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AUDITORS' REPORT

TO THE MEMBERS OF THE

SECRETARIAT OF THE PACIFIC REGIONAL ENVIRONMENT PROGRAMME (SPREP)

We have audited the financial statements of SPREP as set out on pages 3 to 14, for the year ended 31 December 2009. The financial statements provide information on the financial performance, changes in equity and cash flows of the organization, and its financial position as at 31 December 2009.

Management responsibilities

The management is responsible for the preparation and presentation of the financial statements that comply with generally accepted accounting practice, and that gives a true and fair view of the financial position of SPREP as at 31 December 2009, and its financial performance and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by management, and to report our opinion to you.

Basis of Opinion

An audit includes examining on a test basis, evidence relevant to the amounts, and disclosures in the financial statements. It also includes assessing:

- The significant estimates and judgements made by management in the preparation of the financial statements; and
- Whether the accounting policies are appropriate to the circumstances of the organization, consistently applied and adequately disclosed.

We conducted our audit in accordance with International Standards on Auditing. We planned and performed our audit so as to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence, to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud and error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Specific reporting requirements

In accordance with the specific audit reporting requirements of SPREP's Financial Regulation 32 (a) to (f), we report as follows:

- (a) extent and character of examination is as explained in the section above under the heading "Basis of Opinion"

- (b) matters affecting the completeness or accuracy of the accounts; two major accounting policy changes were made in current year in order to comply with International Financial Reporting Standards, the resumption of depreciation which was ceased in 2003 and adoption of income approach for donated assets namely buildings and TEC equipment.
- (c) the accuracy or otherwise of the supplies and equipment records as determined by stocktaking and examination of the records. The fixed assets register has been completed following the physical count of all SPREP fixed assets carried out in February 2010. Additions and disposals were randomly checked to supporting documents and are satisfactory. Depreciation charged for the current year and the past six years (2003 - 2008) is satisfactorily calculated following the resumption of the fixed assets' depreciation policy.
- (d) the adequacy of financial procedures of SPREP including internal control matters and adherence to the financial regulations; Financial Regulation and Financial Procedures Manual are effectively in place and adherence is satisfactory except for internal control matters noted in our management report.
- (e) the adequacy of insurance cover for the buildings, stores, furniture, equipment and other property of SPREP; insurance cover for buildings, furniture, equipment and other property is adequate.
- (f) Other matters, the matters raised in our report to management have been addressed.

We also examined on a test basis, evidence supporting the amounts of funds received by the Organisation from NZAID and AUSAID. We confirm that funds were spent in accordance with the Memorandum of Understanding (MOU) signed between the respective parties.

Unqualified Opinion

In our opinion, the financial statements gives a true and fair view of the financial position of the Secretariat of the Pacific Regional Environment Programme (SPREP) as of 31 December 2009, and of the results of its operations, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and in accordance with the SPREP Financial Regulations.

Our audit was completed on 15 April 2010 and our opinion is expressed as at that date.

