



**REPORT  
ON  
THE FINANCIAL STATEMENTS  
OF THE  
CARIBBEAN REGIONAL COMMUNICATIONS  
INFRASTRUCTURE PROGRAM – SAINT LUCIA PROJECT**

**FINANCED BY:**

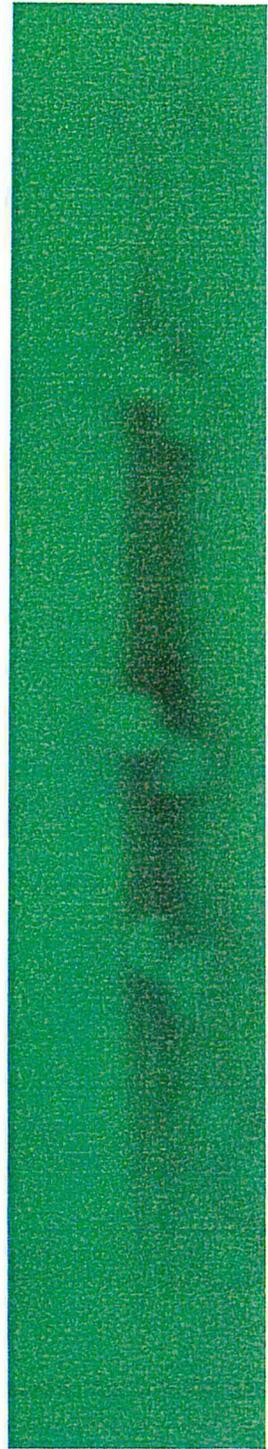
**IDA CREDIT NO. 5117 – LC  
PPA NO. Q7840-001**

**MANAGED BY:**

**THE PROJECT CO-ORDINATION UNIT OF  
THE DEPARTMENT OF FINANCE**

**FOR THE TWELVE-MONTH PERIOD  
APRIL 1, 2016 TO MARCH 31, 2017**

**July 2017**



**AUDIT OF THE RESOURCES MANAGED DURING THE PERIOD APRIL 1, 2016 TO MARCH 31, 2017 BY THE PROJECT CO-ORDINATION UNIT (PCU) OF THE DEPARTMENT OF FINANCE. THE FIRST PHASE OF THE CARIBBEAN REGIONAL COMMUNICATIONS INFRASTRUCTURE PROGRAM, SAINT LUCIA PROJECT – PROJECT PREPARATION ADVANCE NO.Q7840-001 AND IDA CREDIT NO. 5117 LC.**

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# GOVERNMENT OF SAINT LUCIA



*Office of the Director of Audit  
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*Ref. No. GF 2211-206*

July 13, 2017

The Permanent Secretary  
Department of the Public Service  
2<sup>nd</sup> floor, Greaham Louisy Administrative Building  
Waterfront  
**CASTRIES**

Dear Madam,

Enclosed, please find three (3) copies of the Audit Report on the Financial Statements of the Caribbean Regional Communications Infrastructure Program (CARCIP) for the twelve-month period April 01, 2016 to March 31, 2017. The Project is financed by the International Development Association (IDA) Project Preparation Advance No, Q7840-001 and Credit No. 5117-LC.

Yours faithfully,

.....  
**Bernadette Fevriere-George (Mrs.)**  
**DIRECTOR OF AUDIT**

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*"Towards Greater Accountability"*

## PROJECT BACK GROUND

The Government of Saint Lucia (GOSL) signed a financing agreement with the World Bank for the Caribbean Regional Communication Infrastructure Program (CARCIP). The funds of the World Bank are from the resources of the International Development Association (IDA). The IDA will provide Standard Drawing Right (SDR) 3,900,000 which is approximately USD \$6,000,000. A Project Preparation Advance (PPA) No. Q7840-001 for USD \$600,000 was approved on August 18, 2011 and ended on December 12, 2012. The IDA Credit Number 5117-LC was approved on May 22, 2012 and became effective on December 11, 2012.

The expected revised closing date of the Project is August 31, 2018.

## PROJECT OBJECTIVES

The objective of CARCIP is to increase access to regional broadband networks and to advance the development of an ICT-enabled services industry in Saint Lucia and in the Caribbean region.

This objective will be achieved through (a) targeted investments in ICT infrastructure that fill the gaps at the regional and domestic levels, in partnership with the private sector and other development partners, where applicable; (b) creating an enabling environment that fosters competitive access to infrastructure and an IT/ITES and other knowledge industries; (c) enabling and supporting the creation of e-services, including government services; (d) integrating rural areas in knowledge and information society thereby increasing their participation in the regional economy; (e) strengthening of institutional arrangements to ensure effective program implementation and outcomes; and (f) improving procurement and safeguards processes to ensure sustainable investments in ICT.

## PROJECT COMPONENTS

The Project constitutes the first phase of the Program, and will be structured into three (3) components:

Components	Description
A	Regional Connectivity Infrastructure
B	ICT-Led Innovation
C	Implementation Support

### **Component A: Regional Connectivity Infrastructure – USD \$3,500,000**

This component will be aimed at bridging the remaining gaps in the regional broadband communications infrastructure. The component addresses (i) the physical connectivity infrastructure; and (ii) the enabling environment that would ensure public private partnership in the ownership or management of connectivity infrastructure, as well as competitive access to such infrastructure.

