with UNDP on the appropriate activities that would require checking the expenditures of the RPs and hire an additional personnel to be responsible for verifying the expenses in relation to the activities implemented and include as an additional allotment in the Annual Work Plan or agree with UNDP the limitation in manpower by WCPFC and UNDP to shoulder the expenses in validating the actual expenses of RPs.</p> <p>WCPFC-IP or PIU to perform the following as part of its financial reporting with UNDP to meet the PCA requirements:</p> <ol style="list-style-type: none"> Consistently require RPs to submit asset listing summarizing all relevant details of assets acquired for Project; implementation and compare with expenses reported in the FACE; Assets should be properly tagged as UNDP properties and references should be part of the listing or report to UNDP; Require a signed document from RPs to support that a physical inspection was made to verify asset existence; and WCPFC Program Manager to perform random check of the assets existence during site visits and confirm through email for documentation. 	<p>Management acknowledged the observation. However, Finance and Administration Manager, Aaron Nighswander, emphasized that due to limited manpower in WCPFC-IP, their monitoring is limited to the funds used by WCPFC-IP. Any amount sent to implementing countries were considered expenses as payment for a specific output detailed in the Budget Proposal. The recommendations will be discussed by WCPFC-IP with UNDP.</p>

No.	Responsible Party	Subject Area	Key Control Observation	Risk Rating	Recommendation	IP Comments																														
			<p>property made available by UNDP shall provide a comprehensive report, including police report, where appropriate, and any other evidence giving full details of the events leading to the loss of the property to UNDP. In addition, WCPFC-IP is required to maintain a complete and accurate records of equipment, supplies and other property purchased with UNDP funds and shall take periodic physical inventories. WCPFC-IP shall provide UNDP annually with the inventory of such equipment, property and non-expendable materials and supplies, and at such time and in such for as UNDP may request.</p> <p>The following are control lapses noted from RPs which have an impact on program management due to absence of review and monitoring of actual expenditures compared with budget of RPs and the consideration of random checking or validation of RP's expenses:</p> <p>a) <i>During our audit, we noted errors in the reported assets by RP from Philippines and Indonesia as of 26 February 2018 and 02 March 2018, respectively and corrected prior to audit report date as follow</i></p> <p>Philippines</p> <table border="1"> <thead> <tr> <th>Acquisition Date</th> <th>Item Description</th> <th>Amount in USD</th> </tr> </thead> <tbody> <tr> <td>3-Sep-15</td> <td>External Hard drive (1TB)</td> <td>85.52</td> </tr> <tr> <td>15-Jun-15</td> <td>Scanner (Panasonic KVSL1066)</td> <td>(55.92)</td> </tr> <tr> <td>28-Aug-15</td> <td>Desktop Computer (HP Pavilion)</td> <td>37.98</td> </tr> <tr> <td>28-Aug-15</td> <td>2 units All-in-one Desktop Computer</td> <td>(186.86)</td> </tr> <tr> <td>3-Sep-15</td> <td>5 units Samsung Galaxy Tablets</td> <td>119.11</td> </tr> <tr> <td>8-Jan-16</td> <td>Laptop: Lenovo 20CL</td> <td>(16.24)</td> </tr> <tr> <td>12-May-16</td> <td>Copier (Kyocera M253DN)</td> <td>(85.45)</td> </tr> <tr> <td>7-Jul-17</td> <td>Wall mounter aircon</td> <td>1,751.55</td> </tr> <tr> <td>Total</td> <td></td> <td>1,649.69</td> </tr> </tbody> </table>	Acquisition Date	Item Description	Amount in USD	3-Sep-15	External Hard drive (1TB)	85.52	15-Jun-15	Scanner (Panasonic KVSL1066)	(55.92)	28-Aug-15	Desktop Computer (HP Pavilion)	37.98	28-Aug-15	2 units All-in-one Desktop Computer	(186.86)	3-Sep-15	5 units Samsung Galaxy Tablets	119.11	8-Jan-16	Laptop: Lenovo 20CL	(16.24)	12-May-16	Copier (Kyocera M253DN)	(85.45)	7-Jul-17	Wall mounter aircon	1,751.55	Total		1,649.69			
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			No.	Description	Reference to WPEA OFM Project			
			5	Support for observer program in collaboration with WWF	Output 2.4 - VNM - Y2 - 04			
			6	Development of 2 guidelines on climate change for tuna fishery in Vietnam	Output 1.2 - VNM - Y2 - 08 Output 2.2 - VNM - Y2 - 08			
			7	Workshop for introducing the Harvest strategy's elements for national stakeholders on tuna fisheries in Vietnam	Activity - VNM - Y2 - 09			
			8	Workshop on review of prior study on 1) climate change 2) certification 3) tuna supply chain analysis	Activity - VNM - Y1 - 15			
			9	Port sampling budget from January - June 2016 at 9 tuna provinces in Vietnam	Output 2.2 - VNM - Y2 - 16			
			10	Annual work plan and supervision of port sampling	Activity VNM - Y2 - 17			
			11	Consultancy task to development of EAFM application plan in tuna fishery in Vietnam	Output 2.4 - Activity - VNM - Y2 - 19			
			12	Publication of coral reef fish book	Output 2.4 - Activity - VNM - Y2 - 19			
			13	Review of legal, policy and institutional arrangements on Vietnamese tuna fisheries in the light of WCPFC's requirements	Output 2.1 - Activity - VNM - Y3 - 10			

