



**The 7th Ad-hoc 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**

27 May 2022
(08:00 – 11:30AM, UTC+7)
Virtual Meeting via Zoom Platform

ANNUAL EXPENDITURES VERSUS AUDIT REPORT

I. INTRODUCTION

Referring to the expenditures that have been quarterly reported by participating countries to the Project Coordination Unit (PCU) from Q1/2017 to Q1/2022, the PCU finds it is necessary to update each country on the adjustment of expenditures (actual expenditures) versus the audit reports. A comparison between the quarterly expenditure report with the consolidated audit reports as of 2018, 2019, and 2020 shows differences in the value of expenditures. This report aims to inform the country's actual expenditures based on the consolidated audit report during the past years, and the country's balanced budget, as of 31 December 2020.

II. EXPENDITURES VS AUDIT REPORT BY COUNTRY

The report focuses on four countries, namely Cambodia, Indonesia, Malaysia, and the Philippines. There is no problem for Thailand due to transferring to the Thai baht currency. For Viet Nam, there are no expenditures for the project implementation yet (see below Figure).

Year		CAMBODIA	INDONESIA	MALAYSIA	PHILIPPINES
As of 31 DECEMBER 2018	Expenditures	52,036.11	-	19,884.00	26,498.14
	Actual Expenditures	52,036.11	-	19,884.00	26,498.14
	VARIANCE	-	-	-	-
2019	Expenditures	71,378.25	16,290.12	44,760.00	67,273.36
	Actual Expenditures	71,378.25	16,290.12	43,236.60	67,282.88
	VARIANCE	-	-	(1,523.40)	9.52
2020	Expenditures	50,002.22	55,706.56	31,705.75	28,326.37
	Actual Expenditures	49,991.90	55,694.40	32,671.65	27,851.83
	VARIANCE	(10.32)	(12.16)	965.90	(474.54)
As of 31 DECEMBER 2020	Cumulative Expenditures	173,416.58	71,996.68	96,349.75	122,097.87
	Cumulative actual expenditures	173,406.26	71,984.52	95,792.25	121,632.85
	TOTAL VARIANCE	(10.32)	(12.16)	(557.50)	(465.02)

In the case of Cambodia, the PCU finds a variance of 10.32 USD in the 2020 expenditures report submitted to the PCU compared to the audit report, as shown in Annex 1. For Indonesia, a variance between the expenditure report to PCU and the audit report for 2020 is 0.01 USD. Still, the audit report mentioned a Bank interest in the amount of 12.15USD to the bank account. Accordingly, the balanced budget will be increased by 12.16 USD. For Malaysia, the actual expenditures in the audit report for 2019 are 1523.40 USD less than the expenditures reported to the PCU; in contrast, it is 965.90 USD higher than the expenditures reported to the PCU in 2020. The country's two-year overall expenses reported to PCU are 557.50 USD over the actual payments as of 31 December 2020. A similar case in the Philippines shows that the overall two-year expenditures reported to PCU are 465.02 USD higher than the actual payments as of 31 December 2020.

III. ACTIONS BY THE PROJECT STEERING COMMITTEE

- Committee is requested to consider variances between the expenditures reported to PCU and the actual expenditures audited by the Firm from 2018 to 2020.
- Committee may seek clarification from the PCU on the variance. At the same time, the Committee is also requested to adopt the proposed variances for further adjustment of the annual expenditures recorded by the concerned countries. Noting that the actual expenditures are related to the balanced budget of each participating country as of 31 December 2020.

ANNEX 1: Actual Expenditures of 2020 for Cambodia

		2020						
NB: The expenditures should be reported in line with the specific object of expenditures as per project budget		Cambodia						
Object of Expenditure in accordance with UNEP Budget codes		Expenditure incurred						
Code	Description	Amount					Audit Report	Difference
		Q1	Q2	Q3	Q4	Total		
10 PROJECT PERSONNEL COMPONENT								
1100	Project Personnel w/m	2,700.00	1,650.00	2,700.00	2,700.00	9,750.00	9,750.00	-
1200	Consultants w/m	600.00		3,202.00	3,950.00	7,752.00	7,752.00	-
1600	Travel on official business (above staff)	12,113.00	596.25	2,582.50	546.25	15,838.00	15,838.00	-
1999	Component Total	15,413.00	2,246.25	8,484.50	7,196.25	33,340.00	33,340.00	-
20 SUB-CONTRACT COMPONENT								
2100	Sub-contracts (MoU's/LA's for UN cooperating agencies)					-	-	-
2200	Sub-contracts (MoU's/LA's for non-profit supporting organizations)	450.00		2,000.00	3,000.00	5,450.00	5,450.00	-
2300	Sub-contracts (commercial purposes)					-	-	-
2999	Component Total	450.00	-	2,000.00	3,000.00	5,450.00	5,450.00	-
30 TRAINING COMPONENT								
3200	Group training (study tours, field trips, workshops, seminars, etc)	4,093.50		1,215.00	1,210.00	6,518.50	6,518.50	-
3300	Meetings/conferences (give title)			1,177.75	1,536.15	2,713.90	2,719.40	5.50
3999	Component Total	4,093.50	-	2,392.75	2,746.15	9,232.40	9,237.90	5.50
40 EQUIPMENT & PREMISES COMPONENT								
4100	Expendable equipment (items under \$1,500 each, for example)	45.50		85.50	100.00	231.00	-	(231.00)
4200	Non-expendable equipment (computers, office equip, etc)			400.00		400.00	626.00	226.00
4300	Premises (office rent, maintenance of premises, etc)					-	-	-
4999	Component Total	45.50	-	485.50	100.00	631.00	626.00	(5.00)
50 MISCELLANEOUS COMPONENT								
5100	Operation and maintenance of equip.	46.00		46.00	200.00	292.00	-	(292.00)
5200	Reporting costs (publications, maps, newsletters, printing, etc)	400.00		400.00	100.00	900.00	900.00	-
5300	Sundry (communications, postage, freight, clearance charges, etc)	63.98	3.00	48.73	41.11	156.82	438.00	281.18
5400	Hospitality and entertainment					-	-	-
5500	Evaluation (consultants fees ETC)					-	-	-
5999	Component Total	509.98	3.00	494.73	341.11	1,348.82	1,338.00	(10.82)
99	9999 GRAND TOTAL	20,511.98	2,249.25	13,857.48	13,383.51	50,002.22	49,991.90	(10.32)

