CONTAINING ARTEMISININ-RESISTANT PLASMODIUM FALCIPARUM PARASITE AND MOVING TOWARD MALARIA PRE-ELIMINATION STATUS IN CAMBODIA

GRANT NUMBER CAM-M-UNOPS
PROJECT ID 00086135

UNITED NATIONS OFFICE FOR PROJECT SERVICES
CAMBODIA

AUDITED STATEMENT OF INCOME AND EXPENDITURE AND STATEMENT OF NON-EXPENDABLE EQUIPMENT AND INDEPENDENT AUDITORS' REPORT
31 DECEMBER 2013
UNITED NATIONS OFFICE FOR PROJECT SERVICES

GRANT NUMBER CAM-M-UNOPS
PROJECT ID 00086135
CONTAINING ARTEMISININ-RESISTANT PLASMODIUM FALCIPARUM PARASITE AND MOVING TOWARD MALARIA PRE-ELIMINATION STATUS IN CAMBODIA

PROJECT INFORMATION

PROJECT MANAGEMENT: Mr. Jaap Van Hierden, Director

IMPLEMENTING AGENCY: United Nations Office for Project Services – Principal Recipient
Phnom Penh Centre, 6th Floor, Room 628, Corner of Sothearas and Sihanouk Blvd
Phnom Penh
Kingdom of Cambodia

AUDITORS: BDO (Cambodia) Limited
UNITED NATIONS OFFICE FOR PROJECT SERVICES

GRANT NUMBER CAM-M-UNOPS
PROJECT ID 00086135
CONTAINING ARTEMISININ-RESISTANT PLASMODIUM FALCIPARUM PARASITE
AND MOVING TOWARD MALARIA PRE-ELIMINATION STATUS IN CAMBODIA

<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROJECT MANAGEMENT’S REPORT</td>
<td>1</td>
</tr>
<tr>
<td>INDEPENDENT AUDITORS’ REPORT</td>
<td>2 - 3</td>
</tr>
<tr>
<td>STATEMENT OF INCOME AND EXPENDITURES</td>
<td>4</td>
</tr>
<tr>
<td>STATEMENT OF NON-EXPENDABLE EQUIPMENT</td>
<td>5</td>
</tr>
<tr>
<td>NOTES TO THE STATEMENTS</td>
<td>6 - 10</td>
</tr>
</tbody>
</table>
UNITED NATIONS OFFICE FOR PROJECT SERVICES

GRANT NUMBER CAM-M-UNOPS
PROJECT ID 00086135
CONTAINING ARTEMISININ-RESISTANT PLASMODIUM FALCIPARUM PARASITE
AND MOVING TOWARD MALARIA PRE-ELIMINATION STATUS IN CAMBODIA

PROJECT MANAGEMENT’S REPORT

The Project Management of the United Nations for Project Services (“UNOPS”), as the Principal Recipient, hereby submits the report together with the audited statement of income and expenditures and statement of non-expendable equipment of Containing Artemisinin-Resistant Plasmodium Falciparum Parasite and Moving Toward Malaria Pre-Elimination Status in Cambodia under Grant Number CAM-M-UNOPS with Project ID 00086135 (“the Project”), for the period from 1 April 2013 to 31 December 2013.

Responsibility of the Project Management

The Project Management is responsible for the preparation of the statement of income and expenditures and statement of non-expendable equipment of the Project. These statements have been prepared in accordance with the Project Grant Agreement for A Single Stream of Funding dated 27 March 2013 and the requirements of applicable UNOPS regulations and rules.

Statement of the Project Management

We do hereby state that, in our opinion:

Statement of income and expenditures

The statement of income and expenditures presents fairly, in all material respects, the income and expenditures of US$13,712,644 and US$2,149,029 respectively of the Project for the period from 1 April 2013 to 31 December 2013 in accordance with the basis of preparation and accounting policies set out in Note 2 to the statements and in conformity with approved activities and budgets of the Project.

Statement of non-expendable equipment

The statement of non-expendable equipment presents fairly, in all material respects, the non-expendable equipment balance procured during the period from 1 April 2013 to 31 December 2013 of the Project amounting to US$119,010 in accordance with the basis of preparation and accounting policies set out in Note 2 to the statements and the non-expendable equipment listing certified by the Project Management.

