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INDEPENDENT AUDITOR'S REPORT

GOJ/IBRD LOAN No. 8334-JM **Early Childhood Development Project** **Year Ended March 31, 2017**

Opinion

I have audited the accompanying Financial Statements of Early Childhood Development Project, set out on pages 1 to 8, which comprise the Statement of Sources and Uses of Funds, as at March 31, 2017, Statement of Cumulative Investments, Designated Account Reconciliation Statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In my opinion, the appended Statements 1-2 and Supplementary Financial Information reflect a fair representation of the transactions of the Programme for the period under review and the transactions conformed to the terms of the Grant Agreement and complied with the International Public Sector Accounting Standards (IPSAS) Cash Basis

Basis for Opinion

The audit of the Project was conducted in accordance with:

- Article V Section 5.09 (b) of the Loan Agreement between the Government of Jamaica (GOJ) and the International Bank for Reconstruction and Development (IBRD) dated March 12, 2014.
- International Standards of Supreme Audit Institutions (ISSAIs).

My responsibilities under ISSAIs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. My and staff and I are independent of the Project in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. I believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in our 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. I have determined that there are no key audit matters to report.

Management's Responsibility for the Financial Statements

The executing agency, the Early Childhood Commission, 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 Commission 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 Commission in accordance with Article V Section 5.09 (b) of the aforementioned Loan Agreement to reflect the transactions of the Programme from its inception in 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

Special Bank Account Statement for period April 1, 2016 to
March 31, 2017

Statement of Disbursement Linked Targets

Notes to the Financial Statements

In preparing the financial statements, management is responsible for assessing the 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 Project 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 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 ISSAIs, we 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 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 the 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.

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

During the period under review, I examined compliance by the Project Implementing Unit of the Executing Agency with the applicable laws and regulations related to the Programme's financial activities and with the accounting/financial/ management clauses of the Loan Agreement No. 8334- There was general compliance with the following articles contained in the Loan Agreement Mentioned:

- | | | |
|-------------|---|---|
| Article III | - | Section 3.01: Article V of the General Conditions |
| Article III | - | Section 3.02: Schedule 2- Project Execution |
| | | Section I: Subsidiary Agreement |
| | | Section II: Project Monitoring Reporting and Evaluation |
| | | Section III: Procurement |
| | | Section IV: Withdrawal of Loan Proceeds |

OPINION – GENERAL

In my opinion, the Project 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 programme in accordance with satisfactory accounting/financial/management practices and standards as required by the terms of the Grant Agreement Article V, Section 5.09 (A) of the Loan Agreement.

AUDIT OF THE SPECIAL 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. 810088 is maintained in United States Dollars in the name of the Ministry of Finance. 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.

OPINION – SPECIAL BANK ACCOUNT

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 amount advanced to the account as at March 31, 2017 in conformity with IPSAS Cash Basis and IBRD guidelines.


.....
Auditor General of Jamaica

2017/04/29
.....
Date

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GOI/IBRD LOAN No. 8334-JM
Early Childhood Development Project
Year Ended March 31, 2017

AUDIT OF STATEMENTS OF EXPENDITURE (SOE) PROCEDURES

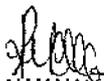
In the course of the Audit of the Early Childhood Development Project (ECDP) for the year ended March 31, 2017, I examined the following statements of expenditure submitted to the IBRD during the financial year under review in support of applications for reimbursement of funds from the Loan Account in accordance with the Loan Agreement:

<u>Disbursement Number</u>	<u>Date Advanced</u>	<u>Amount (US\$)</u>
JECDP2-05	June 06, 2016	64,425.22
JECDP2-06	August 08, 2016	1,500,000.00
JECDP2-07	March 20, 2017	390,000.00
JECDP2-08	March 28, 2017	390,000.00
	Total	<u>2,344,425.22</u>

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 Grant Agreement.


