A good strategy of government operations
Promoting a better country through effective
VISION STATEMENT

PERIOD APRIL 1, 2016 - MARCH 31, 2017
THROUGH HEALTH AND EDUCATION
PROGRAM OF ADVANCEMENT
SOCIAL PROTECTION PROJECT (SSP) 2
GO/IBRD LOAN CONTRACT NO. 8329-IM
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appreciate to provide a basis for my opinion.

accordance with the IESBA Code. I believe that the audit evidence I obtained is sufficient and
professional accountancy (IESBA Code) and I have fulfilled my other ethical responsibilities in
accordance with the International Ethics Standards Board for Accountants. Code of Ethics for
Audit of the Financial Statements. Section of this report I am independent of the Project in
Audits of the International Standards of Supreme Audit Institutions (ISSAIS).

○ International Standards of Supreme Audit Institutions (ISSAIS)

○ IESBA

Government of Jamaica (GOJ) and the International Bank for Reconstruction and Development
Article IV Section 5.09 (b) (i) of the General Conditions for Loan Agreements between the
The audit of the Project was conducted in accordance with:

Basis for Opinion

Public Sector accounting Standards (IPSAS) Cash Basis
transactions conducted in the terms of the loan agreement and compiled with the International
report: representation of the transactions of the Project for the period under review and the
in my opinion, the prepared statements 1-2 and supplementary financial information reflect a
the year then ended and a summary of significant accounting policies and other explanatory notes.
2017, Statement of Cumulative Investments, and Detailed Account Recognition Statement for
are on pages 6 to 16, which comprise the Statement of Sources and Uses of Funds as at March 31,
I have audited the accompanying Financial Statements of the Social Protection Project (SPP) 2, set

Opinion

Period ending March 31, 2017
Name of Project - Social Protection Project (SPP) 2
GO1/IRBP Loan No. 8329-M
Ministry of Labour and Social Security
To the Permanent Secretary

INDEPENDENT AUDITOR’S REPORT

40 KNUTSFORD BOULEVARD
KINGSTON 5
P.O. BOX 655
JAMAICA

AUDITOR GENERAL’S DEPARTMENT

Phone number: 968-6690
TEL NO: 968-6690/968-9693/968-3681

GLORIA

Auditor incharge
Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. The following key matters were brought to the attention of management by way of my Audit Completion Report dated September 28, 2017.

The Key Audit Matters are as follows:

1. **Un-cleared Advances**

   PATH did not take steps to clear monies advanced for the supplies of goods and services in a timely manner to ensure that monies are spent for its intended purpose. This was demonstrated by un-cleared advances at March 31, 2017 totaling JM$211.02 Million (US$1,996,883.64); with ninety-two per cent outstanding in excess of 12 months. Although, we reported on this issue previously and the Project team had committed to investigate and strengthen the controls over the clearance of advances; we saw no evidence that this was done.

2. **Non-compliance with Tax Guidelines resulting in salary overpayments**

   PATH records revealed that nine officers were paid periodic gratuity amounting to approximately JM$3.32 Million (US$26,349.52). However, PATH did not deduct the requisite PAYE, Education Tax and National Housing Trust from the periodic gratuity payments. Consequently, taxes amounting to $972,081.49 were not remitted to the Tax Administration of Jamaica.

Management's Responsibility for the Financial Statements

The executing agency, the Ministry of Labour and Social Security (MLSS), is responsible for the preparation and fair presentation of these financial statements, in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis. This responsibility includes: designing, implementing and maintaining internal controls, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether, due to fraud or error; selecting and applying appropriate accounting policies that are reasonable in the circumstances. The Ministry of Labour and Social Security is also required to present audited financial statements to the IBRD.

The attached financial statements and supplementary financial information, which are described hereunder, were submitted to me by the Project Execution Unit (PEU) to reflect the transactions of the Project from its inception on March 12, 2014 to the close of the financial year at March 31, 2017.

```
Statement 1  Statement of Sources and Uses of Funds  
Statement 2  Statement of Cumulative Investments  
             Designated Account Reconciliation  
             Notes to the Financial Statements  
             Statement of Requests for Disbursements
```
In preparing the financial statements, management is responsible for assessing the Ministry of Labour and Social Security's/Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there are plans to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibility for the audit of the Financial Statements

My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit 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 auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISSAIs, I exercise professional judgment and maintain professional scepticism throughout the audit.

I 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 my 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.

• Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. The conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Project to cease to continue as a going concern.