Signed on behalf of the Project Management

Thomas Overvad
Finance Management Officer, Asia Europe and Middle East Office
Phnom Penh
16 June 2014

Jaap Van Helden
Director, Asia Europe and Middle East Office
Phnom Penh
16 June 2014

Hubert Staberhofer
Senior Country Program Advisor, Asia Europe and Middle East Office
Phnom Penh
16 June 2014
REPORT OF THE INDEPENDENT AUDITORS TO PROJECT MANAGEMENT OF CONTAINING ARTEMISININ-RESISTANT PLASMODIUM FALCIPARUM PARASITE AND MOVING TOWARD MALARIA PRE-ELIMINATION STATUS IN CAMBODIA

Report on the Statements

We have audited the accompanying statement of income and expenditures and statement of non-expendable equipment ("the statements") of Containing Artemisinin-Resistant Plasmodium Falciparum Parasite and Moving Toward Malaria Pre-Elimination Status in Cambodia under Grant Number CAM-M-UNOPS with Project ID 00086135 ("the Project") for the period from 1 April 2013 to 31 December 2013, and a summary of significant accounting policies and other explanatory information.

Project Management's Responsibility for the Statements

The Project Management of the Project is responsible for the preparation of the statements in accordance with the basis of preparation and accounting policies set out in Note 2 to the statements and for such internal control as Project Management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
REPORT OF THE INDEPENDENT AUDITORS TO PROJECT MANAGEMENT OF CONTAINING ARTEMISININ-RESISTANT PLASMODIUM FALCIPARUM PARASITE AND MOVING TOWARD MALARIA PRE-ELIMINATION STATUS IN CAMBODIA (continued)

Opinions

In our opinion, the statement of income and expenditures presents fairly, in all material respects, the income and expenditures of US$13,712,644 and US$2,149,029 respectively of the Project for the period from 1 April 2013 to 31 December 2013 in accordance with the basis of preparation and accounting policies set out in Note 2 to the statements.

In our opinion, the statement of non-expendable equipment presents fairly, in all material respects, the non-expendable equipment procured by the Project amounting to US$119,010 during the period from 1 April 2013 to 31 December 2013 in accordance with the basis of preparation and accounting policies set out in Note 2 to the statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the statements, which describe the basis of preparation and accounting policies adopted by the Project. The statements are prepared to assist the Project to meet its financial reporting requirements. As a result, the statements may not be suitable for another purpose.

Lim Seng Siew
Partner

BDO (Cambodia) Limited
Certified Public Accountants

Phnom Penh, Cambodia
16 June 2014
UNITED NATIONS OFFICE FOR PROJECT SERVICES

GRANT NUMBER CAM-M-UNOPS
PROJECT ID 00086135
CONTAINING ARTEMISININ-RESISTANT PLASMODIUM FALCIPARUM PARASITE
AND MOVING TOWARD MALARIA PRE-ELIMINATION STATUS IN CAMBODIA

STATEMENT OF INCOME AND EXPENDITURES
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>1 Apr 2013 to 31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
</tr>
<tr>
<td>Income</td>
<td></td>
</tr>
<tr>
<td>Funds received</td>
<td>3</td>
</tr>
<tr>
<td>Other income</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditures</td>
<td></td>
</tr>
<tr>
<td>Sub Recipients’ expenditures (unaudited)</td>
<td>5</td>
</tr>
<tr>
<td>Principal Recipient’s expenditures</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Represented by:
Cash at bank (unaudited)

5,218,990
UNITED NATIONS OFFICE FOR PROJECT SERVICES ("UNOPS")

GRANT NUMBER CAM-M-UNOPS
PROJECT ID 00086135
CONTAINING ARTEMISININ-RESISTANT PLASMODIUM FALCIPARUM PARASITE AND MOVING TOWARD MALARIA PRE-ELIMINATION STATUS IN CAMBODIA

