Government of Barbados
IBRD HIV/AIDS Prevention and Control Project II
Loan No. 7585-BB

Financial Statements
For The Year Ended
March 31, 2014

Brian F. Griffith & Co.
Chartered Accountants
**Government of Barbados IBRD HIV/AIDS Prevention and Control Project II**

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<th>Page nos.</th>
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<tr>
<td>Management letter</td>
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</tr>
</tbody>
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Independent Auditors’ Report
On the Statement of Funds Received and Disbursements Made and the
Statement of Cumulative Investments of the Project

To the Government of Barbados
IBRD HIV/AIDS Prevention and Control Project II

We have audited the accompanying Statement of Funds Received and Disbursements Made and the Statement of Cumulative Investments of the Project for the year ended and as of March 31, 2014, for the GOB/IBRD HIV/AIDS Prevention and Control Project II, executed by the Project Coordinating Unit of the National HIV/AIDS Commission, through the Ministry of Youth, Family & Sports and financed partially by the International Bank for Reconstruction and Development Loan Contract No. 7585-BB and local counterpart funds from the Government of Barbados.

Project Coordinating Unit’s Responsibility for the Financial Statements
The Project Coordinating Unit is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
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, issued by The International Federation of Accountants, and with the International Bank for Reconstruction and Development’s requirements. 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 auditor’s judgment, 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 financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Project Coordinating Unit, 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 audit opinion.

Opinion
In our opinion the financial statements present fairly, in all material respects, the funds received and disbursements made and the cumulative investments of the project, as of and for the year ended March 31, 2014, in accordance with International Financial Reporting Standards and the requirements of IBRD Loan Contract No. 7585-BB.

Brian F. Griffith & Co.
Chartered Accountants
Bridgetown, Barbados
July 31, 2014
Statement of Funds Received and Disbursements Made
For the year ended March 31, 2014
(Expressed in US dollars)

<table>
<thead>
<tr>
<th>Notes</th>
<th>Year ended March 31</th>
<th>Cumulative March 31</th>
<th>Cumulative March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>Funds Received</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Loan from IBRD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct payments</td>
<td>0</td>
<td>87,500</td>
<td>87,500</td>
</tr>
<tr>
<td>Reimbursements - Page 22</td>
<td>14,460,000</td>
<td>14,698,955</td>
<td>29,158,955</td>
</tr>
<tr>
<td>Prior period adjustment</td>
<td>3</td>
<td>(6,814,690)</td>
<td>0</td>
</tr>
<tr>
<td>Total from IBRD Loan</td>
<td>7,645,310</td>
<td>14,786,455</td>
<td>22,431,765</td>
</tr>
<tr>
<td>Contributions by the Government of Barbados</td>
<td>4</td>
<td>5,099,895</td>
<td>40,081,810</td>
</tr>
<tr>
<td>Total Funds Received</td>
<td>12,745,205</td>
<td>54,868,265</td>
<td>67,613,470</td>
</tr>
</tbody>
</table>
**Government of Barbados**  
**IBRD HIV/AIDS Prevention and Control Project II**  
**Loan No. 7585-BB**  
Statement of Funds Received and Disbursements Made (Cont’d)  
For the year ended March 31, 2014  
(Expressed in US dollars)

<table>
<thead>
<tr>
<th>Notes</th>
<th>Year ended March 31</th>
<th>Cumulative March 31</th>
<th>Cumulative March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
<td>2014</td>
</tr>
</tbody>
</table>

### Disbursements Made

#### Component 1: Prevention and Care

- **Prevention and BCC**: 3,553,081  
  15,765,481  
  19,318,562
- **Care and support**: 1,250,825  
  8,103,253  
  9,354,078
- **Treatment**: 4,545,141  
  18,384,550  
  22,929,691
- **Management**: 3,038,613  
  12,097,440  
  15,136,053