1. Carrying out a program of activities for technical assistance and capacity building of the relevant Recipient's institutions for (a) the design and implementation of public private partnership (PPP) arrangements, including transactional advice and validation of design and costs for broadband infrastructure; and (b) strengthening the legal and advisory environment to harmonize the same at the regional level, and to provide effective regulation for the benefit of end-users, including infrastructure sharing and open and non-discriminatory access to the Internet Exchange Point (IXP) and network infrastructure.
2. Developing the Recipient's national and cross-boarder infrastructure, under PPP arrangements, required to roll-out submarine and terrestrial broadband backbone networks to reduce communications infrastructure gaps and cost, including the establishing of a high speed broadband backbone network to connect major populated areas to existing regional broadband networks, and to increase cross-boarder connectivity.
3. Establishing a government intranet (virtual private network) to facilitate connectivity for the public agencies.
4. Facilitating regional and local interconnection of internet traffic, including structuring of ownership and management of IXP to reduce the cost of connectivity and increase the quality of service.

**Component B: ICT- Led Innovation – USD \$1,760,000**

This component will support activities which will leverage the regional broadband infrastructure to foster employment, as well as a robust regional Information Technology (IT) and Information Technology Enabled Services (ITES) industry.

1. Carrying out a program of activities for (a) skills development and certification (training plan) for eligible public and private training institutions and private entities (beneficiaries), through the provision of training grants; and (b) for capacity building and business incubation to support development of local Information and Communication Technologies (ICT) small and medium enterprises (SMEs) (Business Plans) to promote the creation of new ICT-enabled industry, through the provision of business incubation grants eligible to local ICT SMEs (beneficiaries).
2. Carrying out training for certification programs on IT and ITES related skills with regionally harmonized curricula, specifically focusing on developing the skills among the youth for the job market.
3. Strengthening the Recipient's IT industry entrepreneurial base and public service delivery through the development of e-applications and mobile-based applications to improve public service delivery.

## **Component C: Implementation Support – USD \$740,000**

This component seeks to strengthen the institutional capacity for implementation, management, coordination, monitoring and evaluation of the Project, and building the capacity for relevant key policy and regulatory institutions, through the provisions of technical advisory services and acquisitions of goods.

### **OBJECTIVES**

The purpose of the audit was to express a professional opinion on the financial position of the project at the end of the period audited and to report on the adequacy of the internal controls. With this in mind, the specific objectives of the audit were to:

- Issue an opinion as to whether the Project financial statements present fairly, in all material respects, the financial position of the project, the funds received and the disbursements made during the period audited, as well as the cumulative investments at the end of the period, in accordance with international accounting standards and the requirements of the respective agreements with the Bank and other co-financing organizations.
- Evaluate the adequacy of the management control framework of the Project Coordination Unit (PCU) as well as the degree to which the Department complies with the applicable accounting regulations, policies and standards.

### **SCOPE**

The audit covered the twelve-month period April 01, 2016 to March 31, 2017. The audit was guided by the International Standards of Supreme Audit Institutions (ISSAI) issued by the International Organization of Supreme Audit Institutions (INTOSAI) and the World Bank's requirements.

To meet the audit objectives our work included the following procedures:

- Review of the following documents to become familiar with the Project and its operating environment:
  - Financing Agreement ( Credit No. 5117-LC)
  - Project Preparation Advance No. Q7840-001
  - Project Appraisal Document (PAD)
  - Project Implementation Manual
  - Guidelines Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers – January 2011
  - Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants
  - Procurement under IBRD loans and IDA credits – January 2011
  - World Bank Disbursement Guidelines for Projects – May 2006
  - Estimates of the Government of Saint Lucia 2016/17
  - Revised Laws of Saint Lucia, Chapter 15.01, Finance (Administration) Act
  - Revised Laws of Saint Lucia, Chapter 15.01, Financial Regulations

- Revised Laws of Saint Lucia, Chapter 15.01, Procurement & Stores Regulations
- Evaluation of the Project Co-ordination Unit (PCU) internal control structure to assess the extent of compliance with government policies and the requirements of the agreement with the Bank.
- Examination of activities undertaken, reports and systems maintained by the Project Co-ordination Unit during the audited period pertaining to:

- Cash and Bank Balances
- Receipt of Funds
- Uses of Funds (Expenditure)
- Compliance with Applicable Laws and Regulations

## **RESULTS OF THE AUDIT**

### **Project's Financial Statements**

The Project Sources and Uses of Funds Statement present fairly the financing and expenditure of the Project.

For the audited period, eligible Bank expenditure financed by the International Development Agency (IDA)/World Bank was US\$818,395.81 and the Government of Saint Lucia (GOSL) financed expenditure was US\$78,552.48.

At the end of the financial year the Special Account Statement reflected a balance of US\$1,074,309.20. Four (3) withdrawal applications totalling US\$799,223.00 were processed and funds were deposited into the Special Account for the period.

### **Internal Control Structure**

In planning and performing our audit, we considered the Project Co-ordination Unit's internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements.

Our evaluation included two levels of control i.e., the general control environment and specific control procedures in various systems. These included: cash and bank balances; receipts of funds; uses of funds (expenditure); compliance with applicable laws and regulations.

The internal control structure for the period under audit was assessed and we found the controls to be fair. All financial aspects of the Project undertaken by the implementing entities were controlled and verified by the PCU. However, we noted the following:

- Differences between the expenditure reported on the Project's financial statements and the expenditure reflected in the Central Government's accounts;
- Capital revenue was not fully reflected in the Central Government's accounts;
- Updated procurement plan not yet approved;
- Reporting terms of some contracts were not met;
- Insufficient project management tools;
- A Risk Management Plan was not maintained;
- Errors were found on the financial statements

### **Compliance with Agreement Terms and Applicable Laws and Regulations**

In order to obtain reasonable assurance as to whether the financial statements were free from material misstatement, we performed tests of compliance to ensure agreement with the terms of the loan agreement and applicable laws and regulations.

