



**United Nations High Commissioner for Refugees  
(UNHCR)**

**Independent Auditors' Report  
UNHCR-funded Project Financial Audit  
The Society for Humanitarian Rights and Prisoners, PAK,  
Pakistan  
Partner code: 1205032  
Project code: PAK01/2016/0000000740**

**Confidential – Property of UNHCR**



**United Nations High Commissioner for Refugees (UNHCR)**

**Registered office: Rue de Montbrillant, 94 1201 Geneva, Switzerland**

**To: UNHCR Representative in Pakistan**

**CC: Syed Liaqat Banori, Chief Executive Officer**

**Audited Project: Protection to asylum seekers and refugees in Punjab, Sindh, ICT and AJK**

**Period covered by the Audited Project Financial Report (PFR): From 01 January 2016 to 31 December 2016 including liquidation period up to 31 January 2017**

**Project Partnership Agreement Symbol to identify the PFR: PAK01/2016/0000000740**

**Name of the Partner: The Society for Humanitarian Rights and Prisoners, PAK**

**Partner code: 1205032**

**Location: Islamabad, Pakistan**



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sixth Floor, State Life Building No. 5  
Jinnah Avenue, Blue Area  
Islamabad, Pakistan

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## **Unqualified Opinion**

We have audited the accompanying Project Financial Report for the above-mentioned project provided by The Society for Humanitarian Rights and Prisoners, PAK (“Partner”) which comprises cash receipts and disbursements as well as instalment payments between the contractual parties to the agreement, for the period from 01 January 2016 to 31 December 2016 including liquidation period up to 31 January 2017. The Project Financial Report (“PFR”) has been prepared by management of The Society for Humanitarian Rights and Prisoners, PAK in accordance with the bipartite Project Partnership Agreement dated 02 February 2016 ([hereafter referred to as] “the PPA”).

In our opinion, the accompanying PFR has been prepared, in all material respects, in accordance with the modified cash basis of accounting described in the PPA.

## **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the Auditor’s responsibilities for the audit of the PFR section of our report.

We are independent of UNHCR and The Society for Humanitarian Rights and Prisoners, PAK in accordance with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with IESBA Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of matter - Basis of accounting and restriction on distribution and use**

We draw attention to the modified cash basis of accounting used in the preparation of the PFR and which is described in the PPA. As a result, the PFR may not be suitable for a purpose other than reporting on the contractual arrangements in the PPA. Our report is intended solely for UNHCR and should not be distributed to or used by parties other than The Society for Humanitarian Rights and Prisoners, PAK. Our opinion is not modified in respect of these matters.

## **Responsibilities of the Management and Those Charged with Governance for the Project Financial Report**

Management of The Society for Humanitarian Rights and Prisoners, PAK is responsible for the preparation of the PFR in accordance with the modified cash basis of accounting described in the PPA and for such internal control they determine necessary to enable the preparation of the PFR that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing The Society for Humanitarian Rights and Prisoners, PAK’s financial reporting process.

## **Auditors’ responsibilities for the audit of the PFR**

Our objectives are to obtain reasonable assurance about whether the PFR is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the PFR.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the PFR, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Partner's internal control.

We communicate with those charged with governance of The Society for Humanitarian Rights and Prisoners, PAK or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Location: Islamabad**

**Date: 28 April 2017**



**Riaz Pesnani**

**KPMG Taseer Hadi & Co**





Project Financial Report # 5

For Partner 1205032

SOCIETY FOR HUMANITARIAN RIGHT

For Budget Year 2016

Reporting period from: 1st Dec 2016 to: 31st Jan 2017

Report Date: 31st Jan 2017

Operation: PAK ABC -

BU/Agreement No: PAK01 000000740

Currency: PKR

Run Date: 10/01/17 05:01:0f

Cost Centre:33061 - Pakistan, Islamabad; SITUATION:1900 - ANNUAL BUDGET EXCOM APPROVED; PPG: 1PAKC - Refs and Asylum Seekers Pakistan; GOAL: PF - Protection and mixed solutions;

