UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

FINANCIAL AUDIT REPORT

04 June 2020

PROJECT NAME: CITIES ALLIANCE
ENGAGEMENT NUMBER: 11934
COUNTRY: BELGIUM
AUDITOR: BDO LLP
PERIOD SUBJECT TO AUDIT: 1 JANUARY 2018 TO 31 DECEMBER 2019
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# Acronyms and abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>IAIG</td>
<td>Internal Audit and Investigations Group</td>
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<tr>
<td>IESBA</td>
<td>International Ethics Standards Board for Accountants</td>
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<td>ISA</td>
<td>International Standards on Auditing</td>
</tr>
<tr>
<td>UNOPS</td>
<td>United Nations Office for Project Services</td>
</tr>
<tr>
<td>US$</td>
<td>United States Dollars</td>
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Financial audit report

Audit opinion on the project financial statement

Unmodified opinion

We have audited the accompanying project financial statement for the project ‘Cities Alliance’ (“the project”) (oneUNOPS engagement ID 11934), which is implemented and managed by the UNOPS Cities Alliance Cluster (CAC), for the period from 1 January 2018 to 31 December 2019.

In our opinion, the financial statement gives a true and fair view of, in all material respects, the income and expenditure of the project ‘Cities Alliance’ (“the project”) (oneUNOPS engagement ID 11934), for the period from 1 January 2018 to 31 December 2019 in conformity with the terms of the agreements and in accordance with International Public Sector Accounting Standards.

Basis for opinion

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 ‘Cities Alliance’ (oneUNOPS engagement ID 11934) of UNOPS as at 31 December 2019.

In our opinion, the statement of non-expendable property presents fairly, in all material respects, the status of non-expendable property of the project ‘Cities Alliance’ (oneUNOPS engagement ID 11934), as at 31 December 2019, 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

04 June 2020
Responsibility statement by management

This is attached as Annex III to this report.
Annex I – Project financial statement
Dear Sir/Madam,

Subject: Interim Financial Statement

We enclose the Interim Financial Statement for engagement 11934 - Cities Alliance which commenced in year 2016 and indicates the income and the incurred expenditure as at 31-Dec-2019.

We draw your attention to the following:

a. Total funds received: US$ 38,968,006 which includes interest earned: US$ 366,351
b. Incurred expenditure and management fee: US$ 20,407,790
c. Engagement advances: US$ 4,666
d. Engagement Capitalised Asset: US$ 30,226
e. Commitment: US$ 5,926,580
f. Fund Surplus: US$ 12,598,744

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

Yours sincerely,

Meron MEKURIAW, Finance Specialist, SSC IPAS, UNOPS
INTERIM FINANCIAL STATEMENT*

Engagement: 11934-- Cities Alliance
Partner(s): 1018 - Cities Alliance,
           1111 - DFID Department For International Development (DFID),
           1142 - Government of Switzerland,
           1649 - EC European Commission (EC),
           1659 - Comic Relief,
           1664 - Omidyar Network

As on: 31-Dec-2019

Income:

| Contributions | 2016  | 1,424,694 |
|               | 2017  | 1,583,538 |
|               | 2018  | 16,660,817 |
|               | 2019  | 15,727,845 |
| Total Income  | A     | 38,968,006 |

Less: Engagement Expenses

| Period-Years | 2016   | 2017   | 2018   | 2019   |
|             | Engagement Expense | 661,221 | 507,401 | 7,499,670 | 8,035,013 |
|             | Management Fees    | 34,400  | 36,444  | 537,084  | 1,741    |
|             | Net Exchange Gain/Loss | 536     | 3,359   | (1,741)  |          |
| Total Expenses | 696,157 | 547,204 | 8,035,013 |

Interest

| 2016 | 3,732 |
| 2017 | 11,844 |
| 2018 | 95,740 |
| 2019 | 255,035 |
| Total | 366,351 |

Miscellaneous Revenue

| 2019 | 17,028 |
| Total | 17,028 |

Transfers

| 2018 | 135,552 |
| 2019 | 3,052,181 |
| Total | 3,187,733 |
2019

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<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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<tbody>
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<td>Engagement Expense</td>
<td>10,442,985</td>
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<tr>
<td>Management Fees</td>
<td>699,403</td>
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<tr>
<td>Net Exchange Gain/Loss</td>
<td>(12,972)</td>
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<td><strong>Total Expenditure</strong></td>
<td><strong>20,407,790</strong></td>
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</tbody>
</table>

Less: Engagement Advances**  
C  4,666

Less: Engagement Capitalised Assets***  
D  30,226

Engagement Cash Balance  
A-B-C-D  18,525,324

Less: Commitments****  
E  5,926,580

Less: Prepayments  
E  0

Engagement Fund Balance (F)  
A-B-C-D-E  12,598,744

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.
** Engagement advances include operational advances, prepayments, petty cash, and any VAT payments to suppliers that have yet to be recovered.
*** The amount in the Engagement Capitalized Assets includes functional assets with net book value of USD 22,683 and obsolete assets with net book value of USD 7,543 which are disposed-off based on approval by LCPC, UNOPS assets review committee on 30 March 2020. The related journal was approved in May 2020.
**** 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.

Certified by:  
Meron MEKURIAW, Finance Specialist, SSC IPAS, UNOPS

Comment:  

Date: 07 May 2020

Report run on: 01 May 2020
Annex II – Statement of non-expendable property
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<th>Project</th>
<th>Date</th>
<th>Object</th>
<th>Asset ID</th>
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<th>Description</th>
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<th>Condition</th>
<th>Asset Dept.</th>
<th>Status</th>
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<th>Impairment Survey</th>
<th>Additional Comments</th>
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Responsibility Statement by Management

The United Nations Office for Project Services (UNOPS) management is responsible for the preparation, integrity and fair presentation of Financial Statement of the UNOPS Engagement ID 11934 with its all Projects. The Statement, presented under 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 Interim Financial Statement as reported presents fairly in all material respects, the expenditure of US$ 19,164,429 incurred by the UNOPS office for the period 1 January 2018 to 31 December 2019 in accordance with UNOPS accounting policies and in conformity with approved activities and budgets of UNOPS Engagement ID 11934 with its all Projects.

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 2019 amounting to US$ 22,683 of functional assets as certified by the project management.

(Signature)  (Signature)  (Signature)

Meron Mekuriaw  Moin Karim  Philipp von Waechter
Finance Specialist  Regional Director  Senior Portfolio Manager
Region: SSC / IPAS  Region: ECR  Region: ECR
Place: UNOPS HQ, Copenhagen  Place: Geneva  Place: Geneva
Date: 05 May 2020  Date: 5 May 2020  Date: 5 May 2020