AUDIT OF THE RESOURCES MANAGED
DURING THE PERIOD
DECEMBER 23, 2015 TO JUNE 30, 2018
BY THE ORGANISATION OF EASTERN
CARIBBEAN STATES UNDER
THE PROJECTS MANAGEMENT UNIT
TOURISM MARKET INTELLIGENCE
TF A0988 (P152117)
Independent Auditors’ Report
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Dr. Didacus Jules  
Director General  
OECS Commission  
The Morne  
Castries  
SAINT LUCIA

November 28, 2018  
Ref: CJ/ed

Dear Dr. Jules

Audit of the Resources Managed during the period from December 23, 2015 to June 30, 2018 by the Organisation of Eastern Caribbean States under the Projects Management Unit Tourism Market Intelligence TF A0988 (P152117).

We have completed our audit of the resources managed during the period from December 23, 2015 to June 30, 2018 by the Organisation of Eastern Caribbean States under the Tourism Market Intelligence, financed by the World Bank.

Please find enclosed our report relating to the captioned audit. We would like to take this opportunity to thank your staff for the invaluable assistance and co-operation extended to us during the course of the audit.

Should you need any further information or clarification thereon, please do not hesitate to contact us.

Yours sincerely

[Signature]

Brenda Duncan  
Managing Partner
This special purpose audit was performed in accordance with the International Standards on Auditing issued by the International Federation of Accountants and therefore included the tests of the accounting records considered necessary under the circumstances. The specific objectives of the audit were to:

(a) Issue an opinion as to whether the Project financial statements present fairly, in all material respects, the financial position of the project, the funds received and the disbursements made during the period audited, as well as the cumulative investments at the end of the period, in accordance with financial reporting provisions outlined in the respective legal agreements with the Bank and other co-financing organizations.

(b) Issue an opinion as to whether: (a) the expenditures reported are eligible for financing; and (b) loan funds have been used only for Project purposes.

(c) Issue a report with respect to the adequacy of the internal control structure of the implementing institution in regard to the project.

(d) Issue an opinion with respect to the implementing entity's compliance with the terms of the loan credit agreements and applicable laws and regulations with regard to the World Bank.

(e) Issue an opinion as to whether the Statement of the Designated Account and Project Accounts used for managing the funds provided by the Bank presents fairly the availability of funds at the end of the period audited, as well as the transactions made during the same period, in accordance with financial reporting provisions outlined in the project’s legal agreements.

A full scope financial and internal controls audit was undertaken. The procedures performed included:

1. Verifying that the operations and use of the designated accounts were in accordance with the provisions of the financing agreements.

2. Verifying that project funds were used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and for the purposes for which the financing was provided.

3. Testing that Goods, Works and Services financed were procured in accordance with the relevant financing agreement.

4. Reviewing all bank accounts and the controls on these accounts and obtaining positive confirmation of bank balances.

5. Ensuring that funds received, and expenditure incurred were eligible under the credit agreements, recorded correctly and vouched to supporting documents.

6. Reviewing direct salary charges to determine whether salary rates were in accordance with stated contracts and were supported by appropriate payroll records.
AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS

Dr. Didacus Jules
Director General
OECS Commission
The Morne
Castries
SAINT LUCIA

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the Organisation of Eastern Caribbean States under the Projects Management Unit Tourism Market Intelligence, which comprise the statements of Sources and Uses of Funds, Cumulative Investments and Designated Account Reconciliation for the period from December 23, 2015 to June 30, 2018, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the results of the operations of the Organisation of Eastern Caribbean States under the Projects Management Unit Tourism Market Intelligence Project for the period ended June 30, 2018 in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Project in accordance with the International Ethics Standards Board of Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Saint Lucia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS 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 and error.

Those charged with governance are responsible for overseeing the Project’s financial reporting process.
AUDITORS' REPORT ON THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 these financial statements.