**Total Component 1**: 7  
12,387,660  
54,350,724  
66,738,384

#### Component 2: Institutional Strengthening

- **Monitoring and Evaluation**
  - **Training/Trend Study**: 26,451  
    127,396  
    153,847
  - **Technical Audit**: 2,300  
    0  
    2,300
  - **Financial Audit**: 37,198  
    134,129  
    171,327

- **Behaviour Change Communication**
  - **Study Tours/Training**: 0  
    62,233  
    62,233

- **Management**
  - **Development of Strategic Plan**: 80,930  
    0  
    80,930
  - **Procurement & Financial Management**: 46,650  
    0  
    46,650
  - **MIS Project**: 124,879  
    0  
    124,879

- **Diagnosis, Treatment and Care**
  - **Training for Clinical Health Providers**: 39,138  
    106,283  
    145,421

**Total Component 2**: 7  
357,545  
430,041  
787,586

- **Front-end-fee**: 0  
  87,500  
  87,500

**Total Disbursements Made**: 12,745,205  
54,868,265  
67,613,470
Government of Barbados  
IBRD HIV/AIDS Prevention and Control Project II  
Loan No. 7585-BB  
Statement of Cumulative Investments of the Project – By Funding Sources  
As of March 31, 2014  
(Expressed in US dollars)

<table>
<thead>
<tr>
<th>INVESTMENT COMPONENT</th>
<th>BEGINNING OF THE YEAR</th>
<th>CURRENT YEAR</th>
<th>CUMULATIVE MARCH 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IBRD</td>
<td>GOB</td>
<td>TOTAL</td>
</tr>
<tr>
<td>Component 1: Prevention and Care</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prevention and BCC</td>
<td>2,561,557</td>
<td>11,303,152</td>
<td>13,864,709</td>
</tr>
<tr>
<td>Care and support</td>
<td>2,572,845</td>
<td>6,006,927</td>
<td>8,579,772</td>
</tr>
<tr>
<td>Treatment</td>
<td>5,582,945</td>
<td>13,440,221</td>
<td>19,023,166</td>
</tr>
<tr>
<td>Management</td>
<td>3,981,608</td>
<td>8,901,469</td>
<td>12,883,077</td>
</tr>
<tr>
<td>Prior period adjustment (Note 3)</td>
<td>6,650,120</td>
<td>0</td>
<td>6,650,120</td>
</tr>
<tr>
<td>Total Component 1</td>
<td>21,349,075</td>
<td>39,651,769</td>
<td>61,000,844</td>
</tr>
</tbody>
</table>
Government of Barbados
IBRD HIV/AIDS Prevention and Control Project II
Loan No. 7585-BB
Statement of Cumulative Investments of the Project – By Funding Sources (Cont’d)
As of March 31, 2014
(Expressed in US dollars)

<table>
<thead>
<tr>
<th>INVESTMENT COMPONENT</th>
<th>BEGINNING OF THE YEAR</th>
<th>CURRENT YEAR</th>
<th>CUMULATIVE MARCH 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IBRD</td>
<td>GOB</td>
<td>TOTAL</td>
</tr>
<tr>
<td>Component 2: Institutional Strengthening</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monitoring and Evaluation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training/Trend Study</td>
<td>0</td>
<td>127,396</td>
<td>127,396</td>
</tr>
<tr>
<td>Technical audit</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Financial Audit</td>
<td>0</td>
<td>134,129</td>
<td>134,129</td>
</tr>
<tr>
<td>Behaviour Change Communication</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Study Tours/Training</td>
<td>0</td>
<td>62,233</td>
<td>62,233</td>
</tr>
<tr>
<td>Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development of Strategic Plan</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Procurement &amp; Financial Management</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>MIS Project</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Diagnosis, Treatment and Care</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training for Clinical Health Providers</td>
<td>0</td>
<td>106,283</td>
<td>106,283</td>
</tr>
<tr>
<td>Prior period adjustment (Note 3)</td>
<td>164,570</td>
<td>0</td>
<td>164,570</td>
</tr>
<tr>
<td>Total Component 2</td>
<td>164,570</td>
<td>430,041</td>
<td>594,611</td>
</tr>
<tr>
<td>Front-end fee</td>
<td>87,500</td>
<td>0</td>
<td>87,500</td>
</tr>
<tr>
<td>Prior period adjustment (Note 3)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>21,601,145</td>
<td>40,081,810</td>
<td>61,682,955</td>
</tr>
</tbody>
</table>
Government of Barbados
IBRD HIV/AIDS Prevention and Control Project II
Loan No. 7585-BB
Notes to financial statements
For the year ended March 31, 2014

