PACIFIC ISLANDS FORUM SECRETARIAT
PACIFIC RESILIENCE PROGRAMME (PREP)
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
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Identification
PACIFIC RESILIENCE PROGRAMME (PREP)
Cost of 2017 Work Programme: FJD 574,214
Funds received during period under review: FJD 183,417
Organisation under review: Pacific Islands Forum Secretariat
Audit team in charge of the visit:
Kaushick Chandra
Engagement Leader
Febriyenni Moein
Engagement Director
Robertson Dass
Engagement Senior
Sheal Gounder
Engagement Staff
Persons contacted during site visit
Ms. Seremana Titoko
Finance and Administrative Officer
Mr. Mosese Sikivou
Regional Coordinator Pacific Resilience Program
Mr. Devarisi Sharma
Project Accountant
Mr. Faletoese Asaua
Team Leader Finance

Contractual basis for the audit:
The contractual basis for the audit is Article 4.09 of the General Conditions annexed to the Financing Agreement Grant Number D075-4P, which establishes that:

"the Financial Statements are periodically audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to World Bank."

The contractual basis for the implementation of the "PACIFIC RESILIENCE PROGRAMME (PREP)" project includes:
a) Financing Agreement no Grant Number D075-4P and its annexes.
b) PIFS Grant Agreement PREP GEF TF0A0887
c) General Conditions (Financing Agreement)
d) Standard Conditions (Grant Agreement)
Introduction

Profile of the beneficiary
The Pacific Islands Forum ("the Forum"), formerly the South Pacific Forum until a name change in October 2000, was founded in August 1971 and comprises 18 countries and territories in the Pacific. The Forum is the region's premier political and economic policy organization. Forum Leaders meet annually to develop collective responses to regional issues.

The Forum's membership has increased from the original seven founding members (Australia, Cook Islands, Fiji, Nauru, New Zealand, Tonga and Western Samoa - now Samoa) to also include the Federated States of Micronesia, French Polynesia, Kiribati, New Caledonia, Niue, Republic of the Marshall Islands, Palau, Papua New Guinea, Solomon Islands, Tuvalu and Vanuatu.

The Forum's administrative arm is the Pacific Islands Forum Secretariat ("the Secretariat"), based in Suva, Fiji. It acts as the secretariat for Forum-related events, implements decisions by the leaders, facilitates the delivery of development assistance to member states, and undertakes the political and legal mandates of Forum meetings. The Secretariat is funded by contributions from the member governments and donors.

The Secretariats' mission is to honor the vision of the Leaders for free and worthwhile lives for all Pacific people through deeper and broader regional cooperation.

Reliability of accounting and internal control systems
The Finance Section of the Secretariat administers the accounting for the project's expenditure. The Secretariat adopts a fund accounting system, as a considerable part of its annual revenue comprises individual grants or donations for the specified projects.

The Secretariat is responsible for the preparation and presentation of the financial statements and the information contained therein, and have determined that the accounting policies used are appropriate for and consistent with the financial reporting requirements of the donor.
Objectives of the Project

The overall objective of the project is to contribute to strengthen early warning, resilient investments and financial protection of the Participating Countries.

Expected results

There are two expected results of the project. These are:

1) Carrying out a program of activities designed to strengthen regional coordination of disaster risk financing insurance and related instruments among Participating Countries;

2) Developing a mutual insurance fund for natural disaster, including financing of preparatory activities of said mutual insurance fund.

Duration:

The duration of project is 21 October 2015 to 30 November 2020 (61 months).

As shown in the attached special purpose financial statements for the year ended 31 December 2017

- Project funding received during the period was FJD 183,417
- Project related expenditure totaled FJD 574,214

Signed for and on behalf of the Pacific Islands Forum Secretariat by its duly authorized officer.

Meg Taylor, DBE
Secretary General
Pacific Islands Forum Secretariat
Pacific Islands Forum Secretariat
Pacific Resilience Programme (PREP)
Special Purpose Financial Statements
For the year ended 31 December 2017

STATEMENT BY SECRETARY GENERAL

In the opinion of the Secretary General:

a) the accompanying statement of income and expenditure reflects the income and expenditure of the Pacific Resilience Programme (PREP) Project for the year ended 31 December 2017 and they are in agreement with the Financing Agreement Grant Number D075-4P and the Global Environment Facility Special Climate Change Fund Grant Agreement GEF/SCCF Grant Number TFA0A0887.

b) the accompanying statement of financial position reflects the state of the Project's affairs for the Pacific Resilience Programme (PREP) Project as at 31 December 2017 and they are in agreement with the Financing Agreement Grant Number D075-4P and the Global Environment Facility Special Climate Change Fund Grant Agreement GEF/SCCF Grant Number TFA0A0887.

