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Government of Nepal
Ministry of Forests and Soil Conservation
REDD Implementation Centre

Babarmahal, Kathmandu
Government of Nepal
Ministry of Forests and Soil Conservation
REDD Implementation Centre
Babarmahal, Kathmandu

ef. No.: 266/74-75

Phone: 4239126
4215261

16 APR 2018
Ref no: 1031

Date : 16 april, 2018

The World Bank Country Office

Hotel Yak and Yeti, Kathmandu

Sub: Submission of audited Report of REDD IC for FY 2016/17 (2073/74)

Dear sir/madam,

Please find attached an original copy of the audited Report of REDD Implementation Centre under Forest Investment Plan (IDA Grant-TF 0A4496 NEP) and Readiness Fund of FCPF (IDA Grant-TF 0A4169 NEP) herewith.

Thank you for your cooperation.

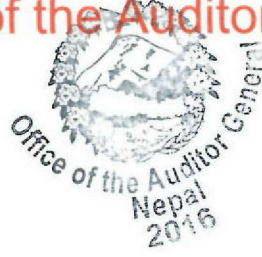
Regards,

Sindhu Prasad Dhungana, PhD

Joint Secretary and Chief



महालेखापरीक्षकको कार्यालय
Office of the Auditor General



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बबरमहल, काठमाडौं नेपाल

Babar Mahal, Kathmandu, Nepal

Date: April 12, 2018

Ref. No. – 2074/75-371

INDEPENDENT AUDITOR'S REPORT

*The Secretary
Ministry of Finance
Singh Durbar, Kathmandu*

Report on the Financial Statements

We have audited the accompanying Project Financial Statements including Designated Account (and Statements of Expenditures SOEs) of the "Readiness Plan Readiness fund of the FCPF" financed under the IDA Grant TF 0A4169 NEP and "Forest Investment Plan" financed under the IDA Grant TFO A 4496 NEP as at 15 July 2017 (31 Ashad, 2074) and for the year then ended and a summary of accounting policies and other explanatory notes.

Management's Responsibility for Financial Statements

The 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. 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 from 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 misstatements 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 covenants is attached herewith.

In our opinion, the Project Financial Statements including Designated Account, in all material respects, give a true and fair view of the financial position of the "Readiness Plan Readiness fund of the FCPF" Financed under the IDA Grant TF 0A4169 NEP and "Forest Investment Plan" financed under the IDA Grant TFA4496NEP as at 15 July 2017 (31 Ashad, 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 TF 0A4169 NEP and IDA Grant TF 0A4496 have been utilized for intended purposes.

In addition with respect to SOEs, a) no disbursement has been made till to date b) expenditures are eligible for financing under the above mentioned Grants.


(Mohadatta Timilsina)
Deputy Auditor General



Government of Nepal
Ministry of Forests and Environment

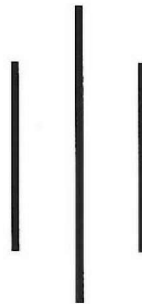
Forest Investment Plan

(IDA Grant-TF 0A4496 NEP)

and

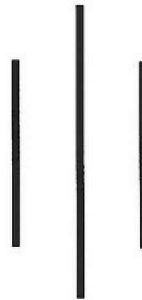
Readiness Plan Readiness Fund of the FCPF

(IDA Grant-TF 0A4169 NEP)



Audited Project Account

FY 2016/17 (2073/74)



Government of Nepal
Ministry of Forests and Environment


REDD Implementation Center

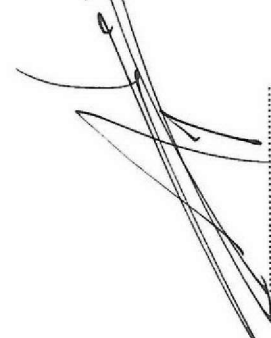
Babarmahal, Kathmandu




Ministry of Forest and Environment
REDD Implementation Centre
 IDA Grant TF 0A 4169 NFP (REDD Readiness Preparation Programme)
Audited Project Account
 FY 2016-17 (FY 2073-74)