• 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 presents a true and fair view.
I have communicated with the World Bank regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that was identified during the audit.

REPORT ON ADDITIONAL REQUIREMENTS OF THE LOAN AGREEMENT NO. 8329-JM

COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND FINANCIAL CLAUSES OF THE LOAN AGREEMENT

During the period under review, I examined compliance by the Project Execution Unit of the Executing Agency with the applicable laws and regulations related to the Project's financial activities and with the accounting/financial/management clauses of the Loan Agreement No. 8329-JM. There was general compliance with the following articles contained in the Loan Agreement:

Article III - Section 3.01: Article V of the General Conditions

Article III - Section 3.02: Schedule 2 - Project Execution

Section I: Implementation Arrangements

Section II: Project Monitoring, Reporting and Evaluation

Section III: Procurement

Section IV: Withdrawal of Loan Proceeds

OPINION - GENERAL

In my opinion, the Project Execution Unit maintained an adequate accounting system based on separate and clearly identifiable accounts which enabled the recording, monitoring and reporting of the operations and costs under the project in accordance with satisfactory accounting/financial/management practices and standards as required by Schedule 2 Section II B (1) of the Loan Agreement and Article V, Section 5.09 of the General Conditions.

AUDIT OF THE DESIGNATED BANK ACCOUNT

I have examined the appended Designated Account Reconciliation Statement, reflecting the movement in the Designated Bank Account for the period ended March 31, 2017. The Designated Bank Account No. 810096 is maintained in United States Dollars in the name of the Ministry of Finance/Programme of Advancement Through Health and Education No. 8329-JM. My examination was made in accordance with the standards of the International Organisation of Supreme Audit Institutions (INTOSAI) and accordingly included such tests of the accounting records and other procedures I considered necessary.
In my opinion, the Designated Account Reconciliation Statement reflects the total amount advanced to the Designated Account at March 31, 2017 as reconciled to the outstanding (undocumented) amount advanced to the account as at March 31, 2017 in conformity with IPSAS Cash Basis and IBRD guidelines.

[Signature]
Auditor General of Jamaica

[Date]

Ministry of Labour and Social Security  
Programme of Advancement Through Health and Education (PATH)  
Social Protection Project (SPP) 2  
IBRD/GOJ Loan No. 8329-JM  
Statement of Sources and Uses of Funds - Combined  
Period ending March 31, 2017

