



REPORT NO : FIN -2013-35

27 AUGUST 2013

Auditor General's Report

**WETLAND CONSERVATION AND CORAL REEF MONITORING
FOR ADAPTATION TO CLIMATE CHANGE PROJECT**

MINISTRY OF ENVIRONMENT AND ENERGY

FINANCIAL YEAR 2012



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AUDITOR GENERAL'S OFFICE

Malé, Republic of Maldives

AUDITOR GENERAL'S REPORT TO THE MINISTRY OF ENVIRONMENT AND ENERGY ON THE WETLAND CONSERVATION AND CORAL REEF MONITORING FOR ADAPTATION TO CLIMATE CHANGE PROJECT

We have audited the accompanying financial statements including the statement of financial position as at 31 December 2012, the statement of receipts and disbursements for the year then ended, and notes to the financial statements, as set out on pages 8 to 11 of the Wetland Conservation and Coral Reef Monitoring For Adaptation to Climate Change Project financed under World Bank/International Development Association Grant No TF011853 as of April 25th, 2012 for the year then ended.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' judgement, 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 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 unqualified audit opinion.


Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

In addition, we can provide assurance that:

- (a) The funds provided under the Grant have been utilized for the purposes for which they were provided;
- (b) The financial statements of the Special Account give a true and fair view of the financial position of the Special Account of Wetland Conservation And Coral Reef Monitoring For Adaptation To Climate Change Project for the year then ended in accordance with International Financial Reporting Standards
- (c) The Financial Monitoring Reports submitted could be fairly relied upon to support the applications for withdrawals in accordance with the requirement specified in the Grant Agreement; and adequate supporting documentation has been maintained to support claims to the IDA, for reimbursement of expenditures incurred and which expenditures are eligible for financing under the Grant Agreement.

27th August 2013



Niyaz Ibrahim
Auditor General





WETLAND CONSERVATION AND CORAL REEF MONITORING FOR ADAPTATION TO CLIMATE CHANGE PROJECT

FINANCIAL STATEMENT 2012

MINISTRY OF ENVIRONMENT AND ENERGY

MINISTRY OF ENVIRONMENT AND ENERGY

**WETLAND CONSERVATION AND CORAL REEF MONITORING
FOR ADAPTATION TO CLIMATE CHANGE PROJECT**

STATEMENT OF RECEIPTS AND DISBURSEMENTS
For the period ended 31 December 2012

	Note	2012 USD
Grant Receipts		
Funds received- IDA	3	734,975
 <u>Less: Disbursements</u>		
Community-based wetland management		-
Coral Reef Monitoring		-
Project Management	4	(73,618)
 Surplus / (Deficit) for the period		661,357

The accounting policies and notes on pages 08 through 11 form an integral part of the financial statements.

27th August 2013

Male'



MINISTRY OF ENVIRONMENT AND ENERGY
WETLAND CONSERVATION AND CORAL REEF MONITORING
FOR ADAPTATION TO CLIMATE CHANGE PROJECT
STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Note	As at 31/12/2012 USD
ASSETS		
Non-Current Assets		
Office Equipment		-
Current Assets		
Cash and Cash Equivalents	5	672,230
Total Assets		672,230
Equity and Liabilities		
Accumulated Fund		661,357
Payables	6	10,873
		672,230
Total equity and liabilities		672,230

Management of the Project is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Project:

Name of officer

Signature

1. Hussain Shihab
 Financial Management officer

Hussain Shihab

The accounting policies and notes on pages 08 through 11 form an integral part of the financial statements.

27th August 2013

Male'



MINISTRY OF ENVIRONMENT AND ENERGY
WETLAND CONSERVATION AND CORAL REEF MONITORING
FOR ADAPTATION TO CLIMATE CHANGE PROJECT
STATEMENT OF CASH FLOWS

Period Ended 31st December 2012

	2012
	USD
Operating cash flows	
Funds received- IDA	734,975
Less: Payments	
Community-based wetland management	-
Coral Reef Monitoring	-
Project Management	(62,745)
Investment in Non-current Assets	-
	(62,745)
Cash and Cash Equivalents as at 25 th April	-
Cash and Cash Equivalents as at 31st December	672,230

The accounting policies and notes on pages 08 through 11 form an integral part of the financial statements.

27th August 2013

Male'



MINISTRY OF ENVIRONMENT AND ENERGY
WETLAND CONSERVATION AND CORAL REEF MONITORING
FOR ADAPTATION TO CLIMATE CHANGE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
Period Ended 31 December 2012

1. PROJECT INFORMATION

The objectives of the Wetland Conservation and Coral Reef Monitoring for Adaptation to Climate Change Project are:

- i) To strengthen the institutional capacity of MHE, the Utility and local council, for planning and demonstration of community based wetland and water resources management; and
- ii) To implement a coral reefs monitoring system, in the Project Areas.

