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31 October 2016

Research Assistant
Kirsten Spainhower
World Bank
1818 H Street, N.W.
WASHINGTON DC MD 20433
UNITED STATES

Dear Sir/Madam

Re: Externally Audited Financial Statement for the period ended 30 June 2016

Enclosed is the externally audited financial statement for the following project:

Project Title: Capturing Coral Reef and Related Ecosystem Services (CCRES) Project

Chief Investigator: Mumby, Peter John
UQ Reference: 015445
Your Reference: TF015409

The statement covers the period 01 July 2015 to 30 June 2016.

Please contact Megan Baker as referenced above if you have any queries regarding this letter.

Yours faithfully,

Hyo Park, CPA
Senior Accountant (Acting)
Contract & Grants Accounting Section

Enc

Ref: 015445
## Sources and Uses of Funds Statement

For the period 1 July 2015 to 30 June 2016

<table>
<thead>
<tr>
<th>Source/Cost Category</th>
<th>PERIOD USD</th>
<th>CUMULATIVE USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening Cash Balances</strong></td>
<td>52,695.66</td>
<td>500,000.00</td>
</tr>
<tr>
<td>World Bank Special Account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Donor Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Add: Sources of Funds</strong></td>
<td>52,695.66</td>
<td></td>
</tr>
<tr>
<td>GEF/World Bank Funds</td>
<td>1,434,720.91</td>
<td>2,062,654.67</td>
</tr>
<tr>
<td>Other Donor Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest (less bank charges)</td>
<td>(114.02)</td>
<td>(170.28)</td>
</tr>
<tr>
<td>Less Sept 2014 refund not previously recorded in reports</td>
<td>(4,049.44)</td>
<td>(4,049.44)</td>
</tr>
<tr>
<td><strong>Cash Available</strong></td>
<td>1,483,253.11</td>
<td>2,558,434.95</td>
</tr>
<tr>
<td><strong>Less: Use of Funds by Project Component</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component 1</td>
<td>341,565.71</td>
<td>925,880.71</td>
</tr>
<tr>
<td>Component 2</td>
<td>477,626.19</td>
<td>707,927.17</td>
</tr>
<tr>
<td>Component 3</td>
<td>193,279.97</td>
<td>384,792.25</td>
</tr>
<tr>
<td>Component 3 (Adjustment from previous statement)</td>
<td>(4,049.44)</td>
<td>(4,049.44)</td>
</tr>
<tr>
<td>Component 4</td>
<td>91,595.58</td>
<td>160,649.16</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>1,100,018.01</td>
<td>2,175,199.85</td>
</tr>
<tr>
<td><strong>Cash Available less Expenditure</strong></td>
<td>383,235.10</td>
<td>383,235.10</td>
</tr>
<tr>
<td><strong>Net Cash Available</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Closing Balances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Bank Special Account</td>
<td>383,235.10</td>
<td>383,235.10</td>
</tr>
<tr>
<td>Other Donor Funds Account</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CLOSING CASH BALANCE</strong></td>
<td>383,235.10</td>
<td>383,235.10</td>
</tr>
</tbody>
</table>

### Notes:

USD4,049.44 was paid back to the World Bank Client Connection account in September 2014, however, was not recorded in previous financial statements as an income return.
INDEPENDENT AUDITOR’S REPORT

To the Vice Chancellor of The University of Queensland.


I have audited the ‘Period USD’ column in the accompanying financial report, being a special purpose financial report which comprises details of the grant monies received and expended by the University of Queensland, for the delivery of the Capturing Coral Reef and Related Ecosystem Services Project according to the requirements of a Grant Agreement between The University of Queensland with The International Bank for Reconstruction and Development (World Bank), acting as an implementing agency of the Global Environment Facility. This report comprises the financial statement for the period 1 July 2015 to 30 June 2016 and the certificate given by the Senior Accountant, Contracts and Grants section of the University.

The University of Queensland’s Responsibility for the Financial Report

The University of Queensland is responsible for the preparation of the financial report and has determined that the basis of preparation described in Note 1 of the financial report is appropriate to meet the requirements of the Grant Agreement. The University’s responsibility also includes such internal control as the University determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the Auditor-General of Queensland Auditing Standards, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial report that gives a true and fair view 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 entity’s internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by The University of Queensland as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.
I certify that the income and expenditure shown in this financial statement have been recorded and reported in accordance with The University of Queensland financial practices and that this project account is included in the University’s grant accounts that are reviewed as part of a risk based audit conducted by the Queensland Audit Office under the supervision of the Auditor-General.

Note 1 - Basis of Preparation

In accordance with the instructions contained in the Letter of Agreement from the World Bank relating to Capturing Coral Reef and Related Ecosystem Services (CCRES) Project, the University must provide a financial report certified by an external auditor to comply with the grant conditions.

In order to satisfy these obligations the preceding special purpose financial report has been prepared. The financial report has been prepared on an cash basis of accounting. It is assessed that as there are limited intended users of the financial statements, the format and content is appropriate to meet the information needs of the specific users as detailed in the grant agreement.

Hyo Park, CPA  
Senior Accountant (Acting)  
Contract & Grants Accounting Section  
31 October 2016
Independence

The Auditor-General Act 2009 promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with Section II B.3. of the Capturing Coral Reef and Related Ecosystem Services Project Grant Agreement with The International Bank for Reconstruction and Development (World Bank), acting as an implementing agency of the Global Environment Facility, I have audited the financial report of The University of Queensland, and in my opinion:

(a) the University has managed the Funds and complied with the prescribed requirements in relation to the establishment and keeping of accounts in all material respects; and

(b) the financial report for the year ended 30 June 2016 presents fairly, in all material respects, the grant monies received and expended by The University of Queensland, in accordance with the cash basis accounting.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, the special purpose financial report has been prepared for the purpose of fulfilling The University of Queensland's financial reporting responsibilities under a Grant Agreement with The International Bank for Reconstruction and Development (World Bank), acting as an implementing agency of the Global Environment Facility. As a result, the financial report may not be suitable for another purpose.

J WELSH FCPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane