Independent Auditor’s Report to the Permanent Secretary of the Ministry of Fisheries and Marine Resources

Opinion

We have audited the accompanying Statement of Cash Receipts and Payments (the “Statement”) of the Pacific Islands Regional Oceanscape Programme (“PROP”) (the “Project”) which comprises the Statement of Cash Receipts and Payments for the period 1 January 2017 to 31 December 2017, and a summary of significant accounting policies and other explanatory information. The Statement has been prepared in accordance with the Grant Agreements between the International Development Association and the Solomon Islands Government GEF TF018607 and between the International Bank for Reconstruction and Development and Solomon Islands Government D015-SB dated 29 January 2015 (the “Program”) for the funding period 1 January 2017 to 31 December 2017.

In our opinion, the accompanying Statement of Cash Receipts and Payments presents fairly, in all material respects, the Project’s receipts and payments for the year ended 31 December 2017 in accordance with the Grant Agreement and the International Public Sector Accounting Standards (IPSAS): Financial Reporting under the Cash Basis of Accounting (“Cash Basis”).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing and the requirements of the Grant Agreements. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Statement section of our report. We are independent of the Project in accordance with the auditor independence requirements of the International Ethics Standards Board (IESBA) Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the Statement. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Executing Agency for the Statement

The Solomon Islands Government’s Ministry of Fisheries and Marine Resources (the “Executing Agency”) is responsible for the preparation and fair presentation of the Statement in accordance with the Grant Agreements and the IPSAS Cash Basis and for such internal control as the Executing Agency determined is necessary to enable the preparation and fair presentation of the Statement and is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 the International Standards on Auditing will always detect a material misstatement when it exists.

Member of Deloitte Touche Tohmatsu Limited
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 this Statement.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, 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 the Executing Agency.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the Project or business activities within the Project to express an opinion on the Statement.

We are responsible for the direction, supervision and performance of the Project’s audit. We remain solely responsible for our audit opinion.

We communicate with the Executing Agency 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.

DELOITTE TOUCHE TOHMATSU

Mark Clarke
Partner
Chartered Accountants
Port Moresby, 12 December 2018
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<tr>
<td>Statement of Cash Receipts and Payments</td>
<td>2</td>
</tr>
<tr>
<td>Notes to the accounts</td>
<td>3</td>
</tr>
</tbody>
</table>
Report of the Executing Agency

Under the terms of the contract, I representing Ministry of Fisheries and Natural Resources, have the mandate from the World Bank and Ministry of Finance & Treasury (MOFT) as the Executing Agency, to supervise and manage the funds provided by the World Bank and the Global Environment Facility (GEF). The funds are to be utilised as per the objective of the program: to strengthen the shared management of selected Pacific Islands Oceanic and Coastal fisheries, and the critical habitats upon which they depend. This will provide the basis for sustainable and increased economic benefits to the country from this resource.

I certify that the attached Cash receipts and payments which has been prepared under my supervision presents a true and fair view of MFMR - PROP for the year ended 31st December 2017.

Dated at Honiara this 12th day of December 2018.

[Signature]

Dr Christian Ramofafia
Permanent Secretary
Executing Agency Representative
Ministry of Fisheries & Marine Resources
## Statement of Cash Receipts and Payments

### 1. Receipts

<table>
<thead>
<tr>
<th>Notes</th>
<th>2017 Receipts / Payments</th>
<th>2016 Receipts / Payments</th>
<th>Cumulative*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SBDS</td>
<td>SBDS</td>
<td></td>
</tr>
<tr>
<td>IDA Grant</td>
<td>2,774,230.02</td>
<td>6,277,000.00</td>
<td>6,277,000.00</td>
</tr>
<tr>
<td>IDA Credit</td>
<td>4</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>GEF</td>
<td>4</td>
<td>1,000,000.00</td>
<td>1,000,000.00</td>
</tr>
</tbody>
</table>