STATEMENT OF NON-EXPENDABLE EQUIPMENT
AS AT 31 DECEMBER 2013

<table>
<thead>
<tr>
<th>Asset ID</th>
<th>Acq Date</th>
<th>Serial ID</th>
<th>Tag Number</th>
<th>Description</th>
<th>Quantity</th>
<th>Amount (US$)</th>
<th>Project</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>0000000008318</td>
<td>30 Aug 2013</td>
<td>FGL173210S5</td>
<td>86135KHM0001</td>
<td>PA</td>
<td>Computer servers</td>
<td>1</td>
<td>16,349</td>
<td>00086135</td>
</tr>
<tr>
<td>0000000008271</td>
<td>30 Aug 2013</td>
<td>FOC1730X0E8</td>
<td>86135KHM0002</td>
<td>PA</td>
<td>Network switches</td>
<td>1</td>
<td>3,839</td>
<td>00086135</td>
</tr>
<tr>
<td>0000000008461</td>
<td>30 Aug 2013</td>
<td>SMAP330005</td>
<td>86135KHM0004</td>
<td>PA</td>
<td>Computer servers</td>
<td>1</td>
<td>3,178</td>
<td>00086135</td>
</tr>
<tr>
<td>0000000008462</td>
<td>30 Aug 2013</td>
<td>FTT1726027B</td>
<td>86135KHM0005</td>
<td>PA</td>
<td>Videoconferencing system</td>
<td>1</td>
<td>18,055</td>
<td>00086135</td>
</tr>
<tr>
<td>0000000008418</td>
<td>30 Aug 2013</td>
<td>FOC1730X0DR</td>
<td>86135KHM0003</td>
<td>PA</td>
<td>Network switches</td>
<td>1</td>
<td>3,839</td>
<td>00086135</td>
</tr>
<tr>
<td>0000000008488</td>
<td>6 Sept 2013</td>
<td>885519</td>
<td>86135KHM0006</td>
<td>PA</td>
<td>Computer printers</td>
<td>1</td>
<td>15,290</td>
<td>00086135</td>
</tr>
<tr>
<td>0000000008401</td>
<td>25 Oct 2013</td>
<td>005061790</td>
<td>86135KHM0007</td>
<td>PA</td>
<td>Station wagons</td>
<td>1</td>
<td>29,230</td>
<td>00086135</td>
</tr>
<tr>
<td>0000000008370</td>
<td>25 Oct 2013</td>
<td>80K118545</td>
<td>86135KHM0008</td>
<td>PA</td>
<td>Station wagons</td>
<td>1</td>
<td>29,230</td>
<td>00086135</td>
</tr>
</tbody>
</table>

Total: 119,010

Sambath Kong
ICT/Asset Management Officer, KHOC
Asia Europe and Middle East Office
Phnom Penh
16 June 2014

Jaap Van Helden
Director, KHOC
Asia Europe and Middle East Office
Phnom Penh
16 June 2014

Hubert Staberhofer
Senior Country Program Advisor, KHOC
Asia Europe and Middle East Office
Phnom Penh
16 June 2014
UNITED NATIONS OFFICE FOR PROJECT SERVICES ("UNOPS")

GRANT NUMBER CAM-M-UNOPS
PROJECT ID 00086135
CONTAINING ARTEMISININ-RESISTANT PLASMODIUM FALCIPARUM PARASITE
AND MOVING TOWARD MALARIA PRE-ELIMINATION STATUS IN CAMBODIA

NOTES TO THE STATEMENTS

1. PROJECT BACKGROUND

On 27 March 2013, Global Fund to fight AIDS, Tuberculosis and Malaria ("the Global Fund") and United Nations Office for Project Services ("UNOPS"), as the Principal Recipient, entered into a Project Grant Agreement for A Single Stream of Funding under Grant Number CAM-M-UNOPS in connection with the Project entitled Containing Artemisinin-Resistant Plasmodium Falciparum Parasite and Moving Toward Malaria Pre-Elimination Status in Cambodia ("the Project"). The Project started its activities on 1 April 2013 for an estimated duration of two years and two months. The budget for the Project is US$50,953,325 and is supported by the Global Fund.

The Principal Recipient is administrating the Project in collaboration with the Sub Recipients for the fight against Malaria and in accordance with an agreement with Global Fund, a non-profit foundation, established under the laws of Switzerland. The Principal Recipient is authorised to provide Global Fund-allocated financial resources to the Sub Recipients as applicable in the financial, procurement and monitoring and evaluation guidelines to other entities when necessary to carry out the activities approved by the Country Coordination Committee in Cambodia and the Global Fund in Switzerland.

The Principal Recipient and each Sub Recipient executed a Memorandum of Agreement to set out the terms and conditions which will govern the Principal Recipient’s allocation of the Global Fund financial resource to the Sub Recipients as set out in the financial, procurement, monitoring and evaluation guidelines. The Principal Recipient is itself also acting as Sub Recipient to carry out the Project’s set objectives.

