

**UNITED NATIONS OFFICE FOR PROJECT SERVICES  
(UNOPS)****FINANCIAL AUDIT REPORT****16 October 2019**

|                                 |   |
|---------------------------------|---|
| <b>PROJECT NAME:</b>            | <b>MODERNISATION AND IMPROVEMENT OF POLICING PROJECT<br/>(MIPP)</b> |
| <b>PROJECT NUMBER:</b>          | <b>93090</b>  |
| <b>COUNTRY:</b>                 | <b>NEPAL</b>  |
| <b>AUDITOR:</b>                 | <b>BDO LLP</b>  |
| <b>PERIOD SUBJECT TO AUDIT:</b> | <b>1 JANUARY TO 31 DECEMBER 2018</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 2018.

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 2018, 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, as set out in the accompanying internal audit report, with a financial impact of US\$ 339,413, 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 7.7% 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 2018.

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 2018, 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.



Robert Waters

Partner

BDO LLP  
55 Baker Street  
London  
W1U 7EU

16 October 2019

**Responsibility statement by management**

This is attached as Annex III to this report.



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



Funding: 1144 - 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 31/12/2018.

We draw your attention to the following:

- a. Incurred expenditure and management fee: US\$ **14,843,855**
- b. Project advances: US\$ **363,036** and commitments: US\$ **4,954,210**
- c. Total funds received: US\$ **23,596,361** which includes interest earned: US\$ **172,271**
- d. Project Capitalised Asset: US\$ **7,374**
- e. Fund Surplus: US\$ **3,427,886**

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):** 1144 - Government of United Kingdom of Great Britain and Northern Ireland (UK)  
**As on:** 31-Dec-2018

**Income:**

|                      |      |           |            |
|----------------------|------|-----------|------------|
| <b>Contributions</b> |      |           |            |
|                      | 2015 | 3,320,762 |            |
|                      | 2016 | 8,025,349 |            |
|                      | 2017 | 4,820,064 |            |
|                      | 2018 | 7,257,915 |            |
|                      |      |           | 23,424,090 |
| <b>Interest</b>      |      |           |            |
|                      | 2016 | 33,285    |            |
|                      | 2017 | 57,244    |            |
|                      | 2018 | 81,742    |            |
|                      |      |           | 172,271    |

|                     |          |                   |
|---------------------|----------|-------------------|
| <b>Total Income</b> | <b>A</b> | <b>23,596,361</b> |
|---------------------|----------|-------------------|

**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>2018</b> |                        |           |           |
|             | Project(s) Expense     | 4,201,754 |           |
|             | Management Fees        | 269,753   |           |
|             | Net Exchange Gain/Loss | (38,562)  |           |
|             |                        |           | 4,432,945 |

|                          |          |                   |
|--------------------------|----------|-------------------|
| <b>Total Expenditure</b> | <b>B</b> | <b>14,843,855</b> |
|--------------------------|----------|-------------------|

|                               |          |         |
|-------------------------------|----------|---------|
| <b>Less: Project Advances</b> | <b>C</b> | 363,036 |
|-------------------------------|----------|---------|

|   |          |       |
|---|----------|-------|
| <b>Less: Project Capitalised Assets</b> | <b>D</b> | 7,374 |
|---|----------|-------|

|                             |                |                  |
|-----------------------------|----------------|------------------|
| <b>Project Cash Balance</b> | <b>A-B-C-D</b> | <b>8,382,096</b> |
|-----------------------------|----------------|------------------|

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| <b>Less: Actual Commitments</b> |                  |                  |
| Commitments***                  | E                | 5,316,378        |
| Prepayments                     | (E)              | (362,168)        |
|                                 |                  | <b>4,954,210</b> |
| <b>Project Fund Balance</b>     | <b>A-B-C-D-E</b> | <b>3,427,886</b> |

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:

Comment:

Meron MEKURIAW  
Finance Specialist  
SSC IPAS, UNOPS - HQ



Date: 30 May 2019

Report run on: 27 May 2019



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

**ASSETS NBV STATUS**

| Location           | Project | Description               | Asset ID | Physically Verified | Asset Date from | Sum of Cost   | Sum of NBV   |
|--------------------|---------|---------------------------|----------|---------------------|-----------------|---------------|--------------|
| NPLKAT01           | 93090   | 43212107 Plotter printers | 106588   | Yes                 | 15-Dec-17       | 4,063         | 2,596        |
|                    |         | Ä Diesel generators       | 11017    | Yes                 | 23-Jun-15       | 7,447         | 4,778        |
| <b>Grand Total</b> |         |                           |          |                     |                 | <b>11,510</b> | <b>7,374</b> |

**ASSETS CERTIFICATION STATUS**

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

| Location           | Asset ID | Asset verifier   | Verification coordinator approval date | Verification coordinator       | Director/HoSS             | Director/HoSS approval date | Regional director | Regional director approval date | Condition | Physically Verified | Impairment Tested | Status   | Sum of Adjusted Cost | Sum of Asset NBV |
|--------------------|----------|------------------|--|--------------------------------|---------------------------|-----------------------------|-------------------|---------------------------------|-----------|---------------------|-------------------|----------|----------------------|------------------|
| NPLKAT01           | 11017    | Kabindra Pradhan | 09/01/2019 16:19                       | ANASTACIA DE LOS SANTOS REPOYO | Charles Rochford CALLANAN | 11/01/2019 11:48            | Sanjay MATHUR     | 14/01/2019 06:18                | GOOD      | YES                 | YES               | Approved | 7,447                | 4,778            |
|                    | 106588   | Kabindra Pradhan | 09/01/2019 16:19                       | ANASTACIA DE LOS SA            | Charles Rochford C        | 11/01/2019 11:48            | Sanjay MATHUR     | 14/01/2019 06:18                | GOOD      | YES                 | YES               | Approved | 4,063                | 2,596            |
| <b>Grand Total</b> |          |                  |  |                                |                           |                             |                   |                                 |           |                     |                   |          | <b>11,510</b>        | <b>7,374</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\$ 4,432,945** incurred by the UNOPS office for the period **01 January to 31 December 2018** 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 (MIPP)**.

**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 2018** amounting to **US\$ 7,374** in accordance with the Non-Expendable Property listing certified by project management.



Name: Meron Mekuriaw

Finance Specialist

Region: Denmark

Place : Copenhagen

Date : 24 June 2019



Name: Sanjay MATHUR

Regional Director

Region: AR

Place : BKK

Date : 27 June 2019



Name: Komal Karki

Project Manager

Region: AR, BKK

Place : Kathmandu, Nepal

Date : 13.06.2019