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 financial statements, 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 Project's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

[Signature]

Chartered Accountants
Castries, St. Lucia
November 28, 2018
## AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD
### DECEMBER 23, 2015 TO JUNE 30, 2018
#### BY THE ORGANISATION OF EASTERN CARIBBEAN STATES
##### UNDER THE PROJECTS MANAGEMENT UNIT
#### TOURISM MARKET INTELLIGENCE
##### TF A09888 (P152117)
### Statement of Sources and Uses of Funds
(Expressed in United States Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Current Period Actual US$</th>
<th>CUMULATIVE Actual US$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RECEIPTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Account</td>
<td>386,013</td>
<td>386,013</td>
</tr>
<tr>
<td>Direct Payment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Receipts (A)</td>
<td>386,013</td>
<td>386,013</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component 1 - Harmonised regional approach for tourism</td>
<td>186,646</td>
<td>186,646</td>
</tr>
<tr>
<td>Component 2 - Harmonised methodological and Institutional framework</td>
<td>49,409</td>
<td>49,409</td>
</tr>
<tr>
<td>Component 3 - Capacity-building through standardised and harmonised statistics</td>
<td>31,770</td>
<td>31,770</td>
</tr>
<tr>
<td>Component 4 - Supervision and monitoring</td>
<td>68,825</td>
<td>68,825</td>
</tr>
<tr>
<td>Total Expenditures (B)</td>
<td>336,650</td>
<td>336,650</td>
</tr>
<tr>
<td><strong>RECEIPTS LESS EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Change in Cash (A - B)</td>
<td>49,363</td>
<td>49,363</td>
</tr>
<tr>
<td>Foreign Exchange Adjustment</td>
<td>380</td>
<td>380</td>
</tr>
<tr>
<td><strong>BANK BALANCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Cash Balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Account</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Project Account (XCD)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Opening Balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing Cash Balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Account</td>
<td>41,553</td>
<td>41,553</td>
</tr>
<tr>
<td>Project Account (XCD)</td>
<td>8,190</td>
<td>8,190</td>
</tr>
<tr>
<td>Total Closing Cash Balance</td>
<td>49,743</td>
<td>49,743</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD
DECEMBER 23, 2015 TO JUNE 30, 2018
BY THE ORGANISATION OF EASTERN CARIBBEAN STATES
UNDER THE PROJECTS MANAGEMENT UNIT
TOURISM MARKET INTELLIGENCE
TF A09888 (P152117)
Statement of Cumulative Investments
(Expressed in United States Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Current Year US$</th>
<th>Prior periods Cumulative US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1</td>
<td>336,650</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>336,650</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD
DECEMBER 23, 2015 TO JUNE 30, 2018
BY THE ORGANISATION OF EASTERN CARIBBEAN STATES
UNDER THE PROJECTS MANAGEMENT UNIT
TOURISM MARKET INTELLIGENCE
TF A09888 (P152117)
Designated Account Reconciliation Statement
For the Period Ended June 30, 2018
(Expressed in United States Dollars)

<table>
<thead>
<tr>
<th></th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Total advanced by World Bank (Or Cofinancier)</td>
<td>386,013.50</td>
</tr>
<tr>
<td>2 Less: eligible expenditure for the current period ended June 30, 2018 documented by World Bank</td>
<td>281,395.50</td>
</tr>
<tr>
<td>3 Present outstanding amount advanced to the designated account (1 - 2)</td>
<td>104,618.00</td>
</tr>
<tr>
<td>4 Balance of USD designated account per bank reconciliation statement as at June 30, 2018</td>
<td>41,552.95</td>
</tr>
<tr>
<td>5 Balance of project accounts per bank reconciliation statement as at June 30, 2018</td>
<td>8,190.27</td>
</tr>
<tr>
<td>6 Plus: total amount withdrawn and not yet claimed</td>
<td>55,254.39</td>
</tr>
<tr>
<td>7 Plus: amounts claimed in previous applications not yet credited at date of bank statements</td>
<td>-</td>
</tr>
<tr>
<td>Subtotal of previous applications not yet credited</td>
<td>-</td>
</tr>
<tr>
<td>8 Less: interest earned</td>
<td>(379.62)</td>
</tr>
<tr>
<td>9 Total advance accounted for (no. 4 through no. 9)</td>
<td>104,617.99</td>
</tr>
<tr>
<td>10 Difference (3 - 9)</td>
<td>0.01</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD DECEMBER 23, 2015 TO JUNE 30, 2018
BY THE ORGANISATION OF EASTERN CARIBBEAN STATES UNDER THE PROJECTS MANAGEMENT UNIT
TOURISM MARKET INTELLIGENCE
TF A09888 (P152117)

