NATIONAL AIDS COORDINATING COMMITTEE

HIV/AIDS PREVENTION AND CONTROL PROJECT

IBRD LOAN NO. 7184-TR

30 SEPTEMBER 2010
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INDEPENDENT AUDITORS’ OPINION

To: Permanent Secretary  
Office of the Prime Minister

National AIDS Coordinating Committee  
HIV/AIDS Prevention and Control Project  
International Bank for Reconstruction and Development (IBRD) Loan No. 7184-TR

Audit of the Resources Managed during the period from 1 October 2009 to 30 September 2010 by the National AIDS Coordinating Committee (NACC) under The HIV/AIDS Prevention and Control Project (IBRD Loan No. 7184-TR)

We have audited the accompanying Statement of Total Sources and Total Application of Funds for the HIV/AIDS Prevention and Control Project executed by the Office of the Prime Minister, National AIDS Coordinating Committee (NACC) and financed with funds from IBRD Loan No. 7184-TR, and local counterpart funds from the Government of the Republic of Trinidad and Tobago (GORTT) as of and for the year ended 30 September 2010.

The NACC’s Responsibility

The NACC is responsible for the preparation and fair presentation of the Statement of Total Sources and Total Application of Funds. This responsibility includes designing, implementing and maintaining internal control, relevant to the preparation and fair presentation of the Statement of Total Sources and Total Application of Funds that are free from material misstatement, whether due to fraud or error.

The NACC is also responsible for establishing and maintaining a system of internal control. In fulfilling this responsibility, estimates and judgments made are required to assess the expected benefits and related costs of internal control system policies and procedures. The objectives of a system of internal control are to provide the NACC with reasonable, but not absolute assurance that the assets (if any) are safeguarded against loss from unauthorised use or disposition; transactions are executed in accordance with appropriate authorisation; and transactions are recorded properly to permit the preparation of the Statement of Total Sources and Total Application of Funds.
Auditors' Responsibility

Our responsibility is to express an opinion on the Statement of Total Sources and Total Application of Funds based on our audit. We conducted our audit in accordance with International Standards on Auditing, issued by the International Federation of Accountants (IFAC) and the International Bank for Reconstruction and Development’s guidelines. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Statement of Total Sources and Total Application of Funds are free from material misstatement.

This audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the Statement of Total Sources and Total Application of Funds, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the Statement of Total Sources and Total Application of Funds in order to design audit procedures that are appropriate in the circumstances. This audit includes evaluating the overall presentation of the Statement of Total Sources and Total Application of Funds.

The audit also includes an assessment of the effectiveness of the internal control systems of NACC (IBRD Loan No. 7184-TR). However, due to inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and remain undetected.

The following significant auditing procedures were performed during the audit:

Audit Approach

The following are the key elements of our approach to the audit:

1. Obtain a thorough knowledge and understanding of any external factors that may have had an impact on the Project and the way in which it are organized. This information would be used in the detailed planning of the audit, including the development of our work programme;

2. Acquire sufficient audit assurance in relation to each audit objective to enable us to conclude that the financial transactions and accounting records were adequately reflected in the Financial Management Report (FMR) and Statement of Total Sources and Total Application of Funds, and that they were prepared in accordance with International Financial Reporting Standards;

3. Acquire sufficient audit assurance that the procurement process was conducted in accordance with transparency and effective monetary governance. This is effectively an integrated audit of the procurement and disbursement processes;

4. Conduct validity tests on supporting documentation, ensuring eligibility and accuracy of expenditures presented;
INDEPENDENT AUDITORS’ OPINION (CONT’D)

5. Conduct tests to ensure that all expenditures were properly authorised and recorded;

6. Test controls to provide evidence that those controls from which we obtain audit assurances have been applied as required. These tests would be conducted specifically with a view to assessing the design and function of the control environment, control activities and monitoring policies;

7. Design substantive procedures to obtain evidence as to the completeness, accuracy and validity of the information contained in the accounting records;

