

**REGIONAL HEALTH EMERGENCY RESPONSE PROJECT
UNOPS PROJECT NUMBER 60817**

FINANCIAL STATEMENTS

13 JULY 2012

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**INDEPENDENT AUDITOR'S REPORT
TO UNITED NATIONS OFFICE FOR PROJECT SERVICES
REGIONAL HEALTH EMERGENCY RESPONSE PROJECT
AMMAN – JORDAN**

We have audited the accompanying financial statements of Regional Health Emergency Response Project ("the Project"), which comprise the financial statement of the Project for the period from 1 July 2008 until 13 July 2012 and the statement of cash position as at 13 July 2012, and summary of significant accounting policies and other explanatory information. The financial statements have been prepared by the management of the Project based on the financial reporting provisions of the agreement (notes 1 and 2) dated 22 May 2008 between the United Nations Office for Project Services and the Kurdistan Regional Government – Republic of Iraq.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with financial reporting provisions of the agreement, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



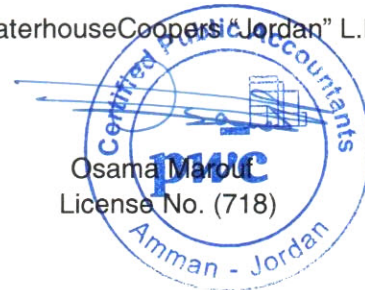
Opinion

In our opinion the financial statements of Regional Health Emergency Response Project, for the period from 1 July 2008 until 13 July 2012 are prepared, in all material respects, in accordance with the financial reporting provisions of the agreement (notes 1 and 2) dated 22 May 2008 between the United Nations Office for Project Services and the Kurdistan Regional Government – Republic of Iraq.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist United Nations Office for Project Services to comply with the financial reporting provisions of the agreement referred above. As a result, the financial statement may not be suitable for another purpose.

PricewaterhouseCoopers "Jordan" L.L.C.



Amman, Jordan
7 January 2013

**REGIONAL HEALTH EMERGENCY RESPONSE PROJECT
FINANCIAL STATEMENT OF THE PROJECT
FOR THE PERIOD FROM 1 JULY 2008 TO 13 JULY 2012**

| | | Expenditures | | | | | | |
|---|------|--|--|--|---------------------------|-------------------------------|-------------------|----------------------|
| Expenditure account | Note | paid during the period from 1 July 2008 to 30 June 2010 | paid during the period from 1 July 2010 to 13 July 2012 | paid during the period from 1 July 2008 to 13 July 2012 | committed and not paid | Total project expenditures | Budget | Surplus (deficit) |
| | | USD | USD | USD | USD | USD | USD | USD |
| Goods, works, consultants and training | 4 | 316,140 | 7,712,390 | 8,028,530 | 325,756 | 8,354,286 | 10,478,627 | 2,124,341 |
| UNOPS services fee | 5 | 90,760 | 386,437 | 477,197 | 300 | 477,497 | 623,691 | 146,194 |
| Operating costs UNOPS | 6 | 863,314 | 972,436 | 1,835,750 | - | 1,835,750 | 1,833,000 | (2,750) |
| Operating costs of PCU | 7 | 25,655 | 154,805 | 180,460 | 95 | 180,555 | 121,150 | (59,405) |
| Contingency | | - | - | - | - | - | 143,532 | 143,532 |
| | | <u>1,295,869</u> | <u>9,226,068</u> | <u>10,521,937</u> | <u>326,151</u> | <u>10,848,088</u> | <u>13,200,000</u> | <u>2,351,912</u> |

The above categories contains non expendable equipment amounting USD 41,303 (note 8).

The attached notes from 1 to 9 are an integral part of these financial statements

**REGIONAL HEALTH EMERGENCY RESPONSE PROJECT
STATEMENT OF CASH POSITION
FOR THE PERIOD FROM 1 JULY 2008 TO 13 JULY 2012**

| | <u>Note</u> | <u>2012</u> USD |
|---|-------------|-----------------------|
| Opening fund balance at 1 July 2008 | | |
| Funds | | |
| Project Receipts | 9 | 11,063,823 |
| Interest income | | <u>33,161</u> |
| Total available funds | | <u>11,096,984</u> |
| Expenditures | | |
| Total expenditures paid during the project period | | <u>(10,521,937)</u> |
| Cash balance at 13 July 2012 | | 575,047 |
| Amount committed and not paid at 13 July 2012 | | <u>(326,151)</u> |
| Closing fund balance at 13 July 2012 | | <u><u>248,896</u></u> |