The PCU complied with the terms of the loan agreement and applicable laws and regulations.

## **FOLLOW UP**

### **Finding:**

Differences between the expenditure recorded by the Project and the expenditure recorded in the Accountant General's accounts.

### **Action Taken**

Total expenditure in the Central Government's accounts was adjusted from EC\$944,966.92 to EC\$871,557.15; however this still does not reflect audited expenditure of EC\$3,834,040.56 resulting in an understatement of EC\$2,962,483.41.

### **Findings**

Capital revenue was not accurately recorded in the Central Government's accounts.

### **Action**

No action has been taken. Capital revenue recorded in the Central Government's accounts is EC\$795,782.85; however this still does not reflect capital revenue of EC\$3,608,600.70 resulting in an understatement of EC\$2,812,817.85.

Government Bonds still remains un-recorded

### **Finding:**

Insufficient project management tools

### **Action Taken:**

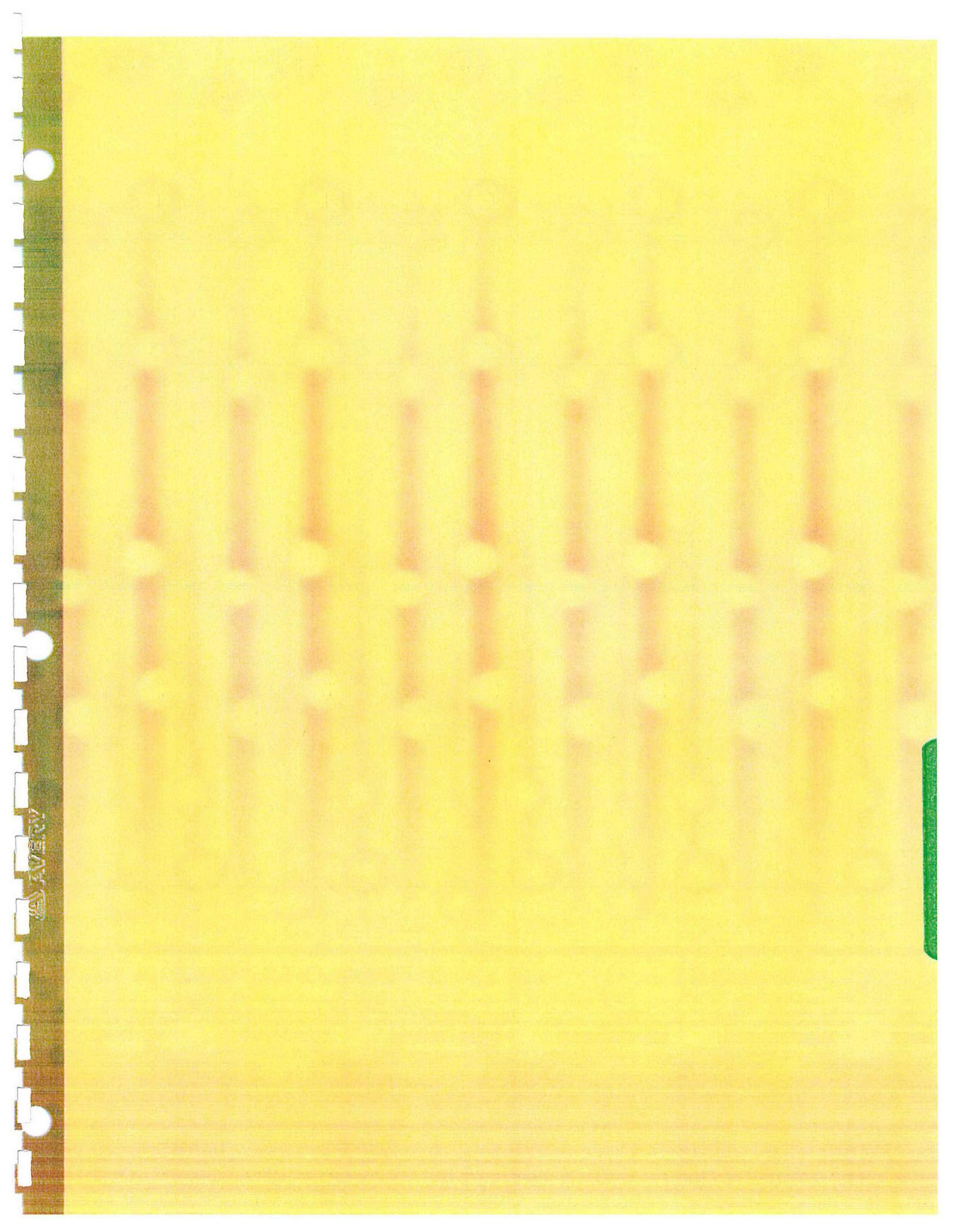
No evidence of project management and sub plans except the Procurement Plan seen.

### **Finding:**

Risk Management Plan not maintained

### **Action**

A Risk Management Plan has not been developed





# GOVERNMENT OF SAINT LUCIA

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**Ref. No.** GF2211-206

## **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

**To: Permanent Secretary, Department of Public Service**

We have audited the accompanying Statement of Sources and Uses of Funds and a summary of significant accounting policies and other explanatory notes for the Caribbean Regional Communications Infrastructure Program (CARCIP) executed by the Department of Public Service, financed by the International Development Association (IDA) Project Preparation Advance No. Q7840-001 and Credit No. 5117-LC for the year ended March 31, 2017.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with the financial reporting provisions outlined in the respective legal agreements with the World Bank and other co-financing organizations.

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; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Financial Statements based on our audit.

