

PACIFIC ISLANDS OCEANIC FISHERIES MANAGEMENT PROJECT
MANAGEMENT LETTER
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

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1. Review of the Project Progress

The following representation comprises the management letter compiled from the independent audit of the Pacific Islands Oceanic Fisheries Management Project (OFM Project) for the financial year ended 31st December, 2007. The project is executed by the Pacific Islands Forum Fisheries Agency (FFA), Honiara, Solomon Islands. The project is administered by the Project Coordinating Unit (PCU) housed at the FFA Headquarter in Honiara.

We were responsible for the overall audit of the Project. This entails auditing records held at FFA Headquarters in Honiara and those held by SPC and IUCN. The SPC audit was however conducted by Pricewaterhouse Coopers and their management letter and audit findings were then forwarded to us. IUCN records were forwarded to FFA in Honiara and these have been subjected to our normal audit processes and procedures. Our management letter therefore comprises a consolidation of all of our findings. These are specifically dealt with in the relevant sections below.

Our tasks were limited to the audit of the Project books and documents in the Project Office. We were unable to carry out field visits to verify the implementation phase on project locations and to consultants, contractors and other persons or firms engaged by the project management.

We are therefore unable to comment on the actual project implementation. However, our review of the workplans, reports and the Project Co-ordinator indicated that projects have been implemented both within the period allocated and on a timely basis. These projects were accomplished within the relevant financial year. Where projects have been carried forward, this has been done so only because circumstances prevailing at the time were beyond the control of the Project Coordinator.

Management should include in the future audits, site visits by auditors to verify whether the project funds have been used in the Project costs or alternatively engage the auditors of SPC or IUCN to verify, sight and/or interview project officers on location where projects are being implemented.

1.1 Work Plans and Financial Reports (*Priority low*)

We noted that quarterly financial reports were compiled, reviewed, and signed off for submission to the UNDP Office in Suva, Fiji. To verify the accuracy and existence of amounts, we traced all figures to cash book maintained in Microsoft Excel spread sheet. We have satisfied our selves that all balances relating to receipts and expenditures for the period were taken up when the relevant income and expenditures were received and incurred. However, there were some expenditure for quarter four (4) that were not taken up in the quarterly report. Refer to section 4 audit findings for details.

Also, our review of the Project bank account (USD #4) indicated that a monthly reconciliation of the bank account with the bank statement balances and the cash book spread sheet was performed. We sighted monthly reconciliation statements which were placed on file and have satisfied ourselves that reconciliations were done continuously.

Compliance with reporting requirements set out in the Letter of Agreement between FFA and SPC

SPC has complied with all the requirements for timely reporting and has sent the following reports to FFA:

- Financial monthly reports in the format requested by FFA.
- Progress reports covering the period concerned.

Management has continued to comply with all the requirements for timely reporting on the Pacific Islands Oceanic Fisheries Management Project.

There is no indication that quarterly financial reports have been late for submission to the UNDP Office, Fiji.

Both the quarterly and annual work plans were executed in accordance with the requirements of the project. We note however in 4.2.7 that the discrepancy in fully executing or implementing the work plans was due mainly to circumstances beyond the control of PCU and difficulties faced by IUCN in commencing research activities.

1.2 National Annual Project Reports

The minutes of the RSC are documented as a “Summary Record of Discussions” only and are not signed off by either the Chairman or Secretary. The minutes are not formally adopted or confirmed at the next meeting. They are however noted as being acceptable to all members present at the meeting.

We have sight copies of the 2007 National Annual Project Report (NAPR) for each member countries. We could not ascertain whether these are correct copies as there is no signature on the NAPR. It appears that the quarterly and annual work plans and the NAPR were completed as a monitoring obligation and tabled by the management of FFA at the RSC meetings.

1.3 UNDP’s Roles and Responsibilities to the Project

We have reviewed the UNDP Project Implementation guidelines and are satisfied that the OFM Project complies with the UNDP guidelines and procedures.

1.4 General Observations

Human Resources

The recruitment of human resources is carried out in a transparent and effective manner. The lack of adequate or unavailability of qualified and professional human resources in the region is a hindrance to placing recruitment advertisement on a competitive basis from time to time. In such a case the only option available may include the identification of potential candidates and negotiating the best possible terms and conditions of employment with these candidates to ensure that the projects are accomplished on time and in a professional manner. The management of human resources is generally conducted in compliance with the requirements promulgated by the relevant agencies concerned.