8. Assess the institutional capability of the implementing agency in terms of its physical, human and technological resources to effectively conduct the affairs of the Project under review;

9. Assess the adequacy of the accounting system used by the implementing agency in the conduct of the affairs of the Project under review;

10. Assess the recording, control and maintenance procedures for goods and services purchased with the resources under the control of the Project.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

In our opinion, the financial statements referred to above, present fairly in all material respects the Cash Received and Disbursements Made and the Cumulative Investments for the National AIDS Coordinating Committee as of and for the year ended 30 September 2010, in accordance with International Financial Reporting Standards and International Bank for Reconstruction and Development’s guidelines.

Opinion on the Statement of Total Sources and Total Application of Funds

In our opinion:

a) The expenditure reported in the Statement of Total Sources and Total Application of Funds for the year ended 30 September 2010 were eligible; dependable; incurred wholly and exclusively for the project purposes in accordance with International Bank for Reconstruction and Development’s guidelines; and

b) The accounting and internal controls used by NACC for the reporting of expenditure in the Statement of Total Sources and Total Application of Funds for the year ended 30 September 2010 were adequate.

PKF

12 January 2011
Port of Spain
Trinidad and Tobago
National AIDS Coordinating Committee  
HIV/AIDS Prevention and Control Project  
IBRD Loan No. 7184-TR  

Statement of Total Sources and Total Application of Funds  
For the year ended 30 September 2010  
(Expressed in Trinidad and Tobago Dollars)  

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Sources of Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. (a) Disbursements claimed from the World Bank</td>
<td>3,161,609</td>
<td>12,391,251</td>
<td>10,071,823</td>
<td>24,411,776</td>
<td>15,357,565</td>
<td>2,732,211</td>
<td>-</td>
<td>68,126,235</td>
</tr>
<tr>
<td>Release less disbursements claimed</td>
<td>9,119,991</td>
<td>7,885,749</td>
<td>28,767,991</td>
<td>4,546,654</td>
<td>11,571,512</td>
<td>13,067,789</td>
<td>3,666,177</td>
<td>78,619,863</td>
</tr>
<tr>
<td>5. (b) Government of the Republic of Trinidad and Tobago</td>
<td>12,281,600</td>
<td>20,277,000</td>
<td>38,839,814</td>
<td>28,952,430</td>
<td>26,929,077</td>
<td>15,800,000</td>
<td>3,666,177</td>
<td>146,746,098</td>
</tr>
<tr>
<td>5. (b) World Bank Project (Other Ministry reimbursements)</td>
<td>23,875,273</td>
<td>-</td>
<td>7,287,597</td>
<td>8,903,922</td>
<td>11,278,143</td>
<td>-</td>
<td>3,442,632</td>
<td>54,787,567</td>
</tr>
<tr>
<td>World Bank front end fee</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,252,000</td>
<td>1,252,000</td>
</tr>
<tr>
<td>5. (c) UNDP</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>765,323</td>
<td>765,323</td>
</tr>
<tr>
<td>5. (d) UNAIDS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,122</td>
<td>-</td>
<td>-</td>
<td>20,122</td>
</tr>
<tr>
<td>5. (e) Lutheran Medical Centre</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>91,719</td>
<td>-</td>
<td>91,719</td>
</tr>
<tr>
<td>5. (f) Private Business Support</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,525</td>
<td>67,185</td>
<td>94,710</td>
</tr>
<tr>
<td>Total Sources of Funds</td>
<td>36,156,873</td>
<td>20,277,000</td>
<td>46,127,411</td>
<td>37,856,352</td>
<td>38,227,342</td>
<td>15,919,244</td>
<td>9,193,317</td>
<td>203,757,539</td>
</tr>
</tbody>
</table>