1. Description of project

On September 25, 2008, the International Bank for Reconstruction and Development and the Government of Barbados signed loan agreement No. 7585-BB for US $35 million to finance the cost of the second GOB/IBRD HIV/AIDS Prevention and Control Project. The purpose of this loan is to assist the Government with the management and control of the HIV/AIDS epidemic affecting the country.

The estimated cost of the Project is US $94.38 million with contingencies. The Government of Barbados has agreed to finance US $59.38 million as counterpart funds for the project.

The principal objective of the project is to support the implementation of the Government of Barbados’ National HIV/AIDS Strategic Plan (NSP), specifically to increase: -

a) Adoption of safe behaviours, in particular amongst key populations at higher risk of HIV/AIDS infection.

b) Access to prevention, treatment, and social care, in particular for the said key populations.

c) Capacity of organizational and institutional structures that govern the National AIDS Programme.

d) Use of quality data for problem identification, strategy definition and measuring results.

The project consists of the following parts subject to such modifications thereof as the Government of Barbados and the International Bank for Reconstruction and Development may agree upon from time to time to achieve such objective.

a) Prevention and care.

b) Institutional strengthening.
Government of Barbados
IBRD HIV/AIDS Prevention and Control Project II
Loan No. 7585-BB
Notes to financial statements
For the year ended March 31, 2014

2. Accounting policies

a) Accounting conventions

These financial statements are prepared on the accrual basis of accounting.

b) Currency

These financial statements are expressed in United States dollars and are converted at the rate of US $1.00 = BDS $2.00

3. Prior period adjustment

The Government of Barbados received US$14,460,000 from the IBRD for the period ended March 31, 2014. This is reflected in the Statement of Request for Reimbursements shown on Page 22 of these financial statements.

Included in the application for reimbursement was Application NHAC 7. This application did not have a requested amount as it included unclaimed expenditure for the year ended March 31, 2013. As a result of this application, there was a reimbursement of US$11,460,000. Of this amount, US$6,814,690 was verified as representing expenditure incurred during the year ended March 31, 2013, US$6,650,120 for Component 1 expenditure and US$164,570 for Component 2 expenditure. The balance of US$4,645,310 represented reimbursement of expenditure incurred during the year ended March 31, 2014.

As a result of the above, Government counterpart funding was reduced, as at March 31, 2014, by US$6,814,690.
Government of Barbados  
IBRD HIV/AIDS Prevention and Control Project II  
Loan No. 7585-BB  
Notes to financial statements  
For the year ended March 31, 2014

4. Contributions by the Government of Barbados

Contributions by the Government of Barbados are derived by deducting the amounts reimbursed by the IBRD from amounts effectively spent from the National Treasury for the current period.

In the Government of Barbados 2014 estimates, US$11,564,903 was allocated to meet the cost of expenditure to execute the project. Actual expenditure was US$12,745,205 of which US$7,645,310 was reimbursed by the IBRD, for the period ended March 31, 2014. The difference of US$5,099,895 represents counterpart funds from the Government of Barbados for the period ended March 31, 2014.

5. Eligible expenditure available for financing

For the year ended March 31, 2014 eligible expenditure totaling US$5,753,545 is available for financing under the current loan agreement. This is made up of US$2,523,794 for Component 1 (65% financing) and US$3,229,751 for Component 2 (100% financing).

6. Special Account

As at March 31, 2014, the Government of Barbados HIV/AIDS Prevention and Control Project II’s bank balance at the Central Bank of Barbados was:

Bank account No. 14346U  US$3,000,000

7. Procurement of goods and services

For the period ended March 31, 2014 goods and services procured under the project were USD$12,387,660 for Component 1 and USD$357,545 for Component 2. Goods and services procured under Component 1 were reviewed by IBRD for “no objection”.


Independent Auditor’s Report
On Supplementary Financial Information

To the Government of Barbados
IBRD HIV/AIDS Prevention and Control Project II

We have audited the Statement of Funds Received and Disbursements Made for the year ended March 31, 2014, and the Statement of Cumulative Investments of the Project as of March 31, 2014, for the GOB/IBRD HIV/AIDS Prevention and Control Project II, entered into by the Government of Barbados and the International Bank for Reconstruction and Development, and executed by the Project Coordinating Unit of the National HIV/AIDS Commission, through the Ministry of Youth, Family and Sports and have issued our report thereon dated July 31, 2014.

We conducted our audit for the purpose of expressing an opinion on the Statement of Funds Received and Disbursements Made and the Statement of Cumulative Investments of the Project, taken as a whole. The accompanying supplementary financial information is presented for the purpose of additional analysis and should not be considered necessary to the presentation of the basic financial statements. This information has been subjected to the audit procedures applied to the basic financial statements.

We conducted our audit in accordance with International Standards on Auditing, issued by the International Federation of Accountants, and with the International Bank for Reconstruction and Development’s requirements, specifically the guidelines contained in the Bank’s publications. 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 misstatements.

Opinion
In our opinion, the supplementary financial information is presented fairly, in all material respects, when taken as a whole with the basic financial statements.

Brian F. Griffith & Co.
Chartered Accountants
Bridgetown, Barbados

July 31, 2014
Government of Barbados  
IBRD HIV/AIDS Prevention and Control Project II  
Loan No. 7585-BB  

Contents of the Supplementary Financial Information  
Estimated Cost and Cumulative Investments of the Project  
As of March 31, 2014  
(Expressed in US dollars)

<table>
<thead>
<tr>
<th>INVESTMENT CATEGORY</th>
<th>ESTIMATED COST OF PROJECT</th>
<th>CUMULATIVE INVESTMENTS AS AT MARCH 31, 2014</th>
<th>BALANCE AVAILABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IBRD</td>
<td>GOB</td>
<td>TOTAL</td>
</tr>
<tr>
<td>(1) Eligible Program Expenditures (EPE)</td>
<td>31,412,500</td>
<td>57,282,000</td>
<td>88,694,500</td>
</tr>
<tr>
<td>(2) Goods and consultant's services under Part 2 of the Project</td>
<td>3,500,000</td>
<td>2,098,000</td>
<td>5,598,000</td>
</tr>
<tr>
<td>(3) Front-end fee</td>
<td>87,500</td>
<td>0</td>
<td>87,500</td>
</tr>
<tr>
<td>Prior period adjustment (Note 3)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>35,000,000</td>
<td>59,380,000</td>
<td>94,380,000</td>
</tr>
</tbody>
</table>
Government of Barbados
IBRD HIV/AIDS Prevention and Control Project II
Loan No. 7585-BB

Contents of the Supplementary Financial Information
Notes to Supplementary Financial Information
As of March 31, 2014
(Expressed in US dollars)