There are 15 Sub Recipients being funded by the Project, as follows:

1. The National Centre for Malaria Control, Parasitology and Entomology of the Ministry of Health (CNM) *
2. Association of Medical Doctors of Asia (AMDA)
3. Family Health International (FHI)
4. Women Media Centre (WMC)
5. Institut Pasteur du Cambodge (IPC)
6. The Department of Drugs and Food of the Ministry of Health (DDF)
7. Ministry of Education, Youth and Sports (MoEYS)
8. Health Department of the Ministry of Interior (MoI)
9. The Health Department of General Department of Logistic and Finance of Ministry of National Defense (MoND)
10. Department of Women and Health of Ministry of Women’s Affairs (MoWA)
11. World Health Organization (WHO) *
12. Health Poverty Action (HPA)
13. Partner for Development (PFD)
14. Malaria Consortium (MC)
15. The Population Services International (PSI)

* CNM is referred to as a Principal Implementation Partner (PIP) and WHO operates under an Inter-agency agreement with UNOPS.
UNITED NATIONS OFFICE FOR PROJECT SERVICES ("UNOPS")

GRANT NUMBER CAM-M-UNOPS
PROJECT ID 00086135
CONTAINING ARTEMISININ-RESISTANT PLASMODIUM FALCIPARUM PARASITE AND MOVING TOWARD MALARIA PRE-ELIMINATION STATUS IN CAMBODIA

NOTES TO THE STATEMENTS (continued)

1. PROJECT BACKGROUND (continued)

The overall objectives of the Project consist of the following:

1. To ensure universal access to early malaria diagnosis and treatment services with an emphasis on detection of all malaria cases (including among mobile/migrant populations) and ensure effective treatment including clearance of P.falciparum gametocytes and dormant liver stage of P.vivax;

2. To halt drug pressure for selection of artemisinin resistant malaria parasites by improving access to appropriate treatment and preventing use of monotherapies and substandard drugs in both public and private sectors;

3. To ensure universal access to preventive measures and specifically prevent transmission of artemisinin resistant malaria parasites among target populations (including mobile/migrant populations) by mosquito control, personal protection and environmental manipulation;

4. To ensure universal community awareness and behaviour change among the population at risk and support the containment of artemisinin resistant parasites and eliminate all forms of malaria through comprehensive behaviour change communication (BCC), community mobilisation, and advocacy; and

5. To provide effective management (including information systems and surveillance) and coordination to enable rapid and high quality implementation of the elimination strategy.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The statement of income and expenditures and statement of non-expendable equipment ("the statements"), which form part of the On-going Progress Update and Disbursement Request report of the Project and which are expressed in United States Dollar (US$), have been prepared under the cash basis of accounting.

UNOPS has adopted International Public Sector Accounting Standards ("IPSAS") Financial Reporting for its reporting.

2.2 EXPENDITURES

Expenditures represent costs incurred in meeting the Project objectives in line with the approved budgets and are recognised when payment is made.

2.3 NON-EXPENDITURE EQUIPMENT

The purchase price and any directly attributable costs in acquiring the non-expendable items are recorded as expenses at the time the equipment are acquired and payment is made.

For control purposes, the Project prepares a statement of non-expendable equipment. The statement of non-expendable equipment comprise non-expendable items whose individual cost is US$2,500 and above.
UNITED NATIONS OFFICE FOR PROJECT SERVICES ("UNOPS")

GRANT NUMBER CAM-M-UNOPS
PROJECT ID 00086135
CONTAINING ARTEMISININ-RESISTANT PLASMODIUM FALCIPARUM PARASITE AND MOVING TOWARD MALARIA PRE-ELIMINATION STATUS IN CAMBODIA

NOTES TO THE STATEMENTS (continued)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 FOREIGN CURRENCY TRANSLATION

The statements are presented in United States Dollars ("US$`). Transactions in currencies other than US$ are recorded at the UNOPS rate of exchange for the month when the expenditure was made.

2.5 FOREIGN EXCHANGE DIFFERENCES

Expenditures in foreign currencies (other than US$) are converted into US$ at the prevailing exchange rates declared by the UNOPS ruling at the date of transactions. Monetary items denominated in foreign currencies are translated into US$ for reporting purposes at the closing exchange rate prevailing at the reporting date.

3. FUNDS RECEIVED

These represent funds received by the Project from the Global Fund.

4. OTHER INCOME

This represents realised exchange gain during the period.

