

**AUDIT OF THE RESOURCES MANAGED  
DURING THE PERIOD FROM  
JULY 1, 2018 TO SEPTEMBER 30, 2019  
BY THE ORGANISATION OF EASTERN  
CARIBBEAN STATES UNDER THE  
PORTFOLIO MANAGEMENT OFFICE  
SUPPORT TO THE IMPLEMENTATION  
OF THE REGIONAL EDUCATION  
STRATEGY PROJECT TF0A2937**  
Independent Auditors' Report

# Contents

---

Transmittal Letter	Page 1
Objectives and Scope of the Financial and Internal Controls Audit	Page 2
Independent Auditors' Report on the Financial Statements	Pages 3 - 4
<b>Sources and Uses of Funds</b>	
Schedule 1      Statement of Sources and Uses of Funds	Page 5
<b>Statement of Cumulative Investments</b>	
Schedule 2      Statement of Cumulative Investments	Page 6
<b>Designated Account Reconciliation Statement</b>	
Schedule 3      Designated Account Reconciliation Statement	Page 7
Notes to the Financial Statements	Pages 8 - 11
Independent Auditors' Report on the Uses of Funds	Page 12
Independent Auditors' Report on Internal Controls	Pages 13 - 14
Management Letter for the Audit of the Financial Statements	Pages 15 - 16
Independent Auditors' Report on Compliance	Pages 17 - 18



Tel: 758-452-2500  
Fax: 758-452-7317  
www.bdoecc.com

Mercury Court  
Choc Estate  
P.O. Box 364  
Castries  
LC04 101  
St. Lucia

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

June 10, 2020  
Ref: NJ/ed

Dear Dr. Jules

**Audit of the Resources Managed during the period from July 1, 2018 to September 30, 2019 by the Organisation of Eastern Caribbean States under the Portfolio Management Office Support to the implementation of the Regional Education Strategy Project TF0A2937.**

We have completed our audit of the resources managed during the period from July 1, 2018 to September 30, 2019 by the Organisation of Eastern Caribbean States, 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

Brenda Duncan  
Managing Partner

# AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD FROM JULY 1, 2018 TO September 30, 2019 BY THE ORGANISATION OF EASTERN CARIBBEAN STATES UNDER THE PORTFOLIO MANAGEMENT OFFICE SUPPORT TO THE IMPLEMENTATION OF THE REGIONAL EDUCATION STRATEGY PROJECT TF0A2937

## Objectives and Scope of the Financial and Internal Controls Audit

---

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) Trust 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 trust fund/loan credit agreements and applicable laws and regulations (with regard to the financial aspects).
- (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.



Tel: 758-452-2500  
Fax: 758-452-7317  
www.bdoecc.com

Mercury Court  
Choc Estate  
P.O. Box 364  
Castries  
LC04 101  
St. Lucia

## **INDEPENDENT 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 (OECS) under the Portfolio Management Office Support to the Implementation of the Regional Education Strategy, which comprise the statements of Sources and Uses of Funds, Cumulative Investments and Designated Account Reconciliation for the period from July 1, 2018 to September 30, 2019, 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 OECS under the Support to the Implementation of the Regional Education Strategy for the period ended September 30, 2019 in accordance with International Public Sector Accounting Standards (IPSAS).

### **Basis for Opinion**

We conducted our audit 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.

## INDEPENDENT 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.



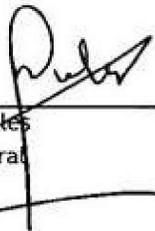
Chartered Accountants  
Castries, St. Lucia  
June 10, 2020

AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD  
FROM JULY 1, 2018 TO September 30, 2019  
BY THE ORGANISATION OF EASTERN CARIBBEAN STATES  
UNDER THE PORTFOLIO MANAGEMENT OFFICE  
SUPPORT TO THE IMPLEMENTATION OF  
THE REGIONAL EDUCATION STRATEGY PROJECT  
TF0A2937

Statement of Sources and Uses of Funds  
(Expressed in United States Dollars)

	Current Period Actual US\$	CUMULATIVE Actual US\$
<b>RECEIPTS</b>		
<b>World Bank</b>		
Designated Account	1,448,937	1,962,560
Direct Payment	-	-
<b>Total Receipts (A)</b>	<b>1,448,937</b>	<b>1,962,560</b>
<b>EXPENDITURES</b>		
Component 1	193,004	292,873
Component 2	888,547	976,694
Component 3	201,369	240,655
Component 4	164,520	265,322
<b>Total Expenditures (B)</b>	<b>1,447,440</b>	<b>1,775,544</b>
<b>RECEIPTS LESS EXPENDITURES</b>		
Net Change in Cash (A - B)	<b>1,497</b>	<b>187,016</b>
<b>BANK BALANCES</b>		
<b>Opening Cash Balances</b>		
Designated Account	149,915	-
Project Account (XCD)	35,604	-
<b>Total Opening Balance</b>	<b>185,519</b>	<b>-</b>
<b>Closing Cash Balances</b>		
Designated Account	185,370	185,370
Project Account (XCD)	1,646	1,646
<b>Total Closing Cash Balance</b>	<b>187,016</b>	<b>187,016</b>

The accompanying notes form an integral part of these financial statements.