1. Reconciliation of the International Bank for Reconstruction and Development’s records with the Project’s records.

<table>
<thead>
<tr>
<th>2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

| Amounts of loan disbursed as at March 31, 2013 as per IBRD’s records | 29,246,455 |
| Amounts of loan received as at March 31, 2013 as per the Project’s records | 29,246,455 |

| Difference | 0 |

<table>
<thead>
<tr>
<th>2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

| Balance available on loan as at March 31, 2013 as per IBRD’s records | 5,753,545 |
| Balance available on loan as at March 31, 2013 as per the Project’s records | 5,753,545 |

| Difference | 0 |
Independent Auditors’ Report  
On The system of internal control  
To the Government of Barbados  
IBRD/HIV/AIDS Prevention and Control Project II

We have audited the Statement of Funds Received and Disbursements Made for the year ended March 31, 2014 and the Statement of Cumulative Investments as of March 31, 2014, for the GOB/IBRD HIV/AIDS Prevention and Control Project II, entered into by the Government of Barbados and the International Bank for Reconstruction and Development, and executed by the Project Coordinating Unit of the National HIV/AIDS Commission, through the Ministry of Youth, Family and Sports and have issued our report thereon dated July 31, 2014.

We conducted our audit in accordance with International Standards on Auditing, issued by the International Federation of Accountants, and with the International Bank for Reconstruction and Development’s requirements. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Project’s financial statements are free from material misstatements.

The Project Coordinating Unit of the National HIV/AIDS Commission, through the Ministry of Youth, Family and Sports is responsible for establishing and maintaining a system of internal control. In fulfilling this responsibility, estimates and judgments made by management are required to assess the expected benefits and related costs of internal control system policies and procedures. The objectives of a system of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management’s authorization and in accordance with the terms of the contract; and transactions are recorded properly to permit the preparation of the Statement of Funds Received and Disbursements Made and the Statement of Cumulative Investments of the Project in conformity with the basis of accounting described in Note 2 to these financial statements. Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of the changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements for the year ended March 31, 2014, we obtained an understanding of the system of internal control. With respect to the system of internal control, we obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the Project’s financial statements and not to provide an opinion on the system of internal control. Accordingly, we do not express such an opinion.
In our consideration of the system of internal control of the Project Coordinating Unit of the National HIV/AIDS Commission, through the Ministry of Youth, Family and Sports and its operation, we make reference to the management letter on page 25 and page 26 of these financial statements.

Brian F. Griffith & Co.
Chartered Accountants

Bridgetown, Barbados

July 31, 2014
Independent Auditors’ Report
On Compliance with the terms of the loan agreement and Financial and Accounting Contractual Clauses

To the Government of Barbados
IBRD HIV/AIDS Prevention and Control Project II

We have audited the Statement of Funds Received and Disbursements Made for the year ended March 31, 2014 and the Statement of Cumulative Investments as of March 31, 2014, for the GOB/IBRD HIV/AIDS Prevention and Control Project II, entered into by the Government of Barbados and the International Bank for Reconstruction and Development, and executed by the Project Coordinating Unit of the National HIV/AIDS Commission, through the Ministry of Youth, Family and Sports and have issued our report thereon dated July 31, 2014.

In relation to our audit, we determined compliance with the terms of the loan agreement and financial and accounting contractual clauses and articles within the General Conditions of Loan Contract No. 7585-BB, as of March 31, 2014. We examined the General Conditions for Loans dated July 1, 2005 (as amended through February 12, 2008).

We conducted our audit in accordance with International Standards on Auditing and with the requirements of the International Bank for Reconstruction and Development. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Government of Barbados and the Project Coordinating Unit of the National HIV/AIDS Commission, through the Ministry of Youth, Family and Sports have complied with the pertinent loan contractual clauses, and applicable laws and regulations. The audit also includes examining, on a test basis, the appropriate evidence obtained. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion, the Government of Barbados and the Project Coordinating Unit of the National HIV/AIDS Commission, through the Ministry of Youth, Family and Sports have complied, in all material respects, with the financial and accounting contractual clauses of the Loan Contract No. 7585-BB as at March 31, 2014.