4.
National AIDS Coordinating Committee  
HIV/AIDS Prevention and Control Project  
IBRD Loan No. 7184-TR

Statement of Total Sources and Total Application of Funds  
For the year ended 30 September 2010  
(Expressed in Trinidad and Tobago Dollars)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fiscal Year</th>
<th>Fiscal Year</th>
<th>Fiscal year</th>
<th>Fiscal year</th>
<th>Fiscal year</th>
<th>Fiscal year</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 09-Sept 10</td>
<td>Oct 08-Sept 09</td>
<td>Oct 07-Sept 08</td>
<td>Oct 06-Sept 07</td>
<td>Oct 05-Sept 06</td>
<td>Oct 04-Sept 05</td>
<td>Oct 03-Sept 04</td>
<td>Oct 03-Sept 10</td>
</tr>
<tr>
<td>Expenditure</td>
<td>Expenditure</td>
<td>Expenditure</td>
<td>Expenditure</td>
<td>Expenditure</td>
<td>Expenditure</td>
<td>Expenditure</td>
<td>Expenditure</td>
</tr>
</tbody>
</table>

5. Application of Funds

6. (a) Prevention in the Spread of HIV/AIDS

Promotion of safe and healthy sexual behaviours among the general population.

- 14,335
- 1,068,222
- 229,616
- 209,394
- 142,545
- 58,800
- 2,047,512

Improve the availability and accessibility of condoms.

- 778,211
- 1,216,165
- 1,304,527
- 1,481,197
- 2,116,090
- 879,158
- 7,867

Promotion of healthy sexual attitudes, behaviour and practices among vulnerable/high risk groups.

- 778,211
- 1,216,165
- 1,304,527
- 1,481,197
- 2,116,090
- 879,158
- 7,867

Increase the population knowledge of its serostatus.

- 6,459,424
- 3,006,262
- 10,377,384
- 7,050,370
- 14,389,463
- 7,178,894
- 49,443,626

Reduce probability of post exposure infection.

- 778,211
- 1,216,165
- 1,304,527
- 1,481,197
- 2,116,090
- 879,158
- 7,867

Total Prevention in the Spread of HIV/AIDS

- 7,251,970
- 6,837,711
- 11,977,179
- 9,291,841
- 19,305,416
- 8,772,149
- 1,138,276

6. (b) Treatment, Care and Support

Implement a national system for the clinical management and treatment of HIV/AIDS.

- 23,875,272
- 426,732
- 7,639,837
- 9,970,426
- 11,970,606
- 494,875
- 3,145,982

To create an environment that supports the infected and affected.

- 23,875,272
- 976,217
- 7,679,437
- 10,395,204
- 12,261,026
- 686,475

Total Treatment, Care and Support

- 23,875,272
- 976,217
- 7,679,437
- 10,395,204
- 12,261,026
- 686,475

5.
### National AIDS Coordinating Committee
### HIV/AIDS Prevention and Control Project
### IBRD Loan No. 7184-TR