Resources	Note	As on 16 July 2016	FY 2016-17	As on 15 July 2017	Applications	Note	As on 16 July 2016	FY 2016-17	As on 15 July 2017	Amount in NPR
GoN Fund	B		4,988,089.41	4,988,089.41	Category I : Goods, Services, Incremental Operating Costs, Training & Workshops	A		13,201,012.76	13,201,012.76	
GoN Reimbursable Fund	D		8,212,923.35	8,212,923.35						
IDA Grant	D		13,201,012.76	13,201,012.76						
Replenishment Receivable	D		41,292,000.00	41,292,000.00						
Total			13,201,012.76	13,201,012.76	Total					
Designated Account:										
Initial Deposit	D		41,292,000.00	41,292,000.00	Designated Account Balance	D				
Exchange Loss/Gain	D		(144,901.04)	(144,901.04)	Special Account Replenishable	D				
Grand Total			41,147,098.96	41,147,098.96						


 Nawaraj Pandit
 Account Officer
 REDD Implementation Centre


 Sindhu Prasad Dhangana, PhD
 Chief/Joint Secretary
 REDD Implementation Centre


 Bisnu Prasad Gyawali
 Under Secretary (Account)
 MoFSC


 Yubak Dhoj G.C., PhD
 Secretary
 MoFSC


 Ram Kumar Acharya
 Financial Comptroller General
 FCGO


 Mohadatta Timilsina
 Deputy Auditor General
 Office of the Auditor General

REDD Implementation Centre
IDA Grant TF 0A 4169 NEP (REDD Readiness Preparation Programme)



Note A

Note to the Accounts

Accounting Policy

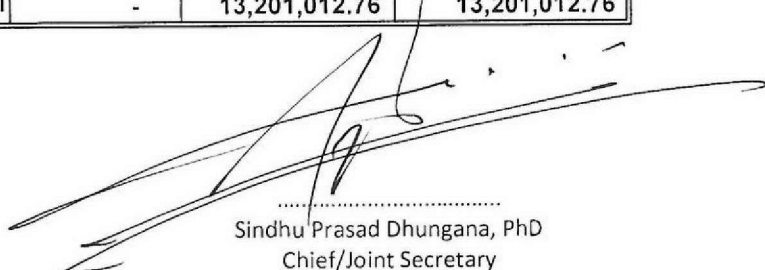
The project has maintained the accounts as per GON accounting system i.e. on cash basis. As per the GON accounting system, all disbursement including advances are treated as expenditures. The project account has been compiled from GON accounting records.

Amount in NPR

Category	Line Item	Budget Item	As on 16 July 2016	FY 2016-17	As on 15 July 2017
	Recurrent Expenditure				
	21111	Salary		3,086,676.10	3,086,676.10
		Deareness Allowance		73,343.50	73,343.50
	21119	Other Allowance		71,000.00	71,000.00
	21121	Clothing		45,000.00	45,000.00
	22111	Water and Electricity		111,900.00	111,900.00
	22112	Communication		49,365.00	49,365.00
	22211	Fuel and Oil - Vehicles		162,194.37	162,194.37
	22212	Operation and Maintenance		140,733.00	140,733.00
	22213	Insurance		-	-
	22311	General Office Expenses		600,000.00	600,000.00
	22314	Fuel -Other Purpose		-	-
1	22411	Consultancy and Service Expenses		5,886,498.98	5,886,498.98
	22412	Other Service fee		803,257.81	
	22512	Training Program		159,810.00	
	22522	Program Expenses		570,205.00	
	22611	Monitoring & Evaluation Expenses		224,697.00	
	22612	Travel Expenses		188,532.00	
	22711	Miscellaneous		199,800.00	
		Sub total recurrent expenditure		12,373,012.76	12,373,012.76
	Capital Expenditure				
	29311	Furniture and Fixtures		-	-
	29411	Vehicles		828,000.00	828,000.00
	29511	Plant & Machinery		-	-
		Sub total capital expenditure		828,000.00	828,000.00
		Total		13,201,012.76	13,201,012.76



 Nawafaj Pandit
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 Sindhu Prasad Dhungana, PhD
 Chief/Joint Secretary
 REDD Implementation Centre

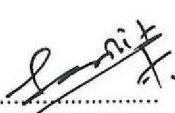
REDD Implementation Centre
IDA Grant TF 0A 4169 NEP (REDD Readiness Preparation Programme)