Brian F. Griffith & Co.
Chartered Accountants

Bridgetown, Barbados
July 31, 2014
Government of Barbados  
IBRD HIV/AIDS Prevention and Control Project II  
Loan No. 7585-BB  
Appendix to report on compliance with Financial and Accounting Contractual Clauses  
As of March 31, 2014

a) The following contractual clauses of loan agreement No. 7585-BB were complied with as of March 31, 2014.

2.01 - Loan Account; Withdrawals Generally; Currency of Withdrawal  
2.03 - Applications for Withdrawals or for Special Commitment  
2.04 - Designated Accounts  
2.05 - Eligible Expenditures  
2.07 - Refinancing Project Preparation Advance; Capitalizing Front-end Fee and Interest – (b)  
3.01 - Front-end fee  
5.01 - Project Execution Generally  
5.02 - Performance under Loan Agreement and Project Agreement  
5.03 - Provision of Funds and other Resources  
5.06 - Use of Goods, Works and Services; Maintenance of Facilities  
5.07 - Plans; Documents; Records  
5.08 - Project Monitoring and Evaluation – (a) and (b)  
5.09 - Financial Management; Financial Statements; Audits  
5.10 - Cooperation and Consultation  
5.11 - Visits  
6.01 - Financial and Economic Data  
9.01 - Conditions of Effectiveness of Legal Agreements  
9.02 - Legal Opinions or Certificates  
9.03 - Effective Date
Government of Barbados
IBRD HIV/AIDS Prevention and Control Project II
Loan No. 7585-BB
Appendix to report on compliance with Financial and Accounting Contractual Clauses
As of March 31, 2014

b) The following contractual clauses were not applicable as of March 31, 2014.

2.02 - Special Commitment by the Bank
2.06 - Finances Taxes
2.07 - Refinancing Project Preparation Advance; Capitalizing Front-end Fee and Interest – (a) and (c)
2.08 - Reallocation
3.02 - Interest
3.03 - Repayment
3.04 - Prepayment
3.05 - Partial Payment
3.06 - Place of Payment
3.07 - Currency of Payment
3.08 - Temporary Currency Substitution
3.09 - Valuation of Currencies
3.10 - Manner of Payment
4.01 - Conversions Generally
4.02 - Conversion of Loan that Accrues Interest at a Rate Based on the Variable Spread
4.03 - Interest Payable following Interest Rate Conversion or Currency Conversion
4.04 - Principal Payable following Currency Conversion
4.05 - Interest Rate Cap; Interest Rate Collar
5.04 - Insurance
5.05 - Land Acquisition
5.08 - Project Monitoring and Evaluation - (c)
6.02 - Negative Pledge
7.01 - Cancellation by the Borrower
7.02 - Suspension by the Bank
7.03 - Cancellation by the Bank
7.04 - Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Bank
7.05 - Cancellation of Guarantee
7.06 - Events of Acceleration
7.07 - Acceleration during a Conversion Period
7.08 - Effectiveness of Provisions after Cancellation, Suspension or Acceleration
8.01 - Enforceability
b) The following contractual clauses were not applicable as of March 31, 2014 (continued).

8.02 - Obligations of the Guarantor
8.03 - Failure to exercise rights
8.04 - Arbitration
9.04 - Termination of Legal Agreements for Failure to Become Effective
9.05 - Termination of Legal Agreements on Full Payment
10.01 - Notices and Requests
10.02 - Action on Behalf of the Loan Parties and the Project Implementing Entity
10.03 - Evidence of Authority
10.04 - Execution in Counterparts
Independent Auditors’ Report
On Special Account

To the Government of Barbados
IBRD HIV/AIDS Prevention and Control Project II

We have audited the Statement of Funds Received and Disbursements Made for the year ended March 31, 2014 and the Statement of Cumulative Investments of the Project as of March 31, 2014, for the GOB/IBRD HIV/AIDS Prevention and Control Project II, entered into by the Government of Barbados and the International Bank for Reconstruction and Development, and executed by the Project Coordinating Unit of the National HIV/AIDS Commission, through the Ministry of Youth, Family and Sports and have issued our report thereon dated July 31, 2014.