<table>
<thead>
<tr>
<th></th>
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<td>GOJ World Bank</td>
<td>GOJ World Bank</td>
<td>GOJ World Bank</td>
<td>GOJ World Bank</td>
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<td>24,236,234.72</td>
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<td>- 2,788,872.24</td>
<td>- 2,788,872.24</td>
<td>- 5,480,698.08</td>
<td>- 5,480,698.08</td>
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<td>Direct Payment</td>
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<td>- 328,662.00</td>
<td>- 1,150,317.00</td>
<td>- 1,150,317.00</td>
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<td>- 2,307,720.05</td>
<td>- 7,307,720.05</td>
<td>- 7,307,720.05</td>
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<tr>
<td>Front-End Fee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Receipts</td>
<td>5, 13</td>
<td>24,236,234.72</td>
<td>6,359,066.23</td>
<td>30,595,309.05</td>
<td>30,775,165.61</td>
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<td>LES EXPENDITURES</td>
<td>Component 1 A - Cash</td>
<td>152,047.28</td>
<td>- 157,047.28</td>
<td>- 515,484.77</td>
<td>- 363,437.49</td>
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<td>6,096,047.85</td>
<td>15,199,189.69</td>
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<td>3,636,614.83</td>
<td>6,396,148.83</td>
<td>12,353,960.16</td>
<td>20,280,418.04</td>
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<td>Transportation</td>
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<td>213,140.92</td>
<td>- 213,140.92</td>
<td>- 639,942.21</td>
<td>- 426,801.29</td>
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<tr>
<td>Bonus for transition to Adult Assistance</td>
<td></td>
<td>1,025,859.78</td>
<td>- 1,025,859.78</td>
<td>- 3,718,374.02</td>
<td>- 1,692,514.24</td>
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<td>Child Assistance</td>
<td></td>
<td>14,039,846.78</td>
<td>- 14,039,846.78</td>
<td>- 43,284,432.57</td>
<td>- 29,244,785.79</td>
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<td>Sub Total PATH Grants</td>
<td>6, 10</td>
<td>21,654,824.25</td>
<td>1,241,531.99</td>
<td>26,896,357.44</td>
<td>22,350,745.90</td>
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<td>INSTITUTIONAL STRENGTHENING</td>
<td>Component 1 B -</td>
<td>232,673.26</td>
<td>2,005,439.69</td>
<td>2,238,076.93</td>
<td>6,088,083.52</td>
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<tr>
<td>Component 2-Steps to 250,842.03</td>
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<td>250,842.03</td>
<td>267,337.48</td>
<td>518,179.51</td>
<td>1,132,749.78</td>
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<tr>
<td>Component 3- Pension</td>
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<td>2,437.33</td>
<td>433,118.99</td>
<td>433,536.22</td>
<td>21,710.33</td>
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<tr>
<td>Component 4 - Social Protection Strategy</td>
<td></td>
<td>(17,811.31)</td>
<td>84,366.07</td>
<td>66,554.76</td>
<td>40,083.88</td>
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<td>Sub Total Institutional</td>
<td>12</td>
<td>468,105.21</td>
<td>2,790,262.23</td>
<td>3,258,367.64</td>
<td>2,801,580.51</td>
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<tr>
<td>Front-End Fee from IBRD</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditures (B)</td>
<td></td>
<td>24,132,930.66</td>
<td>6,031,794.22</td>
<td>30,154,724.88</td>
<td>80,803,045.64</td>
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<tr>
<td>RECEIPTS LESS EXPENDITURES</td>
<td>Net Change In Cash (A - Foreign Exchange</td>
<td>(72,587.07)</td>
<td>(72,341.45)</td>
<td>(89,873.53)</td>
<td>(89,192.33)</td>
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<tr>
<td>BANK BALANCES</td>
<td>Opening Cash Balances</td>
<td></td>
<td></td>
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<tr>
<td>Designated Account</td>
<td></td>
<td></td>
<td>- 282.12</td>
<td>- 282.12</td>
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<td>Project Account</td>
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<td>85,083.02</td>
<td>13,695.81</td>
<td>98,780.83</td>
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<tr>
<td>Total Opening Balance</td>
<td>9</td>
<td>85,083.02</td>
<td>13,695.81</td>
<td>99,070.93</td>
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<tr>
<td>Closing Cash Balances</td>
<td></td>
<td>198.65</td>
<td>198.65</td>
<td>198.65</td>
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<td>Designated Account</td>
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<td>125,800.01</td>
<td>341,296.91</td>
<td>467,096.92</td>
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<td>Project Account</td>
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<td>85,083.02</td>
<td>13,695.81</td>
<td>98,778.83</td>
<td></td>
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<tr>
<td>Total Closing Balance</td>
<td>9</td>
<td>125,800.01</td>
<td>341,495.56</td>
<td>467,395.57</td>
<td></td>
</tr>
</tbody>
</table>

The financial statements were approved for issue by management on September 26, 2017 and signed on its behalf by:

Permanent Secretary
Chief Technical Director
Financial Manager
Ministry of Labour and Social Security  
Programme of Advancement Through Health and Education (PATH)  
Social Protection Project (SPP) 2  
IBRD/GOJ Loan No. 8329-JM  
Period ending March 31, 2017  
Statement of Cumulative Investments by Disbursement Category  
Expressed in USD

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Conditional Cash Transfer payments; (a) under Part 1 (a) of the Project</td>
<td>23,654,825.45</td>
<td>3,241,531.99</td>
<td>78,001,456.13</td>
<td>22,350,740.95</td>
<td>54,346,630.68</td>
<td>19,109,208.96</td>
</tr>
<tr>
<td>(2) Goods, consulting services, Training and Operating Costs under Parts 1 (b), 2 (a), 2 (c), 2 (d), 2 (e), 3 and 4 of the Project.</td>
<td>468,105.21</td>
<td>2,790,262.23</td>
<td>2,801,589.51</td>
<td>7,983,610.30</td>
<td>2,333,484.30</td>
<td>5,193,348.07</td>
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<tr>
<td>Front-End FEE from IBRD</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100,000.00</td>
<td>100,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>24,122,930.66</td>
<td>6,031,794.22</td>
<td>80,803,045.64</td>
<td>30,434,351.25</td>
<td>56,680,114.98</td>
<td>24,402,557.03</td>
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</tbody>
</table>
Ministry of Labour and Social Security
Programme of Advancement Through Health and Education (PATH)
Social Protection Project (SPP) 2
IBRD/GOJ Loan No. 8329-JM
Period ending March 31, 2017
Designated Account Reconciliation Statement
Expressed in USD

