



**NATIONAL AUDIT OFFICE**  
**BUREAU DU CONTRÔLEUR GÉNÉRAL**  
**DES COMPTES DE VANUATU**



3 August 2017

Mr Jesse Benjamin  
Director General  
Ministry of Climate Change Adaptation, Meteorology, Geo Hazards, Energy, Environment & National  
Disaster Office  
PMB 9054  
Port Vila

Dear Jesse

**FINAL AUDITED FINANCIAL STATEMENTS OF THE MAINSTREAMING DISASTER RISK REDUCTION (MDRR) AND INCREASING RESILIENCE TO CLIMATE CHANGE NATURAL HAZARDS PROJECT (IRCCNH) FOR THE YEAR ENDED 31 DECEMBER 2016.**

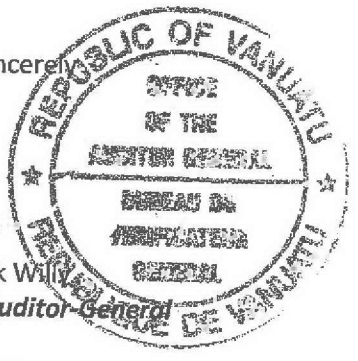
The audit for the Mainstreaming Disaster Risk Reduction (MDRR) and Increasing Resilience to Climate Change Natural Hazards Project (IRCCNH) has now been completed by Barrett & Partners. Please find attached a copy of the audited financial statements for the project and management letter.

Our Office wish to thank Barrett & Partners and the staff of VMGD who conducted and participated in the audit.

If you have any queries or concerns please let me know.

Yours sincerely,

Elsie Dick Willis  
*Acting Auditor General*



Cc: Hon. Ham Lini Vanuaroroa, Minister of Climate Change Adaptation  
David Gibson, Director, Climate Change  
Brian Phillips, Project Coordinator, Project Management Unit  
Franz Drees- Gross, World Bank, Sydney Australia



**Barrett & Partners**

*Chartered Accountants & Business Advisers*

**AUDIT OF THE FINANCIAL STATEMENTS FOR THE  
MAINSTREAMING DISASTER RISK REDUCTION PROJECT  
(PHRD GRANTS No. TF012184)**

**For the year ended 31<sup>st</sup> December 2016**

**PO Box 240  
1<sup>st</sup> Floor, B&P House  
Kumul Highway  
Port Vila, Vanuatu**

**Tel: (+678) 22280  
Fax: (+678) 22317**

**Email: [service@bap.com.vu](mailto:service@bap.com.vu)  
Web: [www.bap-international.com](http://www.bap-international.com)**

**CONTENTS**

**EXECUTIVE SUMMARY.....3-4**

**BACKGROUND.....5**

**AUDIT OBJECTIVE.....5**

**SCOPE OF SERVICES.....6**

**GENERAL MATTERS.....7**

**AUDIT OPINIONS.....8-9**

**FINANCIAL STATEMENTS.....10**

**MANAGEMENT REPORT .....11**

**PRIOR YEAR PERIOD AUDIT FOLLOW UP .....11**

## EXECUTIVE SUMMARY

Barrett and Partners has been engaged by the Office of the Auditor General to carry out an audit of the Mainstream Disaster Risk Reduction project, funded by the World Bank for the Government of Vanuatu. These funds are administered by the Meteorological and Geo-hazard Department.

The financing agreement was approved on 1<sup>st</sup> October 2012 for an equivalent amount of USD2,728,000 for withdrawals up to 30<sup>th</sup> April 2017, as extended to strengthen urban planning and tsunami preparedness in the main urban areas. The project consists of five major components described below.

The period audited is the year ended 31<sup>st</sup> December 2016. This will be followed by another fiscal audit.

The summary grant income and expenditure for the audit period is described below;

		Actual
		VUV
	<b>RECEIPTS</b>	
	Grant assistance – PHRD ( TF 012184 )	138,342,268
	<b>TOTAL RECEIPTS</b>	138,342,268
	<b>PAYMENTS</b>	
1	Risk Mapping to Support Urban Preparedness and Planning	52,713,374
2	Tsunami Warning System for Urban Areas	69,259,939
3	Integration of Disaster Risk Reduction and Climate Change Adaption	970,787
4	Project management, monitoring & Evaluation	10,697,612
5	Project Management	1,370,727
	<b>TOTAL PAYMENTS</b>	135,012,439

The objective of the audit is to enable us to express our opinion on the accuracy, validity and completeness of the following;

- i) Statements of Expenditure,
- ii) Designated Account,
- iii) Financial statements, and
- iv) Compliance with the financing agreement and Vanuatu legislation

We achieved the audit objectives by using the World Bank Guidelines for the Annual Reporting and Auditing, Disbursement Manual and Procurement Policies and procedures. The audit of the receipts and payment expenditure of VUV138,342,268 and VUV135,012,439 respectively which entailed the following:

- Sample tested 100% and 43% value of financing receipts and payment expenditure respectively in relation to accuracy and compliance ( including LPOs , imprest , journals and consultancy fees );
- Reviewed the content, consistency and compliance of financial statements and supporting notes;
- Reviewed the balance and procedures for the Designated Account;
- Compliance with Finance Agreement and Vanuatu Financial Regulations;
- Compliance with International Public Sector Accounting Standards (IPSAS); and
- Reported findings with risks, recommendations and responses.