Description	Account	REPORTING							REQUESTS / AUTHORIZATIONS (for planning purposes only)	
		Budget	Instalment(s) released as at	Acumulative Expenses up to	Expenses as % of Budget	Budget Balance	New Expenses	Unused Instalment	New Instalment Request	Authorized for Release (UNHCR Use)
		A	11/30/2016 B	11/30/2016 C	11/30/2016 D	E=A-C	F	G=B-C-F	H	I
Cost Centre: 33061 - Pakistan, Islamabad										
OBJECTIVE: 113 - Capacity development supported										
113AD Capacity development supported										
Do not use from 01/01/2017 - WORKSHOP SUPPLIES	608620	360,000.00		303,371.00	84.26	56,629.00	155,413.00			
<b>TOTAL for 113AD</b>		<b>360,000.00</b>	<b>720,000.00</b>	<b>303,371.00</b>	<b>84.27</b>	<b>56,629.00</b>	<b>155,413.00</b>	<b>261,216.00</b>		
113AH Legal assistance provided										
Do not use from 01/01/2017 - DIESEL	606030	2,210,310.00		1,792,695.00	81.10	417,615.00	261,745.00			
Do not use from 01/01/2017 - WORKSHOP SUPPLIES	608620	200,000.00		200,000.00		200,000.00	150,517.00			
Do not use from 01/01/2017 - OTHER SUPPLIES, MATERIALS, GOO	608998	250,000.00		244,400.00	97.76	5,600.00	5,400.00			
Do not use from 01/01/2017 - ADVERTISING CONTRACT	610010	150,000.00		128,517.00	85.67	21,483.00	5,440.00			
Do not use from 01/01/2017 - BANK CHARGES - IPs	610050	245,478.00		211,240.01	86.05	34,237.99	-184,355.54			
Do not use from 01/01/2017 - INSURANCE	610230	8,800.00		8,800.00		8,800.00				
Do not use from 01/01/2017 - LEGAL SERVICES CONTRACT	610250	110,150.00		79,517.00	72.18	30,633.00	38,860.00			
Do not use from 01/01/2017 - SECURITY SERVICES	610390	2,786,094.00		2,388,105.00	85.71	397,989.00	219,102.00			
Do not use from 01/01/2017 - TRANSPORT CONTRACT	610460	2,161,236.00		2,102,841.00	97.29	58,395.00	189,559.00			
Do not use from 01/01/2017 - IMPLEMENTING PARTNER NATIONAL	614020	15,518,868.00		14,017,957.00	90.32	1,500,911.00	1,253,396.00			
Do not use from 01/01/2017 - IMPLEMENTING PARTNER TRAVEL C	614050	1,383,450.00		847,797.00	61.28	535,653.00	296,599.00			
Do not use from 01/01/2017 - PRINTING, PUBLICATIONS COSTS	623562	71,592.00		66,300.00	92.60	5,292.00	1,125.00			
Do not use from 01/01/2017 - RENTAL OF OFFICE PREMISES	624110	4,875,576.00		5,514,180.00	113.09	-638,604.00	-715,000.00			
Do not use from 01/01/2017 - UTILITIES (ELECTRICITY, WATER, E	624260	692,604.00		574,525.00	82.95	118,079.00	127,367.00			
