



INTERNAL AUDIT AND INVESTIGATIONS GROUP

UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

FINANCIAL AUDIT REPORT

14 FEBRUARY 2018

PROJECT NAME:	MODERNIZATION AND IMPROVEMENT OF POLICING PROJECT (MIPP)
PROJECT NUMBER:	93090
COUNTRY:	NEPAL
AUDITOR:	MOORE STEPHENS LLP
PERIOD SUBJECT TO AUDIT:	1 JANUARY TO 31 DECEMBER 2016

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Acronyms and abbreviations

DFID	Department for International Development
GoN	Government of Nepal
IAIG	Internal Audit and Investigations Group
IPSAS	International Public Sector Accounting Standards
MIPP	Modernisation and Improvement of Policing Project
MoU	Memorandum Of Understanding
OC	Operations Centre
PC	Project Centre
RO	Regional Office
TOR	Terms of Reference
UNOPS	United Nations Office for Project Services
USD	United States Dollars
VAT	Value Added Tax

Financial audit report

Audit opinion on the project financial statement

Report of the Independent Auditors to UNOPS Nepal

We have audited the accompanying project financial statement for the project 'Modernisation and Improvement of Policing Project' (oneUNOPS project ID 93090) of UNOPS for the period from 1 January until 31 December 2016.

Management responsibility for the financial statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statement based upon the results of our audit. We conducted our audit in accordance with the 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of a financial statement that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 statement.

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

Basis for qualified opinion

We have raised an audit finding with a financial impact of USD 131,966, which represents expenditure amounts included within the financial statement presented for audit which, in our opinion, are ineligible for funding under the contractual conditions. This finding amounts to 6.4% of the total audited expenditure and is considered material in the context of our audit.

Auditor's opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph above, the financial statement gives a true and fair view of, in all material respects, the income and expenditure of the project, 'Modernisation and Improvement of Policing Project' (oneUNOPS project ID

93090), for the period from 1 January 2016 to 31 December 2016 in conformity with the terms of the agreements and in accordance with International Public Sector Accounting Standards.

Project financial statement

This is attached as Annex I to this report.

Audit opinion on the statement of non-expendable property**Report of the Independent Auditors to UNOPS Nepal**

We have audited the accompanying statement of non-expendable property of the project 'Modernisation and Improvement of Policing Project' (oneUNOPS project ID 93090) of UNOPS as at 31 December 2016.

Unqualified opinion

In our opinion, the statement of non-expendable property presents fairly, in all material respects, the status of non-expendable property of the project 'Modernisation and Improvement of Policing Project' (oneUNOPS project ID 93090) as at 31 December 2016 in conformity with the terms of the agreements and in accordance with International Public Sector Accounting Standards.

Statement of non-expendable property

This is attached as Annex II to this report.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

14 February 2018

Responsibility statement by management

This is attached as Annex III to this report.

Annex I – Project financial statement



September 7, 2017
Ref: Project No: 00093090
Funding: UK

To whom it may Concern,

Subject: Certified Financial Statement as at 31 Dec 2016

We enclose the Certified Financial Statement for project 00093090 **Modernization and Improvement**, which commenced in year 2015 and indicates project expenses as at 31 Dec 2016.

We draw your attention to the following:

- › Project expenditure and management fee: US\$ 2,982,108
- › Project advances: US\$ 817,337 and Commitments: US\$ 1,057,746
- › Total Income: US\$ 11,379,396 including interest US\$: 33,285
- › Project Capitalised Asset: US\$ 6,268
- › Project fund balance: US\$ 6,515,937

If you have any question, please do not hesitate to contact UNOPS

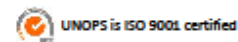
Yours sincerely,



Karla CIENFUEGOS
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ANNUAL FINANCIAL REPORT

Project : 93090 - Modernisation and Improvement of Policing Project
Partner(s): 1144 - Government of United Kingdom of Great Britain and Northern Ireland (UK),
As on: 31-Dec-2016