Procurement and General Administration

Procurement of goods and services is accomplished in a transparent and effective manner. Once again the lack of or unavailability of the relevant goods and services within the region has meant that from time to time a competitive bidding process will be inoperable. Options available may include identifying a known vendor and obtaining the best quote possible from the vendor.

All administration tasks are generally carried out in compliance with the requirements of the relevant agencies.

2. Assessment of Internal Control Systems (Priority low)

Observation

Our review of systems of policies and procedures that protect the assets of OFM revealed that effective control was maintained within OFM. We have reviewed the findings of Pricewaterhouse Coopers on internal controls and concur that they are consistent with our findings.

In a general way, we report that:

- Effective procedures are in place for handling of funds received and expended by the Oceanic Fisheries Management Project for the financial year ended 31st December 2007;
- Payments are supported by invoices, documentations, correspondences and are properly authorized by the finance manager;
- There is no indication that double payments could occur;
- Our audit indicated that good control measures are in place for writing and signing checks or vouchers and receiving, recording, securing and depositing cash and other receipts. Such procedures ensures that no single individual is responsible for receiving, recording and depositing funds or writing and signing checks at the time of the audit;
- Oceanic Fisheries Management has maintained an effective cash book spreadsheet where processing and monitoring of all income and expenditures were taken up correctly when they are received and incurred;
- There is safe accessing of data, inputting and changing of electronic data are restricted access by password to only personnel who maintained project documents;

- Effective procedures for approving contracts to which OFM is a party including securing competitive bids from consultants are in place;
- There is manpower in terms of staffing at OFM to ensure these policies and procedures are carried out, professionalism is maintained at all times and to achieve results.

Audit Compliance, Guidelines, Guidance, Human Error and Resources

Activities Two and Three - FFA and IUCN

During the conduct of our audit at Project office, we noted that three staff were employed, the Project Coordinator, Fisheries Management Advisor and Project Finance Officer. We noted that all transactions during the twelve months audited for Activities two and three, complied with the UNDP Programming Manual chapters 6.4 and 6.5 and the South Pacific Forum Fisheries Agency's financial regulation. The project was fully resourced at audit date except for cases relating to IUCN where no transactions eventuated during the period. There was audit evidence to substantiate existence of human errors in the books and records maintained for Activities two and three.

Activity One - SPC and IUCN

Our review of SPC's Management Letter highlighted a number of non compliance issues with internal procedures and policies.

We note however, that circumstances prevailing at the time may have made these procedures inoperable. Generally, OFM Project continues to comply with the UNDP Programming Manual, South Pacific Forum Fisheries Agency's financial regulation and the financial policies and procedures manual of the Secretariat of the Pacific Community

Recommendation

We recommend that management review the changing operational circumstances in order to update existing financial policies and procedures.

Management Comments

Issues (4.1.1) identified as non-compliant with internal procedures and policies by the SPC Auditor's will be reviewed by the project coordinator's based at SPC with the Project Coordination Unit. Please note that in the opinion of Pricewaterhouse Coopers the error of risk or fraud is considered low.

3. Available Facilities and Right of Access (Priority low)

During the course of our audit, we had full and complete access to all records and documents available at FFA and to all employees. We also viewed cash book excel spreadsheets on the Finance Officer's computer and compared these with printed copies for consistency. We are grateful to FFA for the assistance accorded to us by the management and staff of OFM.

4. Audit Findings

The audit findings contained in this management letter relates to all project activities. Those audit findings described in component one (SPC) of the letter are those of Pricewaterhouse Coopers. The audit findings relating to component two and three (FFA and IUCN) were assessed directly by ourselves.

4.1 Activity One Audit Findings

4.1.1 General overview of testing made during the course of the audit (Priority high) (Compliance; Guidelines)

Observation

Our scope of testing has covered 74% of the total expenses, excluding salaries that were treated separately.

We draw your attention to the following matter raised during our audit:

- Some expenses, for an amount of 845,000 XPF were supported by insufficient documentary evidence (i.e. by quotation/proforma invoices only). These were a scanner for Palau, two computers for Samoa and a computer for Solomon Islands.
- The purchase of equipment for the Soltai charter, and paid by an advance of USD\$10,000 (925,000 XPF) was not acquitted (no invoice was available).
- Payment of some expenses have been effected on the basis of copies of original invoice/contacts. Nevertheless, considering the difficulties of the tagging cruises, and multi-approval request for payment procedures of SPC, the risk of error or fraud is considered low.