Signed for and on behalf of the Pacific Islands Forum Secretariat by its duly authorized officer.

Meg Taylor, DBE
Secretary General
Pacific Islands Forum Secretariat

16/12/18 Date
Special Purpose Auditor's Report

To the Pacific Islands Forum Secretariat (“Secretariat”)

Report on the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements (referred hereafter as “financial statements”) of the Pacific Resilience Programme (the ‘Project’), which comprise the statement of financial position of the Project as at 31 December 2017 and the statement of income and expenditure for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the accounting policies as described in Note 1 to the financial statements.

In our opinion, the Secretariat has:

- adhered to the contractual requirements of the Financing Agreement – Grant Number D075 – 4P and the Global Environment Facility Special Climate Change Fund Grant Agreement – GEF/SCCF Grant Number TFA0A0887

- used the project funds exclusively for the purposes of the Project in accordance with the Financing Agreement – Grant Number D075 – 4P and the Global Environment Facility Special Climate Change Fund Grant Agreement – GEF/SCCF Grant Number TFA0A0887

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Project in accordance with the ethical requirements of the International Ethics Standards Board for Accountant’s Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Fiji, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.
Emphasis of Matter - Basis of accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the accounting policies described in Note 1 to the financial statements. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect to this matter.

Secretariat’s Responsibility for the financial statements

The Secretariat is responsible for the preparation of the financial statements in accordance with the accounting policies as described in Note 1 to the financial statements, and for such internal control as the Secretariat determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Secretariat is responsible for assessing the Project’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Secretariat either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

The Secretariat is responsible for overseeing the Project’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 the 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 economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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.
- Obtain an understanding of internal control relevant to the audit 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 Project’s internal control.
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Secretariat.

• Conclude on the appropriateness of Secretariat's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.

We communicate with the Secretariat regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Distribution or Use

This report is made solely to the Secretariat. Our audit work has been undertaken so that we might state to the Secretariat those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Secretariat for our audit work, for this report, or for the opinions we have formed.

18 December 2018
Suva, Fiji

PricewaterhouseCoopers
Chartered Accountants
Pacific Islands Forum Secretariat  
Pacific Resilience Programme (PREP)  
Statement of Income and Expenditure  
For the year ended 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>2017 FJD</th>
<th>2016 FJD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Client Change Fund Grant</td>
<td>29,000</td>
<td>15,000</td>
</tr>
<tr>
<td>International Development Association Grant</td>
<td>154,417</td>
<td>58,105</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>183,417</td>
<td>73,105</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertisement</td>
<td>1,662</td>
<td>-</td>
</tr>
<tr>
<td>Audit fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- current year</td>
<td>6,496</td>
<td>4,300</td>
</tr>
<tr>
<td>- prior year overprovision</td>
<td>(205)</td>
<td>-</td>
</tr>
<tr>
<td>Bank fees</td>
<td>120</td>
<td>132</td>
</tr>
<tr>
<td>Consultancy cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- consultancy fees</td>
<td>389,458</td>
<td>88,515</td>
</tr>
<tr>
<td>- consultants airfares</td>
<td>43,863</td>
<td>-</td>
</tr>
<tr>
<td>- consultants accommodation</td>
<td>28,259</td>
<td>2,068</td>
</tr>
<tr>
<td>- consultants per diems</td>
<td>16,630</td>
<td>401</td>
</tr>
<tr>
<td>- consultants security &amp; other</td>
<td>744</td>
<td>234</td>
</tr>
<tr>
<td>Hospitality &amp; refreshments</td>
<td>-</td>
<td>1,820</td>
</tr>
<tr>
<td>Participants airfares</td>
<td>42,532</td>
<td>-</td>
</tr>
<tr>
<td>Participants accommodations</td>
<td>26,969</td>
<td>-</td>
</tr>
<tr>
<td>Participants perdiems</td>
<td>14,868</td>
<td>-</td>
</tr>
<tr>
<td>Printing &amp; stationery</td>
<td>1,399</td>
<td>568</td>
</tr>
<tr>
<td>Workshop training &amp; meetings</td>
<td>1,419</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>574,214</td>
<td>98,038</td>
</tr>
<tr>
<td><strong>Deficit for the year</strong></td>
<td>(390,797)</td>
<td>(24,933)</td>
</tr>
<tr>
<td><strong>Accumulated deficit at the beginning of the year</strong></td>
<td>(24,933)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Accumulated deficit at the end of the year</strong></td>
<td>(415,730)</td>
<td>(24,933)</td>
</tr>
</tbody>
</table>