No.	Responsible Party	Subject Area	Key Control Observation			Risk Rating	Recommendation	IP Comments
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			14	The sixth Vietnam tuna fishery data collection and species identification workshop	Output 1.1 - Activity - VNM - Y3 - 05			
			15	Proposal for attending WPEA-SM Three - country workshop (2-4 May 2017) and the 4th Project board meeting (5 May 2017), Yogyakarta, Indonesia	Output 1.1 - Activity - VNM - Y3 - 06			
			16	Port sampling budget 2017 in Vietnam	Output 2.3 - Activity - VNM - Y3 - 16			
			17	Port sampling budget June - December 2016 in Vietnam	Output 2.1 - Activity - VNM - Y3 - 16			
			18	Salary for national coordinator and other coordinators fee	Output 1.3 - Activity - VNM - Y3 - 10 Output 1.1 - Activity - VNM - Y3 - 03			
			19	Compliance - Project review and consultation meeting	Output 2.1 - Activity - VNM - Y3 - 10			

No.	Responsible Party	Subject Area	Key Control Observation	Risk Rating	Recommendation	IP Comments																																			
			<p>c) The following budgets/proposals in RP-Vietnam were submitted for WCPFC's approval after commencement date of the activities:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Output</th> <th>Description</th> <th>Budgets' submission date for WCPFC's approval</th> <th>Start date of the activities</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Output 1.1, 1.2, 2.1, 2.2, 2.3</td> <td>Proposal for Year 1 – Viet Nam Activity 02, 04, 05, 06, 10, 11, 12 & 14</td> <td>21 December 2015</td> <td>March 2015</td> </tr> <tr> <td>2</td> <td>Output 1.2 and 1.3 - Activity VNM-Y2-08</td> <td>Development of two guidelines on climate change for tuna fisheries in Viet Nam.</td> <td>9 December 2016</td> <td>October 2016</td> </tr> <tr> <td>3</td> <td>Output 1.1- Activity VNM-Y2-02, Output 2.1 - Activity VNM-Y2-05</td> <td>Salary for National Tuna Coordinator and other coordination fees</td> <td>8 December 2016</td> <td>January 2016</td> </tr> <tr> <td>4</td> <td>Output 2.1- VNM-Y2-16</td> <td>Port sampling activities from Jan to June 2016 at 9 tuna provinces</td> <td>11 May 2016</td> <td>January 2016</td> </tr> <tr> <td>5</td> <td>Output 2.1- VNM-Y2-16</td> <td>Port sampling budget from July - December 2016 in Viet Nam</td> <td>9 December 2016</td> <td>July 2016</td> </tr> <tr> <td>6</td> <td>Output 1.1- Activity VNM-Y3-03, Output 1.3- Activity VNM-Y3-10</td> <td>Salary for National Tuna Coordinator and other coordination fees</td> <td>11 October 2017</td> <td>January 2017</td> </tr> </tbody> </table> <p>d) Budget revisions in RP-Vietnam are not properly done. In particular, there are no separate forms of budget revision indicating details and reasons for revisions. The Project management only obtained the signature of WCPFC's Project Manager on the payment requests for actual expenditure, and those did not state the details before and after revisions and reasons for revisions.</p>	No.	Output	Description	Budgets' submission date for WCPFC's approval	Start date of the activities	1	Output 1.1, 1.2, 2.1, 2.2, 2.3	Proposal for Year 1 – Viet Nam Activity 02, 04, 05, 06, 10, 11, 12 & 14	21 December 2015	March 2015	2	Output 1.2 and 1.3 - Activity VNM-Y2-08	Development of two guidelines on climate change for tuna fisheries in Viet Nam.	9 December 2016	October 2016	3	Output 1.1- Activity VNM-Y2-02, Output 2.1 - Activity VNM-Y2-05	Salary for National Tuna Coordinator and other coordination fees	8 December 2016	January 2016	4	Output 2.1- VNM-Y2-16	Port sampling activities from Jan to June 2016 at 9 tuna provinces	11 May 2016	January 2016	5	Output 2.1- VNM-Y2-16	Port sampling budget from July - December 2016 in Viet Nam	9 December 2016	July 2016	6	Output 1.1- Activity VNM-Y3-03, Output 1.3- Activity VNM-Y3-10	Salary for National Tuna Coordinator and other coordination fees	11 October 2017	January 2017			
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			<p>e) There was no time limit for advance clearance in RP-Vietnam. The advances were made throughout the year, and advance clearance were delayed until the period-end. During the reporting periods from 27 October 2015 (beginning date) to 31 December.2016 and from 1 January.2017 to 31 December 2017, advances were cleared on 31 December.2016 and 11 October 2017, respectively.</p> <p>f) The Project in RP-Vietnam is recording its expenditure as a lump sum amount in one account and not broken down by categories. Accordingly, expenditures are not separated by nature of activities/expenditure; and do not indicate the components/outputs/budgets which the activities sourced from.</p> <p>Furthermore, the Project in RP-Vietnam did not perform reconciliation between budget and actual expenditure as well as explain for the variances.</p> <p>g) <i>Unapproved rebooking of plane ticket from RP-Philippines</i></p> <p>Justification letter for the rebooking cost of plane ticket amounting to Php5,133 or \$102.56 for the travel expense of Elaine Garvilles from General Santos City to Manila on 26 October 2017 was not duly approved. Return flight was originally scheduled on October 28, 2017. Based on the justification letter, Elaine Garvilles decided to return back to Manila due to urgent WCPFC concern.</p> <p>As per practice, justification memo for any deviation to the approved travel itinerary should be prepared and approved by the Executive Director and to be attached in the liquidation report.</p>			