Our audit was guided by the International Standards of Supreme Audit Institutions (ISSAI) issued by the International Organization of Supreme Audit Institutions (INTOSAI) and the World Bank's requirements, specifically the Bank's Guidelines Annual Financial Reporting and Auditing for World Bank-Financed Activities. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by program management, as well as evaluating the overall presentation of the Financial Statements.

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

As described in Note 2, the Statement of Sources and Uses of Funds was prepared using the modified cash basis of accounting which is another comprehensive basis of accounting other than generally accepted accounting principles.

### **Opinion**

In our opinion, the Financial Statements present in all material respects, the financial position of the project, the funds received and the disbursements made as well as the cumulative investments for the financial year ended March 31, 2017 in accordance with the basis of accounting described in Note 2, the terms of the IDA Credit No.5117-LC, and additional requirements of the accounting policies of the Government of Saint Lucia.

All expenditures reported were eligible for financing and loan funds were used only for the project purposes.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit. In our opinion, the financial statements are in agreement with the information provided.

### **Emphasis of Matter**

#### **Basis of Accounting and Restriction on Distribution and Use**

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared under the Special Purpose Framework to comply with the financial reporting provisions of the World Bank. As a result, the financial statements may not be suitable for another purpose. Our report is intended for the World Bank and Government of Saint Lucia and should not be distributed to or used by parties other than the World Bank and Government of Saint Lucia.

  
.....  
**Bernadette Fevriere-George (Mrs.)**  
**DIRECTOR OF AUDIT**

**Castries, Saint Lucia**  
**June 30, 2017**

Government of Saint Lucia  
Caribbean Regional Communications Infrastructure Program  
IDA Credit 51170  
Project Sources & Uses of Funds  
April 1, 2016 to March 31, 2017

Figures in United States Dollars (US\$)

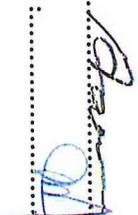
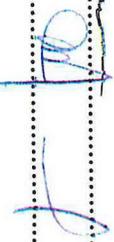
Particulars	Notes	Current Year April 1, 2016 to March 31, 2017		Cumulative				Total Project Cost	
		Actual		Cumulative Actual to date		Cumulative Prior Year		US\$	US\$
		US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Sources of Funds		IDA	GOSL	IDA	GOSL	IDA	GOSL	IDA	GOSL
Cash Receipts									
World Bank		799,223.00		4,268,082.72	-	3,468,859.72	-	6,000,000.00	-
Designated Account	5	799,223.00		3,815,646.72		3,016,423.72		6,000,000.00	
Direct Payment				452,436.00		452,436.00			
PPA									
GOSL									
Other Receipts			78,485.90		207,792.67		129,306.77		418,812.22
GOSL Bonds	5		78,485.90		205,746.80		127,260.91		418,812.22
Interest Earned					1,610.63		1,610.63		
Sale of Tenders Documents					435.24		435.24		
Total Receipts		799,223.00	78,485.90	4,268,082.72	207,792.67	3,468,859.72	129,306.77	6,000,000.00	418,812.22
Uses of Funds	6								
Less: Expenditures by Component and Category									
Component 1: Regional Connectivity Infrastructure		315,112.15	-	1,596,969.84	768.17	1,281,857.69	768.17	3,500,000.00	202,135.26
Internet Exchange Point		-		57,405.62		57,405.62		25,000.00	
Broadband Backbone Network		316.20		279,470.96		279,154.76		2,175,000.00	
Government Network		314,795.95		1,260,093.26	768.17	945,297.31	768.17	1,100,000.00	202,135.26
Enabling Environment								200,000.00	
Component 2: ICT-Lead Innovation		339,613.33	78,485.90	1,011,110.86	204,978.63	671,497.53	126,492.73	1,760,000.00	177,857.40
Technologies/ Business Incubation Services		65,953.53		319,146.66		253,193.13		560,000.00	
e-Transformation		-		240,054.79		240,054.79		500,000.00	
Skills Development and Certification		273,659.80		451,909.41	1,673.98	178,249.61	1,673.98	700,000.00	177,857.40
Quality Assurance Officer			22,542.71		70,217.46		47,674.75		
Training Support Officer			25,061.54		66,619.43		41,557.89		
Clerk/Typist			10,653.30		27,336.23		16,672.93		
MIS Officer			20,228.36		39,141.54		18,913.18		
Component 3: Implementation support - Incremental Operating Cost		163,670.33	66.59	597,621.33	101.19	433,951.00	34.60	740,000.00	38,819.56
Project Coordinator		61,208.99		272,622.76		211,413.77			
M&E		29,205.00		44,563.28		15,358.28			
Public Relation Campaign				20,942.84		20,942.84			
Operating Expenses		9,643.37	66.59	76,810.50	101.19	67,167.13	34.60		
Office Equipment & Project Vehicle		932.59		59,673.95		58,741.35			
Audit - Capacity Building for Audit Staff				7,932.81		7,932.81			

**Government of Saint Lucia**  
**Caribbean Regional Communications Infrastructure Program**  
**IDA Credit 51170**  
**Project Sources & Uses of Funds**  
**April 1, 2016 to March 31, 2017**

Figures in United States Dollars (US\$)

