

**Antigua and Barbuda Public and
Social Sector Transformation Project**

Financial Statements

September 30, 2017

(expressed in United States dollars)

Antigua and Barbuda Public and Social Sector Transformation Project

Institutional and Operational Arrangements as at September 30, 2017

Project Management Unit (project coordination)

Project Coordinator: Ms. Alison Goodwin

Financial Management Specialist: Mrs. Megan Samuel-Fields

Communications Specialist: Ms. Ezra Christopher

Government of Antigua and Barbuda (Public Financial Management)

Accountant General: Dr. Cleopatra Gittens

Budget Director: Mrs. Carolyn Tonge

Public Debt Manager: Mrs. Nadia Spencer-Henry

Strategic Development Coordinator: Ms Hortensia Brookes

Technical Leaders (project implementation)

Assistant Labour Commissioner: Mr. Pascall Kentish

Project Steering Committee (oversight for project results)

Permanent Secretary (Finance): Mr. Sean Cenac

Financial Secretary: Mr. Whitfield Harris

Deputy Financial Secretary: Ms. Rasona Davis

Technical Leaders

Project Management Unit

International Bank for Reconstruction and Development (World Bank) Technical Support, Procurement and Financial Oversight

Co-Task Team Leader: Mr. Juan Martin Moreno

Co-Task Team Leader: Ms. Daniela Felcman

Senior Financial Management Specialist: Ms. Kerry White

Senior Procurement Specialist: Ms. Sonia Rodrigues da Fonseca

Auditors

Grant Thornton

Chartered Accountants

11 Old Parham Road

St. John's, Antigua

Bankers

Eastern Caribbean Amalgamated Bank

1000 Airport Boulevard

Coolidge

St. George's, Antigua



Independent Auditors' Report on the Special Purpose Financial Statements

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To the Ministry of Finance and Corporate Governance re:
Antigua and Barbuda Public and Social Sector Transformation Project

We have audited the accompanying special purpose financial statements of the **Antigua and Barbuda Public and Social Sector Transformation Project** (the "Project"), which comprise the statement of sources and uses of funds, the statement of balances and a summary of accounting policies and explanatory notes for the twenty-one (21) month period ended September 30, 2017. These special purpose financial statements are prepared as a condition of Loan Agreement #8269AG between the Government of Antigua and Barbuda and the International Bank for Reconstruction and Development ("the Contract").

Management's Responsibility for the Special Purpose Statements

These statements are the responsibility of the Project's management. Management is responsible for the preparation and fair presentation of these financial statements on the cash receipts and payments basis in accordance with the International Public Sector Accounting Standards (IPSAS), issued by the Public Sector Committee of the International Federation of Accountants, and for such internal control as management determines is necessary to enable the preparation 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 these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Project's preparation and fair presentation of the special purpose 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 management, 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 special purpose financial statements present fairly the cash receipts and payments of the Project during the twenty-one (21) month period ended September 30, 2017 in accordance with IPSAS issued by the Public Sector Committee of the International Federation of Accountants and, in all material respects, expenditures have been applied to the purposes intended in the Contract.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to assist the Antigua and Barbuda Public and Social Sector Transformation Project to comply with the financial reporting provisions of the Contract referred to above. On this basis, cash receipts are recognised when received and cash expenditures are recognised when paid rather than when incurred. As a result, the special purpose financial statements may not be suitable for any other purpose.

Restriction on Distribution and Use

Our report is intended solely for the Antigua and Barbuda Public and Social Sector Transformation Project and the International Bank for Reconstruction and Development and should not be distributed to, or used by parties other than the Antigua and Barbuda Public and Social Sector Transformation Project or the International Bank for Reconstruction and Development, without our prior written consent.