Index to Notes to the Financial Statements

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<th>Note 1</th>
<th>Date of Authorisation of Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note 2</td>
<td>Project Background</td>
</tr>
<tr>
<td>Note 3</td>
<td>Summary of Significant Accounting Policies</td>
</tr>
<tr>
<td>Note 4</td>
<td>Financial Schedules</td>
</tr>
<tr>
<td>Note 5</td>
<td>Subsequent Events</td>
</tr>
</tbody>
</table>
1. **Date of Authorisation of Issue**

These financial statements were authorized for issue by the Director General of the Commission of the Organisation of Eastern Caribbean States (OECS) on November 28, 2018.

2. **Project Background**

The OECS Commission, with support from the World Bank, has conceptualised and implemented a project to develop a harmonised framework for collecting and reporting tourism market intelligence data in the OECS. This framework will allow participating Member States (Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Anguilla and the British Virgin Islands) to collect, organise report and use the statistical data necessary for tourism market intelligence to enhance the quality of decision-making in the vital Tourism Sector in the OECS and ultimately build further tourism competitiveness in the region.

The Project has four (4) main components with US$400,000 in support funding from the World Bank and an additional US$200,000 in kind contributions from the OECS Commission and recipients. Component One (1), set at a budget of US$60,000, comprises a Diagnosis and Preparation of Recommendation Phase for constructing the harmonised regional Tourism Market Intelligence approach, including data collection and analysis. With a budget of US$110,000, Component Two (2) comprises activities related to the introduction of the Common Methodological and Institutional Framework for Tourism Market Intelligence Work in which a multi-country mechanism for harmonised statistical development was created and implemented on the part of each country involved. Component Three (3), with an original budget of US$153,000, comprises the Capacity-Building phase towards use of the framework and Component Four (4) with a budget of US$77,000, covers the administrative and related activities to support the project.

The overall objective of the project is to improve the effectiveness of the OECS countries’ policy-making, planning, marketing and monitoring of tourism development using a methodological and harmonised framework for collecting and reporting Tourism Market Intelligence data. To meet this overall objective, the specific objective of the project are to:

- diagnose and assess the methodology used by each country as well as the OECS Commission to collect, process and use tourism market intelligence data;
- recommend and develop a methodological and harmonised framework including the use of a web-based tool for collecting and reporting Tourism Market Intelligence data in the OECS;
- build stakeholder awareness of the importance of using a methodological and harmonised framework to collect, organise, report and use the statistical data necessary for tourism market intelligence;
- prepare and implement a region wide and country-specific action plans for improving the collection, processing and use of tourism market intelligence statistics and associated institutional setup;
2. **Project Background (Cont’d)**
   - build capacity in the use of the tourism market intelligence framework and web-based tool developed under the project;
   - undertake pin-pointed them based coaching to support the implementation of the Action Plans in each Member State, and
   - to develop applications and software that would make best use of the data generated as part of the project.

3. **Summary of Significant Accounting Policies**
   The principal accounting policies adopted are stated in order to assist in a general understanding of the financial statements. These policies have been consistently applied to the period presented, unless otherwise stated.