Recommendation

We recommend that you validate matters raised above with the Executing Agency.

Management response

The purchase of the scanner and computers were all the subject of signed MOUs with the respective Fisheries Departments of Palau, Samoa and Solomon Islands. The purchases were made in-country after a process of verification of prices and appropriate warranties.

The tagging equipment (outboard motor) was purchased in Solomon Islands by Soltai on behalf of SPC. The invoice was posted to SPC from Noro on 29th February 2008 and at the time of this audit had not yet been received.

4.1.2 Documentary evidence for tagging campaign (Priority high) (Compliance; Guidelines)

During the tagging campaign in Papua New Guinea, advance payments were made to the personal account of the PNG Tagging Coordinator, to cover expenses related to the day-to-day organization of the campaign. These expenses have to be acquitted afterward by sending original invoices to the SPC.

In comparison with last year, increased efforts have been made in providing documentary evidence of expenses made during the campaign. Nevertheless, we observed the following weaknesses:

- 18,059 Kina of expenses (approximately USD \$7000) were not justified by documentary evidence.
- Tag rewards paid during the campaign were not supported by accountable documentary evidence which is verifiable by the audit process (13,000 Kina). However we noted that the physical tags are returned to SPC, which we have sighted and the monthly reports are produced on the basis of the tag returns.

Recommendation

We recommend that SPC :

- continue its efforts to have the acquittals of expenditures made by the Tagging Coordinator for each trip,
- keep a special register for 'staff advances and crew bonus', where all inputs (cash withdrawal from bank, cash from the sale of fish) and outputs are clearly indicated, with the name and the authentic signature of the person concerned,
- Cover the advances made to consultant by a letter of agreement, jointly signed by SPC and the consultant, which states that all expenditure by the consultant must be fully acquitted at the end of the tagging cruise.

Management response

The SPC consultancy contract for the Tagging Coordinator stipulates that the responsibilities include the lead role in all aspects of the project coordination, logistics and implementation. The Tagging Coordinator to the very best of his abilities in light of the difficulties involved does provide the requisite acquittals for the advances that are made.

4.1.3 Amount unduly paid to an employee (Priority medium) (Human Error)

Observation

Due to discrepancies between administrative and personnel services, an amount of 165,010 XPF was paid in excess to an employee (staff reference: NP887) concerning annual leave. This expense, which appears in the summary of income and expenditure, is not justified and must be reimbursed in 2008.

Recommendation

Nil

Management response

Employee concerned has committed to reimburse the project in 2008.

4.1.4 Management fees issues (Priority low) (Human Error)

To support the administrative cost of managing the funds received for the program, a 7% management fee is levied on the funds received. This amount represents 11,958,525 XPF for the year 2007.

We observed that:

- an amount of 2,584,519 XPF relating to income for 2006 has been charged to the project in 2007 (refers to 2006 - audit management letter),
- calculation of 2007 management fees is underestimated by 304,000 XPF.

Recommendation

Nil.

Management response

Nil.

4.1.5 Currency issue for funds received. (Priority low) (Guidelines)

The working currency at SPC Headquarters Noumea is XPF, and the bookkeeping of the project is also maintained in XPF . Funds, received each quarter from the donor is in USD, and these are immediately credited to the project budget in XPF, using the ruling bank daily rate. However, SPC can also choose to deposit the USD into its New Caledonia USD bank account. In this case, exchange rate differences are the responsibility of SPC and are not carried by the project.

Recommendation

Nil.

Management response

USD funds are converted on arrival in order to avoid daily exchange variations that would negatively impact the project day to day operations. Thus total funds available in SPC's Noumea working currency is known for each quarter.

4.1.6 Financial income made on Funds received. (Priority low) (Guidelines)

SPC generally receives funds from donors in advance and invests surpluses on short-term deposits (non risk investments). For the last installment received for the project in 2007, SPC received USD\$1650 and did not return this amount to the project. We are not aware that this would be a requirement of UNDP.

Recommendation

You may wish to confirm the appropriateness of such practice with the Executing Agency of the project.

Management response

Funds are received and managed by SPC on its own bank accounts. SPC invests its surplus on short-term deposits. The financial revenue that occurred was not transferred to the project. But overdraft interest was not charged to the project for the period in which the project was showed a large deficit.