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			<p><i>h) Uncorded fund receipt from RP-Philippines</i></p> <p>Unrecorded fund transfer amounting to Php673,180.22 or \$13,380 was noted during the fund receipt reconciliation between the amount transferred by WCPFC and amount received by NFRDI. Upon verification of the bank statement details, the fund was credited to NFRDI's bank account on 11 July 2017 but reported as a reconciling item in the bank reconciliation statement at the date of audit. As per inquiry with Elaine Garvilles, Project Coordinator, the deposit was duly received by NFRDI but the accounting noted the transfer as unidentified deposit and was reflected as a reconciling item from July 2017 until November 2017.</p>											
2	Western and Central Pacific Fisheries Commission – Implementing Partner	Programme Management	<p>Reporting Requirements under PCA is based from HACT Framework on financial reporting which WCPFC-IP should comply with.</p> <p>No formal HACT training or update training was received by WCPFC from UNDP.</p>	Medium	Initiate to request a formal HACT training from UNDP and updates to ensure that WCPFC compliance with HACT policies and procedures.	Management acknowledged the observation. The recommendation will be discussed by WCPFC-IP with UNDP.								
3		Accounting policies and procedures (Payments)	<p>HACT Framework requires that payments of expenditures be signed by authorized officers of the Implementing Partner.</p> <p>Noted three (1) out of 28 sampled expenditures with supporting fund transfer transaction details not signed by the Finance and Administrative Manager to evidence approval to record the transaction in QuickBooks.</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Amount</th> <th>Description</th> <th>Reference No.</th> </tr> </thead> <tbody> <tr> <td>8/1/2017</td> <td></td> <td>Airfares to Corporate Traveler</td> <td>EFT1660113</td> </tr> </tbody> </table>	Date	Amount	Description	Reference No.	8/1/2017		Airfares to Corporate Traveler	EFT1660113	Medium	<p>Finance Officer to ensure all transaction are signed off by all appropriate personnel before expenditures are recorded in the QuickBooks</p> <p>WCPFC to assign a personnel to perform random checking or validation of RPs expenses and supporting documents</p>	Finance and Administration Manager acknowledged the observations. Further, he added these lapses on his end might had happen when he is on leave or official travel as he is diligent in ensuring all are approved for posting.
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8/1/2017		Airfares to Corporate Traveler	EFT1660113											