### **Summary Findings**

During our audit we have identified one finding which would be required to be included in our detailed management report on page 11.

### **Conclusion**

Except for finding identified above there are no material or significant matters which need to be drawn to the attention of the Stakeholders of the Financing Agreement.

## **BACKGROUND**

The Government of Vanuatu has received the following grants towards the cost of the “Mainstreaming Disaster Risk Reduction” (MDRR) project implemented by the Government of Vanuatu through its Vanuatu Meteorology and Geo-hazards Department (VMGD) of its Ministry of Climate Change and Natural Disasters:

World Bank grant TF 012184 from the Japan Policy Human Resources Development (PHRD) trust fund signed 26 September 2012 for the amount of USD2,728,000 ending 30th April 2017, as extended.

The objective of the project is to improve the hazard monitoring and warning services in a state-of-the-art purpose build warning centre, and by providing appropriate warning procedures for geo-hazards. To meet these needs, the Project will support the following components (i) Risk mapping to support urban preparedness and planning, (ii) Tsunami warning system for urban area, and (iii) Integration of disaster risk reduction and climate change adaptation activities.

The Vanuatu Meteorology and Geo-Hazards Department (VMGD), through its Project Management Unit (PMU) is responsible for overall project management. Project Implementation Agencies include the VMGD, the National Disaster Management Office (NDMO), and the Department of Local Authorities (DLA).

These Terms of Reference refer to the requirement to undertake an annual financial audit for each year of the three year project period: the first one covering project activities and expenses for the 15 months ended 31 December 2013, and thereafter for each calendar year that financial transactions occur for the project (currently estimated till 30<sup>th</sup> April 2017).

## **OBJECTIVE**

The objective of the audit of the project financial statements is to enable the auditor to express an opinion on the accuracy, validity and completeness of the Statements of Expenditure, designated account and the financial statements and on whether transactions were in accordance with the financing agreement and Vanuatu legislation.

The project transaction ledger and contract ledger provide the basis for preparation of the project financial statements and are established to reflect the financial transactions in respect of the project.

## SCOPE OF SERVICES

In accordance with the terms of reference the audit will be carried out in accordance with International Auditing Standards and will include such tests and controls as the Auditor considers necessary under the circumstances so as to allow an audit opinion to be formed. It is highly desirable that the Auditor be familiar with the Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Projects (June 2003).

The Auditor should also be familiar with the Bank's *Disbursement Manual and Procurement Policies and Procedures*. These documents may be obtained from the Project Team.

The Auditor shall submit the audit report no later than six (6) weeks after receiving the financial statements for each period at the end of the Financial Year, to the Project Director (VMGD Director) as the Government of Vanuatu (the Client) designated agent.

In carrying out the audit, special attention should be paid to the following: General Matters, Statements of Expenditure, Designated Accounts, as well as the following:

**Fraud and Corruption:** Consider the risks of material misstatements in the financial statements due to fraud as required by ISA 240: *The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements*. The auditor is required to identify and assess these risks (of material misstatement of the financial statements) due to fraud, obtain sufficient appropriate audit evidence about the assessed risks; and respond appropriately to identified or suspected fraud;

**Laws and Regulations:** In designing and performing audit procedures, evaluating and reporting the results, consider that noncompliance by the implementing agency with laws and regulations may materially affect the financial statements as required by ISA 250: *Consideration of Laws and Regulations in an Audit of Financial Statements*;

**Governance:** Communicate audit matters of governance interest arising from the audit of financial statements with those charged with governance of an entity as required by International Standards on Auditing 260: *Communication of Audit Matters with those Charged with Governance*; and

**Risks:** In order to reduce audit risk to an acceptable low level, determine the overall responses to assessed risks at the financial statement level, and design and perform further audit procedures to respond to assessed risks at the assertion level as required by Internal Standard on Auditing 330: *the Auditor's Procedures in Response to Assessed Risks*.

All external funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided.

Goods and services financed have been procured in accordance with the relevant Financing Agreement;

All necessary supporting documents, records, and accounts have been kept in respect of all project activities including expenditures reported via Quarterly Financial Reports.

Clear links should exist between the project account records and reports presented to the Bank.

The Designated Accounts have been used and maintained in accordance with the provisions of the relevant Financing Agreement.