**TOTAL RECEIPTS**: 2,774,230.02

**2016**: 7,277,000.00

**Cumulative**: 7,277,000.00

### 2. Payments

#### Component 1: Offshore Fisheries
- Expanded Participation in International Tuna Meetings
- Operation Costs for Fisheries Surveillance Patrols
- Monitoring & Communication System Centres
- Establishment of Fisheries Information Systems
- Equipment for Fisheries Compliance Officers
- Equipment for Fisheries Observer
- Operation Costs for MCS
- Expansion of Fishery Compliance Officers
- Expansion of National Observers Program
- Securing Economy Returns from Tuna fisheries
- Establishment of Electronic monitoring systems
- Specialised trainings

**Total payments Comp 1**: 4,636,591.62

**Component 2: Inshore Fisheries**
- Coastal Fisheries Policy Planning and Prioritisation
- Implementation of Selected Puriency Fisheries Ordinance
- Resource Management plans for Sotitary High Value Resources
- Frame Survey of Fishers, Boats, Gear and Catches
- Development and Management of Selected High valued Fisheries
- Institutional Capacity Building and Support

**Total payments Comp 2**: 768,879.19

**Component 3: Project Management**
- Personal
- Operating Costs for Project Management Units
- Equipment for PMU
- Office for PMU
- Monitoring & Evaluation
- Bank fees & charges - IDA
- Bank fees & charges - GEF

**Total payments Comp 3**: 933,051.51

**TOTAL PAYMENTS**: 66,338,522.32

**3. Cash at beginning of period**: 4,501,533.94

**Decrease / Increase in Cash**: (3,564,292.30)

**Foreign exchange differences**: -

**4. Cash at end of period**: 4,501,533.94

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This Statement is to be read in conjunction with the Notes to and forming part of the Statement of Cash Receipts and Payments on pages 3.
1 General Information
Solomon Islands Government has received financing from the World Bank for the Solomon Islands Pacific Regional Oceanscape Program (PROP) Project ID: P152938 & P151777. The PROP project development objective is to strengthen the shared management of selected Pacific Islands Oceanic and Coastal fisheries, and the critical habitats upon which they depend. This will provide the basis for sustainable and increased economic benefits to the country from these resources. The Project was signed on the 29th January 2015 between the SIG and the World Bank with Project amount of IDA USD 9.75m and GEF USD1.369m. It became effective on the 29 April 2015 and the closing date is on 30th September 2020. The Grant recipient agency shall be the Ministry of Finance and Treasury and the implementation agency shall be the Ministry of Fisheries and Marine Resources.

2 Significant Accounting Policies
a Basis of Presentation
The Statement of Cash Receipts and Payments has been prepared in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting (Cash Basis IPSAS).

b Cash Basis of Accounting
The cash basis of accounting recognizes transactions only when cash is received and paid by the implementing agency.

c Reporting Currency
The financial statements are presented in the Solomon Island Currency, the Solomon Islands Dollar (SBD$).

d Foreign Currency Transactions
Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction.

3 Cash
Cash is comprised of cash:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA Grant</td>
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<tr>
<td>IDA Loan</td>
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<tr>
<td>GEF</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Petty Cash</td>
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<td>-</td>
</tr>
<tr>
<td>Cash advances</td>
<td>-</td>
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</tr>
</tbody>
</table>

4 Grant Proceeds from World Bank

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA Grant</td>
<td>2,774,230.02</td>
<td>6,277,000.00</td>
</tr>
<tr>
<td>IDA Loan</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GEF Grant</td>
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<td>1,000,000.00</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,774,230.02</strong></td>
<td><strong>7,277,000.00</strong></td>
</tr>
</tbody>
</table>
12/12/2018

Deloitte Touche Tohmatsu
Level 1
Heritage Park Commercial Building
Honiara
Solomon Islands

This representation letter is provided in connection with your audit of the financial report of Pacific Islands Regional Oceanscape Program (PROP) for the year ended 31 December 2018, for the purpose of expressing an opinion as to whether the financial report is presented fairly, in all material respects, in accordance with International Public Sector Accounting Standards (IPSAS): Financial Reporting under the Cash Basis of Accounting ("Cash Basis").