The attached notes from 1 to 9 are an integral part of these financial statements

**REGIONAL HEALTH EMERGENCY RESPONSE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2008 TO 13 JULY 2012**

(1) GENERAL INFORMATION

On 22 May 2008 the United Nations Office for Project Services ("UNOPS"), represented by the Project Coordination Unit (PCU), has signed an agreement with the Ministry of Health of the Kurdistan Regional Government in Iraq (KRG) for implementing the Regional Health Emergency Response Project ("RHERP") or ("the Project"). The primary objective of the Project is to assist Kurdistan Regional Government emergency services in the establishment of a rapid, coordinated and effective response to health emergencies, including those resulting from acts of violence, accidents, or natural disasters.

The Project's total estimated cost is USD 13.2 million and consists of the following four components:

1. Emergency coordination centers (ECC).
2. Capacity building and training in emergency procedures.
3. Blood banks.
4. Project management.

The Project was implemented in the three Northern Governorates of Erbil, Sulaymaniyah and Dohuk.

The financial statements of the Project were authorized for issuance by the management on 7 January 2013.

(2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Regional Health Emergency Response Project have been prepared in accordance with the financial reporting provisions of the agreement signed on 22 May 2008 between UNOPS and KRG (note 1). The Project's financial statements consist of statements of the project and cash position.

The financial statements reflect the funds received from the World Bank and total expenditures incurred by the Project during the period from 1 July 2008 to 13 July 2012 whether committed or actually paid.

The financial statements are presented in United States Dollars (USD).

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are set out below:

Funds received

Funds received are accounted for on the date of receipt.

Project expenditures

The Project's expenditures are accounted for when they are incurred.

Fixed assets

The Project does not capitalize the cost of fixed assets acquired. Accordingly, such cost is charged to the expenditures and forms part of the Project expenditures.

**REGIONAL HEALTH EMERGENCY RESPONSE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2008 TO 13 JULY 2012**

(4) GOODS, WORKS, CONSULTANTS AND TRAINING

| | Expenditures | | | | |
|--------------|--|--|---|---------------------------|-----------------------|
| | paid during the period from 1 July 2008 to 30 June 2010 | paid during the period from 1 July 2010 to 13 July 2012 | Total paid during the project period | committed and not paid | Total expenditures |
| | USD | USD | USD | USD | USD |
| Construction | 236,633 | 1,498,275 | 1,734,908 | 57,068 | 1,791,976 |
| Goods | 11,899 | 4,425,775 | 4,437,674 | 247,486 | 4,685,160 |
| Consultants | 67,608 | 839,256 | 906,864 | 21,202 | 928,066 |
| Training | - | 949,084 | 949,084 | - | 949,084 |
| | <u>316,140</u> | <u>7,712,390</u> | <u>8,028,530</u> | <u>325,756</u> | <u>8,354,286</u> |

(5) UNOPS SERVICES FEE

As per the agreement, signed on 22 May 2008 as amended on 4 May 2002, between UNOPS and KRG (note 1), UNOPS services fees is charged at a rate of 5.884% of total goods, works, consultants, training and operating costs of PCU expenditures. As at 13 July 2012 UNOPS services fee of USD 477,497 is an estimated amount, the final amount will be recorded after the financial closing of the Project.

(6) OPERATING COSTS UNOPS

| | Expenditures | | | | |
|---------------|--|--|---|---------------------------|-----------------------|
| | paid during the period from 1 July 2008 to 30 June 2010 | paid during the period from 1 July 2010 to 13 July 2012 | Total paid during the project period | committed and not paid | Total expenditures |
| | USD | USD | USD | USD | USD |
| Personnel | | | | | |
| International | 129,045 | 388,469 | 517,514 | - | 517,514 |
| National | 344,044 | 244,749 | 588,793 | - | 588,793 |
| Security | 106,187 | 34,956 | 141,143 | - | 141,143 |
| Travel | 158,030 | 192,768 | 350,798 | - | 350,798 |
| Direct costs | <u>126,008</u> | <u>111,494</u> | <u>237,502</u> | - | <u>237,502</u> |
| | <u>863,314</u> | <u>972,436</u> | <u>1,835,750</u> | - | <u>1,835,750</u> |