The project financial statements have been prepared in accordance with and consistently applied cash basis per International Public Sector Accounting Standards (IPSAS) and give a true and fair view of the financial situation of the project as at 31 December 2016 and of resources and expenditures for the period ended on that date.



**Unqualified Audit Opinion on the Mainstream Disaster Risk Reduction project  
for the year ended 31<sup>st</sup> December 2016**

The Auditor-General is the auditor of all public funds. The Auditor-General has appointed Barrett & Partners as auditors pursuant to Section 24(1) of the Expenditure Review and Audit Act [CAP.241].

The funds received from the World Bank are held in the Government of Vanuatu Development Fund Account and are administered by the Government of Vanuatu's Meteorological and Geo-hazards Department.

It is the responsibility of the Government to ensure funds are managed in accordance with Government financial regulation and in accordance with the finance agreement.

Our audit is to provide an opinion on the Annual Project Financial Statements, Statement of Expenditures, Designated Account and Compliance of the Mainstream Disaster Risk Reduction project funded by the World Bank.

In forming our opinion we carried out appropriate tests with regard to materially in accordance with the audit objectives in conjunction with Financial Regulations, World Bank requirements and grant agreement to provide opinions in relation to matters in the above paragraph.

**Audit Opinion**

In our opinion we are satisfied that the financial position, results of operations and cash flow of the Annual Project Financial statement for the Mainstreaming Disaster Risk Reduction project (PHRD Grant No TF 012184) for the year ended 31<sup>st</sup> December 2016 stated on page 10 is in accordance with International Public Sector Accounting Standards: Financial Reporting under Cash basis of Accounting (IPSAS).

Furthermore we are satisfied,

- a) that the accuracy and propriety of expenditure of the Statement of Cash Receipts and Payments on page 10;
- b) with the Banks procedures and the balance of the Designated Account at the year end ; and

c) with the compliance in accordance with the Public Finance and Economic Management Act [CAP 244], The Government Tenders Act [CAP 245] and the Vanuatu Financial Regulations.

A handwritten signature in black ink that reads "Barrett & Partners". The signature is written in a cursive, flowing style.

Barrett & Partners

30th June 2017

**FINANCIAL STATEMENTS FOR THE MAINSTREAM DISASTER RISK REDUCTION PROJECT (PHRD GRANTS NO. TF 012184)**

*(Prepared Under IPSAS: Financial Reporting Under the Cash Basis Accounting)*



REPUBLIC OF VANUATU/RÉPUBLIQUE DE VANUATU

VANUATU METEOROLOGY AND GEO-HAZARDS DEPARTMENT  
DÉPARTEMENT DE LA MÉTÉOROLOGIE ET DES GÉORISQUES DE VANUATU

Phone: (678) 24686, 22932 VOIP: 5305 Fax: (678) 22310  
Email: [admin@meteo.gov.vu](mailto:admin@meteo.gov.vu) Website: [www.meteo.gov.vu](http://www.meteo.gov.vu)  
Address: PMB 9054, Lini Highway, Port Vila, Vanuatu

*(Address correspondence to Director)*  
*(Toute correspondance doit être envoyée au Directeur)*



FINANCIAL STATEMENTS  
FOR THE  
MAINSTREAMING DISASTER RISK  
REDUCTION (MDRR) PROJECT  
PHRD GRANT No. TF012184 (VANUATU)

For the Year Ended 31 December 2016



REPUBLIC OF VANUATU/RÉPUBLIQUE DE VANUATU

VANUATU METEOROLOGY AND GEO-HAZARDS DEPARTMENT  
DÉPARTEMENT DE LA MÉTÉOROLOGIE ET DES GÉORISQUES DE VANUATU

Phone: (678) 24686, 22932 VOIP: 5305 Fax: (678) 22310  
Email: [admin@meteo.gov.vu](mailto:admin@meteo.gov.vu) Website: [www.meteo.gov.vu](http://www.meteo.gov.vu)  
Address: PMB 9054, Lini Highway, Port Vila, Vanuatu

*(Address correspondence to Director)  
(Toute correspondance doit être envoyée au Directeur)*



## Table of Contents

Statement of Cash Receipts and Payments	3
Statement of Comparison of Budget and Actual	4
Statement of Accounting Policies and Notes	5
1. Accounting Policies	5
2. Cash Receipts (VUV)	7
3. Cash Payments (VUV)	8
4. Cash Balance	10
5. Employee Entitlements	10
6. Budget	10
7. Commitments	11
8. Imprests	11
9. Property Plant & Equipment	11
10. Related Parties	12
11. Creditors	12
12. Authorization Date	12



REPUBLIC OF VANUATU/RÉPUBLIQUE DE VANUATU

VANUATU METEOROLOGY AND GEO-HAZARDS DEPARTMENT  
DÉPARTEMENT DE LA MÉTÉOROLOGIE ET DES GÉORISQUES DE VANUATU

Phone: (678) 24686, 22932 VOIP: 5305 Fax: (678) 22310  
Email: [admin@meteo.gov.vu](mailto:admin@meteo.gov.vu) Website: [www.meteo.gov.vu](http://www.meteo.gov.vu)  
Address: PMB 9054, Lini Highway, Port Vila, Vanuatu