<table>
<thead>
<tr>
<th>Particulars</th>
<th>USS (TOTAL)</th>
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<tbody>
<tr>
<td>1  Total Advanced By World Bank (Or Co-financier)</td>
<td>5,480,698.08</td>
</tr>
<tr>
<td>2  Less: Eligible Expenditure For The Current Year Ended March 31 2017 Documented By World Bank</td>
<td>(1,701,301.10)</td>
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<tr>
<td>Less: Cumulative Eligible Expenditure For The Prior Periods Ended March 31 2016 Documented By World Bank</td>
<td>(2,194,175.15)</td>
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<tr>
<td>3  Present Outstanding Amount Advanced To The Designated Account (1 - 2)</td>
<td>1,585,221.83</td>
</tr>
<tr>
<td>4  Balance Of USD Designated Account Per Bank Reconciliation Statement As At Year End March 31 2017</td>
<td>198.65</td>
</tr>
<tr>
<td>Balance Of Project Account Per Bank Reconciliation Statement As At Year End March 31 2017</td>
<td>341,296.91</td>
</tr>
<tr>
<td>5  Plus: Eligible Expenditure For The Current Year Documented After The Year End</td>
<td>1,244,407.47</td>
</tr>
<tr>
<td>6  Plus: Total Amount Withdrawn And Not Yet Claimed Reason:</td>
<td>-</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>-</td>
</tr>
<tr>
<td>9  Total Advance Accounted For (No. 4 Through No. 9)</td>
<td>1,585,903.03</td>
</tr>
<tr>
<td>10 DIFFERENCE (3 - 9)</td>
<td>(681.20)</td>
</tr>
<tr>
<td>11 Explanation Of Any Difference Shown In Line 10 Difference Represent Foreign Exchange Gain On Bank Account</td>
<td></td>
</tr>
</tbody>
</table>
1. OVERVIEW

The Government of Jamaica (GOJ) received an additional loan of **US$40 Million** from the International Bank for Reconstruction and Development (IBRD) in March 2014. The objective of the loan is to support the GOJ in further strengthening Jamaica's social protection systems. The objectives of this loan are unchanged from the original loan # 7555 - JM.

The loan is to support the Government of Jamaica in strengthening its Social Protection Systems by:

- Improving the effectiveness of the PATH to foster investment by poor families in human capital accumulation;

- Improving the effectiveness and scale-up of the Steps-to-Work programme by developing a structured system for assisting working age members of the PATH eligible households to seek and retain employment;

- Supporting implementation and operationalization of the public sector pension reform; and

- Operational support to the implementation of a social protection strategy.

The Ministry of Labour and Social Security (MLSS) is the implementing agency. However, the Ministry of Finance and the Public Service (MOFPS) and the Planning Institute of Jamaica (PIOI) will also execute aspects of the project. The loan with its multi-sector approach is geared towards Social Protection.

**The project consists of the following objectives:**

**Part 1 Improving the Effectiveness of the PATH**

- Providing PATH Grants; and

- Strengthening and improving the administrative systems for delivery of the PATH including scaling up case management, monitoring and evaluation; and implementing activities to enable PATH beneficiaries to graduate from the programme through provision of consultant services, goods, training and operating costs required for that purpose.
Developing and implementing a monitoring and evaluation system; and

Dissemination of the Social Protection Strategy;

Conducting research and relevant diagnostic assessment in priority areas such as

Developing a policy in key areas of poverty reduction and relief.

Part 4 Operational Support to the Implementation of a Social Protection Strategy

Goods, training and consultancy services required for that purpose.

Strengthening the capacity of the Human Resource Unit; all through provision of

and

Setting up the Pension Policy Unit to monitor the implementation of pension reforms;

Implementation of the Learning Database;

Build the capacity of the Pension Administration Unit for the change management and

Support the implementation of the Reform measures contained in the white paper;

Relevant information;

Conduct a public Information campaign for public sector works and disseminating

Reform

Part 3 Supporting Implementation and Operationalization of the Public Sector Pension

their responsibilities.