Do not use from 01/01/2017 - COMMUNICATION COSTS (TELEX, T	624491	810,348.00		680,387.00	83.96	129,961.00	153,043.00			
Do not use from 01/01/2017 - MAINTENANCE AND OPERATION OF	624620	1,320,372.00		941,808.00	71.32	378,564.00	165,078.00			
Do not use from 01/01/2017 - MAINTENANCE, REPAIR (EQUIPMEN	624691	638,136.00		340,585.00	53.37	297,551.00	32,697.00			
Do not use from 01/01/2017 - MAINTENANCE, REPAIR (PREMISES)	624692	1,412,283.00		692,765.00	49.05	719,518.00	728,320.00			
Do not use from 01/01/2017 - OTHER EXPENDABLE OFFICE SUPPL	625120	440,268.00		285,217.00	64.78	155,051.00	56,813.00			
<b>TOTAL for 113AH</b>		<b>35,285,565.00</b>	<b>34,467,792.00</b>	<b>30,908,836.01</b>	<b>87.60</b>	<b>4,376,728.99</b>	<b>2,785,705.46</b>	<b>773,250.53</b>		
<b>TOTAL for Objective 113</b>		<b>35,645,565.00</b>	<b>35,187,792.00</b>	<b>31,212,207.01</b>	<b>87.56</b>	<b>4,433,357.99</b>	<b>2,941,118.46</b>	<b>1,034,466.53</b>		
OBJECTIVE: 213 - UNHCR status determination procedure implemented										
213AO UNHCR status determination procedure implemented										
Do not use from 01/01/2017 - DIESEL	606030	541,476.00		426,437.00	78.75	115,039.00	32,654.00			
Do not use from 01/01/2017 - SECURITY SERVICES	610390	1,303,800.00		1,213,806.00	93.09	89,994.00	110,346.00			
Do not use from 01/01/2017 - TRANSPORT CONTRACT	610460	2,260,998.00		1,870,904.00	82.74	390,094.00	212,096.00			
Do not use from 01/01/2017 - IMPLEMENTING PARTNER NATIONAL	614020	8,339,136.00		7,438,338.00	89.19	900,798.00	645,695.00			
Do not use from 01/01/2017 - IMPLEMENTING PARTNER TRAVEL C	614050	96,552.00		42,655.00	44.17	53,897.00				
Do not use from 01/01/2017 - CONTRACTUAL TRANSLATIONS	623310	8,400.00		8,400.00		8,400.00				
Do not use from 01/01/2017 - RENTAL OF OFFICE PREMISES	624110	1,899,624.00		1,893,884.00	99.69	5,740.00				
Do not use from 01/01/2017 - COMMUNICATION COSTS (TELEX, T	624491	13,638.00		4,676.00	34.28	8,962.00	377.00			
<b>TOTAL for 213AO</b>		<b>14,463,624.00</b>	<b>14,613,624.00</b>	<b>12,890,700.00</b>	<b>89.12</b>	<b>1,572,924.00</b>	<b>1,001,168.00</b>	<b>721,756.00</b>		
<b>TOTAL for Objective 213</b>		<b>14,463,624.00</b>	<b>14,613,624.00</b>	<b>12,890,700.00</b>	<b>89.12</b>	<b>1,572,924.00</b>	<b>1,001,168.00</b>	<b>721,756.00</b>		