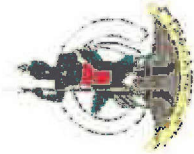
(Address correspondence to Director)  
(Toute correspondance doit être envoyée au Directeur)

GOVERNMENT OF VANUATU  
VANUATU METEOROLOGICAL AND GEO-HAZARDS DEPARTMENT  
FINANCIAL STATEMENTS FOR THE MAINSTREAMING DISASTER RISK REDUCTION PROJECT  
(PHRD GRANT NO. TF 012184)  
FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF CASH RECEIPTS AND PAYMENTS - BY CATEGORY AND COMPONENT (VUV)

	Notes	2016	2015	Cumulative
<b>CASH RECEIPTS</b>				
Direct Payments		79,512,018	-	79,512,018
Designated Account	2	58,830,250	10,791,467	165,883,896
<b>TOTAL CASH RECEIPTS</b>		<b>138,342,268</b>	<b>10,791,467</b>	<b>245,395,914</b>
<b>CASH PAYMENTS</b>				
<b>Category 1 - Goods, Works, Consultants' Services &amp; Training</b>	3	<b>133,641,712</b>	<b>18,454,646</b>	<b>222,030,820</b>
Component 1 - Risk Mapping		52,713,374	5,365,148	59,835,395
Component 2 - Tsunami Warning System		69,259,939	5,022,728	116,731,843
Component 3 - Integration of DRR and CCA		970,787	-	11,879,064
Component 4 - Project Management, M&E		10,697,612	8,066,770	33,584,518
<b>Category 2 - Operating Costs</b>		<b>1,370,727</b>	<b>1,949,028</b>	<b>5,064,143</b>
Component 4 - Project Management, M&E		1,370,727	1,949,028	5,064,143
<b>TOTAL CASH PAYMENTS</b>		<b>135,012,439</b>	<b>20,403,674</b>	<b>227,094,963</b>
<b>CASH RECEIPTS LESS CASH PAYMENTS</b>		<b>3,329,829</b>	<b>(9,612,207)</b>	<b>18,300,951</b>
<b>IMPRESTS</b>	8	<b>224,540</b>	<b>-</b>	<b>224,540</b>
<b>NET CHANGE IN CASH</b>		<b>3,105,289</b>	<b>(9,612,207)</b>	<b>18,076,411</b>
<b>ADD OPENING CASH BALANCE AS AT 1 JANUARY</b>		<b>14,971,122</b>	<b>24,583,329</b>	<b>-</b>
<b>CLOSING CASH BALANCE AS AT 31 DECEMBER</b>	4	<b>18,076,411</b>	<b>14,971,122</b>	<b>18,076,411</b>

These statements are to be read in conjunction with the accompanying notes and accounting policies



**REPUBLIC OF VANUATU/RÉPUBLIQUE DE VANUATU**

**VANUATU METEOROLOGY AND GEO-HAZARDS DEPARTMENT  
DÉPARTEMENT DE LA MÉTÉOROLOGIE ET DES GÉORISQUES DE VANUATU**

Phone: (678) 24686, 22932 VOIP: 5305 Fax: (678) 22310  
Email: [admin@meteo.gov.vu](mailto:admin@meteo.gov.vu) Website: [www.meteo.gov.vu](http://www.meteo.gov.vu)  
Address: PMB 9054, Lini Highway, Port Vila, Vanuatu



*(Address correspondence to Director)  
(Toute correspondance doit être envoyée au Directeur)*

**GOVERNMENT OF VANUATU  
VANUATU METEOROLOGICAL AND GEO-HAZARDS DEPARTMENT  
FINANCIAL STATEMENTS FOR THE MAINSTREAMING DISASTER RISK REDUCTION PROJECT  
(PHRD GRANT NO. TF 012184)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL - BY CATEGORY AND COMPONENT (VUV)**