In relation to our audit, we examined the statement of Special Account for the year ended March 31, 2014. Our audit included verifying whether the statement of Special Account used for managing the funds provided by the Bank, presents fairly the availability of funds and the transactions made during the period.

We conducted our audit in accordance with International Standards on Auditing, issued by the International Federation of Accountants, and with the International Bank for Reconstruction and Development’s requirements, specifically the guidelines contained in the Bank’s publications. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the executing agency has complied with the provisions of Loan Contract No. 7585-BB. These Standards require that we plan and perform the audit to obtain reasonable assurance that the Special Account is free of material misstatement. We believe that our audit provides a reasonable basis for an opinion.

Opinion
In our opinion the statement of the Special Account presents fairly the availability of funds and the transactions made during the year ended March 31, 2014 in accordance with International Financial Reporting Standards and the requirements of IBRD Loan Contract No. 7585-BB.

Brian F. Griffith & Co.
Chartered Accountants

Bridgetown, Barbados

July 31, 2014
### Government of Barbados  
**IBRD HIV/AIDS Prevention and Control Project II**  
**Loan No. 7585-BB**  
**Statement of Special Account**  
For the year ended March 31, 2014  
(Expressed in US dollars)

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance - April 1, 2013</td>
<td>$0</td>
</tr>
<tr>
<td>Add: Amount disbursed by the IBRD</td>
<td>$14,460,000</td>
</tr>
<tr>
<td>Deduct: Amount transferred to the National Treasury Account</td>
<td>$(11,460,000)</td>
</tr>
<tr>
<td>Ending balance - March 31, 2014</td>
<td>$3,000,000</td>
</tr>
</tbody>
</table>
Independent Auditors’ Report  
On Statement of Request for Reimbursements  
To the Government of Barbados  
IBRD HIV/AIDS Prevention and Control Project II  

We have audited the Statement of Funds Received and Disbursements Made for the year ended March 31, 2014 and the Statement of Cumulative Investments of the Project as of March 31, 2014, for the GOB/IBRD HIV/AIDS Prevention and Control Project II, entered into by the Government of Barbados and the International Bank for Reconstruction and Development, and executed by the Project Coordinating Unit of the National HIV/AIDS Commission, through the Ministry of Youth, Family and Sports and have issued our report thereon dated July 31, 2014.

In relation to our audit, we examined the requests for reimbursement processes, performed by the executing agency for the year ended March 31, 2014. Our audit included verifying whether the expenditures included in the request for reimbursements were eligible, the information presented in the Statement of Expenditures (SOEs) were reasonably dependable, the accounting and internal control procedures for preparation of the SOEs were adequate and that Project funds had been used only for project purposes.

We conducted our audit in accordance with International Standards on Auditing, issued by the International Federation of Accountants, and with the International Bank for Reconstruction and Development’s requirements, specifically the guidelines contained in the Bank’s publications. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the executing agency has complied with the provisions of Loan Contract No. 7585-BB. The audit also included examining, on a test basis, evidence to support the amounts and disclosures in the request for reimbursements submitted and that form a part of the Statement of Funds Received and Disbursements Made and the Statement of Cumulative Investments of the Project for the period examined. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion, except as mentioned in the auditors’ report on the system of internal control, the expenditures included in the request for reimbursements were eligible, the information presented in the Statement of Expenditures (SOEs) were reasonably dependable and Project funds had been used only for project purposes.