**REGIONAL HEALTH EMERGENCY RESPONSE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2008 TO 13 JULY 2012**

(7) OPERATING COSTS PCU

| | Expenditures | | | | |
|---------------------------|--|--|---|---------------------------|-----------------------|
| | paid during the period from 1 July 2008 to 30 June 2010 | paid during the period from 1 July 2010 to 13 July 2012 | Total paid during the project period | committed and not paid | Total expenditures |
| | USD | USD | USD | USD | USD |
| Travel | - | 129,412 | 129,412 | 95 | 129,507 |
| Equipment & renovation | 25,655 | 25,393 | 51,048 | - | 51,048 |
| | <u>25,655</u> | <u>154,805</u> | <u>180,460</u> | <u>95</u> | <u>180,555</u> |

(8) NON EXPENDABLE EQUIPMENT

| | 2012 USD |
|-----------|---------------|
| Vehicles | 25,423 |
| Furniture | 7,256 |
| Computers | 6,260 |
| Others | 2,364 |
| | <u>41,303</u> |

Then items have been transferred to the Ministry of Health of the Kurdistan Regional Government during April 2012.

(9) FUNDS RECEIVED

| | USD |
|----------------------------|-------------------|
| Funds received during 2008 | 445,408 |
| Funds received during 2009 | 2,460,147 |
| Funds received during 2010 | 4,443,448 |
| Funds received during 2011 | 3,456,451 |
| Funds received during 2012 | 258,369 |
| | <u>11,063,823</u> |

SUPPLEMENTARY INFORMATION

13 JULY 2012

**REGIONAL HEALTH EMERGENCY RESPONSE PROJECT
WORLD BANK REPORTING PACKAGE
FOR THE PERIOD FROM 1 JULY 2008 TO 13 JULY 2012**

(1) INCOME

USD

Deposits

| | |
|--------------------------|-------------------|
| Deposit received in 2008 | 445,408 |
| Deposit received in 2009 | 2,460,147 |
| Deposit received in 2010 | 4,443,448 |
| Deposit received in 2011 | 3,456,451 |
| Deposit received in 2012 | 258,369 |
| | <u>11,063,823</u> |

Interest

| | |
|-------------------------|---------------|
| Interest earned in 2008 | 1,357 |
| Interest earned in 2009 | 3,867 |
| Interest earned in 2010 | 13,627 |
| Interest earned in 2011 | 14,310 |
| | <u>33,161</u> |

Total funds (A)

11,096,984

(2) PROJECT EXPENSES

Period – prior years:

2008

| | |
|------------------------|----------------|
| Project expenses | 170,967 |
| Net exchange gain/loss | - |
| Management fee | 3,269 |
| | <u>174,236</u> |

2009

| | |
|------------------------|----------------|
| Project expenses | 640,397 |
| Net exchange gain/loss | - |
| Management fee | 5,325 |
| | <u>645,722</u> |

2010

| | |
|------------------------|------------------|
| Project expenses | 4,941,219 |
| Net exchange gain/loss | - |
| Management fee | 252,929 |
| | <u>5,194,148</u> |

2011

| | |
|------------------------|------------------|
| Project expenses | 4,555,430 |
| Net exchange gain/loss | 1,949 |
| Management fee | 234,902 |
| | <u>4,792,281</u> |

**REGIONAL HEALTH EMERGENCY RESPONSE PROJECT
WORLD BANK REPORTING PACKAGE
FOR THE PERIOD FROM 1 JULY 2008 TO 13 JULY 2012**

Period – current year *

2012

| | |
|--|--------------------------|
| Disbursements | (263,211) |
| Net exchange gain/loss | - |
| Management fee | (21,831) |
| | <u>(285,042)</u> |
| Total project expenses (B) | <u><u>10,521,345</u></u> |
| Project advances (C) | <u><u>-</u></u> |
| Project cash balance (D) = (A) – (B) – (C) | <u><u>575,639</u></u> |
| 2011 Open purchase order (F) ** | 275,291 |
| 2012 Open purchase order (E) *** | 318,009 |
| | <u>593,300</u> |
| <u>(3) PROJECT FUND BALANCE (G) = (D) – (E + F)</u> | <u><u>(17,661)</u></u> |

* This supplementary information is interim and is provided for information purposes only.

The supplementary information is following IPSAS reporting requirements, management fee is calculated and recorded against project expenses (disbursements + receipt accruals).

Project advances represents amounts yet to be either recovered or settled against project expenses. Open represents amounts committed against goods / services yet to be delivered / rendered. Fund balance represents cash available for implementation activities.

** The supplementary information is including 2011 open POS as of the reporting date, USD 275,291.

*** The project has fund balance USD 255,777 as of 28 February 2013 because some of the above open purchase orders are closed / cancelled.