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			<p>Under RP-Indonesia (DGCF), we also noted transactions with no signature signifying review of expenses from the Pejabat Pembuat Komitmen (Commitment Officer) for the following:</p> <p>All sampled CFR expenses for 2017 24 out of 35 DGCF sampled expenses in 2017</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Amount</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>November 21-23, 2017</td> <td>1,500,000.00</td> <td>Shopping Materials</td> </tr> <tr> <td>October 2017</td> <td>15,000,000.00</td> <td>Other non-operating goods</td> </tr> <tr> <td>November 1, 2017</td> <td>15,000,000.00</td> <td>Other Non-Operating Goods</td> </tr> <tr> <td>November 21-23, 2017</td> <td>2,700,000.00</td> <td>Shopping for Professional Services</td> </tr> <tr> <td>December 15, 2017</td> <td>900,000.00</td> <td>Shopping for Professional Services</td> </tr> <tr> <td>December 15, 2017</td> <td>765,000.00</td> <td>Shopping for materials</td> </tr> <tr> <td>December 15, 2017</td> <td>450,000.00</td> <td>Shopping regular trips</td> </tr> <tr> <td>May 6, 2017</td> <td>20,000,000.00</td> <td>Shopping Materials</td> </tr> <tr> <td>May 3, 2017</td> <td>15,575,000.00</td> <td>Shopping Materials</td> </tr> <tr> <td>May 6, 2017</td> <td>5,500,000.00</td> <td>Shopping Materials</td> </tr> <tr> <td>Undated</td> <td>1,400,000.00</td> <td>Shopping for Professional Services</td> </tr> <tr> <td>June 14-16, 2017</td> <td>31,500,000.00</td> <td>Shopping Travel Service Package Meeting Overseas</td> </tr> <tr> <td>June 14-16, 2017</td> <td>13,800,000.00</td> <td>Shopping Travel Service Package Meeting Overseas</td> </tr> <tr> <td>Undated</td> <td>1,400,000.00</td> <td>Shopping for Professional Services</td> </tr> <tr> <td>Undated</td> <td>1,099,500.00</td> <td>Shopping for materials</td> </tr> <tr> <td>September 16, 2017</td> <td>129,600,000.00</td> <td>Shopping Travel Service Package Meeting Overseas</td> </tr> <tr> <td>September 18, 2017</td> <td>37,500,000.00</td> <td>Shopping Materials</td> </tr> <tr> <td>September 10, 2017</td> <td>1,100,000.00</td> <td>Shopping Materials</td> </tr> </tbody> </table>	Date	Amount	Description	November 21-23, 2017	1,500,000.00	Shopping Materials	October 2017	15,000,000.00	Other non-operating goods	November 1, 2017	15,000,000.00	Other Non-Operating Goods	November 21-23, 2017	2,700,000.00	Shopping for Professional Services	December 15, 2017	900,000.00	Shopping for Professional Services	December 15, 2017	765,000.00	Shopping for materials	December 15, 2017	450,000.00	Shopping regular trips	May 6, 2017	20,000,000.00	Shopping Materials	May 3, 2017	15,575,000.00	Shopping Materials	May 6, 2017	5,500,000.00	Shopping Materials	Undated	1,400,000.00	Shopping for Professional Services	June 14-16, 2017	31,500,000.00	Shopping Travel Service Package Meeting Overseas	June 14-16, 2017	13,800,000.00	Shopping Travel Service Package Meeting Overseas	Undated	1,400,000.00	Shopping for Professional Services	Undated	1,099,500.00	Shopping for materials	September 16, 2017	129,600,000.00	Shopping Travel Service Package Meeting Overseas	September 18, 2017	37,500,000.00	Shopping Materials	September 10, 2017	1,100,000.00	Shopping Materials			
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No.	Responsible Party	Subject Area	Key Control Observation			Risk Rating	Recommendation	IP Comments
			Date	Amount	Description			
			September 15, 2017	900,000.00	Shopping for Professional Services			
			September 11, 2017	96,000.00	Shopping Materials			
			Undated	5,400,000.00	Shopping Services Profession			
			September 13, 2017	1,050,000.00	Shopping Travel Service Package Meeting Overseas			
			November 3, 2017	115,920,000.00	Shopping Travel Service Package Meeting Overseas			
			Undated	23,856,000.00	Shopping Rental			
4		Accounting policies and procedures (Payments)	All Supporting documents were not stamped as "PAID" nor as "PAID from UNDP Fund", instead the documents were stamped as "POSTED" to evidence approval of the Finance Manager to record the corresponding journal entries.			Low	Expenditure supporting documents should be stamped as "PAID" to avoid duplicate payments.	Management acknowledge the observation. As of the date of audit, WCPFC-IP did not receive any formal HACT training from UNDP thus, were not aware on the requirements, related to stamping of documents, of the HACT framework.
5	Western and Central Pacific Fisheries Commission – Implementing Partner	Other Observations	The IP does not require the RPs to acknowledge the amount received from the WCPFC to ensure alignment of fund transferred to and received by the RPs. Due to the absence of acknowledgment or confirmation of fund transfer to and received by the RPs,			Low	Obtain e-mail confirmations from the RPs upon transfer of the fund for additional control on fund monitoring.	The IP acknowledged the observation and will consider the recommendation given by the audit team.
6	Western and Central Pacific Fisheries Commission – Implementing Partner	Other Observations	Bank Reconciliation Statements were prepared by Finance Officer and reviewed by Finance and Administration Manager. However, actual sign-off on the bank reconciliation statements were not documented.			Low	Bank Reconciliation Statements were prepared by Finance Officer and reviewed by Finance and Administration Manager. However, actual sign-off on the bank reconciliation statements were not documented.	The IP acknowledged the observation and will consider the recommendation given by the audit team.