Note B

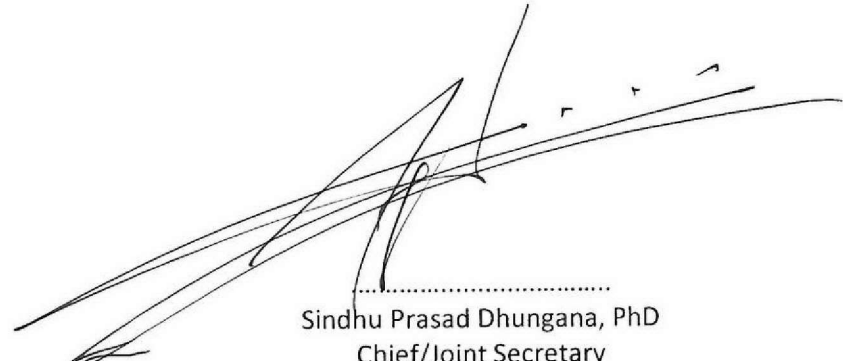
Amount in NPR

Particulars	As on 16 July 2016	FY 2016-17	As on 15 July 2017
<u>Budget Release</u>			
i) GON Fund Released		4,988,089.41	4,988,089.41
ii) Designated Account Disbursement		8,212,923.35	8,212,923.35
Total		13,201,012.76	13,201,012.76
<u>Less:</u>			
i) Unspent balance		-	-
ii) Replenishment received		-	-
Total		-	-
GON Expenditure		4,988,089.41	4,988,089.41
Designated Replenishable		8,212,923.35	8,212,923.35
Sub Total		13,201,012.76	13,201,012.76



 Nawaraj Pandit
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REDD Implementation Centre



 Sindhu Prasad Dhungana, PhD
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REDD Implementation Centre

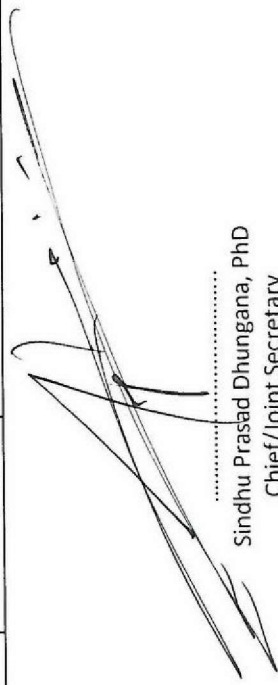
IDA Grant TF 0A 4169 NEP (REDD Readiness Preparation Programme)
 FY.2016/17 (2073/74)



S.N	Disbursement Type	As on July 16, 2016		FY 2016-17		As on July 15, 2017	
		USD	NPR	USD	NPR	USD	NPR
A. Documented							
Total		-	-	-	-	-	-
B . Advance							
Grand Total		-	-	400,000.00	41,292,000.00	400,000.00	41,292,000.00



 Nawarej Pandit
 Account Officer
 REDD Implementation Centre



 Sindhu Prasad Dhungana, PhD
 Chief/Joint Secretary
 REDD Implementation Centre

REDD Implementation Centre

IDA Grant TF 0A 4169 NEP (REDD Readiness Preparation)


Memorandum of Designated Account

Account # 1204662-001-005-840

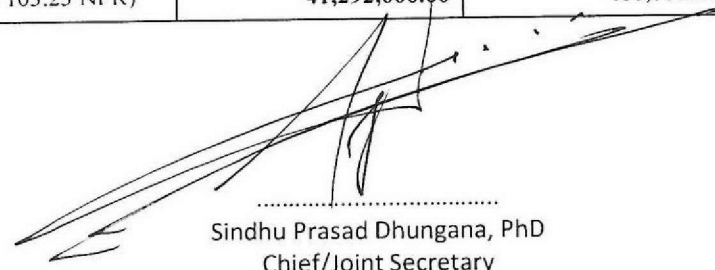
FY: 2016-17 (FY 2073-74)