4.1.7 Liability for tax on services concerning contracts established with local consultants (Priority low) (Guidelines)

Observation

When SPC appoints a consultant for a specific mission, terms of reference are established in order to set out the scope of work to be undertaken by the consultant. Our review of these terms of reference shows that some consultancies contracted with local specialists may be subject to New Caledonia 5% local tax on services . This tax (T.S.S.) is due for every service provided in New Caledonia and no exemption exists for SPC.

Recommendation

Even if this is due by the consultant, we recommend that SPC include in its terms of reference, a clause stipulating that fees are subject to TSS tax and that such payments must be met by the consultant.

Management response

SPC will consider this recommendation.

4.1.8 Exhaustiveness of the fixed assets register (Priority low) (Guidelines)

Observation

Every purchase made with GEF/UNDP Funds that fulfills SPC definition of a fixed asset (value higher than 50,000 XPF and with a projected use longer than 12 months) must be reported in a fixed asset register. We observed that some investments (floating boat and outboard motor) totalling 1,093,773 XPF were not accounted for in the register. The reasons invoked by SPC was that the use of this material is dedicated entirely to the tagging cruises in PNG and Solomon Islands (and will remain on the Soltai vessel in Solomon Islands).

Recommendation

This practice should be approved by the Executing Agency.

Management response

The outboard motor and inflatable dinghy are dedicated tagging equipment and remain on the tagging vessels for the present and future tagging cruises.

4.1.9 Overspending (Priority low) (Guidelines)

Observation

A review of the summary statement of income and expenditure shows the following overspending (compared to the USD revised budget):

Fishery Monitoring

- Monitoring specialist: + USD21,889.23
- Travel: + USD10,883.26
- Regional workshops: +USD12,656.04

Stock Assessment

- Stock assessments specialist: USD16,412.42
- Data processing/Mgt: + USD19,828.88
- Travel: + USD11,758.51
- Regional Workshops: + USD5,198.34

Ecosystem Analysis

- Ecosystem Analyst: + USD17,804.03
- Ecosystem Monitoring Specialists: + USD23,012.65
- Cons. Sce/seamount mapping: + USD6,021.40

Project Support

- SPC Audit: + USD4,595.00
- SPC Project Support: +USD 33, 485.60

However, obtaining a budgetary analysis on a USD basis, as it appears in the summary statement of income and expenditure is not appropriate due to the average rate system used to convert XPF in USD for financial reporting purposes.

Recommendation

SPC should ensure that the reasons for overspending are identified and that corrective measures are undertaken. We recommend that these changes be validated with the Executing Agency.

With regards to the point raised earlier about the comparison of budget/expenses in USD, we recommend that a budget in CFP, rather than in USD be used.

Management response

The average exchange rates used to convert XPF to USD for financial reporting is based on the historical receipt exchange rates and an average rate for the expenses.

No provisions exists in the budget to cover possible exchange losses.

The budget is established in USD as it is an UNDP funded project and is multi-agency implemented (not just by SPC Noumea).

4.2 Activity Two and Three Audit Findings

4.2.1 Project Work Plans (Priority low) (Resources)

Observation

We reviewed the Project Work Plans at the project office. There were no issues that would hinder the implementation of the Project.

We noted that the workplan for IUCN remained inactive during the year. Our review of cash book payments indicated that no funds were transferred to the IUCN bank account. We have concluded that IUCN has no plans for activities in the twelve (12) months currently being audited.

Our review of the 2007 revised annual work plan and budget has, however, indicated that a budget of USD120, 000 was actually allocated for IUCN work programmes. The budgeted amount was not spent during the year.

Recommendation

Nil.

Management Comments

Budget allocation's were made in 2007 for IUCN activities based on information provided by IUCN that activities would commence in 2007. Throughout 2007 IUCN continued to negotiate the feasibility of commencing the planned research cruise which impacts on the policy activities defined in Activity Two. Given that no progress was made with the research cruise in general IUCN planned activities in the OFM Project were suspended until such time a decision could be made as to whether or not the cruise would commence in 2008. The decision was made late December 2007 to abort the research cruise and negotiations commenced to redesign IUCN project activities keeping them consistent with the project's objectives and outcomes. IUCN activities are expected to commence in the second quarter of 2008.

