



OFFICE OF THE PUBLIC AUDITOR
REPUBLIC OF PALAU

**FINANCIAL STATEMENT AND
INDEPENDENT AUDITORS' REPORT**

**PROJECT FOR ENHANCING CLIMATE
INFORMATION AND KNOWLEDGE
SERVICES FOR RESILIENCE IN 5 ISLAND
COUNTRIES OF THE PACIFIC OCEAN**

**MINISTRY OF FINANCE
REPUBLIC OF PALAU**

SEPTEMBER 24, 2021 - DECEMBER 31, 2022

Prepared by the Office of the Public Auditor

MOF-UNEP-22/23-F01*opa00



REPUBLIC OF PALAU

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July 31, 2023
Serial #: opa23-095au

Mr. Casmir Remengesau
Director
Bureau of Budget and Planning
Ministry of Finance
Republic of Palau

Subject: Final Financial Statement and Independent Auditors' Report of MOF's Project for "Enhancing Climate Information and Knowledge Services for Resilience in 5 Island Countries of the Pacific Ocean"

Dear Director Remengesau:

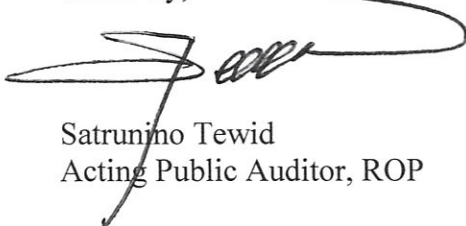
Transmitted herewith is the final Financial Statement and Independent Auditors' Report of the Ministry of Finance's Project for "Enhancing Climate Information and Knowledge Services for Resilience in 5 Island Countries of the Pacific Ocean".

The Office of the Public Auditor (OPA) received your response to the draft report, which is appended in the final report.

If you have any questions regarding the report or subject matters discussed therein, the OPA will be available to discuss them at your request.

The OPA would like to thank the staff and management of the Ministry of Finance for their professional courtesy and cooperation during this audit.

Sincerely,



Satrunino Tewid
Acting Public Auditor, ROP



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Independent Auditors' Report

Office of the Public Auditor

Mr. Casmir Remengesau
Director
Bureau of Budget and Planning
Ministry of Finance
Republic of Palau

We have audited the accompanying financial statement of Ministry of Finance (MOF) for the Project of Enhancing Climate Information and Knowledge Services for Resilience in 5 Island Countries of the Pacific Ocean (the "Project"), which comprises the schedule of receipts and disbursements for the period from September 24, 2021 through December 31, 2022, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the MOF's preparation and fair presentation of the financial statement 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 MOF's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts and disbursements of the Ministry of Finance Project for the period from September 24, 2021 through December 31, 2022, in accordance with the cash basis of accounting described in Note 1 to the financial statement.

Other Matters

In connection with our audit, nothing came to our attention that caused us to believe that the Ministry of Finance Project (Project), failed to comply with the terms or conditions of the Project Cooperation Agreement dated September 24, 2021 with United Nations Environment Programme (UNEP), insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the MOF's noncompliance with the above-referenced terms or conditions of the finance agreement, insofar as they relate to accounting matters.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



Satrunino Tewid
Republic of Palau

July 31, 2023

MINISTRY OF FINANCE

**Project for Enhancing Climate Information and Knowledge Services for Resilience in 5
Island Countries of the Pacific Ocean**

Schedule of Receipts and Disbursements
Period from September 24, 2021 through December 31, 2022

Receipts:		
GCF Trust Fund		\$ <u>1,108,553.00</u>
Disbursements:		
General Supplies		9,988.55
Personnel		9,272.03
Travel		<u>4,971.78</u>
Total disbursements		<u>24,232.36</u>
Excess of receipts over disbursements		\$ <u><u>1,084,320.64</u></u>

See accompanying Notes to Schedule of Receipts and Disbursements.

MINISTRY OF FINANCE

The Project of Enhancing Climate Information and Knowledge Services for Resilience in 5 Island Countries of the Pacific Ocean

Notes to Schedule of Receipts and Disbursements
Period from September 24, 2021 through December 31, 2022

(1) Basis of Accounting

The schedule of receipts and disbursements has been prepared on the cash basis of accounting. Receipts have been recognized when received in cash and disbursements have been recognized when cash is disbursed. The cash basis differs from accounting principles generally accepted in the United States of America primarily because receipts/revenues are recognized when received, not when such are earned and disbursements/expenses are recognized when paid rather than when the obligation is incurred.

(2) Organization

The Ministry of Finance (MOF) is one of the eight major departments that make up the Executive branch of the Republic of Palau national government.

The MOF is the recipient of Project funds provided under a cooperation agreement between the United Nations Environment Programme and the Ministry of Finance dated September 24, 2021, for a Green Climate Fund Project Enhancing Climate Information and Knowledge Services for Resilience in 5 Island Countries of the Pacific Ocean.

(3) Subsequent Events

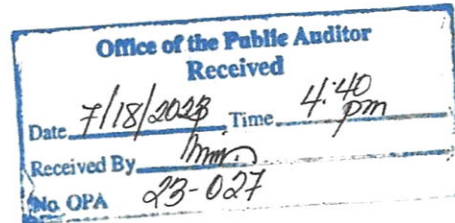
The MOF has identified April 1, 2023, as the date the financial statements were available to be issued and the date through which subsequent events have been evaluated. The MOF has not identified any subsequent events that required adjustment to or disclosure in the financial statement as of April 1, 2023.

Management Representation Letter:



**MINISTRY OF FINANCE
Bureau of Budget & Planning**

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July 18, 2023

Mr. Satrunino Tewid
Public Auditor
Office of Public Auditor
Koror, Palau 96940

Subject: UNEP CIS-Pac5 Draft Audit Response

Dear Public Auditor Tewid:

We are providing this letter in connection with your audit of the schedule of receipts and disbursements of the Ministry of Finance (the Ministry) Project Enhancing Climate Information and Knowledge Services for Resilience in 5 Island Countries of the Pacific Ocean (the Project) expressed in U.S. Dollars for the year ended December 31, 2022, for the purpose of expressing an opinion as to whether the schedule presents fairly, in all material respects, the results of operations of the Project's conformity. We have reviewed, understood and agreed on the contents of the draft audit report. Kindly proceed with the final audit report.

Thank you and we look forward to receiving the final audit report in the coming days!

Sincerely,


Casmir E. Remengesau
Director

cc: Lynna E. Thomas, Division of Project Management



**ILLEGAL OR WASTEFUL ACTIVITIES
SHOULD BE REPORTED TO:**

**OFFICE OF THE PUBLIC AUDITOR
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**MONDAY THRU FRIDAY
7:30 a.m. - 4:30 p.m.**

(Closed on Legal Holidays)