We confirm that:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 26th September 2018, for the preparation of the financial report in accordance with International Public Sector Accounting Standards (IPSAS): Financial Reporting under the Cash Basis of Accounting ("Cash Basis"); in particular the financial report is presented fairly, in all material respects, in accordance therewith.

2. We have provided you with:
   - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
   - Additional information that you have requested from us for the purpose of the audit;
   - Unrestricted access to the persons within the entity from whom you determined it necessary to obtain audit evidence; and
   - All requested information, explanations and assistance for the purposes of the audit.

3. All transactions have been recorded in the accounting records and are reflected in the financial report.

4. We are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
5. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.

6. There has been no fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial report.

7. There have been no allegations of fraud, or suspected fraud, affecting the entity’s financial report communicated by employees, former employees, analysts, regulators or others.

8. There have been no instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.

9. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

10. We have disclosed to you the identity of the entity’s related parties and all the related party relationships and transactions of which we are aware.

11. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Public Sector Accounting Standards (IPSAS): Financial Reporting under the Cash Basis of Accounting (“Cash Basis”).

12. All known actual or possible litigation and claims whose effects should be considered when preparing the financial report have been disclosed to you and accounted for and disclosed in accordance with the International Public Sector Accounting Standards (IPSAS): Financial Reporting under the Cash Basis of Accounting (“Cash Basis”).

13. The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial report as a whole. A summary of such items is attached to the representation letter as Appendix A.

14. All events occurring subsequent to the date of the financial report and for which International Public Sector Accounting Standards (IPSAS): Financial Reporting under the Cash Basis of Accounting (“Cash Basis”) require adjustment or disclosure have been adjusted or disclosed within the financial report.

15. In respect of other information we have informed you of all the documents that we expect to issue that may comprise other information;

16. The selection and application of accounting policies as described in Note 3 in the financial report are appropriate.

17. We have no plans or intentions that may affect the carrying value or classification of assets and liabilities.

18. Liabilities, both actual and contingent, have been properly recorded and, when appropriate, adequately disclosed in the financial report.

19. The entity has satisfactory title to, or control over all assets and there are no liens or encumbrances on such assets that have not been disclosed nor has any asset been pledged as collateral.

20. We have properly recorded and, when appropriate, adequately disclosed in the financial report the affects of any laws, regulations and contractual agreements on the financial report, including non-compliance.
21. We have communicated to you all deficiencies in internal control of which we are aware.

22. All trades in derivatives are in accordance with our risk management policies and have been appropriately recorded in the accounting records. None of the terms of the trades have been amended by any side agreement and no documentation relating to derivatives and other financial instruments has been withheld.

23. We have identified and disclosed to you all embedded derivatives of which we are aware.

24. There has been no legal claims during the year

We understand that your audit was conducted in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your test of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully

[Signature]

Mr. Christian Ramofafia
Permanent Secretary
Ministry of Fisheries and Marine Resources

[Date]
APPENDIX A
Summary of uncorrected misstatements relating to the audit of the financial report of Pacific Islands Regional Oceanscape Program for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Account Name</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Retained Earnings</th>
<th>Other Equity</th>
<th>Income Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DR/(CR) SBD</td>
<td>DR/(CR) SBD</td>
<td>DR/(CR) SBD</td>
<td>DR/(CR) SBD</td>
<td>DR/(CR) SBD</td>
</tr>
</tbody>
</table>

Known misstatements

Likely misstatements
None noted

Carry over effects of prior year misstatements
None noted

<table>
<thead>
<tr>
<th>Description of Disclosure Deficiency Identified</th>
<th>Amount - where applicable</th>
<th>Authoritative Literature Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>None noted</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>