Project Financial Report # 5

For Partner 1205032  
SOCIETY FOR HUMANITARIAN RIGHT

For Budget Year 2016

Reporting period from: 1st Dec 2016 to: 31st Jan 2017

Report Date: 31st Jan 2017

Operation: PAK ABC -

BU/Agreement No: PAK01 0000000740

Currency: PKR  
Run Date: 10/01/17 05:01:04

Cost Centre:33061 - Pakistan, Islamabad; SITUATION:1900 - ANNUAL BUDGET EXCOM APPROVED; PPG: 1PAKC - Refs and Asylum Seekers Pakistan; GOAL: PF - Protection and mixed solutions;

Description	Account	REPORTING							REQUESTS / AUTHORIZATIONS (for planning purposes only)	
		Budget A	Instalment(s) released as at 11/30/2016 B	Acumulative Expenses up to 11/30/2016 C	Expenses as % of Budget 11/30/2016 D	Budget Balance E=A-C	New Expenses F	Unused Instalment G=B-C-F	New Instalment Request H	Authorized for Release (UNHCR Use) I
Cost Centre: 33061 - Pakistan, Islamabad										
OBJECTIVE: 419 - Specific services for persons of concern with disabilities provided										
419AF Specific services for persons of concern with disabilities provided										
TOTAL for 419AF			307,773.00						307,773.00	
419AG Support to persons of concern with specific needs provided										
Do not use from 01/01/2017 - CBI - Cash Assistance Others 612800										
		109,722.00		65,940.00	60.09	43,782.00		21,405.00		
Do not use from 01/01/2017 - IMPLEMENTING PARTNER NATIONAL 614020										
		1,131,084.00		1,017,772.00	89.98	113,312.00		92,322.00		
TOTAL for 419AG		1,240,806.00	1,240,806.00	1,083,712.00	87.34	157,094.00		113,727.00	43,367.00	
TOTAL for Objective 419		1,240,806.00	1,548,579.00	1,083,712.00	87.34	157,094.00		113,727.00	351,140.00	
OBJECTIVE: 420 - Measures to promote girls' education promoted										
420AP Measures to promote girls' education promoted										
Do not use from 01/01/2017 - WORKSHOP SUPPLIES 608620										
		15,000.00		15,000.00	100.00					
Do not use from 01/01/2017 - OTHER COMMERCIAL CONTRACTS, : 610998										
		84,000.00		84,000.00	100.00					
Do not use from 01/01/2017 - RENTAL OF OFFICE PREMISES 624110										
		15,000.00		15,000.00	100.00					
Do not use from 01/01/2017 - UTILITIES (ELECTRICITY, WATER, E 624260										
		1,500.00		1,500.00	100.00					
Do not use from 01/01/2017 - COMMUNICATION COSTS (TELEX, T 624491										
		1,800.00		1,800.00	100.00					
Do not use from 01/01/2017 - OTHER EXPENDABLE OFFICE SUPPL 625120										
		6,000.00		6,000.00	100.00					
TOTAL for 420AP		123,300.00		123,300.00	100.00				-123,300.00	
TOTAL for Objective 420		123,300.00		123,300.00	100.00				-123,300.00	
OBJECTIVE: 513 - Sectoral cash grants or vouchers provided										
513AO Sectoral cash grants or vouchers provided										
TOTAL for 513AO			123,300.00						123,300.00	
TOTAL for Objective 513			123,300.00						123,300.00	
TOTAL for Cost Centre 33061		51,473,295.00	51,473,295.00	45,309,919.01	88.03	6,163,375.99	4,056,013.46		2,107,362.53	
<b>GRAND TOTAL</b>		<b>51,473,295.00</b>	<b>51,473,295.00</b>	<b>45,309,919.01</b>	<b>88.03</b>	<b>6,163,375.99</b>	<b>4,056,013.46</b>		<b>2,107,362.53</b>	<b>0.00</b>

Income and Expenditure Summary

ACCOUNT	ACCOUNT DESCRIPTION
617000	INSTALMENT PAYMENT TO IMPLEMENTING PARTNER
618000	IP EXPENDITURES AGAINST INSTALLMENTS
<b>Grand Total:</b>	

EXPENSES  
51,473,295.00  
(45,309,919.01)  
**6,163,375.99**





Project Financial Report # 5

For Partner 1205032

SOCIETY FOR HUMANITARIAN RIGHT

For Budget Year 2016

Reporting period from: 1st Dec 2016 to: 31st Jan 2017

Report Date: 31st Jan 2017

Currency: PKR  
Run Date: 10/01/17 05:01:04

Operation: PAK ABC -

BU/Agreement No: PAK01 0000000740

Cost Centre: 33061 - Pakistan, Islamabad; SITUATION: 1900 - ANNUAL BUDGET EXCOM APPROVED; PPG: 1PAKC - Refs and Asylum Seekers Pakistan; GOAL: PF - Protection and mixed solutions;

Description	Account	REPORTING							REQUESTS / AUTHORIZATIONS (for planning purposes only)	
		Budget A	Instalment(s) released as at 11/30/2016 B	Acumulative Expenses up to 11/30/2016 C	Expenses as % of Budget 11/30/2016 D	Budget Balance E=A-C	New Expenses F	Unused Instalment G=B-C-F	New Instalment Request H	Authorized for Release (UNHCR Use) I