.....
Auditor General of Jamaica

2017.04/29.....
Date

ECD Project Phase II - IBRD Loan No. 83340

Financial Statements

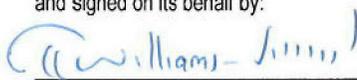
For the period ending March 31, 2017

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Statement of Cumulative Investments	2
Reconciliation of the Project Special Account	3
Statement of Disbursement linked Indicators	4
Notes to the the financial statements	5 to 8

ECD Project Phase II - IBRD Loan No. 83340
Statement of Sources and Uses of Funds
Year Ended March 31, 2017

		Cumulative from June 2014 to March 2016	Current Period	Cumulative to March 2017
RECEIPTS	Note	US\$	US\$	US\$
World Bank				
Reimbursement Part 1		5,600,000.00	2,280,000.00	7,880,000.00
Retroactive Reimbursement - Part 1		-	-	-
Designated Account (Advance)		165,081.35	64,425.22	229,506.57
Front End Fee		30,000.00	-	30,000.00
Total Receipts (A)		5,795,081.35	2,344,425.22	8,139,506.57
LESS EXPENDITURES				
Part1 Supporting the implementation of the NSP		5,600,000.00	2,280,000.00	7,880,000.00
Part 2 Intuitional Strengthening		129,506.57	88,742.80	218,249.37
Front end fee		30,000.00	-	30,000.00
Total Expenditures (B)		5,759,506.57	2,368,742.80	8,128,249.37
RECEIPTS LESS EXPENDITURES				
Net Change in Cash (A-B)		35,574.78	(24,317.58)	11,257.20
BANK BALANCES				
<i>Opening Cash Balances</i>				
Opening Cash Balance on Designated Account			35,574.78	
Net change in Cash			(24,317.58)	
Closing Cash Balance on Designated Account		35,574.78	11,257.20	11,257.20
Total Closing Balances	3 c	35,574.78	11,257.20	11,257.20

The financial statements on pages 1 to 8 were approved by the Commission on September 26, 2017 and signed on its behalf by:

 Chairman - Early Childhood Commission

Mrs. Trisha-Williams-Singh

 Executive Director (Acting)

Mrs. Karlene Degrasse-Deslandes

ECD Project Phase II - IBRD Loan No. 83340
 Statement of Cumulative Investments
 Year Ended March 31, 2017

	Cumulative from June 2014 to March 31, 2016	Current Year 2017	Cumulative to March 31 ,2017
Categories	US\$	US\$	US\$
Category 1.			
Grants to Community Schools and Grants for ECC under Part 1 of Project	5,600,000.00	2,280,000.00	7,880,000.00
Category 2.			
Goods Training and consultant's services under Part 2 of the Project.	129,506.57	88,742.80	218,249.37
Front-end Fee	30,000.00		30,000.00
Total	5,759,506.57	2,368,742.80	8,128,249.37

The financial statements on pages 1 to 8 were approved by the Commission on September 26, 2017.

and signed on its behalf by :



Mrs. Trisha-Williams-Singh
 Chairman - Early Childhood Commission



Mrs. Karlene Degrasse-Deslandes
 Executive Director (Acting)

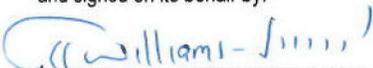
ECD Project Phase II - IBRD Loan No. 83340
 Designated Account Reconciliation Statement
 Year Ended March 31, 2017
 Account Number 810088 with Bank of Jamaica

	US\$
1 Total advance by world bank (or cofinancier)	\$ 229,506.57
2 Less: Total amount documented by World Bank	\$ 129,506.57
3 Present Outstanding Amount advanced to the designated account (1-2)	\$ 100,000.00
4 Balance of Designated Account per attached bank reconciliation as of date March 31,2017	\$ 11,273.33
5 Plus : Total amount claimed in this application no .JECD2-11	\$ 88,742.80
6 Plus: Total amount withdrawn and not yet claimed Reason	
7 Plus : Amounts claimed in previous applications not yet credited at date of Bank Statements <u>Application NO</u> WA# WA# Subtotal of Previous Applications Not yet Credited	
8 Less:Interest Earned	
9 Total Advance accounted for (NO.4 Through NO.9)	\$ 100,016.13
10 Difference (3-9)	\$ (16.13)

11 **Explanantion of Any Difference Shown in Line 10**

Accumulated interest paid for December 2016 not transferred out of account January 2017.

