



महालेखापरीक्षकको कार्यालय
Office of the Auditor General



Ref. No.- 2074/75 -372

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बबरमहल, काठमाडौं, नेपाल

Babar Mahal, Kathmandu, Nepal

Date: March 18, 2018

AUDIT REPORT

The Secretary
Ministry of Finance
Singh Durbar, Kathmandu
Report on the Financial Statements

We have audited the accompanying Project Financial Statements of the "Strengthening Regional Cooperation for Wildlife Protection Project" financed by IDA Grant No. H6660-NEP as at 15 July, 2017 (31 Ashadh, 2074) and for the year then ended and a summary of accounting policies and other explanatory notes.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Government of Nepal (GON) accounting policies and relevant practices. This responsibility includes: designing, implementing and maintaining internal control relevant to preparation and fair presentation of project financial statements that are free from material misstatement, whether due to fraud and error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Project Financial Statements based on our audit. Except as mentioned in following paragraph, we conducted our audit in accordance with the INTOSAI (International Organisation of Supreme Audit Institutions) Fundamental Auditing Principles. Those Principles require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Management letter highlighting areas for improving financial management including compliance with financial covenant is attached herewith.

In our opinion, the Project Financial Statements in all material respects, give a true and fair view of the financial position of the "Strengthening Regional Cooperation for Wildlife Protection Project" as at 15 July, 2017 (31 Ashadh, 2074), and of the results of its operations and its cash flows for the year then ended in accordance with GON accounting policies. We also report that funds provided under IDA Grant No. H6660-NEP has been utilized for intended purposes.

In addition, a) adequate supporting documentation has been maintained to support claims to donors for reimbursement of expenditures incurred; and b) expenditures are eligible for financing under the above mentioned Loan and grants.

(Mohadatta Timilsina)
Deputy Auditor General



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बबरमहल, काठमाडौं, नेपाल

Babar Mahal, Kathmandu, Nepal

Date: March 18, 2018

Subject: Management Letter of the Audit of Strengthening Regional Cooperation for Wildlife Project financed under the IDA Grant H6660.

The Secretary,
Ministry of Forest and Soil Conservation,
Singha Durbar, Kathmandu.

I wish to draw your attention towards the enclosed audit findings regarding Strengthening Regional Cooperation of Wildlife Project under your Ministry for the fiscal year 2016/17. These findings have been selected from the Preliminary Audit Report sent to you through our letter earlier date.

I also state that none of the contents for this enclosure will have any material effect on the Audit Report and opinions of this office sent to you on 20 February, 2018 or on the rest of the contents of the Preliminary Audit Report.

Bindu

(Bindu Bista)

Assistant Auditor General

cc: The financial Comptroller General Office,
Anamnagar, Kathmandu.

Project Coordinator,
National Trust for Nature Conservation,
Strengthening Regional Cooperation of Wildlife Project,
Khumaltar, Lalitpur

Strengthening Regional cooperation for Wildlife Protection project
IDA Grant H6660
Fiscal Year 2073/2074 (2016/2017)

The Strengthening Regional Cooperation of Wildlife Protection Project has been designed with the objective to stabilize and if possible, increase the population and habitats of critically endangers animals in south Asia. The higher level objective of this project is to reduce illegal wildlife trade, address other regional threats and to enhance conservation outcomes. The project development objectives is to assist the participating government for built of enhance share capacity, institution, knowledge and incentives to jointly tackle illegal wildlife trade and other selected regional conservation threats. The Project will focus on a selected set of country specific initiatives, as well as key mutually agreed regional activities that are crucial to meet the regional strategic goals. With the total grant financing SDR 2 million equivalents of US\$ 3 million from World Bank's International Development Association (IDA), the project in Nepal consists of three major components which are Capacity building for addressing the illegal trans-boundary wildlife trade, Promotion wildlife conservation in Asia and project coordination and communication.

1. Current Year's Audit observation:

- 1.1 The Project has been started from fiscal year 2011/2012 for the period of five years with the budget SDR 2 million equivalents of US\$ 3 million. Up to this year project has spent Rs 287.13 million out of budgeted amount.
- 1.2 Target & Achievement : According to the progress report project has achieved only 38.12% progress in F/Y 2016/17 project should prepared the overall activity wise progress report so that its target and physical progress could be evaluated during the audit.
2. Follow-up audit observation of previous audit: In course of Audit, action taken by the programme management on the previous year's audit observation was reviewed and the status of the settlement of audit observations given below.

| Brief audit Observation | Settlement status | settlement details |
|---|-------------------|---|
| Last progress in work: Out of total project cost US\$ 3million the project expenses is NPR 257.38 million. The project management has to perform more effectively and efficiently | settled | As per the FMR on the basis of income all the fund is utilized. |