No.	Responsible Party	Subject Area	Key Control Observation	Risk Rating	Recommendation	IP Comments
8	Western and Central Pacific Fisheries Commission – Implementing Partner	Other Observations	WCPFC does not require official receipts or acknowledgement receipts to substantiate travel claims other than airfares.	Low	All expenditures must be supported by official receipts to ensure validity. For taxi fares with no official receipts, an acknowledgment receipt/transportation vouchers must be accomplished to be signed by the driver and submitted as support upon liquidation or reimbursement.	The IP acknowledged the observation and will consider the recommendation given by the audit team.

* * *

We would like to take this opportunity to express our appreciation for the cooperation we received from all the staff of the Project during the course of our current audit.

This report is intended solely for the information and use of UNDP and Western and Central Pacific Fisheries Commission, as the Implementing Partner, and should not be distributed to other parties.

Section IV - Appendix

Detailed Project Status

Outcome	Activity	Issues	Comments	PwC Comment on Progress/Status
Implementation Year: 2017				
PHILIPPINES				
Component 1: Regional governance for building regional and national adaptive capacity of Indonesia, Philippines and Vietnam in the management of highly migratory fish stocks.				
Component 1.1 Improved regional mechanisms for monitoring and assessment of highly migratory fish stocks and IUU fishing in the POWP LME and the EAS LMEs.				
1.1	PHL-Y3-01: Capacity building in country's science (SC13) (support to SC13 meeting participation)			Completed
1.1	PHL-Y3-02: Annual tuna catch estimation Workshop (in conjunction with Data Review Workshop)			Completed
1.1	PHL-Y3-03: WPEA Project coordination at national level			Completed
1.1	PHL-Y3-04: Preparation for the Sub-regional (WCPFC/PEMSEA) Consultation Forum - National workshop			Partially completed
1.1	PHL-Y3-05: Three-Country Workshop - Development of Sub-regional Cooperation and Collaboration Mechanism			Completed
1.1	PHL-Y3-01: Capacity building in country's science (SC13) (support to SC13 meeting participation)			Completed
Component 1.2 Enhanced capacity of technical staff, policy and decision makers in Indonesia, Philippines and Vietnam to integrate climate change impacts on highly migratory stocks into management regimes.				
1.2	PHL-Y3-07: Climate Change Modelling Workshop			Partially completed
1.2	PHL-Y3-08: Workshop for the development of adaptive management guidelines against the impact of climate changes			Partially completed
1.3	PHL-Y3-09: Workshop for the development of climate change policy - General Manual for the Climate Change Disaster Risk Reduction Management			Completed
Component 2: Implementation of policy, institutional and fishery management reforms				
Component 2.1 Enhanced compliance of existing legal instruments of national, regional and international levels.				
2.1	PHL-Y3-10: Publication of Updated Operations Guide for Filipino Fishermen			Completed
2.1	PHL-Y3-11: Workshop on the review of the Philippine FAD management policy			Completed
2.1	PHL-Y3-12: Harvest Strategy Workshop			Partially completed