The financial statements on pages 1 to 8 were approved by the Commission on September 26, 2017.
 and signed on its behalf by:

 Chairman - Early Childhood Commission

Mrs. Trisha-Williams-Singh

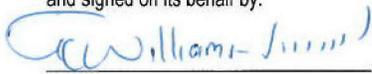
 Executive Director (Acting)

Mrs. Karlene Degrasse-Deslandes

ECD Project Phase II - IBRD Loan No. 83340
Statement of Disbursement Linked Indicators (DLI)Achieved .
Year Ended March 31, 2017

NO.	Description of DLI	DLI Amount US\$	Date Achieved	Transaction Value Date
1	At least 25% of parenting education and support Programs Certified	1,200,000.00	MET 2013-2014	21-Oct-14
2	At least 90% of the Development Officers using the Classroom Observation Tool (COT).	1,200,000.00	MET 2013-2014	21-Oct-14
3	At least 54% of ECIs have received a permit to Operate	1,200,000.00	MET 2013-2014	21-Oct-14
4	At Least 30% of all early childhood parenting education and support programs certified,(DLT 2).	500,000.00	MET 2014-2015	05-Oct-15
5	At Least 30% of ECIs are implementing their improvement Plans ,(DLT 11).	500,000.00	MET 2014-2015	05-Oct-15
6	At least 30% of ECIs practitioners are qualified at level III and above ,(DLT 15).	500,000.00	MET 2014-2015	05-Oct-15
7	ECC Annual Publication reports on the performance of ECD sector and NSP2012-2018	500,000.00	MET 2014-2015	05-Oct-15
8	At least 40% of ECIs are implementing their improvement plans ,(DLT 13)	500,000.00	MET 2015-2016	19-Aug-16
9	At least 35% of ECIs practitioners are qualified at Level III and above ,(DLT 16).	500,000.00	MET 2016-2017	19-Aug-16
10	At Least 65% of all ECIs have received a permit to operate (DLT12).	500,000.00	MET 2016-2017	19-Aug-16
11	A communication strategy to educate parents and raise awareness about ECD,early simulation nutrition and other parenting practices is being implemented,(DLT3).	390,000.00	MET 2015-2016	20-Mar-17
12	The Readiness evaluation for children at age 4 has been implemented as part of the country's national assessment program and results presented to the MoE, (DLT 20).	390,000.00	MET 2016-2017	28-Mar-17
TOTAL		7,880,000.00		

The financial statements on pages 1 to 8 were approved by the Commission on September 26, 2017, and signed on its behalf by:


Chairman - Early Childhood Commission

Mrs. Trisha-Williams-Singh


Executive Director

Mrs. Karlene Degrasse-Deslandes

The Early Childhood Development Project Loan Number 8334-JM
Notes to the Financial Statements
For the period ended March 31, 2017

1. The Project

The Early Childhood Development Project ("the Project") is a project being undertaken by the Government of Jamaica to improve the overall early childhood care and educational services. The Project is financed by the International Bank for Reconstruction and Development (IBRD) through a US\$12,000,000.00 loan. The duration of the loan is for four years commencing June 10, 2014 and ending on September 28, 2018.

The Early Childhood Development (ECD) Project's objectives are to improve the quality of and increase access to ECD services, while providing technical assistance to strengthen the organizational and institutional arrangements that govern the ECD sector.

The Project is executed by the Early Childhood Commission (ECC), a statutory agency of the Ministry of Education. A Steering Committee, headed by the Permanent Secretary of the Ministry of Education has been organized to provide inter-agency co-ordination, policy guidance and oversight during implementation, although the Early Childhood Commission is responsible for the day-to-day activities of the project.

The Project supports the Jamaica's National Strategic Plan for Early Childhood Development through its seven target areas including:

- i. parenting education and support;
- ii. preventive health care for children 0-6 years old;
- iii. screening, diagnosis and early intervention;
- iv. safe, learner centred early childhood facilities;
- v. effective curriculum delivery by trained early childhood practitioners;
- vi. early childhood sector governance; and
- vii. timely, clear and current appropriate information to support evidence-based decision making.

2. COMPONENTS OF THE ECD PROJECT

The project consists of two components, and each will be carried out under different financing and implementation arrangements as follows:

- a) **Component 1 - Sector-Wide Approach (SWAP)** will co-finance the implementation of the National Strategic Plan (NSP). This component will be implemented by the ECC and the MOE and will use the SWAP modalities valued at US\$11.0M.