The International Development Association (the "World Bank"), acting as administrator of grant funds provided under the Maldives Climate Change Multi-Donor Trust Fund, proposes to extend to the Recipient, a grant in an amount equivalent to three million eight hundred thirty thousand United States Dollars (U.S\$3,830,000) on the terms and conditions set forth or referred in the finance agreement.

The project consists of the following parts

- PART A: Wetland Conservation (GN.Fuvahmulah, S.Hithadhoo & AA.Ukulhas)
- PART B: Coral Reef Monitoring (Kaafu)
- PART C: Project Management.

Part A. Wetland Conservation (Gnaviyani Fuvahmulah Island, Hithadhoo Island in Addu City and Alif Alif Ukulhas Island)

1. Community-based Wetland Management: Provision of technical support for
 - a. The development and implementation of community-based wetland management plans;
 - b. The establishment of pilot eco-tourism facilities at selected wetland sites in Hithadhoo and Fuvahmulah islands; and
 - c. The documentation of best practices in community-based wetland management.
2. Drainage Management and Rain Water Harvesting: Provision of technical and demonstrative implementation support:
 - a. To carry out a geo-hydrological assessment of selected islands for identifying measures to improve drainage and reduce flood incidence, and demonstrative investments on drainage management; and
 - b. To develop innovative models for water harvesting and demonstrative implementation of innovative water harvesting technologies



3. Mainstreaming climate change considerations: provide technical assistance, including training and training of trainers programs, to build the capacity of government officials, particularly local councillors, to equip them with the necessary skills to integrate climate change adaptation considerations into island ecosystem planning and management functions.

Part B. Coral Reef Monitoring (Kaafu Atoll)

1. Training and Capacity Building: provision of training to tourist resort staff
 - a. To undertake field data collection and to use the Coral Reef Monitoring Framework for data entry, analysis and decision making;
 - b. To strengthen the capacity of government bodies in specialized areas relevant to coral reef monitoring.
2. Monitoring of Coral Reefs: undertake field and remote sensing data collection using the coral reef monitoring protocols, including the Coral Reef Monitoring Framework and Bleaching Risk Assessment Tool.
3. Web-enables Coral Reef Monitoring Framework: support the development of a web-enabled system for the Coral Reef Monitoring Framework that is integrated with the national geographic information system (NGIS).
4. Dissemination and Policy Inputs: facilitate the extension, mainstreaming and sustainable use of the Coral Reef Monitoring Framework through wider dissemination of best practices in participatory coral reef monitoring and inputs to strengthen relevant policies and decisions.

Part C. Project Management:

Provision of support to carry out the various management functions entailed in implementing the Project, including Project monitoring and progress reporting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with the International Financial Reporting Standards (IFRS). No adjustments are made inflationary factors affecting these accounts.

2.2 Cash and cash equivalents

Cash flow statement is prepared based on indirect method. For the purpose of cash flow statement, cash and cash equivalents consist of cash and cash equivalents defined above.

2.3 Revenue recognition



Revenue is accounted for on a cash basis. Revenue is recognised to the extent of amount drawn by the WCCM project from the disbursement approved and any contributions made by the WCCM project, on a cash basis.

2.4 Expenditure recognition

Expenses are accounted for on a cash basis. Expenses are recognised in the income and expenditure statement on the basis of a direct association between the cost incurred and the specific project activity.

	As at 31/12/2012 USD
3. Disbursements	
World Bank	734,975
	734,975
4. Project Management	
Coral Component Coordinator	10,545
Environment and Social SGO	1,736
Financial Audit (1 External Audit)	-
Financial Audit (2 Internal Audit)	-
Financial Management Assistant	-
Financial Management Officer	1,507
Multimedia Equipment to EPA	32,540
Operating Expenses of EPA	617
Operating expenses of MRC	-
Operating expenses of PMU	13,056
Procurement Assistant	2,932
Procurement Officer	1,507
Project Manager	1,507
Resort Liason Officer at MRC	2,108
Wetlands Conservation Coordinator	4,260
Wetlands Conservation Officers	1,304
	73,618
5. Cash and Cash Equivalents	
Cash at Bank	672,230
Cash in Hand	-
	672,230

6. Payables

Financial Management Officer

503



Procurement Officer*	503
Project Manager*	503
Resort Liason Officer at MRC	459
Environment and Social SGO	579
Wetlands Conservation Coord	1,421
Coral Component Cordinator(Incl.	3,518
Procurement Assistant	1,467
Wetlands Conservation Officers	652
Wetlands Conservation Officers	652
Operating Expenses of EPA	617
	<u>10,874</u>

7. Audit Fee

The audit was conducted by the Auditor General's Office and no fee was charged for the audit.

8. Events occurring after the balance sheet date

There have been no material events occurring after the balance sheet date that require adjustment to or disclosure in the financial statements.