Outcome	Activity	Issues	Comments	PwC Comment on Progress/Status
Implementation Year: 2017				
Component 2.2 Adoption of market-based approaches to the sustainable harvest of tunas.				
2.2	PHL-Y3-13: Observer programme - expanded tuna data collection (<i>for BFAR</i>)			Partially completed
2.2	PHL-Y3-14: Supply chain analysis (consultancy and workshop)			Partially completed
2.2	PHL-Y3-15: Development of market-based sustainable fishing manual - certification (consultancy and workshop)			Partially completed
Component 2.3 Reduced uncertainty in stock assessment of POWP and EAS LMEs highly migratory fish stocks and improved understanding of associated ecosystem and their biodiversity.				
2.3	PHL-Y3-16: Data Review WS (in conjunction with annual tuna catch estimation workshop)			Completed
2.3	PHL-Y3-17: Port sampling and tuna catch data collection			Completed
2.3	PHL-Y3-19: Workshop on risk assessment for bycatch data			Partially completed
Component 2.4 Ecosystem Approach to Fisheries Management (EAF) guiding sustainable harvest of the oceanic tuna stock and reduced by-catch of sea turtles, sharks and seabirds				
2.4	PHL-Y3-18: Observer programme - bycatch data collection (<i>for BFAR</i>)			Partially completed
2.4	PHL-Y3-20: Pilot scale EAFM application to a selected site and fishery (consultancy and workshop)			Partially completed
Component 3: Knowledge sharing on highly migratory fish stocks				
Component 3.1 Knowledge sharing of highly migratory fish stocks in the POWP and EAS LMEs				
3.1	PHL-Y3-21: Sub-regional knowledge sharing activity			Partially completed
INDONESIA				
Component 1: Regional governance for building regional and national adaptive capacity of Indonesia, Philippines and Vietnam in the management of highly migratory fish stocks.				
Component 1.1 Improved regional mechanisms for monitoring and assessment of highly migratory fish stocks and IUU fishing in the POWP LME and the EAS LMEs.				
1.1	Travel - Capacity building in science - Participation in SC13 (Cook Island)			Completed
1.1	WS - Sub-regional cooperation - national workshop			Completed
1.1	Consultancy - Project coordination and administration at national level			Completed
1.1	Travel - Participation in Annual Tuna Data workshop at SPC			Completed
1.1.	WS - Indonesia's Annual Tuna Data Review WS from Port Sampling - Bitung/Kendari			Completed
1.1.	WS - Three-Country WS (Sub-regional cooperation - tentative topic) - Indonesia			Completed
1.1	Reconstruction of historical tuna catches and effort			Withdrawn
Component 1.2 Enhanced capacity of technical staff, policy and decision makers in Indonesia, Philippines and Vietnam to integrate climate change impacts on highly migratory stocks into management regimes.				
1.2	Consultancy - Climate Change Report			Partially completed

Outcome	Activity	Issues	Comments	PwC Comment on Progress/Status
Implementation Year: 2017				
1.3	Consultancy, WS - Development of Harvest Strategy Framework for archipelagic pole-and-line skipjack fishery			Partially completed
1.3	WS - WS on Climate Change - Review of Consultancy Report			Completed