2. COMPONENTS OF THE ECD PROJECT CONT'D

- b) **Component 2** valued at US\$0.97M will consist of technical assistance and will finance consultant services procured and managed by the ECC that are critical to achieving the objectives of the NSP. This component will be implemented by the ECC and will use standard financing and implementation arrangements, such as planning of activities, the development of terms of reference, selection of qualified consultants, and the review of work programmes and deliverables.

3. Statement of compliance, basis of preparation and significant accounting policies

- a) Statement of compliance and basis of preparation:

The statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis. Under this basis income is recognized when funds are received rather than when requested and expense are recognized when payment is made rather than when obligations are incurred.

The Project financial statements have been prepared using the historical cost basis.

- b) Significant accounting policies

I. Foreign currency translation

Expenditure in Jamaica dollars paid from the United States dollars project account (*special account*) held with Bank of Jamaica ("the bank"), were converted at the rate of exchange applied by the bank at the date withdrawal request were received. During the period, the rates of exchange applied by the bank ranged from J\$114.6891 to J\$124.9685 to US\$1.

The balance of the Project's special account at the closing average rate of exchange which was applicable as at March 31, 2017 was J\$124.9685 to US\$1.

II. Property, plant and equipment

Equipment and other fixed assets acquired with the 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 on these financial statements.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for transparency and accountability, particularly in the context of public administration or financial reporting. The text suggests that without reliable records, it becomes difficult to track progress, identify issues, and ensure that resources are being used effectively.

The Early Childhood Development Project Loan Number 8334-JM
Notes to the Financial Statements
For the period ended March 31, 2017

III. Revenue recognition

Reimbursements and advances are recorded on the cash basis. No interest income is recognised when received, interest earned is transferred out of the Project special account at the ending of each month by Bank of Jamaica.

c) Available Cash balance

The available cash balance as at March 31, 2017, in the Project bank account was:

	March 31, 2017	March 31, 2016
	US\$	US\$
Available Cash Balance	11,257.20	35,574.78
	<u>11,257.20</u>	<u>35,574.78</u>

5. Disbursement requests from World Bank

The following disbursement requests were made during the period:

Component 1

Disbursement #	Request date	Amount requested	Amount approved by IBRD	Amount recorded in the Project's financial statements April 1, 2014 to March 2017
		US\$	US\$	US\$
2014-2015				
JECDP2-01	8/10/2014	3,600,000.00	3,600,000.00	3,600,000.00
2015-2016				
JECDP2-04	22/07/2015	2,000,000.00	2,000,000.00	2,000,000.00
2016-2017				
JECDP2-06	18/8/2016	1,500,000.00	1,500,000.00	1,500,000.00
JECDP2-07	20/3/2017	780,000.00	390,000.00	390,000.00
JECDP2-08	28/3/2017	390,000.00	390,000.00	390,000.00
Cumulative balance		8,270,000.00	7,880,000.00	7,880,000.00

The Early Childhood Development Project Loan Number 8334-JM
Notes to the Financial Statements
For the period ended March 31, 2017

Component 1 Swap

The disbursement drawdown twelve (12) DLT's achieved to date, was transferred to the Government of Jamaica Consolidated fund to assist with the financing of GoJ's recurrent sector-wide budget.

Component 2

Disbursement #	Request date	Amount requested	Amount approved by IBRD	Amount recorded in the Project's financial statements April 1, 2014 to March 2017
		US\$	US\$	US\$
<u>2014-2015</u>				
JECDP2-02 (Advance)	2/12/2014	100,000.00	100,000.00	100,000.00
<u>2015-2016</u>				
JECDP2-03	9/7/2015	65,081.35	65,081.35	65,081.35
<u>2016-2017</u>				
JECDP2-05	06/6/2016	64,425.22	64,425.22	64,425.22
Cumulative balance		229,506.57	229,506.57	229,506.57

6. Revolving Fund/ Special Account Advance

The Project's special account maintained a revolving fund up to US\$100,000 and equivalent to 10.31% of component 2 loan amount. An amount of US\$88,742.80 was expended in 2016-2017 from the Project's special account.

7. Property, Plant and Equipment

There were no fixed assets purchased during the year for the Project.