   (a) **Basis of Preparation**
   The financial statements are prepared in accordance with International Public Sector Accounting Standards under the Cash Basis of Accounting. On this basis cash receipts are recognized when received and cash expenditure are recognized when paid rather than when incurred.

   (b) **Foreign Currencies**
   In accordance with Article II of the Financing Agreements the proceeds of the IDA Credits are made available in United States Currency which is also the currency used for budgeting. However, for the purpose of recording payments the currency used is the Eastern Caribbean Currency which is the currency of the primary economic environment in which the project operates. The reporting currency is the United States Dollar. The currency conversion rate used is USD$1.00 = XCD$2.6882 for translation of all transactions during the period and cash balances at period end.

   (c) **Cash**
   Funds are kept in the Project’s Bank accounts at 1st National Bank, St. Lucia.
4. Financial Schedules

Sources and Uses of Funds (Schedule 1)

This statement identifies the sources and uses of funds for the period. Amounts were rounded off to the nearest dollar for ease of presentation.

Total funds received for the period ended June 30, 2018 was as follows:

<table>
<thead>
<tr>
<th>Source or Use of Funds</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Account</td>
<td>386,014</td>
</tr>
</tbody>
</table>

All uses of funds are from proceeds of IDA Credits received on behalf of the project.

Designated Account Reconciliation Statement

This statement represents a reconciliation of amounts withdrawn from the financing accounts and transferred to the designated bank accounts to pay for eligible expenditures during the period. Differences relate to bank charges subsequently reimbursed to the designated bank accounts.

The reconciled bank account balances as at June 30, 2018 is shown in Table 1 below:

Table 1: Bank Account Details

<table>
<thead>
<tr>
<th>Name of Account</th>
<th>Account Number</th>
<th>Account Balance as at June 30, 2018</th>
<th>EC$</th>
<th>USD Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Account (USD)</td>
<td>6003010</td>
<td>111,703</td>
<td></td>
<td>41,553</td>
</tr>
<tr>
<td>Project Account</td>
<td>6003009</td>
<td>22,017</td>
<td></td>
<td>8,190</td>
</tr>
</tbody>
</table>

5. Subsequent Events

Refund of unspent funds for TMI (TF A0988) of 49,363.61 USD was seen transferred to the World Bank on September 25, 2018.
INDEPENDENT AUDITORS’ REPORT ON THE USES OF FUNDS

Dr. Didacus Jules
Director General
OECS Commission
The Morne
Castries
SAINT LUCIA

We have completed our audit of the resources managed during the period December 23, 2015 to June 30, 2018, by the Organisation of Eastern Caribbean States under the Projects Management Unit Tourism Market Intelligence TF A0988 (P152117) and have issued our report thereon dated November 28, 2018.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

The preparation of the Statements of Sources and Uses of Funds is the responsibility of the Project’s management. We perform tests of the adequacy of supporting documents and the eligibility of expenditures paid with Project funds.

In our opinion, the expenditures reported were eligible and the credit funds were used for authorized Project activities during the period from December 23, 2015 to June 30, 2018, in accordance with the clauses defining the use of funds under the credit and project agreements.

BDO

Chartered Accountants
Castries, St. Lucia
November 28, 2018
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROLS

Dr. Didacus Jules
Director General
OECS Commission
The Morne
Castries
SAINT LUCIA

We have completed our audit of the resources managed during the period December 23, 2015 to June 30, 2018 by the Organisation of Eastern Caribbean States under the Projects Management Unit of the Tourism Market Intelligence TF A0988 (P152117), and have issued our report thereon dated November 28, 2018.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

In planning and performing our audit of the Project, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the Project is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structures, policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management’s authorization and in accordance with terms of the agreements; transactions are recorded properly to permit the preparation of the financial statements in conformity with the basis of accounting described in Note 3. Due to inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of structure of future years is subject to risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purposes of this report, we have classified the significant internal control structure, policies and procedures in the following categories:

- Organisational controls
- Cash receipts
- Cash disbursements
- Maintenance of bank accounts
- Project reporting
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS (CONT'D)

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been utilized in operation. Control risk was also assessed.