Particulars	Amount in NRs	Equivalent in US\$
A Balance of Designated A/C as of July 15,, 2017 as per Bank Statement	33,009,940.23	320,921.06
Less: Unpaid Bank Cheque (Bank Order #13 Date July 14, 2017) paid on July 16, 2017 (Exchange rate 1 USD = NPR 102.86)	75,764.62	736.58
	32,934,175.61	320,184.48
B Outstanding replenishment of FY 2015-16	-	-
Direct Payment	-	-
Transfer from Designated account		
Total	0.00	0.00
C Disbursement during FY 2016-17:		
Direct Payment	8,212,923.35	79,815.52
Transfer from Designated account		
Total	8,212,923.35	79,815.52
D Replenishment During FY 2016-17:	-	-
Direct Payment		
Transfer from Designated account	-	-
Total		
E Outstanding Replenishment as on July 15, 2017 (B+C-D)	-	-
Direct Payment	8,212,923.35	79,815.52
Transfer from Designated account		
Total	8,212,923.35	79,815.52
F Exchange Gain/Loss (F-H)	(144,901.04)	-
G Initial Advance to DA A/C # 005-840 (Exchange Rate: 1 USD= 103.23 NPR)	41,292,000.00	400,000.00


Nawaraj Pandit
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Sindhu Prasad Dhungana, PhD
Chief/Joint Secretary
REDD Implementation Centre

Ministry of Forest and Environment
 REDD Implementation Centre
 IDA Grant TF 0A 4169 NEP (REDD Readiness Preparation Programme)
 Annual Financial Statement
 F.Y 2016-167(FY 2073-74)



Amount in NRS

Item No.	Budget Item	Budget Allocation		Budget Released		Expenditure		Remarks
		GON	IDA Grant D.P	GON	IDA Grant D.P	GON	IDA Grant D.P	
21111	Salary	3,821,000.00	-	3,086,676.10	-	3,086,676.10	-	3,086,676.10
21110	Dearness Allowance	108,000.00	-	73,343.50	-	73,343.50	-	73,343.50
21119	Other Allowance	400,000.00	400,000.00	-	71,000.00	-	71,000.00	71,000.00
21121	Clothing	68,000.00	-	45,000.00	-	45,000.00	-	45,000.00
22111	Water and Electricity	120,000.00	120,000.00	111,900.00	-	111,900.00	-	111,900.00
22112	Communication	120,000.00	-	49,365.00	-	49,365.00	-	49,365.00
22211	Fuel and Oil - Vehicles	444,000.00	444,000.00	-	162,194.37	-	162,194.37	162,194.37
22212	Operation and Maintenance	400,000.00	400,000.00	-	140,733.00	-	140,733.00	140,733.00
22213	Insurance	40,000.00	-	-	-	-	-	-
22311	General Office Expenses	600,000.00	600,000.00	-	600,000.00	-	600,000.00	600,000.00
22314	Fuel - Other Purpose	30,000.00	-	-	-	-	-	-
22411	Consultancy and Service Expenses	109,734,000.00	109,734,000.00	5,886,498.98	5,886,498.98	5,886,498.98	5,886,498.98	5,886,498.98
22412	Other Service fee	920,000.00	-	803,257.81	-	803,257.81	-	803,257.81
22512	Skill Development & Awareness T	600,000.00	300,000.00	159,810.00	-	159,810.00	-	159,810.00
22522	Program Expenses	1,550,000.00	1,400,000.00	470,205.00	100,000.00	570,205.00	100,000.00	570,205.00
22611	Monitoring & Evaluation Expenses	400,000.00	400,000.00	-	224,697.00	224,697.00	224,697.00	224,697.00
22612	Travel Expenses	750,000.00	2,000,000.00	188,532.00	-	188,532.00	-	188,532.00
22711	Miscellaneous	-	200,000.00	-	199,800.00	199,800.00	199,800.00	199,800.00
	Sub Total	8,127,000.00	115,878,000.00	4,988,089.41	7,384,923.35	12,373,012.76	4,988,089.41	6,098,181.78
	Budget head 329123 4-Capital Expenditure							
29311	Furniture and Fixtures	-	-	-	-	-	-	-
29511	Machinery and Other Equipment*	400,000.00	400,000.00	-	-	-	-	-
29411	Vehicles	-	900,000.00	828,000.00	828,000.00	828,000.00	828,000.00	828,000.00
	Sub Total	-	1,300,000.00	-	828,000.00	828,000.00	828,000.00	828,000.00
	Grand Total	8,127,000.00	117,178,000.00	4,988,089.41	8,212,923.35	13,201,012.76	4,988,089.41	6,926,181.78