Particulars	Notes	Current Year April 1, 2016 to March 31, 2017		Cumulative				Total Project Cost	
		Actual US\$	US\$	Cumulative Actual to date US\$	US\$	Cumulative US\$	Cumulative Prior Year US\$	US\$	US\$
Capacity Building: Technical Collaboration and Knowledge Transfer for Implementation		11,334.63		46,034.28	-	34,699.66			
Fiduciary Support- Procurement Officer		51,345.75		51,345.75	-				
Fiduciary Training & Training on Environmental & Social Safeguards				17,695.16	-	17,695.16			38,819.56
Value Added Tax Payment (VAT)		-		-	-	-			-
<b>Total Expenditures</b>		<b>818,395.81</b>	<b>78,552.48</b>	<b>3,205,702.03</b>	<b>205,847.99</b>	<b>2,387,306.22</b>	<b>127,295.51</b>	<b>6,000,000.00</b>	<b>418,812.22</b>
<b>Net Receipts/Payments</b>		<b>(19,172.81)</b>	<b>(66.59)</b>	<b>1,062,380.70</b>	<b>1,944.68</b>	<b>1,081,553.51</b>	<b>2,011.27</b>	<b>-</b>	<b>-</b>

I certify that the above reported expenditures are correct as per the record of the project books of accounts, and to the best of my knowledge.

Signature of Finance Manager:.....  
  
 Signature of the Project Coordinator :.....  


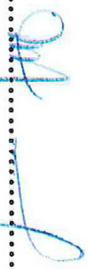
**Government of Saint Lucia**  
**Caribbean Regional Communications Infrastructure Program**  
**IDA Credit 51170**  
**Statement of Cash Balances**  
**April 1, 2016 to March 31, 2017**

Figures in United States Dollars (US\$)

Particulars	Notes	April 1, 2016 to March 31, 2017
<b>Opening Cash Balances</b>		
World Bank Designated Account (US\$) 901329950		886,834.73
Project Account (EC\$) 901329789		196,587.08
<b>Total Opening Cash Balances</b>		<b>1,083,421.81</b>
<i>Add: Net Receipts/Expenditures</i>		<i>(19,172.81)</i>
<i>Net amount paid to GOSL from IDA</i>	4 & 10	<i>76.44</i>
<i>Due to GOSL by IDA</i>	9	<i>9,983.76</i>
<i>Net Cash Available</i>		<i>1,074,309.20</i>
<b>Closing Cash Balances</b>		
World Bank Designated Account (US\$) 901329950		835,476.61
Project Account (EC\$) 901329789		238,832.59
GOSL		
<b>Total Closing Cash Balances</b>		<b>1,074,309.20</b>

I certify that the above reported expenditures are correct as per the record of the project books of accounts, and to the best of my knowledge.

Signature of Finance Manager:..........

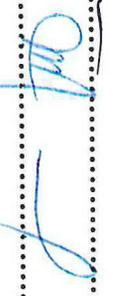
Signature of the Project Coordinator :..........

Government of Saint Lucia  
Caribbean Regional Communications Infrastructure Program  
IDA Credit 51170

Statement of Cumulative Investment  
For the period April 1, 2016 to March 31, 2017

No.	Disbursement Category Description	in United States Dollars					
		Current Year Value of Invoices financed by IDA during April 1, 2016 to March 31, 2017	Current Year Value of Invoices Financed by GOSL during April 1, 2016 to March 31, 2017	Current Year Cumulative Value of Invoices financed by IDA	Cumulative Value of Invoices Financed by GOSL	Prior Year Cumulative Value of Invoices financed by IDA	Cumulative Value of Invoices Financed by GOSL
1)	Good, Work, Non consultants' services, Training and Operating Costs for the Project (except for Part B.1 of the Project)	478,782.48	66.59	2,434,645.96	869.36	1,955,863.48	802.77
2)	Business Incubation Grants or Training Grants for goods and services required for Business or Training Plans Under Part B.1 of the Project	339,613.33	78,485.90	771,056.07	204,978.63	431,442.74	126,492.73
3)	Refund of Preparation Advance	-	-	-	-	-	-
	<b>Total</b>	<b>818,395.81</b>	<b>78,552.48</b>	<b>3,205,702.03</b>	<b>205,847.99</b>	<b>\$2,387,306.22</b>	<b>\$127,295.51</b>

I certify that the above information are correct as per the record of the books of accounts of the project and to the best of my knowledge.

Signature of Finance Manager:..........  
Signature of the Project Coordinator :..........

## A. *Notes to Financial Statements*

### 1. Period Under Review

This report captures activities undertaken by the Project during the financial year April 1, 2016 to March 31, 2017.

### 2. Accounting Policies

While the Government of Saint Lucia uses the modified cash basis of accounting for financial management the Project Coordination Unit (PCU) uses the cash basis of accounting to account for project transactions. Under this method Income is recognized when funds are paid to the Bank Account or a direct payment is made and expenses are recognized when payments are made.

The PCU uses Quick Books accounting software for recording and accounting of financial transactions. The Project invoices are generated through the GOSL's financial accounting system "*SmartStream*" as a pilot initiative with a view to ensuring that all capital expenditures and revenues are reflected in the Central Government's Accounts. For the financial year the PCU used both systems.

A balance sheet is not prepared, however the cash balances are reflected in the project's Statement of Cash Balances.

### 3. Financial Report

The Financial Report relates to activities coordinated and the records maintained by the Project Coordination Unit during the period under review.

Transactions are recorded in the accounting system in local currency however for the purposes of the Financial Statements and the Interim Unaudited Financial Statements the transactions are reflected in US dollars and converted at an exchange rate of 2.6882.

### 4. Bank Accounts

#### IDA Loan Funds - Designated Account

As part of the Financing Agreement the Government of Saint Lucia is required to open a Designated Account which consists of two (2) bank accounts, (the *US Dollar Account # 901329950* and the *XCD Dollar Account # 901329789*) held at the Bank of Saint Lucia. These accounts are held as deposit accounts for the purpose of recording receipt of loan funds drawn against the IDA Loan and to enable payment in XCD and foreign currencies. Funds are transferred periodically from the US dollar Account to the XCD Account to cover eligible expenditures in the local currency.