Notes	2016		Variance	2015		Cumulative	
	Budget	Actual		Budget	Actual	Lifetime Budget	Actual
<b>6</b>							
<b>CASH PAYMENTS</b>							
<b>Category 1 - Goods, Works, Consultants' Services &amp; Training</b>	<b>195,080,000</b>	<b>133,641,712</b>	<b>61,438,288</b>	<b>81,680,000</b>	<b>18,454,646</b>	<b>248,811,826</b>	<b>222,030,820</b>
Component 1 - Risk Mapping	59,400,000	52,713,374	6,686,626	45,400,000	5,365,148	57,040,493	59,835,395
Component 2 - 'Tsunami' Warning System	105,800,000	69,259,939	36,540,061	24,800,000	5,022,728	144,751,170	116,731,843
Component 3 - Integration of DRR and CCA	18,000,000	970,787	17,029,213	-	-	14,474,080	11,879,064
Component 4 - Project Management, M&E	11,880,000	10,697,612	1,182,388	11,480,000	8,066,770	32,546,133	33,584,518
<b>Category 2 - Operating Costs</b>	<b>1,200,000</b>	<b>1,370,727</b>	<b>(170,727)</b>	<b>1,200,000</b>	<b>1,949,028</b>	<b>4,282,950</b>	<b>5,064,143</b>
Component 4 - Project Management, M&E	1,200,000	1,370,727	(170,727)	1,200,000	1,949,028	4,282,950	5,064,143
<b>TOTAL CASH PAYMENTS</b>	<b>196,280,000</b>	<b>135,012,439</b>	<b>61,267,561</b>	<b>82,880,000</b>	<b>20,403,674</b>	<b>253,094,776</b>	<b>227,094,963</b>

These statements are to be read in conjunction with the accompanying notes and accounting policies



REPUBLIC OF VANUATU/RÉPUBLIQUE DE VANUATU

VANUATU METEOROLOGY AND GEO-HAZARDS DEPARTMENT  
DÉPARTEMENT DE LA MÉTÉOROLOGIE ET DES GÉORISQUES DE VANUATU

Phone: (678) 24686, 22932 VOIP: 5305 Fax: (678) 22310  
Email: [admin@meteo.gov.vu](mailto:admin@meteo.gov.vu) Website: [www.meteo.gov.vu](http://www.meteo.gov.vu)  
Address: PMB 9054, Lini Highway, Port Vila, Vanuatu

*(Address correspondence to Director)  
(Toute correspondance doit être envoyée au Directeur)*



## Statement of Accounting Policies and Notes

### 1. Accounting Policies

#### Basis of Preparation

The financial statements of the project have been prepared in accordance with the requirement of the Public Finance & Economic Management Act (Cap 244) which includes the requirement to comply with generally accepted accounting practice.

The financial statements have been prepared in accordance with Cash Basis IPSAS "Financial Reporting under the Cash Basis of Accounting".

There have been no changes in accounting policies during the financial year.

#### Reporting Entity

These financial statements are prepared specifically for a project that is managed by the Vanuatu Meteorology and Geo-Hazards Department (VMGD). The project is funded through one grant of US\$ 2,728,000 from the Japan Policy and Human Resource Development Technical Assistance program (PHRD TF No.12184) and implemented through the World Bank. The VMGD forms part of the Government of Vanuatu (GoV).

VMGD provides meteorological, geo-hazards and climate change adaptation services to the people of Vanuatu.

Vanuatu has over the past decade continuously improved its hazard monitoring and warning services and has taken the lead within the region in creating a national hazard observatory housing the newly established VGMD, as well as the National Disaster Management Office (NDMO) in a state-of-the-art purpose built warning centre. With the integration of the geo-hazard section into the meteorological service the lack of appropriate warning procedures for geo-hazards and the limited capacity to provide end-to-end warning services, in particular for tsunami, became apparent.

To this end, VMGD and NDMO with the support of the World Bank have successfully secured funding from the Japanese Government through the PHRD to address these needs.

Under the Grant Agreement, different Categories of expenditure are provided for as follows:

	Type	US\$
Category 1	Goods, works, consultants' services and Training	2,683,000
Category 2	Operating Costs	45,000
Total		2,728,000





REPUBLIC OF VANUATU/RÉPUBLIQUE DE VANUATU

VANUATU METEOROLOGY AND GEO-HAZARDS DEPARTMENT  
DÉPARTEMENT DE LA MÉTÉOROLOGIE ET DES GÉORISQUES DE VANUATU

Phone: (678) 24686, 22932 VOIP: 5305 Fax: (678) 22310  
Email: [admin@meteo.gov.vu](mailto:admin@meteo.gov.vu) Website: [www.meteo.gov.vu](http://www.meteo.gov.vu)  
Address: PMB 9054, Lini Highway, Port Vila, Vanuatu

*(Address correspondence to Director)  
(Toute correspondance doit être envoyée au Directeur)*



The allocation of expenditure by Category is managed as follows:

- Components 1, 2 and 3 are all fully under Category 1;
- Component 4 is split between Categories 1 and 2.

The grant agreement identified the budget activities according to the following four components to be implemented under the project:

**1 Risk Mapping to Support Urban Preparedness and Planning**

This includes activities to develop hazard and risk models and maps in a scale suitable for urban and infrastructure planning, while developing the capacity of VMGD.

**2 Tsunami Warning System for Urban Areas**

This includes activities to establish and pilot an integrated end-to-end tsunami warning system for the municipalities of Port Vila and Luganville, together with carrying out community awareness campaigns.