Chartered Accountants

January 26, 2018

St. John's, Antigua

Antigua and Barbuda Public and Social Sector Transformation Project

Statement of Sources and Uses of Funds

For the period ended September 30, 2017

(expressed in United States dollars)

	21 months ended September 30, 2017 \$	24 months ended December 31, 2015 \$	18 months ended December 31, 2013 \$	Cumulative Total \$
Receipts				
Advances from the World Bank (IBRD)	738,954	700,000	1,461,166	2,900,120
Interest Income	–	3,894	604	4,498
Total receipts	738,954	703,894	1,461,770	2,904,618
Payments				
Component 1: Building effective institutions for Strategic Management of Government Policies	–	140,017	2,900	142,917
Component 2: Modernize Human Resource Management	–	177,158	93,446	270,604
Component 3: Improve Efficiency of Social Protection Spending	–	–	193	193
Component 4: Support Active Labour Market Programs	349,329	456,191	70,076	875,596
Component 5: Project Management	338,292	544,777	353,224	1,236,293
Bank charges	3,519	4,755	3,129	11,403
Total payments	691,140	1,322,898	522,968	2,537,006
Total net cash receipts (disbursements) for the period	47,814	(619,004)	938,802	367,612
Beginning cash balance	319,798	938,802	–	–
Closing cash balance	367,612	319,798	938,802	367,612

The notes on pages 1 to 2 form an integral part of these financial statements

Antigua and Barbuda Public and Social Sector Transformation Project

Statement of Balances

As at September 30, 2017

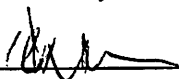
(expressed in United States dollars)

	September 30, 2017	December 31, 2015	December 31, 2013
Fund reconciliation	\$	\$	\$
Cash balance – beginning balance	319,798	938,802	–
Total net cash receipts/(disbursements) for the period	47,814	(619,004)	938,802
Cash balance – ending balance	367,612	319,798	938,802

The ending cash balance is represented by:

	September 30, 2017	December 31, 2015	December 31, 2013
Cash balances	\$	\$	\$
Designated bank account	153,294	243,030	753,888
Project bank account	214,318	76,410	184,914
Petty cash	–	358	–
Total	367,612	319,798	938,802

Approved by the Ministry of Finance and Corporate Governance on January 26, 2018



Financial Secretary

FINANCIAL SECRETARY

Antigua and Barbuda Public and Social Sector Transformation Project

Notes to Financial Statements

September 30, 2017

(expressed in United States dollars)

1 Basis of Accounting

These accounts have been prepared on the cash basis of accounting under the International Public Sector Accounting Standards (IPSASs) issued by the International Federation of Accountants (IFAC). On this basis, transactions and events are recognized only when cash is received or paid. These financial statements are presented in United States dollars.

2 Nature and purpose of the Project and going concern

On August 14, 2013 the Government of Antigua and Barbuda (GOAB) signed with the International Bank for Reconstruction and Development (IBRD) a loan agreement in the amount of US\$10,000,000 (Loan #8269AG) in respect of the implementation of the Public and Social Sector Transformation Project (the "Project"). This was preceded on April 20, 2012 with a Project Preparation Advance in the amount of US\$980,000 for preparation activities related to the implementation of the Project. The Advance became effective from July 15, 2012.

Under the Loan Agreement, a Project Management Unit has been set up in the Ministry of Finance, the Economy and Public Administration to coordinate the project implementation. Approval for the loan was obtained through a Parliamentary Resolution. The loan became effective from November 2013.

The objectives of the Project are to: (i) strengthen the management of the public sector and make more efficient use of its human resources; (ii) enhance the government capacity to develop coherent and efficient social sector policies and interventions on the basis of evidence; and (iii) strengthen and increase the coverage of intermediation services and competency-based training programs to enhance its effectiveness in increasing the ability of persons between the ages of seventeen (17) to fifty (50) years to find and maintain a job.

On July 21, 2017, the GOAB and IBRD agreed to cancel the loan agreement and set the close out date of the Project to September 30, 2017.

The Project's registered office is located at Bryson's Building, Friar's Hill Road, St. John's, Antigua.

3 Summary of accounting policies

3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These accounting policies have been used throughout all periods presented in the financial statements.

3.2 Cash balance

Cash balance is composed of cash at bank representing demand deposits with local banks and petty cash.

Antigua and Barbuda Public and Social Sector Transformation Project

Notes to Financial Statements

September 30, 2017

(expressed in United States dollars)

Summary of accounting policies ... *continued*

3.3 Receipts

Receipts are measured by reference to the fair value of the amounts disbursed by the IBRD and are recognized when the amounts have been deposited into the designated bank account.

3.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rates). Monetary assets and liabilities denominated in currencies other than the functional currency are reported at the exchange rate prevailing at the period end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at period-end exchange rates are recognised in the Statement of Sources and Uses of Funds. As the Eastern Caribbean dollar is pegged to the United States dollar, the Project follows the policy of using a rate of exchange of US\$1.00 equalling EC\$2.70 and accordingly all transactions and amounts payable and receivable in EC\$ have been converted at this rate.

