

**THE CORAL TRIANGLE INITIATIVE  
ON CORAL REEFS, FISHERIES  
AND FOOD SECURITY (CTI-CFF) –  
REGIONAL SECRETARIAT**

Management Letter

Financial Statements  
for the year ended  
31 December 2022



# Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan

REGISTERED PUBLIC ACCOUNTANTS  
DECREE OF THE FINANCE MINISTER OF THE REPUBLIC OF INDONESIA NO. 855/KM.1/2017

No. : PHHARP-ML/026/HM/DA/2023

## Board of Management

The Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF)  
Regional Secretariat.  
Manado, North Sulawesi  
Indonesia

Subject : Management Letter

Dear Sir/Madam,

As part of our audit on the financial reports of The Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF) Regional Secretariat. Financial Statements for the year ended 31 December 2022 we reviewed the related accounting internal control, as well as compliance with the project agreement and relevant local rules and regulations. We noted the following points, which in our opinion, merit your attention.

### 1. Fixed asset having zero book value

Condition : Following are the details of fixed assets 31 December 2022 per audit:

Name of Fixed Assets	Acquisition cost	Accumulated depreciation	Net Book Value
Computer	33,218	(13,121)	20,097
Equipment	51,792	(25,221)	26,571
Furnitures	8,251	(2,320)	5,931
Vehicles	40,234	(29,505)	10,730
Software	16,731	(13,121)	3,610

During the examination, we noted that there were several fixed assets that were no longer in perfect operational condition as follows:

COA	Name of Fixed Assets	Acquisition value (USD)
15113	Equipment	3,982.15
15114	Computer	22,696.29
15115	Software	12,399.36
	<b>Total</b>	<b>39,077.80</b>

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- Effect : Asset register does not fully reflect the actual assets that are being used by CTI CFF Regional Secretariat.
- Recommendation : We recommend CTI CFF Regional Secretariat to fully examine the assets' condition and determine any salvage or write off, if necessary.
- Management comment : CTI-CFF Regional Secretariat noted the recommendation of the auditor on the identified assets. RS will examine these assets with the zero book values and are no longer in perfect operational conditions to determine salvage or write off. To remove those assets from RS list, it will affect the total acquisition costs and needs further guidance and approval from RS internal management and bring it to the IRC and SOM meetings. Any adjustments to be booked in our accounting records in 2023.

## 2. Country contribution due over 1 year

- Condition : During the examination, we noted that there were country contributions that had been due for over 1 year amounting to USD 437,207.
- Based on Financial Policies and Procedures Manual Section 7.3.iii Policies as per CTI-CFF Financial Regulation 4. "Annual contributions shall be considered as due and payable in full within sixty (60) days of the receipt of the communication of the Executive Director"
- Effect : CTI-CFF Regional Secretariat might encounter difficulty in financing its activities due to lack of available funds.
- Recommendation : We recommend CTI CFF Regional Secretariat to bring this to the attention of CTI COM, in order ensure that the country contributions are collected timely.
- Management comment : CTI-CFF Regional Secretariat noted the recommendation on the outstanding arrears of country contributions and will bring it to the attention of CTI COM through the Internal Resource Committee and Senior Official Meetings for further deliberation.



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### 3. Internal control committee / department

- Condition : In the Organizational Structure there is no Division of Internal Control Committee which reports directly to the executive director. The Internal Control Committee's duty is to ensure that the systems and procedures set by the organization are complied with and implemented and the business runs efficiently.
- Effect : Incompliance with the established system and procedures might not be detected in due course as there is no oversight body.
- Recommendation : We recommend the Regional Secretariat of the CTI CFF to establish an Internal Control Division in accordance with the Guidelines for Financial Policies and Procedures Section 2.3.8 of the Internal Control Committee.

The committee consist of three (3) staffs: representative from Program services and Corporate Services who are at least manager level or above. This Committee shall serve for one (1) financial period only and the Country that is chairing CTI COM and CTI CSO may assign a representative to be a member of this internal control committee.

- Management comment : CTI-CFF Regional Secretariat noted the auditor's recommendation to establish RS Internal Control Committee. One of the requirements to be in the Internal Control Committee is the staff has to hold a manager-level position. However, in 2022, the personnel holding the position of Manager for the full year were only the Finance and Operations Manager (FOM) and Monitoring and Evaluation Manager (MEM). For that reason, RS was unable to establish the Internal Control Committee that year.

We would like to take this opportunity to express our gratitude for the assistance given to us by management and staff of CTI-CFF Regional Secretariat during the course of our audit.



Bandana, S.E., Ak., CA., CPA., Asean CPA  
Registration Accountant License No. AP.1655

24 March 2023