**Statement of Total Sources and Total Application of Funds**

For the year ended 30 September 2010

(Expressed in Trinidad and Tobago Dollars)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6. (c) Advocacy and Human Rights</td>
<td>$6. (c) Advocacy and Human Rights</td>
<td>122,820</td>
<td>40,756</td>
<td>650,450</td>
<td>78,830</td>
<td>-</td>
<td>892,856</td>
<td></td>
</tr>
<tr>
<td>Reduce stigma and discrimination against people living with HIV/AIDS</td>
<td>-</td>
<td>122,820</td>
<td>-</td>
<td>40,756</td>
<td>650,450</td>
<td>78,830</td>
<td>-</td>
<td>892,856</td>
</tr>
<tr>
<td>Ensure human rights for people living with AIDS and other groups affected by HIV/AIDS</td>
<td>91,644</td>
<td>120,100</td>
<td>184,438</td>
<td>103,950</td>
<td>-</td>
<td>-</td>
<td>500,132</td>
<td></td>
</tr>
<tr>
<td>Total Advocacy and Human Rights</td>
<td>91,644</td>
<td>242,920</td>
<td>184,438</td>
<td>144,706</td>
<td>650,450</td>
<td>78,830</td>
<td>-</td>
<td>1,392,988</td>
</tr>
<tr>
<td>6. (d) Surveillance and Research</td>
<td>$6. (d) Surveillance and Research</td>
<td>8,132,482</td>
<td>13,927,509</td>
<td>10,718,937</td>
<td>-</td>
<td>-</td>
<td>32,783,198</td>
<td></td>
</tr>
<tr>
<td>Strengthen the surveillance systems for CSTI/HIV/AIDS.</td>
<td>-</td>
<td>8,132,482</td>
<td>13,927,509</td>
<td>10,718,937</td>
<td>-</td>
<td>-</td>
<td>32,783,198</td>
<td></td>
</tr>
<tr>
<td>To undertake and participate in effective clinical and behavioural research on HIV/AIDS.</td>
<td>169,925</td>
<td>-</td>
<td>3,157</td>
<td>1,142,034</td>
<td>1,266,239</td>
<td>32,999</td>
<td>-</td>
<td>2,614,354</td>
</tr>
<tr>
<td>Total Surveillance and Research</td>
<td>169,925</td>
<td>8,132,482</td>
<td>13,930,666</td>
<td>11,860,971</td>
<td>1,266,239</td>
<td>32,999</td>
<td>4,270</td>
<td>35,397,552</td>
</tr>
</tbody>
</table>
### National AIDS Coordinating Committee

**HIV/AIDS Prevention and Control Project**

**IBRD Loan No. 7184-TR**

**Statement of Total Sources and Total Application of Funds**

For the year ended 30 September 2010

(Expressed in Trinidad and Tobago Dollars)

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>6. (e) Programme Management, Coordination and Evaluation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,555,916</td>
<td>3,937,890</td>
<td>5,940,796</td>
<td>4,865,441</td>
<td>4,698,200</td>
<td>5,136,277</td>
<td>3,601,589</td>
<td>32,736,109</td>
</tr>
<tr>
<td>7. Exchange Rate Difference</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(6,855)</td>
</tr>
<tr>
<td>8. World Bank Front End fee</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,259,940</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>35,944,727</td>
<td>20,127,220</td>
<td>39,712,516</td>
<td>37,818,103</td>
<td>38,181,331</td>
<td>14,706,730</td>
<td>7,890,117</td>
<td>194,373,889</td>
</tr>
</tbody>
</table>

Differences in Sources less Application of Funds 212,146

Approved by:

Chairperson, NACC

Deputy Permanent Secretary
Office of the Prime Minister
Background

The Government of the Republic of Trinidad and Tobago (GORTT) in its effort to prevent and control the spread of the HIV/AIDS epidemic has developed a five-year National Strategic Plan (2004-2008) as the guide to Trinidad and Tobago National Response to HIV/AIDS. In June 2003, the GORTT successfully negotiated a US$20 million loan from the World Bank to support the implementation of its HIV/AIDS National Strategic Plan (NSP). The loan was approved by the World Bank and the Loan Agreement was signed by the Minister of Finance on 27 June 2003 with loan effectiveness being achieved on 27 December 2003. The HIV/AIDS Prevention and Control Project is currently being funded from two sources, the World Bank (US$20 million) contribution and the GORTT (US$5 million) contribution.

The HIV/AIDS Prevention and Control Project contributes to the implementation of the expanded National Response which sets out the fundamental principles, the broad tactical approach as well as the detailed strategies necessary to move the country from the current situation to its desired position. It is important to state that the World Bank funded Project had its genesis in the NSP which has two (2) overarching goals and five (5) Priority Areas. The two overarching goals are:

1. To reduce the incidence of HIV infections in Trinidad and Tobago; and
2. To mitigate the negative impact of HIV/AIDS on persons affected in Trinidad and Tobago.