Brian F. Griffith & Co.
Chartered Accountants

Bridgetown, Barbados

July 31, 2014
Government of Barbados  
IBRD HIV/AIDS Prevention and Control Project II  
Loan No. 7585-BB  
Statement of Request for Reimbursements  
For the year ended March 31, 2014  
(Expressed in US dollars)

<table>
<thead>
<tr>
<th>Category</th>
<th>Application number</th>
<th>Amounts requested</th>
<th>Amounts reimbursed</th>
<th>Difference</th>
<th>Pending reimbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance</td>
<td>NHAC 7</td>
<td>$0</td>
<td>$11,460,000</td>
<td>$11,460,000</td>
<td>$0</td>
</tr>
<tr>
<td>Advance</td>
<td>NHAC 8</td>
<td>$3,000,000</td>
<td>$3,000,000</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

| Total    |                   | $3,000,000       | $14,460,000       | $11,460,000| $0                     |
Introduction

As set forth in the first paragraph of our report on the Statement of Funds Received and Disbursements Made and the Statement of Cumulative Investments of the Project, our examination of the financial statements of the Project Coordinating Unit of the National Commission on HIV/AIDS was made in accordance with International Standards on Auditing and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Submitted below are brief comments with respect to the application of certain of these tests and procedures.

The scope of the work undertaken included tests to ascertain:-

a) Whether purchase orders were prepared and recorded in system.
b) Whether purchase orders were approved by a senior officer.
c) Whether goods received were checked to the relevant invoices and purchase orders, and whether, different individuals were involved in the process.
d) Whether payment could be initiated before payment requests were cross-referenced to purchase orders.
e) Whether adequate supporting documentation was available to substantiate the disbursements made.

We verified the figures from the Smart Stream accounting system and:-

1) Tested representative samples of expenditure against documentary evidence such as receipts, purchase orders, invoices and payment request forms.
2) Traced amounts from payment request forms to the Smart Stream accounting system.
3) Verified the correctness of the allocation of expenditure to the various heads.
4) Verified that the expenditures were related to the project.
Government of Barbados
IBRD HIV/AIDS Prevention and Control Project II
Loan No. 7585-BB
Disclosure of audit procedures utilized continued
For the year ended March 31, 2014

In evaluating the system of internal control we considered:-

1) The control environment.
2) Risk assessment.
3) The accounting and information systems.
4) Control activities.
5) Monitoring activities.

In evaluating the procurement of goods and services:-

1) We verified that procurement was in accordance with the Financial Administration & Audit (Supplies) Rules 1971 and Financial Administration and Audit (Drug Service) Rules 1980.

2) We verified that Goods and services financed were procured in accordance with the relevant financing agreement.
July 31, 2014

Director
National HIV/AIDS Commission
Warrens
St. Michael

Dear Madam,

Re: Loan No. 7585-BB IBRD HIV/AIDS Prevention and Control Project II
Audit for the year ended March 31, 2014

In accordance with normal practice, we now submit our management letter as a result of our review of the accounting and internal control system, and procedures followed by the Project Coordinating Unit and the various Ministries during our recent audit for the year ended March 31, 2014.

Financial information for audit

Once again, the financial information presented to us initially, contained discrepancies and had to be adjusted accordingly. As a consequence of this, more time had to be taken to allow the PCU to make adjustments and for us to investigate the discrepancies and test the accuracy of the adjusted financial information.

We recommend again, that the PCU and relevant ministries reconcile any differences that might exist, on a quarterly basis or when deemed necessary, as it facilitates the timely and accurate preparation of financial statements.

Payment Request Forms

In our last management letter, we noted that there were some inconsistencies in the preparation of Payment Request Forms within various ministries, in that they were not always filled out in their entirety. We are pleased to state once more that there were some improvements in the filling out of these forms.

We therefore encourage continued improvement on the filling out of these forms in their entirety, since they are designed to form part of the internal control system.
Except as mentioned in the preceding paragraphs, in all other aspects we can report that your accounting system and your system of internal control fulfilled the requirements of International Standards of Auditing as well as the audit requirements of the lending agency.

We would like to express our appreciation for the co-operation and assistance that we received during the course of our audit and would be pleased to discuss with you any matters mentioned in this letter, as you move to implement these measures.

Brian F. Griffith & Co.
Chartered Accountants