4.2.2 Minutes of Regional Steering Committee Meetings (Priority low) (Guidelines)

Observation

During the course of our audit, we sighted the minutes of the 3rd meeting of the Regional Steering Committee in Cook Islands. Our review of the minutes appears to indicate there was anything being planned that would hinder the work of Oceanic Fisheries Management. We have agreed all issues to minutes and are satisfied that there were no matters of an unusual nature requiring special investigation. We noted that proper documents were maintained and filed by OFM personnel at audit date. Similarly, we have satisfied ourselves that there was overwhelming support given by Small Member Countries towards the work of the organization in the region.

However, we were unable to ascertain whether the minutes represent true copies of meetings. We were unable to sight signed minutes. Electronic copies handed to us were printed from documents maintained by OFM during the time of the audit.

Recommendation

We recommend that management keep a register of all signed minutes of Regional Steering Committee meetings, both as a hard copy and a scanned copy (in portable document file - PDF). The hard copy should be filed and all pages numbered. This is to prevent anyone from removing the original true copies of the minutes held.

Management Comments

The record of proceedings are not considered meeting minutes and there is no policy requiring participant signature on meeting records at either the FFA or SPC nor at regional or international fisheries organisations.

4.2.3 Overspending (Priority low) (Compliance)

Observation

Our review of the OFM detailed expenditure worksheet shows the following overspending (compared to USD revised budget):

Policy Reform

- Project Information Systems: +USD2,635.00

Recommendation

We recommend that management ensure that the reasons for overspending are clearly identified and that corrective action is promptly taken to resolve these outstanding issues. Chapter six of the UNDP Programming Manual, clause 6.5.2 (c) specifies that disbursements do not exceed the available funds or the amount allocated to each approved budgetary category.

Managements Comments

This over expenditure relates to printing/material etc. Unanticipated freight costs for shipping printed matter to Honiara resulted in budget overspend. Over spend will be held against 2008 budget for this line item.

4.2.4 FFA Project Ledger (Priority low) (Human Error; Resources)

Observation

We noted that the project has not maintained a project ledger but rather a Microsoft excel spreadsheet as cashbook. We have based our audit on the spreadsheet in order to test all funds received and expenditures.

The use of spreadsheets may give rise to human error if not properly monitored. This is evident in quarter four of the project report where some payments were not included in the quarterly report to UNDP, Fiji. We have interviewed the Finance Officer about this matter and he has confirmed to us that this was an error that he only realized this after the quarterly report was signed and submitted.

Though FFA had maintained computerized accounting software, OFM Project has not been able to use this for their respective accounting function.

Recommendation

We recommend that management :

- Liaise with the FFA IT department to seek advice from the Finance One service provider to setup the access and reporting period for OFM accounts,
- Alternatively, adopt a separate accounting software such as MYOB accounting software for recording and monitoring of the project funds.
- If it is agreed that OFM should maintain its own accounting software, we would recommend MYOB Premier v11.

Management Comments

The OFM Project has since the commencement of the project in 2005 maintained a dual entry into the FFA Finance One accounting package. Project expenditure has been as required by the FFA Finance Division entered against an FFA ledger system whose codes are inconsistent with those used by UNDP (ATLAS). To ensure that the project could report to UNDP in ATLAS format a project ledger was established in Finance using ATLAS codes. This system is also maintained because the project and the FFA operate different financial years. This system worked without error in 2005 and 2006.

The FFA upgraded their Finance One package and chart of accounts in late 2006 without also making the same provisions for the OFM Project. A visiting Finance One consultant in 2007 failed to address the requirement and an ongoing request has been made to FFA Finance to address this matter with the up most urgency, a request that has been lodged several times.

In order to ensure robust accounting a back-up system using excel spreadsheet was used in 2007 and all entries are consistent with UNDP ATLAS codes against which an audit would be preformed. The OFM Project officer continues to enter project expenditure in Finance One against the FFA chart of accounts but which is inconsistent with the UNDP's Combined Delivery Report (CDR) and covers different financial years.

**4.2.5 Payroll - PAYE Tax Inconsistency with Income Tax Act (Priority low)
(Compliance; Human Error)**

Observation

We conducted tests for the calculation of payroll taxes for the financial year. During the course of our audit, we noted discrepancies in the calculation of PAYE for Local Staff employed by the Project. Of the samples tested for payroll PP07/08, PP07/07 and PP07/14, we noted that employee 5% contributions were deducted from gross pay before PAYE taxes were determined.