The GORTT’s national expanded strategic response to HIV/AIDS is being executed under the following five (5) Priority Areas over the five year period:

- Priority Area I Prevention
- Priority Area II Treatment, Care and Support
- Priority Area III Advocacy and Human Rights
- Priority Area IV Surveillance and Research
- Priority Area V Programme Management, Coordination and Evaluation
1. **Background (Cont’d)**

The GORTT is fully committed to the implementation of its NSP and has placed both the responsibility for the management and results of the National Response directly under the Office of the Prime Minister. The National AIDS Coordinating Committee (NACC) and its Secretariat, which includes the Project Coordinating Unit is under the governance of the Office of the Prime Minister and is fully accountable to the Cabinet for project results. The NACC comprises many HIV/AIDS stakeholder groups including public and private institutions, NGO’s, PLWAS, health care providers and civil society. The implementation of the NSP over five (5) years is estimated to cost US$90 million.

The World Bank, by letter dated 9 November 2009, amended the loan agreement to extend the Project from 31 December 2009 to 30 September 2010 in order to facilitate the following:

i) Refurbishment of the medical laboratory for the installation of the viral load machine and purchase of CD4 and viral load reagents; and

ii) Purchase of Anti retroviral medication.

The National AIDS Coordinating Committee, IBRD Loan No. 7184-TR was fully drawn-down with the World Bank as at 30 September 2010.

2. **Accounting Period**

The Project’s financial statements relate to the period 1 October 2009 to 30 September 2010. Comparative figures depict the cumulative position from project commencement in October 2003.

3. **Basis of Preparation**

These financial statements have been prepared under the historic cost convention in accordance with accruals basis of accounting. No account has been taken of the effects of inflation.
4. Significant Accounting Policies

(a) Reporting currency

These accounts are presented in Trinidad and Tobago dollars, except where otherwise stated.

(b) Foreign currency translation

All foreign currency transactions with the World Bank and other parties during the year are translated at the exchange rate prevailing at the date of the transaction.

(c) Fixed assets

Fixed assets are stated at cost. No depreciation is charged on fixed assets. This is not in accordance with International Financial Reporting Standards.

5. Sources of Funds:

Sources of funds represent the total value of resources utilized by the National AIDS Coordinating Committee. This includes budgetary allocations from the Ministry of Finance, draw downs on the World Bank Loan reimbursing GORTT, expenditure from both with the NACC and Government Ministries and other sources of funds paid to the NACC from other entities including international NGOs and private sector entities. There is a separate external audit of the EU grant funds and, as such, expenditure from this funding source is not included in this report.

(a) Releases from Government

GORTT released to the NACC for the fiscal year 2010 $12,281,600 made up as follows:

- Recurrent transfers $ 281,600
- Development Programme (including refunds) 12,000,000

$12,281,600
5. Sources of Funds (Cont’d)

(b) World Bank Project (Other Ministry Reimbursements)

i) There were no Other Ministry Reimbursements recorded for the fiscal period.
ii) All draw downs on the World Bank Loan are made to the GORTT Consolidated Fund.

(c) UNDP

UNDP was charged with supporting the operation of the NACC from start up of operations until January 2004. The figure of $765,323 represents the element of expenditure that was not allowable for reimbursement under the conditions of the Loan Agreement for the GORTT counterpart percentage.

(d) UNAIDS

UNAIDS made a contribution towards the cost of supporting the attendance of the Trinidad and Tobago Delegation to the XVI World HIV/AIDS Conference in Toronto, Canada, 13 – 18 August 2006.

(e) Other sources of funding

A total of $186,429 has been received since the commencement of the HIV/AIDS Project from either international NGOs or the private sector for support in the fight against HIV/AIDS.
6. Application of Funds

Expenditure on HIV/AIDS that is made by the NACC, or by other Government Ministries but which is reimbursable under the World Bank Loan is classified according to the criteria as set out in the Five-Year HIV/AIDS National Strategic Plan. Expenditure by other Ministries on HIV/AIDS is only included with the Application of Funds Statement if the expenditure is reimbursable by the World Bank.

