



**The 2<sup>nd</sup> Meeting of the Project Steering Committee for  
the SEAFDEC/UNEP/GEF Project on Establishment and Operation of a Regional System of  
Fisheries *Refugia* in the South China Sea and Gulf of Thailand**  
5<sup>th</sup> – 6<sup>th</sup> November 2019  
Pullman Miri Waterfront Hotel, MIRI, SARAWAK, MALAYSIA

## STATUS OF ANNUAL FINANCIAL AUDIT REPORTS FOR 2016-2018

In addition to the routine quarterly reports, UNEP requires an annual audit of the financial statements relating to the status of SEAFDEC/UNEP/GEF project funds as at 31 December each year, by a recognised firm of public accountants (for a government, by Government auditors), which shall be dispatched to SEAFDEC by 31 March and to UNEP before 30 June. Participating countries are required to submit annual audit reports of their financial statements while SEAFDEC is required to submit annual audit report of consolidated financial statements that combines all countries including the Project Coordinating Unit.

Table below indicates the submission of audit report of expenditures for the years 2016 to 2018. For the year 2016, only SEAFDEC is required to submit consolidated audit report which had been combined with the years 2017 and 2018, and received on 13 September 2019. Combined audit reports for the years 2017 and 2018 had been received from Cambodia, Philippines and Thailand. For the year 2018, Malaysia audit report had been received on 29 May 2019. Overall, the auditors had expressed their opinion that proper books of account and records have been maintained, all project expenditures are supported by vouchers and adequate documentation, and expenditures have been incurred in accordance with the objectives outlined in the National Project Document and Letter of Agreement.

There was no significant audit findings and observations in the submitted audited financial statements except for the Philippines where discrepancies were observed by the auditors. For the year 2017, the Statement of Net Assests summary and breakdown have different figures. For the year 2017 and 2018, the SNA and Project Expenditures Report have different figures. Some expenditures were not supported with proper and adequate documentation. Per audit report, there was no proper reconciliation made by the Project Management Office to correct the discrepancies. Reconciliation between the reported figures are ongoing to ensure proper reporting and to eliminate variance for 2019 transactions.

### Status of financial audit reports submission as of 28 September 2019

	2016	2017	2018
Cambodia	Not required	1 April 2019 (Combined report)	
Indonesia	Not required	Not required	Not required
Malaysia	Not required	Not required	29 May 2019
Philippines	Not required	28 June 2019 (Combined report)	
Thailand	Not required	9 September 2019 (Combined report)	
Vietnam	Not required	Not required	Not required
SEAFDEC	13 September 2019 (Combined Report)		

## **DISCUSSION AND RECOMMENDATION**

Except for the year 2016 where participating countries were not required to submit audit reports, most of the participating countries including SEAFDEC combined and submitted their audit reports beyond due date, i.e. by 31 March.

Participating countries are reminded that according to the UN Financial Rules and Procedures, no further cash advances will be made to any country through the PCU until the receipt of audited financial reports have been received.

Participating countries and SEAFDEC are reminded to take note of the audit report submission date as per Letter of Agreement, and advised to take the necessary action to avoid delays in the submission of financial audit reports in the future.

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