Cost Centre: 33061 - Pakistan, Islamabad

For completion by the Partner

- (A) Last instalment received from UNHCR:
- (B) Previous instalments received from UNHCR:
- (C) Interest Earned:
- (D) Miscellaneous Income:
- (E) Total Income: (A + B + C + D)

7,815,996.00
43,657,299.00
235,719.72
51,709,014.72

- (F) Less: Total Expenses:
- (G) Balance due to UNHCR:
- (H) Balance due from UNHCR:
- (I) Acquisition value of Assets under the Partner's custody (List Attached)

49,365,932.47
2,343,082.25
0.00

If expenses are incurred in a currency other than the currency in which the instalment has been remitted, please indicate exchange rate(s) used and attach copies of the relevant bank slips.

**CERTIFICATION BY PARTNER**

I hereby certify that the information provided in this report is based on the Partners books of accounts and truly reflects the financial situation of the project. I confirm that all UNHCR funds have been used for the intended purposes and in accordance with the Project Partnership Agreement and its Budget. I also confirm that any UNHCR assets in the Partner's custody are safeguarded. I am aware that any ineligible or unauthorized expenditure may be rejected by UNHCR and the funds recovered. The detailed accounting documents for these expenditures can be made available for examination, when required, for the period of six years from the provision of funds.

Name: Syed Liaqat Ali Shah Banori  
Signature:  
Title: Chairman  
Date:  
Place: Islamabad-Pakistan

*[Handwritten Signature]*  
31st January 2017



## A) For Completion by the UNHCR Verifying Officer

I have verified this financial report as to its completeness, accuracy and compliance with the Project Partnership Agreement and its Budget, and have noted no exceptions/the exceptions mentioned below. I have also checked the assets in custody of the Partner. I have reasonable assurance that the financial information submitted by the Partner is reliable, that funds provided by UNHCR have been used for the intended purposes and that UNHCR assets are safeguarded.

Please tick the appropriate box below:

1. I recommend that the disbursements reported by the Partner, except for an amount of PKR 1,458,017.46, be accepted as UNHCR project expenditure and that a further instalment/a final payment of Nil be remitted to the Partner.
2. I recommend that the expenditure reported by the Partner not to be accepted and further improvement/adjustments or verification to be made.
3. I recommend that an amount of PKR 3,801,099.71 be recovered from the Partner.

## Comments:

Uploading of eligible expenditure to be done once the reported activity and output level results have been validated, preferably via an MFT process. In case of any exception noted (from the results validation process), Project Control should be notified, so that the financial impact of the noted exception(s) can be assessed and appropriately acted upon.

As highlighted on section 5.1 (page 3) of the financial verification report, PKR 1,431,269.46 of partner personnel costs is deemed ineligible. This includes a PKR 813,617.46 "overcharge" by the partner, relating to four partner personnel who (as per the PPA) were to be engaged on a full time basis on the project, but ended up spending much less time - as they were also engaged in other donor projects. UNHCR was not informed of the reduced engagement of the personnel on UNHCR projects- for purposes of PPA personnel cost review. The monetary amount that the partner has charged UNHCR is at the levels that (based on the PPA) would be justified if they had been engaged 100% on the project, as agreed. This would in substance mean that the partner is charging UNHCR on a "fixed fee" and profit basis- which is not allowed under PPA implementation modalities. The balance of personnel costs deemed ineligible relates to costs charged (in the PFR) over and above the PKR values that were in the PPA, charging costs for personnel whose engagement on the project had not been approved (via the PPA) and social security costs that had also not been approved via the PPA. **It is recommended that these costs are recovered from the partner.**

Section 5.1 (page 3) of the financial verification report also highlights an amount of PKR 26,748, being output level overexpenditure that exceeds the PPA allowed overexpenditure limit of 20%. **It is recommended to recover this amount,** as the partner did not inform UNHCR and seek a PPA revision, as required.