**3 Integration of Disaster Risk Reduction (DRR) and Climate Change Adaptation (CCA) activities**

This includes activities to strengthen and institutionalize DRR and CCA within the national framework.

**4 Project Management, Monitoring and Evaluation.**

This includes activities to carry out effective and efficient project management.

The project's accounting is fully integrated within the GoV's Smart Stream system. Payments are allocated against the respective Category and Component, and reported accordingly.

The closure date of the project has been extended by four months to 30 April 2017; a further four months is available for settling expenditures incurred by 30 April 2017.

**Accounting Period**

IPSAS cash accounting standards require that general purpose financial statements be prepared at least annually (IPSAS cash para 1.4.1). These financial statements cover the fiscal year 2016. The balance of undrawn grant as at 31 December 2016 is US\$ 350,233, which is approximately VUV 39 million.

**Currency**

**Reporting Currency**

The reporting currency is Vanuatu Vatu (VUV).



REPUBLIC OF VANUATU/RÉPUBLIQUE DE VANUATU

VANUATU METEOROLOGY AND GEO-HAZARDS DEPARTMENT  
DÉPARTEMENT DE LA MÉTÉOROLOGIE ET DES GÉORISQUES DE VANUATU

Phone: (678) 24686, 22932 VOIP: 5305 Fax: (678) 22310  
Email: [admin@meteo.gov.vu](mailto:admin@meteo.gov.vu) Website: [www.meteo.gov.vu](http://www.meteo.gov.vu)  
Address: P.M.B 9054, Lini Highway, Port Vila, Vanuatu



(Address correspondence to Director)  
(Toute correspondance doit être envoyée au Directeur)

### Foreign Currency

In-country payments made in foreign currencies and reported in these financial statements have been converted to VUV by the National Bank of Vanuatu at the applicable rate as of the date of transaction.

The in-country fund receipts transferred from the World Bank were all in VUV.

The grant mentioned above is denominated in US\$. Withdrawals are charged against the grant, in the grant currency, based on exchange rates applied by the World Bank.

### Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

## 2. Cash Receipts (VUV)

### SUMMARY OF CASH RECEIPTS FOR 2016 (TF 012184)

	WB Value Date	VUV	Foreign Currency	
			Amount	Currency
<b>1. Direct Payments *</b>				
Beca International	03/03/16	20,573,948	285,005	NZ\$
Gencom Technology	15/06/16	7,820,970	100,726	NZ\$
Meteo International	31/10/16	17,170,302	145,176	EUR
Top Signs	05/12/16	12,160,800		
Beca International	13/12/16	21,785,998	285,004	NZ\$
<b>Total Direct Payments</b>		<b>79,512,018</b>		

\* Direct Payments in foreign currency converted to VUV as per [www.xe.com](http://www.xe.com) on WB value date

<b>2. Designated Account</b>		
Expenses replenishment	11/01/16	5,734,599
Expenses replenishment	25/02/16	7,294,279
Expenses replenishment	28/06/16	13,851,485
Expenses replenishment	6/10/16	9,435,037
Expenses replenishment	19/12/16	15,515,229
		<b>51,830,629</b>
Unallocated as at 31/12/16 **		6,999,621
<b>Total Designated Account</b>		<b>58,830,250</b>

\*\* The unallocated amount was processed by WB in 2016, and in Smart Stream in 2017



REPUBLIC OF VANUATU/RÉPUBLIQUE DE VANUATU

VANUATU METEOROLOGY AND GEO-HAZARDS DEPARTMENT  
DÉPARTEMENT DE LA MÉTÉOROLOGIE ET DES GÉORISQUES DE VANUATU

Phone: (678) 24686, 22932 VOIP: 5305 Fax: (678) 22310  
Email: [admin@meteo.gov.vu](mailto:admin@meteo.gov.vu) Website: [www.meteo.gov.vu](http://www.meteo.gov.vu)  
Address: PMB 9054, Lini Highway, Port Vila, Vanuatu

*(Address correspondence to Director)  
(Toute correspondance doit être envoyée au Directeur)*



The Designated Account (DA) is the local, entity-managed, account; funds are transferred from World Bank periodically, from which payments are made. Direct Payments are made by World Bank directly to the supplier/consultant, based on the official request of the authorized signatories of the project; for this project, there are no Direct Payments to date.

VMGD receives the funds, which are managed by the VMGD/PMU, through the centralized Smart Stream system. Under this arrangement VMGD has control of the funds and carries out the implementation of the project. PMU makes payments on their behalf after appropriate authorization and documentation provided by VMGD.

In the context of the project's operations, given that funds are drawn down from the grant as required in order to meet ongoing expenditure requirements, reporting of budget (including comparison of budget and actual) for Cash Receipts, as well as reporting of Debtors, are not appropriate and are not included in these Financial Statements and accompanying Notes.

### 3. Cash Payments (VUV)

The detailed expenditure breakdown is as per the table on the following page.