Non-monetary items that are measured at historical cost are not re-translated. Non-monetary items that are measured at fair value are translated at the exchange rates at the date fair value is determined.

3.5 Financial instruments

(a) *Fair value*

Due to the short-term nature of the financial instruments, the Project is of the opinion that their carrying values approximate fair values. These financial instruments currently comprise of cash at bank and petty cash.

(b) *Credit risk*

Credit risk represents the accounting loss that would be recognised at the reporting date if the IBRD fails to perform as contracted.

To reduce the credit risk, the Project performs ongoing credit evaluations of the prevailing financial conditions. Although the Project is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments, it does not expect any counterparties to fail to meet their obligations given their credit ratings.


4 Restricted use of funds

The loan agreement with IBRD (Loan #8269 AG) requires that funds deposited to the designated account be restricted for the use of the Project only.

Additional Comments of the Auditors**To the Ministry of Finance and Corporate Governance**

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The accompanying appendices 1 – 3 are presented as additional information only. In this respect, they do not form part of the financial statements of Antigua and Barbuda Public and Social Sector Transformation Project (the “Project”) for the period ended September 30, 2017 that were prepared in accordance with the International Public Sector Accounting Standards but have been appended to the financial statements in order to comply with the Project’s internal financial reporting as at September 30, 2017. The information in these pages has been subject to audit procedures only to the extent necessary to express an opinion on the financial statements of the Project and, in our opinion, is fairly presented in all respects material to those financial statements.



Chartered Accountants
January 26, 2018
St. John's, Antigua

Antigua and Barbuda Public and Social Sector Transformation Project

Appendix 1 – Designated Account Reconciliation Statement

As at September 30, 2017

(expressed in United States dollars)

Total
\$

July 1, 2013 to September 30, 2017

Total amount advanced by World Bank (IBRD) less refunds	2,900,120
Documented expenditure from designated account	(2,525,603)
Bank charges	(11,403)
Interest income	4,498
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Designated account balance	367,612
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The designated account balance is comprised as follows:

Designated account bank balance	153,294
Project account bank balance	214,318
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Closing cash balance	367,612
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Antigua and Barbuda Public and Social Sector Transformation Project

Appendix 2 - Statement of Withdrawals Application

For the period ended September 30, 2017

(expressed in United States dollars)

	Amount requested \$	Amount advanced \$
21 months ended September 30, 2017		
Date		
February 3, 2016	132,983	132,983
March 1, 2016	189,059	189,059
August 23, 2016	165,985	165,985
February 14, 2017	98,261	98,261
February 21, 2017	51,550	51,550
June 12, 2017	101,116	101,116
	<u>738,954</u>	<u>738,954</u>
24 months ended December 31, 2015		
Date		
March 4, 2014	150,000	150,000
May 30, 2014	550,000	550,000
	<u>700,000</u>	<u>700,000</u>
18 months ended December 31, 2013		
Date		
November 19, 2012	350,000	350,000
December 8, 2012	189,925	189,925
November 26, 2013	921,241	921,241
	<u>1,416,166</u>	<u>1,461,166</u>
Total funds request and advanced	<u>2,900,120</u>	<u>2,900,120</u>

Antigua and Barbuda Public and Social Sector Transformation Project

Appendix 3 – Statement of Disbursement Categories

As at September 30, 2017

(expressed in United States dollars)

	Current period (21 Months ended September 30, 2017) \$	Prior period (24 Months ended December 31, 2015) \$	Prior period (18 Months ended December 31, 2013) \$
Disbursement categories			
Part 1: Consultants' services, non-consulting services and operating costs for Parts 1 and 2 of the Project.	(79,026)	317,310	96,209
Part 2: Goods, non-consulting services, works, consultants' services, training and operating costs under Parts 3, 4 (c), 4(d) and 4(e) of the Project.	44,001	289,045	69,214
Part 3: Sub-project expenditures under Parts 4(a) and 4(b) of the Project.	219,799	168,202	—
Part 4: Goods, non-consulting services, consultants' services, training, project audits, and operating costs under Part 5 of the Project.	502,847	543,586	354,416
	687,621	1,318,143	519,839
Bank charges	3,519	4,755	3,129
	691,140	1,322,898	522,968