Component 2: Implementation of policy, institutional and fishery management reforms.				
Component 2.1: Enhanced compliance of existing legal instruments of national, regional and international levels.				
2.1	Consultancy - Compliance with WCPFC - Consultancy: production of MCS report "Indonesian actions to combat IUU fishing activities"	-	-	Partially completed
2.1	Consultancy - National legislation review - DGCF WS on the review of the consultancy	-	-	Partially completed
Component 2.2: Adoption of market-based approaches to the sustainable harvest of tunas.				
2.2	Consultancy - Supply Chain characterized for selected tuna fisheries (local expert)	-		Partially completed
2.2	WS - Review WS on Supply Chain and Chain of Custody (WS)	-		Completed
2.2	WS - Stakeholder workshop on sustainable fishing practices in NTT (supply chain, certification)	-	-	Completed
Component 2.3: Reduced uncertainty in stock assessment of POWP and EAS LMEs highly migratory fish stocks and improved understanding of associated ecosystems and their biodiversity				
2.3	Consultancy, WS - SA Report: Risk assessment of retained, by-catch and ETP species	-	-	Partially completed
2.3	Port sampling	-	-	Completed
2.3	WS - Catch Estimation workshop	-	-	Completed
Component 2.4: Ecosystem Approach to Fisheries Management (EAFM) guiding sustainable harvest of the oceanic tuna stock and reduced by-catch of sea turtles, sharks and seabirds.				
2.4	Consultancy - Implementation of WPEA trial observer programme - data collection (training, trip, etc.)	-	-	Completed
2.4	Consultancy, WS - EAFM Consultancy and Stakeholder WS in NTT			Partially completed
2.4	Consultancy - Pilot scale EAFM application (NTT)			Partially completed
2.4	WS - EAFM workshop (final) –policy makers			Completed
Component 3.1: Knowledge sharing on highly migratory fish stocks in the POWP and EAS LMEs.				
3.1	Participation in the regional knowledge platform	-	-	Deferred to 2018
VIETNAM				
Component 1: Regional governance for building regional and national adaptive capacity of Indonesia, Philippines and Vietnam in the management of highly migratory fish stocks.				
Component 1.1 Improved regional mechanisms for monitoring and assessment of highly migratory fish stocks and IUU fishing in the POWP LME and the EAS LMEs.				
1.1	Capacity building in science and compliance - Participation in SC13 (Cook Island) - 2 staff/SC meeting and 1staff/TCC meeting			Completed
1.1	Sub-regional cooperation - consultancy and national workshop			Withdrawn
1.1	National Tuna Coordination and Finance and administration fee for the WPEA Project			Completed
1.1	Participation in Annual Tuna Data workshop at SPC			Completed
1.1	Vietnam's Annual Tuna Data Review WS from Port Sampling (in conjunction with Catch Estimates WS)			Completed
1.1	Three-Country WS (Theme - Sub-regional cooperation) in Indonesia			Completed
Component 1.2 Enhanced capacity of technical staff, policy and decision makers in Indonesia, Philippines and Vietnam to integrate climate change impacts on highly migratory stocks into management regimes.				