We note on pages 14 and 15 the following matters involving the control structure and its operations that we consider to be reportable conditions under standards established by the International Standards on Auditing. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Project’s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

No separate management letter has been issued identifying non-material weaknesses in internal control.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not decrease to a relatively low level, the risk that errors or irregularities in amounts that would be material in relation to the financial statements may occur, and not be detected by employees in normal course of performing their assigned functions.

Our consideration of internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the information of OECS Commission and the World Bank. However, upon acceptance by the World Bank and its donor agencies, this report is a matter of public record and its distribution is not limited.

BDO

Chartered Accountants
Castries, St. Lucia
November 28, 2018
1. PROCUREMENT

1.1. Attendees Present at Central Tender Board

Observation

A minimum of three board members must be present for opening of tenders. BDO observed that there were only two (2) members in attendance for the opening of the contracts for Jan Bjarni Bjamson and Clevon Noel.

Weakness

This practice is not in compliance with the operational manual and represent insufficient controls over the tender process.

Recommendation

Management should ensure that all tenders processes should meet the requirement to ensure the best consultant in chosen.

Management Response

One of the attendees namely Jennifer Edward, the external consultant on this project attended remotely. The management letter point is however noted, as her attendance is not evidenced by her signing of the register. The Commission will ensure in the future that all members attending tender openings sign the attendance register evidencing their participation in the process and compliance with the operational manual. Further remote attendees will be provided with a documentation to sign off, which will be attached to the attendance form.
1. PROCUREMENT (CONT’D)

1.2. Declaration of Impartiality and Confidentiality by Evaluators

Observation

BDO reviewed all four contracts for the project however, there was no evidence seen for the declaration of impartiality and confidentiality for Clevon Noel.

Weakness

This practice is not in compliance with the operational manual and gives rise to a lack of independence by evaluators.

Recommendation

Although this was a one-off event, the guidelines stipulated in the operational manual should be applied to ensure proper review in regard to independence of evaluations.

Management Response

This management letter point is noted and will be addressed in future project implementation.
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE

Dr. Didacus Jules
Director General
OECS Commission
The Morne
Castries
SAINT LUCIA

We have completed our audit of the resources managed during the period December 23, 2015 to June 30, 2018 by the Organisation of Eastern Caribbean States under the Projects Management Unit Tourism Market Intelligence TF A09888 (P152117), and have issued our report thereon dated November 28, 2018.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

Compliance with the credit and project agreement terms and laws and regulations applicable to the Project is the responsibility of management. As part of obtaining reasonable assurance as to whether the financial statements are free from material misstatement, we performed tests of the Project management’s compliance with certain provisions of the agreement terms and laws and regulations. These tests included assessment of eligibility and authorization of Project expenditures. However, our objective was not to provide an opinion on the overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of non-compliance are failures to follow requirements or violations of agreement terms and laws and regulations that cause us to conclude that the aggregation of misstatements resulting from those failures or violations are material to the financial statements.

We did not note any instances of non-compliance in forming our opinion on whether the Project’s financial statements for the period ended June 30, 2018 are presented fairly, in all material respects, in accordance with the terms of the credit and project agreements and in conformity with the basis of accounting described in Note 3 to the financial statements, and this report does not affect our report on the financial statements dated November 28, 2018.

The results of our test of compliance indicate that, with respect to the items tested, the Project complied in all material respects, with the provisions referred to in the third paragraph of this report, and with respect to items not tested, nothing came to our attention that caused us to believe that the Project has not complied, in all material respects, with those provisions.
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE (CONT'D)

This report is intended for the information of OECS Commission and the World Bank. However, upon acceptance by the World Bank and its donor agencies, this report is a matter of public record and its distribution is not limited.

B D O

Chartered Accountants
Castries, St. Lucia
November 28, 2018