(a) Prevention

i) Total expenditure for the year is $7,251,970 with the majority of the expenditure being geared towards the promotion of safe and healthy sexual behaviours among the general population. Activities include:

1. Promotion of HIV and AIDS Information and Education (IEC) based around community events for example, World AIDS Day, Carnival and AIDS Candlelight Memorial.

2. Production of HIV and AIDS FAQ’s booklets.

3. Assessment of IEC activities.

4. Commencement of national condom social marketing campaign.

ii) The NACC has supported the NGO Community working in the fight against HIV/AIDS with payments as summarized below:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total payment to NGOs</td>
<td>$778,211</td>
<td>$1,216,165</td>
</tr>
</tbody>
</table>

12.
6. Application of Funds (Cont’d)

(b) Treatment Care and Support

Total expenditure for the year is $23,875,272. Activities that have been undertaken by the NACC are:

1. Consultancy on home care services.
2. Grants to NGO's involved in treatment, care and support.
3. Functional Consultant for the Trinidad Public Health Laboratory.
4. Refurbishment costs of health clinics offering VCT.

(c) Advocacy and Human Rights

Total expenditure for the year is $91,644. This amount includes the initial phase of the establishment of a Human Rights Desk whereby persons are able to seek redress.

(d) Surveillance and Research

Total expenditure for the year is $169,925 and relates to the following activities:

1. NGO Monitoring and Evaluation Consultancy.
2. HIV and AIDS Research Symposium.
6. Application of Funds (Cont’d)

    (e) Programme Management, Coordination and Evaluation

    Total expenditure for the year is $4,555,916 broken down as follows:

    Appropriate management structure for the National Expanded Response  $ 4,451,045
    Monitor the implementation of the Expanded Response  $ 104,871
    Total Programme Management, Coordination and Evaluation  $ 4,555,916

7. Exchange Rate Difference

    In order to ensure continuity and comparability in the accounts foreign currency transactions are recorded at the prevailing exchange rate at the date of the transaction. As the currency of commitment of the World Bank Loan is USD, exchange rate gains and losses can occur over time.
7. Exchange Rate Difference (Cont’d)

The reconciliation with the World Bank account, indicating exchange rate differences is depicted below:

Reconciliation with World Bank as at 30 September 2010

<table>
<thead>
<tr>
<th>Draw down</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restated in Trinidad and Tobago dollars as at 30 September 2010 (using World Bank Rates)</td>
<td>TT$ 125,362,955</td>
</tr>
</tbody>
</table>

Total draw down on the loan

| Disbursed fiscal year 2010 | TT$ 28,240,890 |
| Disbursed fiscal year 2009 | 12,391,251     |
| Disbursed fiscal year 2008 | 17,359,420     |
| Disbursed fiscal year 2007 | 33,315,698     |
| Disbursed fiscal year 2006 | 26,635,708     |
| Disbursed fiscal year 2005 | 2,732,211      |
| Disbursed fiscal year 2004 | 4,694,632      |
| Exchange rate on difference on transactions – b/f                | (6,855)        |

TT$ 125,362,955

8. World Bank Front End Fee

The World Bank Front End Fee was deducted at the commencement of the loan; however the transaction was recognized within GORTT accounts during the 2007 fiscal year. In previous versions of the notes to the accounts a provision was made for this transaction.
9. Differences in Sources less Application of Funds

This is the variance between the resources received and expended by the NACC. Of the three accounts that are utilized by the NACC only the balance on the Bank Account is available to be carried forward to the next fiscal year.