  
Dr. Didacus Jules  
Director General

  
Chevon Raveneau  
Acting Chief Financial Officer

AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD  
FROM JULY 1, 2018 TO September 30, 2019  
BY THE ORGANISATION OF EASTERN CARIBBEAN STATES  
UNDER THE PORTFOLIO MANAGEMENT OFFICE  
SUPPORT TO THE IMPLEMENTATION OF  
THE REGIONAL EDUCATION STRATEGY PROJECT  
TF0A2937

Statement of Cumulative Investments  
(Expressed in United States Dollars)

<b>Current Year US\$</b>	<b>Cumulative US\$</b>
1,447,440	1,775,544

The accompanying notes form an integral part of these financial statements.

AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD  
FROM JULY 1, 2018 TO September 30, 2019  
BY THE ORGANISATION OF EASTERN CARIBBEAN STATES  
UNDER THE PORTFOLIO MANAGEMENT OFFICE  
SUPPORT TO THE IMPLEMENTATION OF  
THE REGIONAL EDUCATION STRATEGY PROJECT  
TF0A2937

Designated Account Reconciliation Statement  
(Expressed in United States Dollars)

		US\$
1	Total advanced by World Bank or Co-financer	1,962,560
2	Less: eligible expenditure for the current period ended September 30, 2019 documented by World Bank	1,447,440
	Less: cumulative eligible expenditure for the prior period ended June 30, 2018 documented by World Bank	328,104
3	Present outstanding amount advanced to the designated account (1 - 2)	187,016
4	Balance of USD designated account per bank reconciliation statement as at January 31, 2020	1,646
	Balance of project account per bank reconciliation statement as at January 31, 2020	185,370
5	Plus: total amount withdrawn and not yet claimed WA-4	-
6	Plus: amounts claimed in previous applications not yet credited at date of bank statements <u>Application no.</u>	-
	Subtotal of previous applications not yet credited	-
7	Less: interest earned	-
8	Total advance accounted for (no. 4 through no. 7)	187,016
9	Difference (3 - 8)	-

The accompanying notes form an integral part of these financial statements.

**Review Note:**

AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD  
FROM JULY 1, 2018 TO September 30, 2019  
BY THE ORGANISATION OF EASTERN CARIBBEAN STATES  
UNDER THE PORTFOLIO MANAGEMENT OFFICE  
SUPPORT TO THE IMPLEMENTATION OF  
THE REGIONAL EDUCATION STRATEGY PROJECT  
TF0A2937

Index to Notes to the Financial Statements

---

<a href="#">Note 1</a>	Date of Authorisation of Issue
<a href="#">Note 2</a>	Project Background
<a href="#">Note 3</a>	Summary of Significant Accounting Policies
<a href="#">Note 4</a>	Financial Schedules
<a href="#">Note 5</a>	Subsequent Events

AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD  
FROM JULY 1, 2018 TO September 30, 2019  
BY THE ORGANISATION OF EASTERN CARIBBEAN STATES  
UNDER THE PORTFOLIO MANAGEMENT OFFICE  
SUPPORT TO THE IMPLEMENTATION OF  
THE REGIONAL EDUCATION STRATEGY PROJECT  
TF0A2937

Notes to the Financial Statements

---

**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 June 10, 2020.

**2. Project Background**

The OECS Commission, with support from the World Bank, has conceptualised and implemented a project which is to contribute towards achieving Government goals in relation to education and building on the progress made in achieving the UN Millennium Development Goals and to point the way towards the more recently set Sustainable Development Goals. These latter goals, there are 17 of them, are broader than the MDGs and stress equality, gender equality and empowerment for women and girls in the context of inclusive and equitable quality education and lifelong learning opportunities for all.

There are four components to this project all with a great degree of interdependency to support the implementation of the OECS Education Sector Strategy. Funding support from the World Bank is: US\$2,000,000.

Component One (1) set at a budget of US\$396,500. Curriculum and Assessment; placing students' outcomes as the main goal of educational policies requires that the learning outcomes to be achieved at every grade level be clearly specified and that the level of expected performance be clear; grade-level learning standards need to be clarified and brought in line with International learning standards.

Component Two (2) set at a budget of US\$1,035,000. Teacher Professional Development Teachers' instructional effectiveness improves when they receive opportunities for continuous professional learning that focuses on the quality of teacher-student interaction around subject matter and collegial professional interactions, mentoring, and ongoing coaching and respectful monitoring systems that provide frequent feedback on the quality and effectiveness of teachers' instruction.

