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PACIFIC ISLANDS FORUM SECRETARIAT

PACIFIC RESILIENCE PROGRAM [PREP]

SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE PERIOD 21 OCTOBER 2015 TO 31 DECEMBER 2016

Pacific Islands Forum Secretariat
Pacific Resilience Program [PREP]
Special Purpose Financial Statements
For the period 21 October 2015 to 31 December 2016

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Pacific Islands Forum Secretariat
Pacific Resilience Program [PREP]
Special Purpose Financial Statements
For the period 21 October 2015 to 31 December 2016

Identification

PACIFIC RESILIENCE PROGRAM [PREP]

Cost of 2016 Work Program:	FJD 98,038
Funds received during period under review:	FJD 73,105
Organisation under review:	Pacific Islands Forum Secretariat
Audit team in charge of the visit:	Michael Yee Joy *Engagement Partner* Marissa Apted *Senior Manager*
Persons contacted during site visit:	Ms. Seremana Titoko *Finance and Administrative Officer*

Contractual basis for the audit:

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

"have the Financial Statements periodically audited in accordance with the Legal Agreements by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to Association."

The contractual basis for the implementation of the "PACIFIC RESILIENCE PROGRAM [PREP]" includes:

a) Financing Agreement between International Development Association and Pacific Island Forum Secretariat Grant Number D075-4P and its annexes.
b) Global Environment Facility Special Climate Change Fund Grant Agreement between International Bank for Reconstruction and Development acting as an Implementing Agency of the Global Environment Facility Special Climate Change Fund GEF/SCCF Grant Number TF0A0887 and Pacific Islands Forum Secretariat.
c) General Conditions (Financing Agreement).
d) Standard Conditions (Grant Agreement).

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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 16 self-governing states 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, Kiribati, 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 honour 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.

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Objectives of the Project

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

Expected results

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

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

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

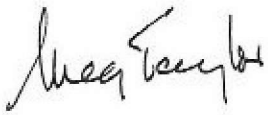
Duration:

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

As shown in the attached special purpose financial statements for the period 21 October 2015 to 31 December 2016:

- Project funding received during the period was FJD 73,105
- Project related expenditure totaled FJD 98,038

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



11 April 2018

Meg Taylor, DBE
Secretary General

Date

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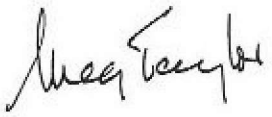
STATEMENT BY SECRETARY GENERAL

In the opinion of the Secretary General:

a) the accompanying statement of income and expenditure reflects the income and expenditure of the Pacific Resilience Program [PREP] for the period 21 October 2015 to 31 December 2016 and they are in agreement with the Financing Agreement Grant Number D075-4P and its annexes and the Global Environment Facility Special Climate Change Fund Grant Agreement (GEF/SCCA Grant Number TF0A0887) and its annexes.

b) the accompanying statement of financial position reflects the state of the Project's affairs for the Pacific Resilience Program [PREP] for the period ended 31 December 2016 and they are in agreement with the Financing Agreement Grant Number D075-4P and its annexes and the Global Environment Facility Special Climate Change Fund Grant Agreement (GEF/SCCA Grant Number TF0A0887) and its annexes.

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



11 April 2018

Meg Taylor, DBE
Secretary General

Date

Pacific Islands Forum Secretariat

Pacific Resilience Program [PREP]

Special Purpose Financial Statements

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Respective Responsibilities of the Entity management and auditors

In accordance with the Contractual Conditions the Entity's management are responsible for the preparation of the Financial Report and for being satisfied that it is in conformity to the Finance Agreement between Pacific Islands Forum Secretariat ("PIFS") and the International Development Association on the one hand (IDA grant), and between PIFS and the International Bank for Reconstruction and Development (GEF – Special Climate Change Fund grant).