### Opening Cash Balances

The opening Cash at the beginning of the period April 1, 2016 was US\$1,083,421.81 which includes interest earned of US\$1,610.63.

### Escrow Account

An Escrow account was opened in May 2015 to encourage the quick disbursement of Business Grants. The intention was to pay the full value of Business Grants into the Escrow account and then to disburse to the Grant Awardees according to milestones achieved or *contracts* awarded. The balance on the Escrow account as at 31<sup>st</sup> March, 2017 was zero (\$0).

### Interest Earned

During the period under review interest was not earned on deposits. Bank charges of USD \$101.18 incurred on the Escrow Bank Account #901385772 were paid out of the accumulated interest earned of USD \$1,610.63.

### Closing Cash Balance

The Cash balances available as at March 31, 2017 expressed in US dollars includes:

USD account # 901329950 - US\$ 835,476.61

XCD account # 901329789 - US\$ 238,832.59

**Total balance as at March 31, 2017 is US \$ 1,074,309.20**

## **5. Sources of Funds**

### **IDA Loan 5117 -LC**

During the period under review three (3) Withdrawal Applications were paid against the IDA Loan and the funds deposited into the Designated Account #901329950. The Table below shows the details of the transactions.

APPLICATION #	TYPE	Period	VALUE DATE	AMOUNT PAID USD
21	Advance	Oct – Dec 2016	29/03/2017	450,228.46
20	Advance	Jul – Sept 2016	14/03/2017	310,641.66
18	Advance	Jan – Mar 2016	30/06/2016	38,352.88
<b>TOTAL PAID ADVANCES</b>				<b>799,223.00</b>

### Government Bonds

During the period under review the GOSL contributed US\$78,485.00 as Bond revenue. The GOSL funded part of the expenditure relating to the Skills Development and Certification Program under Component 2.

### 6. Uses of Funds

#### **Component 1: Regional Connectivity Infrastructure**

During the period under review US\$315,112.15 was paid against this Component and recorded as eligible expenditures for the IDA under Category 1.

Activity	Description	Name of Suppliers/Consultant	Amount Paid USD
<b>Government Network-</b>	Unified Comm. System	Digicel	314,795.95
<b>Broadband Backbone Network</b>	Public Relations Campaign	Crusader Newspaper	316.20
<b>Total Paid</b>			<b>315,112.15</b>

## Component 2: ICT-Led Innovation

During the period under review US\$418,099.20 was paid against this Component. US\$339,613.33 was recorded under Category 2, and the remaining expenditure of US\$78,485.87 pertains to GOSL.

Activity	Description	Name of Suppliers/Consultant	Amount paid US\$
<b>Skills Development And Certification Program</b>	Assessment of Trainees	Trainees and Assessors	75,650.47 <sup>1</sup>
	MIS Officer	Loewenvell Polius	20,228.35 <sup>2</sup>
	Clerk/ Typist	Michelle Murray	10,653.31 <sup>2</sup>
	Training Support Officer	Mary Ruth Charlemagne	25,061.50 <sup>2</sup>
	Quality Assurance Officer	Euthalia Philgence	22,542.71 <sup>2</sup>
	Training Grants	Grant Awardees	197,154.81
	Public Relations Campaign	Made in Paradise	854.53
<b>Technologies/Business Incubation Services</b>	Public Relations Campaign	Various Suppliers	729.22
	Business and Training Grants Manager	Cindy Peterson-Alfred	43,533.96
	Business Incubation Grants	Grant Awardees	21,690.34
<b>Total Paid</b>			<b>418,099.20</b>

<sup>1</sup> Stipends paid to trainees as well as compensation to assessors.

<sup>2</sup> Personal Emoluments paid 100% by the GOSL.

## Component 3: Implementation Support - Incremental Operating Cost

During the period under review US\$163,736.92 was paid against this Component of which US\$163,670.33 was recorded as eligible expenditures under Category 1. The balance of US\$66.59 pertains to GOSL.

Activity	Description	Name of Suppliers/Consultant	Amount paid US\$
Logistics Support	Monitoring and Evaluation	Sheik Kadir	29,205.00
	Operating Costs	Various Suppliers	10,642.56
Hiring of Project Coordinator	Project Coordinator	Christopher Roberts	61,208.99
Training for Regulator/Ministry and or PCU Staff	Fiduciary Support-Procurement Officer	Carlyn Auguste	51,345.75
	Capacity Building (Technical Collaboration and Knowledge Transfer for Implementation)	Various Suppliers	11,334.63
<b>TOTAL PAID</b>			<b>163,736.93</b>

<sup>3</sup> US\$66.59 resulted from bank charges on the Escrow account which was defrayed against the cumulative interest earned.

#### **7. Documentation of Eligible Expenditures**

The cumulative amount of expenditure documented is US\$3,068,115.83. Out of the cumulative amount US\$452,436.00 was documented via direct payments.

During the period under review four (4) Withdrawal Applications as detailed below were submitted to facilitate the documentation of eligible expenditures against the IDA. Application #22 to document expenditures amounting to \$127,602.38 incurred during the period January to March 2017 was submitted in April 2017. Therefore this expenditure was not documented during the period under review.