REPUBLIC OF VANUATU/RÉPUBLIQUE DE VANUATU

VANUATU METEOROLOGY AND GEO-HAZARDS DEPARTMENT  
DÉPARTEMENT DE LA MÉTÉOROLOGIE ET DES GÉORISQUES DE VANUATU

Phone: (678) 24686, 22932 VOIP: 5305 Fax: (678) 22310  
Email: [admin@meteo.gov.vu](mailto:admin@meteo.gov.vu) Website: [www.meteo.gov.vu](http://www.meteo.gov.vu)  
Address: PMB 9054, Lini Highway, Port Vila, Vanuatu



(Address correspondence to Director)  
(Toute correspondance doit être envoyée au Directeur)

DETAILED EXPENDITURE BREAKDOWN

	2016	2015	Cumulative
<b>Risk Mapping to Support Urban Preparedness and Planning</b>	<b>52,713,374</b>	<b>5,365,148</b>	<b>59,835,395</b>
Urban Risk Assessment Team	42,359,946	4,799,383	47,159,329
Printing Urban Hazard Maps / Brochures	(2)	0	(2)
Stakeholder Meetings	1,434,370	477,300	1,947,226
Local Communities Awareness Campaigns	8,226,560	0	9,495,200
Other Workshops & Training	692,500	88,465	1,233,642
<b>Tsunami Warning System for Urban Areas</b>	<b>69,259,939</b>	<b>5,022,728</b>	<b>116,731,843</b>
VMGD Warning Centre Refurbishment	0	1,105,390	21,139,790
NDOC Furniture	0	0	735,300
NDOC Air Con	0	0	336,440
NDOC/TWC IT+Sat Phones	0	0	13,990,577
NDOC Radio and Emergency Comms	0	0	4,085,000
Warning Centre Operation Adviser	2,984,674	789,186	3,773,860
Urban Policy Adviser	0	300,000	1,200,000
Warning Dissemination System	29,686,656	244,398	29,931,054
Emergency Communications System Engineer	1,020,018	0	1,020,018
Graphic Designer	3,200,000	0	3,200,000
Workshops & Training	7,425,131	0	7,767,059
Tsunami Signage	18,655,223	0	18,655,223
Printing Tsunami Awareness Materials	1,481,232	0	1,481,232
Community Outreach Support Officer	2,842,888	2,583,754	7,452,173
TV Broadcasting Campaign (VBTC)	1,964,117	0	1,964,117
<b>Integration of Disaster Risk Reduction and Climate Change Adaptation</b>	<b>970,787</b>	<b>0</b>	<b>11,879,064</b>
DRR/CCA Policy Adviser	102,102	0	5,106,054
NAB Workshops	0	0	3,526,994
NAB Meetings	28,000	0	643,556
Other Workshops & Training	840,685	0	2,602,460
<b>Project Management, Monitoring &amp; Evaluation</b>	<b>10,697,612</b>	<b>8,066,770</b>	<b>33,584,518</b>
Project Coordinator	2,596,308	2,753,536	12,658,205
Executive Assistant	1,176,315	2,090,579	5,057,903
Finance Officer	2,087,250	480,040	4,648,582
Procurement Officer	3,780,000	2,127,000	9,546,474
Audit	1,057,739	615,615	1,673,354
<b>Operating Costs</b>	<b>1,370,727</b>	<b>1,949,028</b>	<b>5,064,143</b>
Communications	452,247	396,879	1,222,621
Office Supplies	0	733,326	1,006,448
Advertising	139,802	89,958	706,783
Air Fares	677,555	540,390	1,245,745
Other Transport	12,500	35,190	70,090
DSA	41,050	130,785	657,123
Catering Costs	0	22,500	75,500
Bank Charges	0	0	2,500
Others	47,573	0	77,333
<b>TOTAL</b>	<b>135,012,439</b>	<b>20,403,674</b>	<b>227,094,963</b>



REPUBLIC OF VANUATU/RÉPUBLIQUE DE VANUATU

VANUATU METEOROLOGY AND GEO-HAZARDS DEPARTMENT  
DÉPARTEMENT DE LA MÉTÉOROLOGIE ET DES GÉORISQUES DE VANUATU

Phone: (678) 24686, 22932 VOIP: 5305 Fax: (678) 22310  
Email: [admin@meteo.gov.vu](mailto:admin@meteo.gov.vu) Website: [www.meteo.gov.vu](http://www.meteo.gov.vu)  
Address: P.M.B 9054, Lini Highway, Port Vila, Vanuatu

*(Address correspondence to Director)  
(Toute correspondance doit être envoyée au Directeur)*



#### 4. Cash Balance

The closing cash balance in these financial statements is taken up as follows (in VUV):

	2016	2015
Balance in the GoV SmartStream ledger as at 31 December 2016	9,973,682	14,545,437
Accruals in the GoV SmartStream ledger as at 31 December 2016	1,103,108	425,685
To be allocated in Smart Stream as at 31 December 2016	6,999,621	-
<b>Total</b>	<b>18,076,411</b>	<b>14,971,122</b>

#### 5. Employee Entitlements

No provision is required for employee entitlements, as the project has no employees with entitlements under the Employment Act.