Strengthening the capacity of SWY Central Unit and parish offices of MLSS to carry out

and

Developing knowledge products to improve the design and operation of SWY Program;

Providing stipends to trainees;

Participating in elicitation exercises and their graduation from PATH;

Provide training and structured personalized coaching and placement services to SWY

Part 2 Improving Effectiveness and Scale up of Steps-to-Work Program (SWY Program)

The project consists of the following objectives: (cont'd)

Expressed in USD

Period ending March 31, 2017

Notes to the Financial Statements

182RD/2914AN No. 6292-M

Social Protection Project (SPP) 2

Programme of Advancement Through Health & Education (PATH)

Ministry of Labour and Social Security

10
The project consists of the following objectives: (cont'd)

Part 4 Operational Support to the implementation of a Social Protection Strategy (cont'd)

- Strengthening the capacity of Agencies involved in implementation of the Project; all through provision of consulting services, training and goods required for that purpose.

MANAGEMENT REPORT

The Programme of Advancement Through Health and Education (PATH) submits the Annual Report for the year ended March 31, 2017.

AUDITING OF THE PROJECT

The Auditor General’s Department currently audits the Project.

Auditor General’s Department,
40 Knutsford Boulevard,
Kingston 5
Jamaica

2. The Budget

The amount, which was provided for in the budget, represents the total loan amount.

3. Summary of Accounting Policies

1) Basis of Preparation

The Project Accounting Unit (PAU) uses the International Public Sector Accounting Standards (IPSAS) cash basis of accounting to account for the project's transactions. Under this basis, income is recognized when funds are received rather than when requested and expenses are recognized when payment is made rather than when obligations are incurred.
3. Summary of Accounting Policies (cont’d)

I) Basis of Preparation (cont’d)

Since the main objective of these financial statements is to disclose the sources and uses of funds, it is not necessary to present information adjusted for inflation.

II) Recording of Transactions

Transactions are recorded in local currency. However, transactions are converted to US dollar for preparation of the financial statements. Receipts and payments in local currency are translated into US dollars, by applying the Bank of Jamaica daily average exchange rate.

III) Fluctuation rate and fees

All fees and charges for un-disbursed loan funds, as well as losses due to exchange rate fluctuations are not considered eligible project costs and are absorbed by the Government of Jamaica at the end of the disbursement period of the project.

IV) Equipment and other fixed assets

Equipment and other fixed assets procured with project resources are recorded at their acquisition cost at the date of purchase. Depreciation is not charged on these assets and as such, no depreciation charge is reflected in these financial statements.

V) Exchange Rate for the period

The requests for reimbursements submitted to the Bank in Jamaican Dollars were converted at the rates of exchange applied by the bank for those reimbursements. The rates of exchange applied, ranged between JMD 125.11 and JMD 127.83 to USD 1.00. Contributions received from GOJ were converted by applying the BOJ daily average exchange rate for the day of receipt. The rates of exchange applied, ranged between JMD 122.30 and JMD 128.69 to USD 1.00.
28% of this amount, while the World Bank contributed 72%. The total funds invested during the period amounted to approximately US$111,794 million. The note on page 5 details the funding sources.

5. Project Funding

From the World Bank:

- Project during the period
- Represents the United States dollar equivalent of cash contributed by GO to the Project Fund
- Represents the loan funds advanced and documented eligible expenditures under IBRD
- Represents 0.25% of the loan amount (40% USD) as fees charged by the IBRD
- Front - End Fee
- Parts 1b, 3, and 4 of the Project
- Loan Advances from IBRD

From PATH:

- Co-financing of PATH Grants from loan proceeds during the period
- Represents the amounts that were reimbursed to the Government of Jamaica for the loan advances
- Total Reimbursement of PATH Grants

4. Source of Funds

- Bank account contributed to the significant foreign exchange loss
- Changes drawn in prior periods which were written back to the Government of Jamaica
- Applied range between JMD 172.26 and JMD 128.67 to USD 1.00
- Exchange rate for the period

3. Summary of Accounting Policies (cont'd)

- Expenses paid from the Jamaican Dollar Project account held with NCB, were converted expressed in USD
Ministry of Labour and Social Security
Programme of Advancement Through Health & Education (PATH)
Social Protection Project (SPP) 2
IBRD/GOJ Loan No. 8329-JM
Notes to the Financial Statements
Period ending March 31, 2017
Expressed in USD

6. PATH Grants

The GOJ and IBRD invested **US$100.352 Million** in the payment of Grants to Children and Adults. This represents 90% of total expenditure.

7. Institutional Strengthening - Recurring Cost

This represents administrative cost for operation of the Project under parts IB, 2, 3 and 4 of the Project; 10% of total cost was utilised under this category.

8. Front - End Fee

This represents the fee charged by the IBRD in the amount of 0.25% of the loan amount.