Prinder

3. Financial convenient: The project management is responsible to comply with the financial covenants of the project. The status of the compliance is given below:

| Article | Para No. | Description | Complied | Partly complied |
|---------|----------|--|------------|-----------------|
| III | 3.02 | Financial Management <ul style="list-style-type: none"> • Financial management system is maintained accordance with the provision of the standard condition of the World Bank • Submission of unaudited report furnished to the world bank not later than forty five days of each trimester • Submission of the audited financial statement of the WB not later than six month after the end of such period | Y Y | Y |
| | 4.01 | Procurement <ul style="list-style-type: none"> • All goods and services are procured according to World Bank Procurement guidelines • Particular methods of procurement of goods and services: quality based selection, selection under fixed budget, least cost selection etc. | Y | Y |

Prinder



महालेखापरीक्षकको कार्यालय
Office of the Auditor General

Ref. No. - 2074/75 - 343



AUDIT REPORT

The Secretary
Ministry of Finance
Singh Durbar, Kathmandu

Report on the Financial Statements

We have audited the accompanying Project Financial Statements of the "Strengthening Institutional Capacity of South Asia Wildlife Enforcement Network to Combat Wildlife Crime Project" financed by IDF Grant No.TF 016498 as at 15 July, 2017 (31 Ashadh, 2074) and for the year then ended and a summary of accounting policies and other explanatory notes.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Government of Nepal (GON) accounting policies and relevant practices. This responsibility includes: designing, implementing and maintaining internal control relevant to preparation and fair presentation of project financial statements that are free from material misstatement, whether due to fraud and error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Project Financial Statements based on our audit. Except as mentioned in following paragraph, we conducted our audit in accordance with the INTOSAI (International Organisation of Supreme Audit Institutions) Fundamental Auditing Principles. Those Principles require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Management letter highlighting areas for improving financial management including compliance with financial covenant is attached herewith.


In our opinion, the Project Financial Statements in all material respects, give a true and fair view of the financial position of the "Strengthening Institutional Capacity of South Asia Wildlife Enforcement Network to Combat Wildlife Crime Project" as at 15 July, 2017 (31 Ashadh, 2074), and of the results of its operations and its cash flows for the year then ended in accordance with GON accounting policies. We also report that funds provided under IDF Grant No.TF 016498 has been utilized for intended purposes.

In addition, a) adequate supporting documentation has been maintained to support claims to donors for reimbursement of expenditures incurred; and b) expenditures are eligible for financing under the above mentioned Loan and grants.

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Babar Mahal, Kathmandu, Nepal

Date: March 18, 2018


(Mohadatta Timilsina)
Deputy Auditor General



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बबरमहल, काठमाडौं, नेपाल

Babar Mahal, Kathmandu, Nepal

Date: March 18, 2018

No:- 345/74-75

Subject: Management Letter of the Audit of Strengthening Regional Cooperation for Wildlife Project
financed under the IDF Grant TF016498.

The Secretary,
Ministry of Forest and Soil Conservation,
Singha Durbar, Kathmandu.

I wish to draw your attention towards the enclosed audit findings regarding Strengthening Regional Cooperation of Wildlife Project under your Ministry for the fiscal year 2016/17. These findings have been selected from the Preliminary Audit Report sent to you through our letter earlier date.

I also state that none of the contents for this enclosure will have any material effect on the Audit Report and opinions of this office sent to you on 20 February, 2018 or on the rest of the contents of the Preliminary Audit Report.

Bindu

(Bindu Bista)

Assistant Auditor General

cc: The financial Comptroller General Office,
Anamnagar, Kathmandu.

Project Coordinator,
National Trust for Nature Conservation,
Strengthening Regional Cooperation of Wildlife Project,
Khumaltar, Lalitpur

**Strengthening Institutional Capacity of South Asia Wildlife Enforcement
Network to Combat Wildlife Crime Project
Fiscal Year 2073/2074 (2016/2017)**

IDF Grant No. TF 016498

Strengthening Institutional Capacity of south Asia Wildlife Enforcement Network to combat Wildlife Crime Project is financed by Institutional Development Fund (IDF) and project is a regional Inter Government body to combat wildlife crime in the region by strengthening wildlife law enforcement of combat wildlife crime through communication, coordination, collaboration, capacity building and cooperation. The Project has been started from fiscal year 2015/2016. The project consists the financial arrangement for two major category Goods and consultant Services which are follows.

| S.N | Category | Total grant allocated in USD | Expenditure as on 15 July 2017 in US\$ | achievement in % |
|-----|----------------------|------------------------------|--|------------------|
| 1 | Goods | 14,000 | 7,014.84 | 50.10 |
| 2 | Consultants Services | 386,000 | 179,642.57 | 46.53 |
| | Total | 4,00,000 | 186,657.41 | 46.66 |