5. PRINCIPAL RECIPIENT'S EXPENDITURES

(a) By cost categories

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>1 Apr 2013 to 31 Dec 2013 US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>1,090,605</td>
</tr>
<tr>
<td>Training</td>
<td>1,762</td>
</tr>
<tr>
<td>Health product and health equipment</td>
<td>3,865</td>
</tr>
<tr>
<td>Procurement and supply management cost (PSM)</td>
<td>1,816</td>
</tr>
<tr>
<td>Infrastructure and other equipment</td>
<td>242,043</td>
</tr>
<tr>
<td>Communication materials</td>
<td>31,820</td>
</tr>
<tr>
<td>Monitoring and evaluation (M&amp;E)</td>
<td>4,049</td>
</tr>
<tr>
<td>Planning and administration</td>
<td>208,863</td>
</tr>
<tr>
<td>Overheads</td>
<td>564,206</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,149,029</strong></td>
</tr>
</tbody>
</table>
5. **PRINCIPAL RECIPIENT’S EXPENDITURES (continued)**

   (b) By Service Delivery Area ("SDA")

<table>
<thead>
<tr>
<th>Service Delivery Area</th>
<th>Amount US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDA1: Prompt diagnosis and effective treatment</td>
<td>3,865</td>
</tr>
<tr>
<td>SDA2: Information systems</td>
<td>283</td>
</tr>
<tr>
<td>SDA5: ITNS</td>
<td>1,724</td>
</tr>
<tr>
<td>SDA7: BCC/IEC-Community outreach</td>
<td>30,470</td>
</tr>
<tr>
<td>SDA8: Information systems</td>
<td>9,386</td>
</tr>
<tr>
<td>SDA10: Services Delivery</td>
<td>92</td>
</tr>
<tr>
<td>SDA11: Coordination and partnership</td>
<td>1,859,131</td>
</tr>
<tr>
<td>Supportive environment: Project management and administration</td>
<td>244,078</td>
</tr>
<tr>
<td></td>
<td>2,149,029</td>
</tr>
</tbody>
</table>

   (c) By Objective

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
<th>Amount US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 1:</td>
<td>To detect all malaria cases and ensure effective treatment and Pf gametocyte clearance</td>
<td>4,147</td>
</tr>
<tr>
<td>Objective 3:</td>
<td>To prevent transmission of artemisinin resistant malaria parasites by mosquito control and personal protection</td>
<td>1,724</td>
</tr>
<tr>
<td>Objective 4:</td>
<td>To support containment of artemisinin resistant parasites through comprehensive BCC, community mobilization, and advocacy</td>
<td>30,470</td>
</tr>
<tr>
<td>Objective 5:</td>
<td>To provide effective management (including information systems) and coordination to enable rapid and high quality implementation of strategy</td>
<td>2,112,688</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,149,029</td>
</tr>
</tbody>
</table>
6. PRINCIPAL RECIPIENT'S COMMITMENTS

The Principal Recipient has commitments relating to the Project which were contracted but not yet paid as at 31 December 2013, as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health product and health equipment</td>
<td>375,023</td>
</tr>
<tr>
<td>Procurement and supply management cost (PSM)</td>
<td>156,954</td>
</tr>
<tr>
<td>Infrastructure and other equipment</td>
<td>3,727</td>
</tr>
<tr>
<td>Communication materials</td>
<td>31,443</td>
</tr>
<tr>
<td>Planning and administration</td>
<td>6,253</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>573,400</strong></td>
</tr>
</tbody>
</table>

7. TAX CONTINGENCIES

As a United Nations ("UN") organisation, tax is exempted and that any changes in this regard would need to be cleared at a level beyond any individual UN organisation. Only taxation on local Cambodian employee’s taxes are in dispute, not the entire tax exemption of the UN (ref letter No. 2207 from Ministry of Economy and Finance of 27 August 2013 addressed to all diplomatic missions and international organizations in Cambodia) which has been disputed by the entire UN system through the Resident Coordinator’s letter to the Ministry of Foreign Affairs on 11 September 2013 in a Note Verbal that explains the legal framework between the Government of Cambodia and the UN through the UN Charter 105 which grants privileges and immunities of the United Nations to which Cambodia accepted without reservation on 6 November 1963. The privileges and immunities enjoyed by the United Nations may not be diminished on the basis of national legislation of Cambodia. According to article 27 of the 1969 Vienna Convention on the Law of Treaties which codifies customary international law applicable to international treaties “a party may not invoke the provisions of its internal law as justification for its failure to perform a treaty.” The management of UNOPS does therefore not foresee any significant changes to the understanding of the taxation of the United Nations included UNOPS.

8. COMPARATIVE FIGURES

There are no comparative figures as this is the first set of financial statements prepared since the date of Project implementation.