9. Cash and cash equivalents

This represents the cash balances brought forward in the Designated Bank Account, Project Administrative Bank Account for Government of Jamaica resources and World Bank. Also, the balance brought forward for the net foreign exchange rate gain/ (loss) on transactions during the period.

**Analysis of cash at the end of the period**

<table>
<thead>
<tr>
<th>Account Number</th>
<th>2017 (US$)</th>
<th>2016 US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Account –World Bank 810096</td>
<td>198.65</td>
<td>282.12</td>
</tr>
<tr>
<td>Project Account –World Bank 231 102 760</td>
<td>341,296.91</td>
<td>13,695.81</td>
</tr>
<tr>
<td>Project Account - GOJ 231 102 779</td>
<td>125,800.01</td>
<td>85,083.02</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>467,295.57</strong></td>
<td><strong>99,060.95</strong></td>
</tr>
</tbody>
</table>

10. Child Assistance Transfer

**US$57.068 Million** was invested in the transfer of Grants to Children. The Government of Jamaica contributed **US$34.717 Million** (61%) while the World Bank contributed **US$22.351 Million** (39%).
Graph 1 - Funds disbursed by disbursement category

US$307.75 million was disbursed from the loan amount under the following categories:

- 4.3 and 4.4 Conditional Cash Transfer payments under Parts I and II
- 2.2 Goods, Service, Training & Operating Costs payments under I (e)

This represents sources and uses of funds for World Bank contribution only. The amount of funds of the World Bank contributed US$7.984 million (7.4%) while the Government of Jamaica contributed US$280.801 million (26.9%) while the administrative cost for operation of the Project under Parts II, 3 and 4 amounted to US$20.758 million.

12. Expenditure on Institutional Strengthening

Grants to Adults

The Government of Jamaica invested the amount of US$432.84 million in the transfer of

11. Adult Assistance Transfers

Expressed in USD

Period ending March 31, 2017

Notes to the Financial Statements

| IBRD/GOJ loan No. 8329-JM |
| Social Protection Project (SPP) 2 |

Programme of Advancement Through Health & Education (PATH) Ministry of Labour and Social Security

This reflects expenditure to date in comparison to the approved budget for the World Bank and Government of Jamaica.

The percentages of the budgeted loan utilized by each component to date are as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>PATH GRANTS</td>
<td>80%</td>
</tr>
<tr>
<td>INSTITUTIONAL STRENGTHENING PATH</td>
<td>97%</td>
</tr>
<tr>
<td>STEPS TO WORK</td>
<td>35%</td>
</tr>
<tr>
<td>PENSION REFORM</td>
<td>30%</td>
</tr>
<tr>
<td>SOCIAL PROTECTION</td>
<td>30%</td>
</tr>
<tr>
<td>FRONT END FEE</td>
<td>100%</td>
</tr>
</tbody>
</table>
AUDITOR OF STATEMENTS OF EXPENDITURE (SOE) PROCEDURES

In the course of the Audit of the Programme of Advancement through Health and Education (PATH) Social Protection Project (SPP) 2 for the period ending March 31, 2017, I examined the following statements of expenditure submitted to the IBRD during the financial year under review in support of applications for advance of funds from the Loan Account in accordance with the Loan Agreement:

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Type</th>
<th>US$</th>
<th>JMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>June 1, 2016</td>
<td>Advance</td>
<td>486,022.07</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>July 27, 2016</td>
<td>Advance</td>
<td>757,850.17</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>November 11, 2016</td>
<td>Advance</td>
<td>745,000.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>December 4, 2017</td>
<td>Advance</td>
<td>800,000.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,788,872.24</td>
</tr>
<tr>
<td>18</td>
<td>June 1, 2016</td>
<td>Direct Payment</td>
<td>328,662.00</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>February 3, 2017</td>
<td>Reimbursement</td>
<td>3,241,531.99</td>
<td>415,402,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Grand total</td>
<td>6,359,066.23</td>
<td>415,402,000.00</td>
</tr>
</tbody>
</table>

The examination was done in accordance with generally accepted auditing standards and procedures prescribed by INTOSAI and accordingly, included such tests as the verification of the internal control systems and of the accounting records, tests of the origin and eligibility of expenditures, certification and procurement procedures for goods and services, filing of supporting documents and such other auditing procedures as I considered necessary in the circumstances.

**Opinion**

In my opinion, the statements of expenditure and the annexes submitted in support of them, together with the internal controls procedures used in their preparation can be relied upon to support the applications for advance in conforming to the requirements of the Loan Agreement.

Auditor General of Jamaica

______________________________
Date