Income:		
Contributions		
	2015	3,320,762
	2016	8,025,349
		11,346,111
Interest		
	2016	33,285
		33,285
Total Income	A	11,379,396
Less: Project Expenses		
Period-Years:		
2015		
	Project(s) Expense	858,308
	Management Fees	55,103
	Net Exchange Gain/Loss	(4,326)
		909,085
2016		
	Project(s) Expense	1,953,005
	Management Fees	125,383
	Net Exchange Gain/Loss	(5,365)
		2,073,023
Total Expenditure	B	2,982,108
Less: Project Advances	C	817,337
Less: Project Capitalized Assets	D	6,268
Project Cash Balance	A-B-C-D	7,573,683
Less: Commitments	E	1,057,746
Project Fund Balance	A-B-C-D-E	6,515,937

* The Statement 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. Commitments are a combination of Unliquidated Obligations and commitments for UNOPS Personnel contracts. Unliquidated Obligations represent amounts committed against goods/services yet to be delivered/rendered. Fund balance represents cash available for implementation activities.

Certified by:
 Karla CIENFUEGOS
 Finance Specialist
 CSG IPAS, UNOPS HQ



Date:
 15/09/2017

Annex II – Statement of non-expendable property

Asset Stock Taking Sheet																										
															12/31/2016	365										
															30.42											
OC/OH															Verification Date								<i>YPSH</i>			
Print: Asset Focal Point Names															Signature: Asset Focal Point								<i>Komal Karlye</i>			
Physical Verification Team															Signature: Physical Verification Team											
PO Number	Asset ID	Asset Group	Description	Tag Number	SERIAL_ID	LOCATION	ACQUISITION_DT	DEPTID	OneUNOPS Cost centre	FUND_CODE	Atlas PROJECT_ID	Atlas DONOR	OneUNOPS Work Package	OneUNOPS Donor ID	COST	IN_SERVICE_DT	LIFE	Remaining life after 31/12/2016	Life to date from in-service to 31/12/2016	Accumulated depreciation until 31/12/2016	NBV as per 31/12/2016	Asset Value Reported in Financial Statement*	Date when the asset will be fully depreciated	Months in 2016	Months of depr in 2016	2016 Depreciation only
011017	HVM1	A1	Diesel generator	930930NPL0	IC/WC/2015/NPLKAT01	6/23/2015	05505	B5516	KN069	00093090	00248	93090-03	1144	7,447.11	23/06/2015	120	301	19		1,179	6,268	7,013	6/23/2025	12	12	745

Annex III – Responsibility statement by management

UNITED NATIONS OFFICE FOR PROJECT SERVICES

Project ID: 00093090 Modernization and Improvement of Policing Project (MIPP)

Responsibility Statement by Management

The United Nations Office for Project Services (UNOPS) management is responsible for the preparation, integrity and fair presentation of the Financial Statement of the UNOPS Project ID. 93090 Modernization and Improvement of Policing Project (MIPP). The Statement, presented in Annex I, has been prepared in accordance with the applicable UNOPS regulations and rules.

We do hereby state that, in our opinion:

Financial Statement

The Financial Statement as reported, as set out in Annex I, presents fairly in all material respects, the expenditure of US\$ 2,073,023 incurred by the UNOPS office for the period 01 January to 31 December 2016 in accordance with the accounting policies set out in the Notes to the Statement and in conformity with approved activities and budgets of UNOPS Project ID. 93090 Modernization and Improvement of Policing Project.

Statement of Non-Expendable Property

The Statement of Non-Expendable Property presents fairly, in all material respects, the non-expendable property balance as at 31 December 2016 amounting to US\$ 6,268 in accordance with the Non-Expendable Property listing certified by project management.



Name: Karla Cienfuegos

Regional Financial
Management Officer

Region: IPAS

Place: Copenhagen

Date: 18 Sept 2017




Name: Sanjay MATHUR

Regional Director

Region: AR

Place: BKK

Date: 21 September 2017



Name: Komal Karki

Project Manager

Region: AR, BKK

Place: Kathmandu, Nepal

Date: 18 Sept. 2017