<table>
<thead>
<tr>
<th>NACC</th>
<th>Development Programme</th>
<th>Current Transfers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Account</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Releases</td>
<td>$12,000,000</td>
<td>$281,600</td>
<td>$12,281,600</td>
</tr>
<tr>
<td>Cash Received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Releases</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net movement: $212,146

Opening balance on account: $1,527

Closing balance on account: $213,673
INDEPENDENT AUDITORS' REPORT ON SYSTEM OF INTERNAL CONTROL STRUCTURE

To: Permanent Secretary
   Office of the Prime Minister

National AIDS Coordinating Committee
HIV/AIDS Prevention and Control Project
International Bank for Reconstruction and Development (IBRD) Loan No. 7184-TR

Audit of the Resources Managed during the period from 1 October 2009 to 30 September 2010 by the National AIDS Coordinating Committee (NACC) under The HIV/AIDS Prevention and Control Project (IBRD Loan No. 7184-TR)

We have audited the accompanying Statement of Total Sources and Total Application of Funds for the HIV/AIDS Prevention and Control Project executed by the Office of the Prime Minister, National AIDS Coordinating Committee (NACC) and financed with funds from IBRD Loan No. 7184-TR, and local counterpart funds from the Government of the Republic of Trinidad and Tobago (GORTT) as of and for the year ended 30 September 2010. This statement is the responsibility of the NACC, and we have issued our report thereon.

We conducted our audit in accordance with International Standards on Auditing, issued by the International Federation of Accountants (IFAC), and the International Bank for Reconstruction and Development's guidelines, specifically the Guidelines – Annual Financial Reporting and Auditing for World Bank – Financed Activities and Financial Monitoring Reports for the World Bank – Financed Projects: Guidelines for Borrowers. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

The NACC is responsible for establishing and maintaining a system of internal control. In fulfilling this responsibility, estimates and judgments by the NACC are required to assess the expected benefits and related costs of internal control system policies and procedures. The objectives of a system of internal control are to provide the NACC with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorised use or disposition; transactions are executed in accordance with appropriate authorisation and in accordance with the terms of the contract; and transactions are recorded properly to permit the preparation of the Statement of Total Sources and Total Application of Funds, in conformity with the basis of accounting described in Note 3 to the financial statements. Due to inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected.
INDEPENDENT AUDITORS’ REPORT ON SYSTEM OF INTERNAL CONTROL STRUCTURE (CONTINUED)

In planning and performing our audit of the NACC IBRD Loan No. 7184-TR, for the year ended 30 September 2010, we obtained an understanding of the system of internal control. With respect to the system of internal control, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of the Project.

We have noted one significant matter involving the internal control structure and its operation that we consider a reportable condition under the International Standards on Auditing as reported in the Findings on Internal Control Structure Report. 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 entity’s ability to record, process, summarise and report financial data consistent with the assertions in the Statement of Total Sources and Total Application of Funds.

PKF

12 January 2011
Port of Spain
Trinidad and Tobago
Finding on Internal Control Structure Report

For the year ended 30 September 2010

Internal Controls for the Procurement of Goods and Services

Finding
No Tenders Committee’s approval was seen for NIPDEC’s ad hoc purchase of anti-viral drugs valued at $84,540, from Medical Marketing Company Limited. This does not adhere to Rule 2.0 of the procurement policies, which states:

“...All such purchases are to be approved by the Tenders Committee...”

Recommendation
All NIPDEC’s ad hoc purchases should be conducted in strict adherence to the established procurement policies. This would include obtaining approvals at the appropriate levels.

Management Comment
The NIPDEC tendering process has been approved by both the World Bank and the European Union for the procurement of Anti-Retro Viral medication with respect to the loan and grant funding provided by these institutions. On an annual basis, NIPDEC issues an open international tender for all medication to be provided within the Health Care System. The medication and the firm mentioned in the audit report have been included in the medication listing and the firm has been evaluated and selected as an approved supplier of ARV medication. In addition, since the programme began in 2003, the NIPDEC procurement and financial systems have been audited each year and no particular issues with the procurement systems have previously been raised.