Outcome	Activity	Issues	Comments	PwC Comment on Progress/Status
	Implementation Year: 2017			
1.2	Consultancy - Finalization of two guidelines for adaptive management against the impacts of climate change, including field trip	-	-	Partially completed
1.3	Two workshops for the Revision of NTMP - review and reflection of consultancy outputs related with RPs and HCRs, CC issues, EAFM, and market-based sustainability issues, as required			Partially completed
1.3	National climate change policy and training workshop (2-day WS)			Partially completed
Component 2: Implementation of policy, institutional and fishery management reforms.				
Component 2.1: Enhanced compliance of existing legal instruments of national, regional and international levels.				
2.1	Compliance with WCPFC - report of Part 1 and Part 2			Completed
2.1	Review of Vietnam's Fisheries Legislation in line with WCPFC requirements			Partially completed
2.1	VMS Report			Completed
2.1	Review Workshop on Consultancies			Completed
2.1	Consultancy - Finalizing RPs and HCRs to be reflected into NTMP (RIMF)			Partially completed
Component 2.2: Adoption of market-based approaches to the sustainable harvest of tunas.				
2.2	WS – Stakeholder workshop on sustainable fishing practices	-	-	Completed
Component 2.3: Reduced uncertainty in stock assessment of POWP and EAS LMEs highly migratory fish stocks and improved understanding of associated ecosystems and their biodiversity				
2.3	Publication of Species ID for shark and other bycatch species in Vietnamese		-	Completed
2.3	Update of Vietnam's Tuna Fishery Profile		-	Partially completed
	Port sampling - data collection, data input into database, and field supervision			Completed
2.3	Catch Estimation WS with Species ID training for shark and bycatch (in conjunction with National Tuna Data Review WS)		-	Completed
Component 2.4: Ecosystem Approach to Fisheries Management (EAFM) guiding sustainable harvest of the oceanic tuna stock and reduced by-catch of sea turtles, sharks and seabirds.				
2.4	WPEA observer programme in collaboration with WWF	-	-	Deferred to 2018
2.4	Development of EAFM application guide	-	-	Partially completed
2.4	EAFM workshop	-	-	Completed
Component 3.1: Knowledge sharing on highly migratory fish stocks in the POWP and EAS LMEs.				
3.1	Participation in the regional knowledge platform	-	-	Deferred to 2018

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