Name:

Joseph Oluma

Signature:



Title:

Snr. PC Officer

Date:

3/4/17

Place:

Islamabad





Project Financial Report # 5

For Partner 1205032

SOCIETY FOR HUMANITARIAN RIGHT

For Budget Year 2016

Reporting period from: 1st Dec 2016 to: 31st Jan 2017

Report Date: 31st Jan 2017

Operation: PAK ABC -

BU/Agreement No: PAK01 000000740

Currency: PKR

Run Date: 10/01/17 05:01:00

Cost Centre: 33061 - Pakistan, Islamabad; SITUATION: 1900 - ANNUAL BUDGET EXCOM APPROVED; PPG: 1PAKC - Refs and Asylum Seekers Pakistan; GOAL: PF - Protection and mixed solutions;

Description	Account	REPORTING						REQUESTS / AUTHORIZATIONS (for planning purposes only)	
		Budget A	Instalment(s) released as at 11/30/2016 B	Acumulative Expenses up to 11/30/2016 C	Expenses as % of Budget 11/30/2016 D	Budget Balance E=A-C	New Expenses F	Unused Instalment G=B-C-F	New Instalment Request H

Cost Centre: 33061 - Pakistan, Islamabad

B) For Completion by the UNHCR Certifying Officer

I have reviewed this financial report, supporting documents, related performance monitoring report(s), partner's compliance with Partnership Agreement and its Budget and related reports, as well as the recommendations and comments of the verifying staff and based on the availability of funds and cash:

Please tick the appropriate box below:

- 1. I concur with results and recommendations that the expenditure reported by the Partner, except for the amount PKR 1,458,017.46, be accepted as UNHCR Project.
- 2. I concur with recommendation that the amount of PKR 3,801,099.71 be recovered from the Partner.
- 3. I request further review be made to reconcile my observations and that of the Verifying Staff.
- 4. I recommend subsequent instalment of — 0 — be remitted to the Partner.
- 5. I have informed the Partner about the results of the Verification and certification.

Comments:

Kindly upload the expenditures and close the project once amount is recovered.

Name:

Jennifer Chowdhury

Signature:

*[Handwritten Signature]*

Title:

Program Officer

Date:

04.04.2017

Place:

Islamabad



Project Financial Report # 5

For Partner 1205032

SOCIETY FOR HUMANITARIAN RIGHT

For Budget Year 2016

Reporting period from: 1st Dec 2016 to: 31st Jan 2017

Report Date: 31st Jan 2017

Operation: PAK ABC -

BU/Agreement No: PAK01 000000740

Currency: PKR

Run Date: 10/01/17 05:01:00

Cost Centre: 33061 - Pakistan, Islamabad; SITUATION: 1900 - ANNUAL BUDGET EXCOM APPROVED; PPG: 1PAKC - Refs and Asylum Seekers Pakistan; GOAL: PF - Protection and mixed solutions;

Description	Account	REPORTING						REQUESTS / AUTHORIZATIONS (for planning purposes only)	
		Budget A	Instalment(s) released as at 30/11/2016 B	Acumulative Expenses up to 30/11/2016 C	Expenses as % of Budget 30/11/2016 D	Budget Balance E=A-C	New Expenses F	Unused Instalment G=B-C-F	New Instalment Request H

Cost Centre: 33061 - Pakistan, Islamabad

C) For Completion by the UNHCR Approving Officer

- 1. I approve the recording in UNHCR accounts, of the disbursements reported by the Partner, in the amount of PKs. 2,597,996.00
- 2. I approve the remittance of — 0 — as a further instalment/a final payment to the Partner.
- 3. I instruct that an amount of PKs. 3,801,099.71 be recovered from the Partner.

Name:

Indrika Ratwatte

Signature:

*[Handwritten Signature]*

Title:

Representative

Date:

Place:

Islamabad