ANNEX 2: Calculation for the adjusted Expenditures in 2020

Report 2020				
Expenditure Financial Report 2020		Expenditure Audit Report 2020		Difference
Period	USD	Component	USD	USD
Q1/2020	3,285.29	1/2020	10,592.34	
Q2/2020	3,336.03	2/2020	38,400.00	
Q3/2020	9,700.00	3/2020	-	
Q4/2020	39,385.24	4/2020	6,714.21	
Total	55,706.56	Total	55,706.55	(0.01)
Bank Interest				(12.15)
Adjust Expenditure 2020				(12.16)

ANNEX 3: Variances between the expenditures and Audit report in 2019 and 2020 for Malaysia

		In U.S. Dollars		
		2019		
		Financial Report		
Country	Particulars	per consolidated	per country which different	Different
Malaysia				
	Current assets			
	Cash and cash equivalents	61,003	62,526	(1,523)
	EXPENDITURES	44,760	43,232	1,528
	Component I	25,809	24,953	856
	Component III	7,496	7,077	419
	Component IV	11,455	11,202	253

Report 2020				
Expenditure Financial Report 2020		Expenditure Audit Report 2020		Difference USD
Period	USD	Component	USD	
Q1/2020	4,779.87	1/2020	22,784.91	
Q2/2020	2,067.63	2/2020	4,330.44	
Q3/2020	12,266.63	3/2020	1,328.50	
Q4/2020	12,591.62	4/2020	4,227.80	
Total	31,705.75	Total	32,671.65	965.90
Adjust Expenditure 2020				965.90

ANNEX 4: Variances between the expenditures and Audit report in 2019 and 2020 for the Philippines

		In U.S. Dollars		
		2019		
		Financial Report		
Country	Particulars	per consolidated	per country which different	Different
Philippines				
	Current assets			
	Cash and cash equivalents	56,346	56,194	152 = 152.17
	EXPENDITURES	67,273	67,415	(142) = (142.75)
	Component I	50,887	50,324	563
	Component II	13,376	13,326	50
	Component III	197	214	(17)
	Component IV	2,813	3,178	(365)
	Bank Service Charge	-	162	(162)
	Tax (2018)	-	587	(587)
	Exchange Loss/ (Gain)	-	(376)	376

2020

		in PhP	Ex Rate	in USD
Revenues:				
Beg Balance, 1.1. 2020		1,499,788.16		
Add: Refund of Mr. Val Borja		3,126.83		
Less: Accrued Expenses	1,446,672.83			
Due to BIR	9,600.00	1,456,272.83		
Adjusted Balance		46,642.16	50.635	921.14
Add: Receipt of Funds				
2.5.2020	989,291.20		50.450	19,609.34
7.21.2020	1,055,159.00	2,044,450.20	49.100	21,490.00
Direct Payment		356,335.00	50.905	7,000.00
Contribution from UNEP/GEF		2,447,427.36		49,020.48
Exchange (Loss)				
Financial Audit Fee CY 2019 paid		101,120.00		
Amount Credited 11.17.2020		100,562.40		
Exchange Loss/Misc. Exp.		557.60		

48,099.34

PCU Transfer Q1/2020 = USD 26,619.34 Receipt = USD 26,609.34
 Q3/2020 = USD 21,500. - = USD 21,490. -
 TOTAL = USD 48,119.34 = USD 48,099.34

Bank charges = USD (48,119.34 - 48,099.34) = USD 20.-

Difference expenditure from Audit Report = USD (28,424.57 - 28,326.37) = USD 98.20

Total Expenditure = USD (20 + 98.20) = USD 118.20

Exchange Gain = USD 592.74