Nawaraj Pandit
 Account Officer
 REDD Implementation Centre

Sindhu Prasad Dhungana, PhD
 Chief/Joint Secretary
 REDD Implementation Centre

Government of Nepal
 Ministry of Forest and Environment
REDD Implementation Centre
 IDA Grant TF 0A 4169 NEP (REDD Readiness Preparation Program)
Statement of Expenditure SoE
 FY.2016/17(2073-74)



WA No	WB Transaction		Category -1: Goods ,Counslutancy Services, Training, Other Expenses		Total		Remarks
	No	Value Date	NPR	USD	NPR	USD	
Up to FY 2015-16							
FY 2016-17							
No Disbursement under SOE Procedure during the reporting period							
Sub total 2016-17							
Grand total as on 15 July 20167							

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 Nawaraj Pandit
 Account Officer
 REDD Implementation Centre

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 Sindhu Prasad Dhungana, PhD
 Chief/Joint Secretary
 REDD Implementation Centre

Banking Office, Thapathali
(Account Statement)



Account Code : 1204662
 Account Name : REDD IMPLIMENTATION CENTRE
 A/c No : 1204662/001.005.840
 A/c Name : KHA 5 SPECIAL GRANT A/C TFOA 4169
 Currency : USD

Date	Value Date	Ref./Chq.	Description	Dr/Cr	Amount			Balance
					FC	NPR	Exch. Rate	
5/19/2017		6IRMT/110	TRANSFER ACCOUNT TO ACCOUNT	CR	400,000.00	41,292,000.00	103.23	400,000.00
5/24/2017	5/24/2017	/073/74	TRANSFER ACCOUNT TO ACCOUNT	DR	-19,612.47	-2,023,614.65	103.18	380,387.53
6/4/2017	6/4/2017		TRANSFER ACCOUNT TO ACCOUNT EVEREST	DR	-3,888.34	-399,994.00	102.87	376,499.19
6/4/2017	6/4/2017		TRANSFER ACCOUNT TO ACCOUNT RASTRIY	DR	-686.63	-70,634.00	102.87	375,812.56
6/4/2017	6/4/2017		TRANSFER ACCOUNT TO ACCOUNT NMB BAN	DR	-422.79	-43,492.00	102.87	375,389.77
6/4/2017	6/4/2017		TRANSFER ACCOUNT TO ACCOUNT RASTRIY	DR	-65.92	-6,781.00	102.87	375,323.85
6/6/2017	6/6/2017		TRANSFER ACCOUNT TO ACCOUNT NEPAL B	DR	-2,436.41	-250,000.00	102.61	372,887.44
6/7/2017	6/7/2017		TRANSFER ACCOUNT TO ACCOUNT RASTRIY	DR	-26.06	-2,678.00	102.78	372,861.38
6/7/2017	6/7/2017		TRANSFER ACCOUNT TO ACCOUNT NABIL B	DR	-1,936.44	-199,027.00	102.78	370,924.94
6/12/2017	6/12/2017		TRANSFER ACCOUNT TO ACCOUNT	DR	-14,484.71	-1,484,537.93	102.49	356,440.23
7/3/2017	7/3/2017		TRANSFER ACCOUNT TO ACCOUNT	DR	-7,420.57	-764,541.33	103.03	349,019.66
7/10/2017	7/10/2017		TRANSFER ACCOUNT TO ACCOUNT EVEREST	DR	-2,426.24	-250,000.00	103.04	346,593.42
7/12/2017	7/12/2017		TRANSFER ACCOUNT TO ACCOUNT	DR	-10,124.81	-1,043,260.42	103.04	336,468.61
7/14/2017	7/14/2017		TRANSFER ACCOUNT TO ACCOUNT ORMT	DR	-15,547.55	-1,598,599.09	102.82	320,921.06
7/16/2017	7/16/2017		TRANSFER ACCOUNT TO ACCOUNT	DR	-736.58	-75,764.62	102.86	320,184.48

*This statement is for viewing purpose only and can not be claimed as authenticated statement.