



INTERNAL AUDIT AND INVESTIGATIONS GROUP

# UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

## FINANCIAL AUDIT REPORT

**1 August 2018**

<b>PROJECT NAME:</b>	<b>MODERNISATION AND IMPROVEMENT OF POLICING PROJECT (MIPP)</b>
<b>PROJECT NUMBER:</b>	<b>93090</b>
<b>COUNTRY:</b>	<b>NEPAL</b>
<b>AUDITOR:</b>	<b>MOORE STEPHENS LLP</b>
<b>PERIOD SUBJECT TO AUDIT:</b>	<b>1 JANUARY TO 31 DECEMBER 2017</b>

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## Acronyms and abbreviations

IAIG	Internal Audit and Investigations Group
IESBA	International Ethics Standards Board for Accountants
ISA	International Standards on Auditing
UNOPS	United Nations Office for Project Services
US\$	United States Dollars

## Financial audit report

### Audit opinion on the project financial statement

#### Qualified opinion

We have audited the accompanying project financial statement for the project 'Modernisation and Improvement of Policing Project' ("the project") (oneUNOPS project ID 93090), which is implemented and managed by the UNOPS Office in Nepal, for the period from 1 January to 31 December 2017.

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph below, 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' ("the project") (oneUNOPS project ID 93090), for the period from 1 January to 31 December 2017 in conformity with the terms of the agreements and in accordance with International Public Sector Accounting Standards.

#### Basis for qualified opinion

We have raised audit findings with a financial impact of \$649,465, which represent expenditure amounts included within the financial statement presented for audit which, in our opinion, are ineligible for funding under the contractual conditions. These findings amount to 8.8% of the total audited expenditure and are considered material in the context of our audit.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibility for the audit of the project financial statement' section of this report.

We are independent of UNOPS in accordance with the IESBA Code of Ethics for Professional Accountants. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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 for the audit of the project financial statement

The objectives of our audit are set out in the terms of reference for the audits of UNOPS projects, as issued by the Internal Audit and Investigations Group (IAIG) of UNOPS, and include obtaining reasonable assurance about whether the project financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the decisions of users taken on the basis of the project financial statement.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also identify and assess the risks of material misstatement of the project financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

**Project financial statement**

This is attached as Annex I to this report.

## Audit opinion on the statement of non-expendable property

### Unmodified opinion

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 2017.

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 2017 is 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

1 August 2018



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**Responsibility statement by management**

This is attached as Annex III to this report.



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## **Annex I – Project financial statement**



Funding: Government of United Kingdom of Great Britain and Northern Ireland (UK)

Dear Sir/Madam,

Subject: **Annual Financial Statement**

We enclose the Annual Financial Statement for project 93090 - Modernisation and Improvement of Policing Project, which commenced in year 2015 and indicates the incurred expenditure as at 31/12/2017

We draw your attention to the following:

- a. Incurred expenditure and management fee: US\$ **10,410,910**
- b. Project advances: US\$ **454,626** and open purchase order: US\$ **2,682,057**
- c. Total funds received: US\$ **16,256,704** which includes interest earned: US\$ **90,529**
- d. Project Capitalised Asset: US\$ **9,474**
- e. Fund Surplus: US\$ **2,699,637**

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

Yours sincerely,



MERON MEKURIAW  
FINANCE SPECIALIST  
SSC IPAS, UNOPS HQ



**ANNUAL FINANCIAL STATEMENT**

**Project: :** 93090 - Modernisation and Improvement of Policing Project  
**Partner(s):** 1111 - DFID Department For International Development (DFID),  
 1144 - Government of United Kingdom of Great Britain and Northern Ireland (UK)  
**As on:** 31-Dec-2017

**Income:**

<b>Contributions</b>			
	2015	3,320,762	
	2016	8,025,349	
	2017	4,820,064	
			16,166,175
<b>Interest</b>			
	2016	33,285	
	2017	57,244	
			90,529

<b>Total Income</b>	<b>A</b>	<b>16,256,704</b>
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**Less: Project Expenses**

**Period-Years**

<b>2015</b>			
	Project(s) Expense	858,308	
	Management Fees	55,103	
	Net Exchange Gain/Loss	(4,326)	
			909,085
<b>2016</b>			
	Project(s) Expense	1,953,005	
	Management Fees	125,383	
	Net Exchange Gain/Loss	(5,365)	
			2,073,023
<b>2017</b>			
	Project(s) Expense	7,009,055	
	Management Fees	449,981	
	Net Exchange Gain/Loss	(30,234)	
			7,428,802

<b>Total Expenditure</b>	<b>B</b>	<b>10,410,910</b>
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<b>Less: Project Advances</b>	<b>C</b>	454,626
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<b>Less: Project Capitalised Assets</b>	<b>D</b>	9,474
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<b>Project Cash Balance</b>	<b>A-B-C-D</b>	<b>5,381,694</b>
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<b>Less: Commitments**</b>	<b>E</b>	<b>2,682,057</b>
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<b>Project Fund Balance</b>	<b>A-B-C-D-E</b>	<b>2,699,637</b>
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Notes:

\* All amounts are in USD. Transactions in non-USD have been converted to USD at the UN operational rate of exchange as on the date of the transaction.

\*\* The statement is prepared in accordance to IPSAS reporting requirement, the reported figure under commitment is for information and it discloses only the expected utilisation of project funds as of the reporting period , these commitments are not charged as an expense until the goods are delivered or services rendered.

\* Project advances include operational advances, prepayments and petty cash that have yet to be recovered.

Certified by:

MERON MEKURIAW  
FINANCE SPECIALIST  
SSC IPAS, UNOPS HQ



Comment:

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Date: 26 July 2018

Report run on: 28 May 2018



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## **Annex II – Statement of non-expendable property**

**ASSETS CERTIFICATION STATUS**

Region AR  
 Cost Centre B5516  
 Cost Centre description AR, NPOH, Nepal

Location	Status	Asset verifier	Verification coordinator	Verification approval date	Director/HOSS	Director/ HoSS approval date	Regional director	Regional approval date
			ANASTACIA DE LOS SANTOS	3/20/2018	Mikael Winther CHRISTENSEN	3/20/2018	Sanjay MATHUR	3/21/2018
NPLKAT01	Approved	Kabindra Pradhan	REPOYO	1:00		6:05		0:29
<b>Grand Total</b>								

**ASSETS NBV STATUS**

Project 93090

Cost Centre	Location	Asset ID	Description	Physically Verified	Condition	Useful life	Depr Date from	Sum of Cost	Sum of NBV
B5516	NPLKAT01	11017	AA Diesel generators	Yes	Good condition	120	23-Jun-15	7,447	5,523
		43212107	Plotter						
		106588	printers	Yes	Good condition	36	01-Dec-17	4,063	3,951
<b>Grand Total</b>								<b>11,510</b>	<b>9,474</b>



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## **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\$ 7,428,802 incurred by the UNOPS office for the period 01 January to 31 December 2017 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 2017 amounting to US\$ 9,474 in accordance with the Non-Expendable Property listing certified by project management.



Name: Kanit Pukchareon  
Regional Financial Management Officer  
Region: SSC / IPAS, HQ  
Place: CPH  
Date : 11 Jul 18



Name: Sanjay MATHUR  
Regional Director  
Region: AR  
Place : BKK  
Date : 16 July 2018



Name: Komal Karki  
Project Manager  
Region: AR, BKK  
Place: Kathmandu, Nepal  
Date : 9 July 2018