<i>Application #</i>	<i>Value Date</i>	<i>Period<sup>4</sup></i>	<i>Expenditure relating to the period under review</i>
21	29/03/2017	Oct - Dec 16	370,520.05
20	14/03/2017	Jul - Sept 2016	230,374.08
19	13/03/2017	Apr - Jun 2016	79,741.52
18	30/06/2016	Jan - Mar 2016	118,620.46
<b>TOTAL</b>			<b>799,256.11</b>

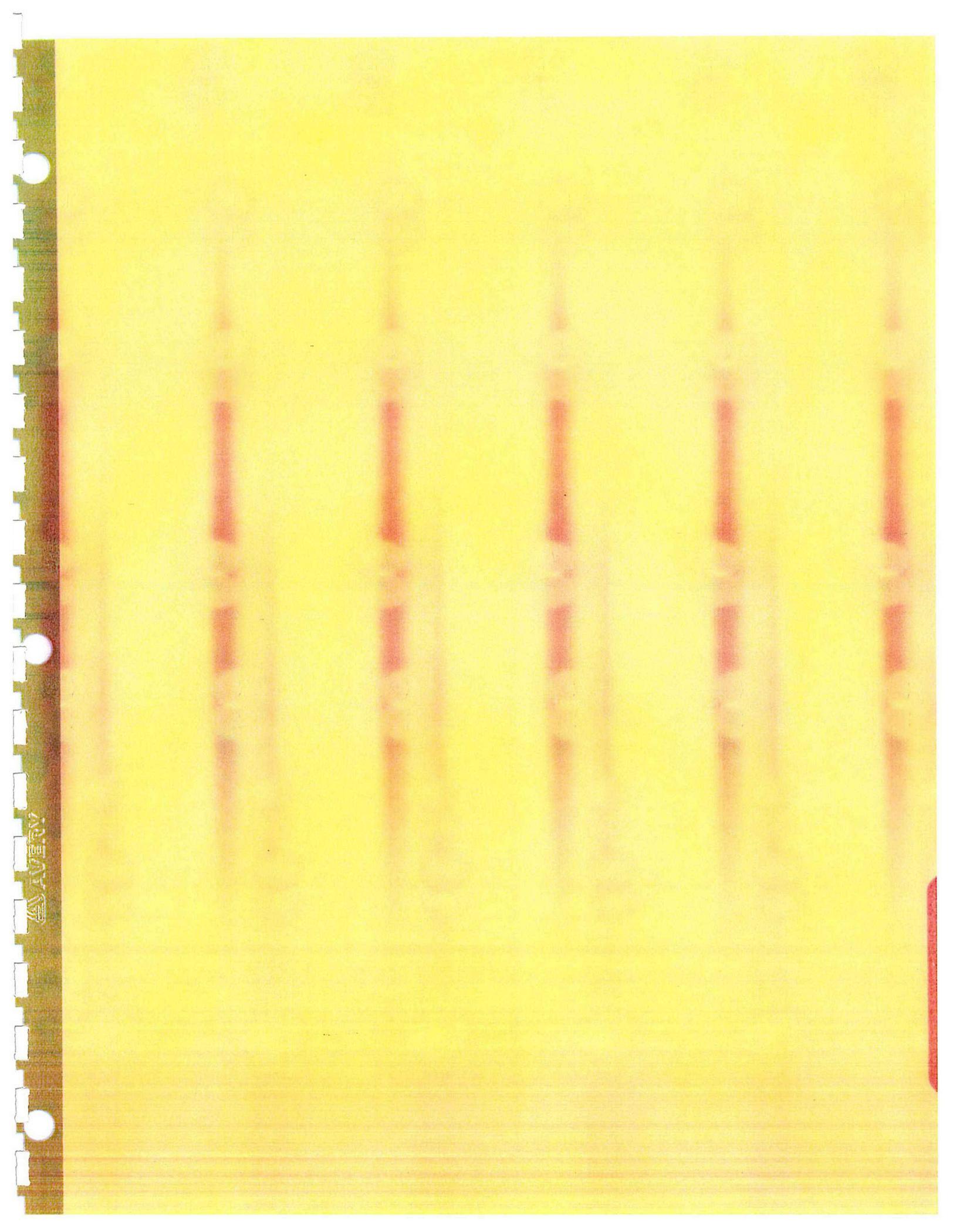
<sup>4</sup>Period in which expenditure was incurred.

**8. Due to Government of Saint Lucia**

United States nine thousand nine hundred and eighty-three dollars and seventy-six cents (US\$9,983.76) was due to GOSL at March 31, 2017 for expenditures paid via Smart Stream for the Project. These expenditures were reimbursed by the IDA to the GOSL on June 27, 2017.

**9. Previous Year Transactions**

At the end of the last financial year an amount of XCD \$477.50 (US\$177.63) was due to the IDA as a result of an overpayment made by the IDA to the GOSL. The refund was made to the IDA on July 04, 2016.



SAVERY

## SCHEDULES

### *Schedule I – Estimates 2016 - 2017*

#### SCHEDULE I

#### ESTIMATES 2016 – 2017

#### CAPITAL EXPENDITURE

22 - Ministry of the Public Service & Information Broadcasting

11 - Public Sector Modernization

206 - Caribbean Regional Communications Infrastructure Program

Estimated Project Total Cost : EC\$16,129,200.00

Approved Estimates : EC\$7,676,030.00

Approved IDA 3CA3 : EC\$7,000,000.00

Approved Bonds 1004 : EC\$676,030.00

Revised Bonds : EC\$676,030.00

**TOTAL** **EC\$7,676,030.00**

*Schedule II – Summary of Financing Proposal*

**SCHEDULE II**

**Summary of Financing Proposal**

This schedule shows the categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each category and the percentage of expenditures for items to be financed in each category.