The statement of income and expenditure should be read in conjunction with the accompanying notes to the special purpose financial statements.
Pacific Islands Forum Secretariat  
Pacific Resilience Programme (PREP)  
Statement of financial position  
As at 31 December 2017

<table>
<thead>
<tr>
<th>Notes</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at Bank</td>
<td>58,302</td>
<td>83,255</td>
</tr>
<tr>
<td>Total current assets</td>
<td>58,302</td>
<td>83,255</td>
</tr>
<tr>
<td>Total assets</td>
<td>58,302</td>
<td>83,255</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accruals &amp; other payables</td>
<td>28,048</td>
<td>5,798</td>
</tr>
<tr>
<td>Owing to Pacific Islands Forum Secretariat</td>
<td>445,984</td>
<td>102,390</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>474,032</td>
<td>108,188</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>474,032</td>
<td>108,188</td>
</tr>
<tr>
<td>Net liabilities</td>
<td>(415,730)</td>
<td>(24,933)</td>
</tr>
</tbody>
</table>

Represented by:  
Deficit in funds | (415,730) | (24,933)

The above gives a true and fair view of the position of the Project as at 31 December 2017.

Meg Taylor, DBE  
Secretary General  
Pacific Islands Forum Secretariat

The statement of financial position should be read in conjunction with the accompanying notes to the special purpose financial statement.
1. **Significant accounting policies**

The significant accounting policies which have been adopted in the preparation of the special purpose financial statements are:

a) **Basis of accounting**

The special purpose financial statements of the Project have been prepared on the modified cash basis of accounting.

Income is recognised when it is received. Expenditure is recognized when incurred (accrual basis).

The special purpose financial statements have been prepared on the basis of historical costs. The project does not require the application of all International Financial Reporting Standards.

b) **Foreign currency transactions**

The Project's functional and presentation currency is Fijian Dollars (FJD). Transactions settled in any currency other than FJD is converted into FJD at the exchange rate prevailing at the date of the transaction.

c) **Cash at bank**

Cash balances include cash at bank.

d) **Continuity of the Project**

The project is for the duration of 61 months.

e) **Accruals and other payables**

Accruals and other payables are recorded at cost and comprise of audit fee and other payables.

f) **Owing to Pacific Islands Forum Secretariat (PIFS)**

Owing to PIFS is recorded at cost and comprise of expenses incurred by the Project, paid by the Secretariat and yet to be reimbursed by the Project.

g) **Comparatives and reporting periods**

Where necessary, comparative figures have been classified or regrouped to confirm the changes in presentation in the current period.

The current period special purpose financial statements is for the year ended 31 December 2017 while the comparative special purpose financial statements is for the 15 months period ended 31 December 2016 from the projects inception.
Pacific Islands Forum Secretariat  
Pacific Resilience Programme (PREP)  
Notes to and forming part of the special purpose financial statements  
For the year ended 31 December 2017

### 2. Accruals and other payables

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
</tr>
<tr>
<td>Audit fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 2017</td>
<td>6,496</td>
<td>-</td>
</tr>
<tr>
<td>- 2016</td>
<td>4,095</td>
<td>4,300</td>
</tr>
<tr>
<td>Provisional tax for consultants fee</td>
<td>17,457</td>
<td>1,498</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28,048</strong></td>
<td><strong>5,798</strong></td>
</tr>
</tbody>
</table>

The provisional tax for consultant fee relates to local consultants engaged as part of the PREP project. The provisional tax payable as at 31 December 2017 has been paid subsequently in 2018.

### 3. Owing to Pacific Islands Forum Secretariat

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
</tr>
<tr>
<td>Expenditure paid by PIFS</td>
<td>345,984</td>
<td>2,390</td>
</tr>
<tr>
<td>Advance from PIFS</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Repayment to PIFS during the period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>445,984</strong></td>
<td><strong>102,390</strong></td>
</tr>
</tbody>
</table>

Movement in balance is attributable to:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
</tr>
<tr>
<td>Opening balance</td>
<td>102,390</td>
<td>-</td>
</tr>
<tr>
<td>Expenditure paid by PIFS</td>
<td>343,594</td>
<td>2,390</td>
</tr>
<tr>
<td>Advance from PIFS</td>
<td>-</td>
<td>100,000</td>
</tr>
<tr>
<td>Repayment to PIFS during the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>445,984</strong></td>
<td><strong>102,390</strong></td>
</tr>
</tbody>
</table>