#### 6. Budget

The approved budget is developed on the same accounting basis (cash basis), same classification basis, and for the same period during which withdrawals from the grant account were made (Year Ended 31 December 2016) as for the financial statements. It encompasses the same entities as the financial statements.

The lifetime budget in VUV as per these financial statements is as per the budget and procurement plan approved in August 2015. Given the revised closure date of the project of 30 April 2017, the remaining budget available is expected to be utilised in 2017.

A total variance on cash outflows for 2016 (Budget of VUV 196.3 million versus Actual payments of VUV 135.0 million, for all components) of some VUV 61.3 million was recorded. The main variances were as follows:

Component 1 – VUV 7 million. Underspending under this component were used to supplement component 2, to cover the cost of the Horman contract.

Component 2 – VUV 37 million. The variance relates to the contract for Horman, which will be completed in 2017.

Component 3 – VUV 17 million Underspending under this component were used to supplement component 2, to cover the cost of the Horman contract.

The lifetime budget is monitored against the likely amount of VUV to be generated from the US\$ grant, to ensure that the grant is not over-committed.



REPUBLIC OF VANUATU/RÉPUBLIQUE DE VANUATU

VANUATU METEOROLOGY AND GEO-HAZARDS DEPARTMENT  
DÉPARTEMENT DE LA MÉTÉOROLOGIE ET DES GÉORISQUES DE VANUATU

Phone: (678) 24686, 22932 VOIP: 5305 Fax: (678) 22310  
Email: [admin@meteo.gov.vu](mailto:admin@meteo.gov.vu) Website: [www.meteo.gov.vu](http://www.meteo.gov.vu)  
Address: PMB 9054, Lini Highway, Port Vila, Vanuatu



*(Address correspondence to Director)  
(Toute correspondance doit être envoyée au Directeur)*

## 7. Commitments

The outstanding (unpaid) contract commitments, as at 31 December 2016 is VUV 64,931,676 (2015 – VUV 64,931,676), all under Category 1, as follows:

	2016	2015
Component 1	-	45,205,617
Component 2	60,131,608	12,337,031
Component 4	300,066	7,389,028
<b>Total</b>	<b>60,431,674</b>	<b>64,931,676</b>

All commitments are due within one year. Commitments for contracts in currencies other than VUV have been converted to VUV using the exchange rate as at 31 December 2016.

## 8. Imprests

There was VUV 224,540 of unretired imprests as at 31 December 2016 (2015 – nil), as follows:

Florence lautu	224,500
Octavie Meltenoven	40
	-----
	225,540
	=====

## 9. Property, Plant & Equipment

Payments for Property Plant & Equipment (PPE) are charged fully as disbursements under the respective Component, and included in the Statement of Cash Receipts and Payments, at cost; these are recorded in a PPE Register, for the purposes of inventory control.

	2016	2015	Cumulative
Furniture	-	-	1,071,740
IT Equipment	-	-	13,990,577
Other Minor Items	-	-	119,200
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>15,181,517</b>

There are no fixed assets purchased on hire purchase schemes and no depreciation is being charged.



**REPUBLIC OF VANUATU/RÉPUBLIQUE DE VANUATU**

**VANUATU METEOROLOGY AND GEO-HAZARDS DEPARTMENT  
DÉPARTEMENT DE LA MÉTÉOROLOGIE ET DES GÉORISQUES DE VANUATU**

Phone: (678) 24686, 22932 VOIP: 5305 Fax: (678) 22310  
Email: [admin@meteo.gov.vu](mailto:admin@meteo.gov.vu) Website: [www.meteo.gov.vu](http://www.meteo.gov.vu)  
Address: PMB 9054, Lini Highway, Port Vila, Vanuatu



*(Address correspondence to Director)  
(Toute correspondance doit être envoyée au Directeur)*

### 10. Related Parties

There were no related party transactions during the year (2015 – nil).

The ultimate owner of the project is Vanuatu Government through the VMGD, as set out in the Grant Agreement.

### 11. Creditors

There was a total amount of VUV 1,103,108 for 2016 invoices, which were paid in 2017, representing LPOs raised in 2016 but not paid until 2017 (2015 – VUV 395,685).

### 12. Authorization Date

The financial statements were authorized for issue on 30 June 2017 by Mr. Brian Phillips for VMGD and Director General of the Ministry of Climate Change.

**Mr Brian PHILLIPS**

**Project Manager PMU**

**30/06/2017**

**Mr Jesse BENJAMIN**

**Director General Ministry of Climate  
Change**

**30/06/2017**