Our responsibility is to audit the Financial Report and to report our findings to the PIFS in accordance with the Terms of References for the audit engagement as noted in the consultancy agreement between PIFS and KPMG. These specify that we should carry out our work in accordance with International Standards on Auditing (issued by the International Federation of Accountants) insofar as these standards can be applied in the specific context of a contractual compliance audit. These standards require us to observe applicable ethical standards in the conduct of our work.

Scope of the audit

The scope of the audit is set out in the Terms of Reference as noted in the Consultancy Agreement between PIFS and KPMG.

The purpose of this project is to undertake an audit of the Pacific Resilience Program for the period 21 October 2015 to 31 December 2016.

Audit methodology

The audit was conducted in conformity with the provisions of the Terms of Reference between PIFS and KPMG. Our procedures included examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements, including an evaluation of the internal controls. Discussions with personnel at the Finance Section were held to obtain an understanding of the accounting system in place to monitor the use and disbursement of funds.

In addition, a review of the system of recording, approving of transactions, issuing of local purchase orders (LPO's), authorisation of purchases and payments, tender procedures and compliance with the Secretariat's financial regulations were performed.

Findings

There were no major issues noted for the period under audit (21 October 2015 to 31 December 2016).

Unqualified Opinion

In our opinion, the procedures and internal controls set up by PIFS provide for adequate financial management of the "Pacific Resilience Program [PREP]", are operating satisfactorily, are in agreement with the legal/contractual basis of the contribution agreement, and provide for a reasonable prevention and detection of errors, irregularities and fraud.

KPMG, a Fiji partnership, is part of the KPMG International network.
KPMG International Cooperative ('KPMG International') is a Swiss entity.
Document classification: KPMG Confidential

Pacific Islands Forum Secretariat

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Unqualified Opinion -continued

KPMG has carried out an audit of the funds used in implementation of the "Pacific Resilience Program [PREP]" for the period 21 October 2015 to 31 December 2016. The auditors have no financial findings in relation to:

1) Scheme funding in the amount of FJD 73,105; and
2) Reported project-related budgetary expenditures in the amount of FJD 98,038;

In our opinion, funds covered by this audit have been used in accordance with the legal/contractual basis of the Scheme.

Distribution and Use

PIFS has requested this report and it is intended solely for the information and use of PIFS.

KPMG

Suva, Fiji
11 April **, 2018**

KPMG
Chartered Accountants

Pacific Islands Forum Secretariat

Pacific Resilience Program [PREP]

Statement of Income and Expenditure

For the period 21 October 2015 to 31 December 2016

	2016 FJD
Income	
Special Client Change Fund Grant	15,000
International Development Association Grant	58,105
Total income	73,105
Expenditure	
Staff Accommodation	2,068
Staff Per Diems	401
Staff Security & Other	234
Printing & Stationery	568
Hospitality & Refreshments	1,820
Bank Charges	132
Consultants – Fees	88,515
Audit Fees	4,300
Total expenditure	98,038
Deficit for the period	**(24,933)**

The statement of income and expenditure should be read in conjunction with the notes to the special purpose financial statements set out on page 9.

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Statement of financial position
As at 31 December 2016

	2016 FJD
Current assets	
Cash at bank	83,255
Total current assets	83,255
Total assets	83,255
Current liabilities	
Owing to Pacific Islands Forum Secretariat	102,390
Accruals	5,798
Total current liabilities	108,188
Total liabilities	108,188
Net liabilities	**(24,933)**
Represented by:	
Amounts owed by donors	**(24,933)**

The above gives a true and fair view of the position of the Project as at 31 December 2016.

Meg Taylor, DBE
Secretary General

The statement of financial position should be read in conjunction with the notes to the special purpose financial statements set out on page 9.

Pacific Islands Forum Secretariat

Pacific Resilience Program [PREP]

Notes to and forming part of the special purpose financial statements

For the period 21 October 2015 to 31 December 2016

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 recognised when incurred.

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 when the last contributions were received.

c) Cash at bank

Cash balances include cash at bank.

d) Continuity of the Project

The project is for the duration of 61 months.