1. Current Year's Audit observation:
 - 1.1 The Project has been started from fiscal year 2015/2016 for the period of three year with the budget of US\$.4 million. Up to this year project has spent Rs. 19.10 million out of budgeted amount.
 - 1.2 The project has achieved 62% progress in F/Y 2016/17. Project has made agreement with four consultants for various consulting services. But these consultants have not submitted their final report to the project during the time of audit.
2. Follow -up audit observation of previous audit: In course of Audit, action taken by the programme management on the previous year's audit observation was reviewed and the status of the settlement of audit observations are given below.

| Brief audit Observation | Settlement status | settlement details |
|---|-------------------|---|
| Last progress in work: The project has expensed Rs. 0.45 million which is 2.22 percent out of total budget of 20.3 million during the Fiscal year | partly settled | Total budget of .4 million US\$ as on 15 July 2017 total achievement is 46.66 % only management has to perform more effectively and efficiently |

Brandy

1. Financial convenient: The project management is responsible to comply with the financial covenants of the project. The status of the compliance is given below:

| Article | Para No. | Description | complied | Partly complied |
|---------|----------|--|----------|-----------------|
| III | 3.02 | Financial Management <ul style="list-style-type: none"> Financial management system is maintained accordance with the provision of the standard condition of the World Bank Submission of unaudited report furnished to the world bank not later than forty five days of each trimester Submission of the audited financial statement of the WB not later than six month after the end of such period | Y | |
| | 4.01 | Procurement <ul style="list-style-type: none"> All goods and services are procured acceding to World Bank Procurement guidelines Particular methods of procurement of goods and services: quality based selection, selection under fixed budget, least cost selection etc. | Y | |

Bindu


Government of Nepal
Ministry of forest and Soil Conservation
National Trust for Nature Conservation
Strengthening Regional cooperation for Wildlife Protection Project
Project No. IDA Grant H 6660 Nepal
Audited Projects Accounts
Summary of Sources and Uses of funds
Period cover 15 July 2016 to 15 July 2017 (1st Sharwan 2073 to 31 Asahd 2074)
Fiscal Year 2016-2017


Amount in NPR


| Description | Notes to Account | Cumulative upto Last FY 2015/2016 | This Year | Cumulative Date |
|--|------------------|--------------------------------------|-----------------|-----------------|
| Budget allocation | | 529,680,000.00 | 78,050,000.00 | 607,730,000.00 |
| A. Opening Cash/ Bank Balance | | - | - | - |
| 1 Cash Balance of Previous Trimester | | - | - | - |
| B. Sources of funds | | | | |
| I NTNC Reimbursable Fund | | 15,519,001.92 | (15,519,001.92) | - |
| II IDA Fund (Transfer + Direct Payment) | | 54,393,136.90 | (54,393,136.90) | - |
| III IDA Fund | | 187,473,972.50 | 99,664,786.83 | 287,138,759.33 |
| C. Total Available fund (A+B) | | 257,386,111.32 | 29,752,648.01 | 287,138,759.33 |
| D. Uses of funds by Category | | | | |
| I Goods, works, Services, Training/and Operating costs | | 68,824,286.21 | 23,818,537.82 | 92,642,824.03 |
| II Goods, Works Services, Training/ Workshop and operating costs | | 170,604,654.52 | 3,858,344.05 | 174,462,998.57 |
| III NTNC Coordination costs | | 17,957,170.59 | 2,075,766.14 | 20,032,936.73 |
| D. Total Use of Funds | | 257,386,111.32 | 29,752,648.01 | 287,138,759.33 |
| E. Freezed Amount | | | | |
| F. Total (D+E) | | 257,386,111.32 | 29,752,648.01 | 287,138,759.33 |
| G. Closing Cash Balance (C-F) | | | | |


| S.N | Description | Notes to Account | Cumulative upto Last FY 2015/2016 | This Year | Cumulative Date |
|-----|---|------------------|--------------------------------------|---------------|-----------------|
| 1 | Opening Cash Balance | | | 2,423,211.92 | |
| 2 | Add:- Fund Received from IDA | | 244,290,321.32 | 42,848,438.01 | 287,138,759.33 |
| 3 | Total Cash Available (1+2) | | 244,290,321.32 | 45,271,649.93 | 287,138,759.33 |
| 4 | Less Transfer to NTNC from Designated Account | | 18,722,519.50 | 23,648,147.46 | 42,370,666.96 |
| 5 | Less Direct Payment from Designated Account | | 223,144,589.90 | 21,623,502.47 | 244,768,092.37 |
| 6 | Closing balance (3-4-5) | | 2,423,211.92 | - | - |


Note


Dr. Suddhartha B. Bajracharya
Executive Director
NTNC-PCU


Man Bahadur Khadka
Director General
DNPWC


Dr. Yubak Dhooj G.C.
Secretary
MOFSC


Bishnu Prasad Nepal
For Financial Comptroller General
ACGO, GoN


Mohadatta Timilsina
Deputy Auditor General
Office of the Auditor General