From information gathered, FFA opted to use the 'retirement benefit' method of calculating PAYE tax under the Income Tax Act (Cap.123), to claim exemptions. However, the benefits listed under section 30 of the Income Tax (Amendment) Act, have been repealed. Therefore, all resident employees cannot now withhold this portion from inclusion in the calculation of their respective gross income.

We observed, that since the 5% portions were subtracted from gross pay of employees', the PAYE calculations for these pay periods were understated and are inconsistent with the requirements of the Income Tax Act.

FFA has not fully complied with the requirements of the Income Tax Act. According to section 5, of the Tax Act, employees' 5% is part of the gross income upon which PAYE tax is calculated. Non compliance would result in the imposition of penalties for breach of the Income Tax Act.

Recommendations

We recommend that management ensure that there is compliance with the Income Act at all times. Failure to comply with the Tax Act, may lead to the Commissioner imposing penalties which will require FFA staff to pay additional tax liabilities in the future.

Management Comment

This audit finding will be drawn to the attention of the FFA Finance Division.

4.2.6 IOIPI-USP Agreement (Priority high) (Guidelines)

Observation

We noted a Memorandum of Agreement was signed between FFA-OFM Project and USP - IOIPI Marine Institute for TSC course for the sum of USD70,000. 80% of the amount (USD56,000) was paid at the signing of the agreement to cover the costs of the participants. There was a separate agreement between USP and the course instructor and a payment of USD5,153 was made by OFM for the instructor's fees. Therefore, a total payment of USD61,153 was paid under the contract. A total of USD20,287 was unspent at the end of the course. This amount is held by USP, Fiji. USD8,847, the remaining 20% of the original amount, has not been paid to USP under the agreement.

OFM has not complied with the terms of the agreement requiring it to pay an outstanding balance of USD14,000 to USP. To date, the balance remains unpaid.

Though a separate agreement has been signed between USP and the course instructor, the payment of USD5,153 was made by OFM. In this case USP should be responsible for paying the fees due to the course instructor as per USP and instructor agreement, not OFM.

The balance of USD20,287 still held by USP poses the question of who has the right to the unspent funds. There is nothing in the agreement indicating who has the right to any remaining balance or unspent funds held.

Recommendations

We recommend that management ;

- Include a protective clause to safeguard unspent funds, in any future agreement where OFM funds a workshop or course;
- A detailed budget be prepared to accommodate all likely costs
- Include a clause in future agreement for any over or under budgeted costs;
- Ensure that parties to the agreement abide by terms and conditions of the contracts signed between the parties.

Management Comment

The OFM Project Coordination Unit had withheld the remaining funds for the regional policy workshop until an acquittal was received from USP. A full budget was presented for the workshop by USP. A further request (outside the signed agreement) was made to provide extra funds to assist the participation of an international expert this workshop was agreed and a further USD5,153 was provided. No amendment of contract was made and this is an oversight to be addressed.

While there is no reference in the contract (again an oversight) the common understanding between FFA and USP was that unspent funds would either be returned or a further policy workshop would be held in 2008 with obligation on USP to seek funding for any shortfall. Discussions on this matter are being conducted presently. Amendments to the existing contract will be made once these have concluded.

4.2.7 Understatement of Expenses (Priority low) (Human Error)

Observation

Our review and testing of expenses on the excel spreadsheet cash book has revealed the existence of human error. Payment for staff costs totaling USD25,673.21 was not included in quarter four report to UNDP, Fiji. Also an adjustment of USD275.21 was recorded due to exchange rate differences. We concluded that the exclusion of these payments were due to human error in the recording of the transaction onto an excel spread sheet. This error has understated the expenses in the quarter four of the year being audited.

However, this was included in the subsequent years' quarter one report. This implies that there is an overstatement of expenses in first quarter of subsequent years' report.

Recommendations

We recommend that management cease using the excel spread sheet for the recording of accounting transactions as this is prone to human error or it can be accidentally deleted. FFA is fully resourced with an accounting software, Finance One. We advise management to consult the accounting department of FFA and ensure that OFM Finance staff can access or use the available accounting software.

Management Comment

The PCU acknowledges this error and steps have been taken to correct accounting records. The sum of USD25,673.21 against staff costs have been absorbed in the first quarter of 2008.

Please see earlier comments concerning accounting software.