Component Three (3), set at a budget of US\$289,000. Improve School Leadership and Accountability This component will support the following activities: (a) developing a school leader training program based on professional standards, including instructional leadership to support teachers to improve instructional practices; (b) carrying out competence-based training and certification activities for school leaders based on leadership standards, including on instructional leadership and use of data in planning, management, and reporting; and (c) developing a handbook for school principals/leaders to guide school leadership and management.

Component Four (4) with a budget of USD\$279,500. Project implementation, monitoring, and evaluation. This component will support project implementation and M&E through (a) the procurement and financial management (FM) requirements of the project; (b) process monitoring of the teacher and school leader professional development activities; (c) the establishment of the national routines for ongoing and regular monitoring of learning standards and assessment using available data and additional research; (d) the monitoring of teacher classroom practices through the use of CLASS; and (e) the carrying out of annual regional and country-level program reviews.

AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD  
FROM JULY 1, 2018 TO September 30, 2019  
BY THE ORGANISATION OF EASTERN CARIBBEAN STATES  
UNDER THE PORTFOLIO MANAGEMENT OFFICE  
SUPPORT TO THE IMPLEMENTATION OF  
THE REGIONAL EDUCATION STRATEGY PROJECT  
TF0A2937

Notes to the Financial Statements

---

**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 1<sup>st</sup> National Bank, St. Lucia.

AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD  
FROM JULY 1, 2018 TO September 30, 2019  
BY THE ORGANISATION OF EASTERN CARIBBEAN STATES  
UNDER THE PORTFOLIO MANAGEMENT OFFICE  
SUPPORT TO THE IMPLEMENTATION OF  
THE REGIONAL EDUCATION STRATEGY PROJECT  
TF0A2937

Notes to the Financial Statements

**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 September 30, 2019 was as follows:

Designated Account	USD 1,448,937
--------------------	------------------

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 agency and transferred to the designated bank accounts to pay for eligible expenditures during the period.

The reconciled bank account balances as at September 30, 2019 is shown in Table 1 below:

Table 1: Bank Account Details

Name of Account	Account Number	Account Balance as at September 30, 2019	
		EC\$	USD Equivalent
Designated Account	6003026	498,312	185,370
Project Account	6003027	4,425	1,646

AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD  
FROM JULY 1, 2018 TO September 30, 2019  
BY THE ORGANISATION OF EASTERN CARIBBEAN STATES  
UNDER THE PORTFOLIO MANAGEMENT OFFICE  
SUPPORT TO THE IMPLEMENTATION OF  
THE REGIONAL EDUCATION STRATEGY PROJECT  
TFOA2937

Notes to the Financial Statements

**5. Subsequent Events**

**a) Payments after period end**

**Review note:**

<b>DESIGNATED ACCOUNT RECONCILIATION STATEMENT AFTER THE REPORTING DATE</b>	
<b>GRANT NUMBER: TFOA2937</b>	
	US\$
Balance of Designated account as at September 30, 2019	521,909
Balance of project account as at September 30, 2019	131,119
	653,028
Less: Eligible expenditure after the reporting date to January 31, 2020	466,012
<b>Balance of project account as at January 31, 2020</b>	<b>187,016</b>
Balance of Designated account as at January 31, 2020	185,370
Balance of project account account as at January 31, 2020	1,646
<b>Total balance of project accounts as at January 31, 2020</b>	<b>187,016</b>

**b) Refund of Funds**

On February 20, 2020, the Commission transferred the unspent funds of USD187,016 as per the final IFR submitted as at January 31, 2020, to the World Bank prescribed account.

**c) Audit Note**

The audit contract was signed with BDO in September 2019 for the audit of the funds spent under trust fund number: TFOA2937. The Commission sought and received approval from the World Bank to transfer the contract sum to an OECS bank account (OECS Small Grants) to facilitate payment after the completion and sign off of the audit.



Tel: 758-452-2500  
Fax: 758-452-7317  
www.bdoecc.com

Mercury Court  
Choc Estate  
P.O. Box 364  
Castries  
LC04 101  
St. Lucia

## 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 from July 1, 2018 to September 30, 2019 by the Organisation of Eastern Caribbean States under the Portfolio Management Office support to the Implementation of the Regional Education Strategy Project TFOA2937, and have issued our report thereon dated June 10, 2020.

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 July 1, 2018 to September 30, 2019, in accordance with the clauses defining the use of funds under the credit and project agreements.

Chartered Accountants  
Castries, St. Lucia  
June 10, 2020

## 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 from July 1, 2018 to September 30, 2019 by the Organisation of Eastern Caribbean States under the Portfolio Management Office Support to the Implementation of the Regional Education Strategy Project TF0A2937, and have issued our report thereon dated June 10, 2020.

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.

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  
June 10, 2020