<b>Expense Category</b>	<b>IDA Loan Funds (SDR)</b>	<b>% of Financing</b>
1. Goods, works non-consulting services, Training and Operating Cost for the Project (except for Part B.1 of the Project)	2,860,000	100%
2. Business Incubation Grants or Training Grants for goods and services required for Business or Training Plans under Part B.1 of the Project	617,500	100%
3. Refund of Preparation Advance	422,500	Amount payable pursuant to Section 2.07 of the General Conditions
Total	3,900,000	

*Extracted from the Financing Agreement*

*Schedule III – Disbursement Summary*

**SCHEDULE III**

**Disbursement Summary  
IDA Loan 5117-LC**

	IDA US\$
Legal Limit	6,000,000.00
<b>Application # 1</b>	
PPF-DA Reinstatement	97,931.02
PPF-Prin Reinstatement	22,068.98
Direct Payment (PPF Charge)	390.00
<b>Application #4</b>	97,931.02
	-----
<b>Balance of funds available as at March 31, 2013</b>	<b>5,781,678.98</b>
Application #6 DA-B	120,000.00
Application #7 DA-B	120,000.00
Application #8 DA-B	66,083.75
	-----
<b>Balance of funds available as at March 31, 2014</b>	<b>\$5,475,595.23</b>
Application #9 DA-B	0.00
Application #10 Direct Payment	190,436.00
Application #11 DA-B	163,079.88
Application #12 Direct Payment	262,000.00
Application #13 DA-B	500,000.00
	-----
<b>Balance of funds available as at March 31, 2015</b>	<b>\$4,361,079.35</b>
Application #14 DA-B	0.00
Application #15 DA-B	767,116.33
Application #16 DA-B	50,571.33
Application #17 DA-B	1,033,710.39
	-----
<b>Balance of funds available as at March 31, 2016</b>	<b>\$2,509,681.30</b>
Application #18 DA-B	38,352.88
Application #20 DA-B	10,641.66
Application #21 DA-B	50,228.46
	-----
<b>Balance of funds available as at March 31, 2017</b>	<b>\$1,710,458.30</b>

**TABLES**

***Table 1 – Consultants’ Services***

Consultancies: Contracts awarded / renewed / extended during the period under review.

<b><i>Selection Method</i></b>	<b><i>Consultancy</i></b>	<b><i>Consultant</i></b>	<b><i>Value of Consultancy</i></b>
Individual Consultants	MIS Officer	Lowenvell Polius	XCD\$51,592.41
Individual Consultants	Training Support Officer	Mary Ruth Charlemagne	XCD\$58,849.52
Individual Consultants	Quality Assurance Officer	Euthalia Philgence	XCD\$47,382.68
Individual Consultants	Clerk Typist	Michelle Murray	XCD\$24,547.05
Individual Consultants	Project Coordinator	Christopher Roberts	XCD\$115,000.00
Individual Consultants	Life Skills Specialist	Martin Weekes	XCD\$6,000.00
Individual Consultants	Life Skills Specialist	Vincent Desriviere	XCD\$6,000.00
Individual Consultants	Life Skills Specialist	Millina Cox	XCD\$2,000.00
Individual Consultants	Life Skills Specialist	Cheryl Mattis Darcheville	XCD\$2,000.00

***Table 2 - Business Incubation Grants***

Business Incubation Grants approved during the period under review.

<b><i>Description</i></b>	<b><i>Grant Awardee</i></b>	<b><i>Grant Amount Approved</i></b>
Automotive Electronic Repair Centre	Techland	XCD\$30,000.00
Subscription Based Pricing Model	Computer and Business Services Ltd	XCD\$29,517.44
Equipment for Radio Broadcast	92.3 Liberty FM	XCD\$30,000.00
Digital Marketing	Constantine Holdings Inc	XCD\$30,000.00
Development of Connected Devices Offer	Noah Energy	XCD\$30,000.00

EVERY



# GOVERNMENT OF SAINT LUCIA

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**Ref. No. GF2211-206**

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROLS**

**To: Permanent Secretary, Department of Public Service**

We have audited the accompanying Statement of Sources and Uses of Funds and a summary of significant accounting policies and other explanatory notes for the Caribbean Regional Communications Infrastructure Program (CARCIP) entered into by the World Bank and the Government of St. Lucia (GOSL) and executed by the Ministry of the Public Service, Information and Broadcasting, for the year ended March 31, 2017 and have issued our report thereon.

Our audit was guided by the International Standards of Supreme audit Institutions (ISSAI) issued by the International Organization of Supreme Audit Institutions (INTOSAI) and the World Bank's requirements, specifically the Bank's Guidelines Annual Financial Reporting and Auditing for World Bank-Financed Activities. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the project's financial statements are free from material misstatement

In planning and performing our audit, we considered the Project Coordination Unit's (PCU's) internal controls over its financial reporting, by obtaining an understanding of the policies and procedures that govern internal controls, determining whether these controls had been placed in operation, and assessing control risk and performing tests of the PCU's controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal controls. Accordingly, we do not express an opinion on the effectiveness of the PCU's internal control over financial reporting because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report we have classified significant policies and procedures relative to the PCU's internal control structure in the following categories:

1. Receipts and Disbursements of Funds
2. Cash and Bank Transactions
3. Compliance with Applicable Laws and Regulations

The management of the Project Coordination Unit (PCU) is responsible for maintaining effective internal control over its financial reporting. We limited our control testing to those controls necessary to achieve the following control objectives that provide reasonable, but not absolute assurance, that: (1) transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in accordance with the government's accounting policies, Note 2 and the World Bank Guidelines and (2) transactions are executed in compliance with laws and regulations that could have a direct and material effect on the financial statements.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the PCU's ability to initiate, authorize, record, process, or report financial data reliably, such that there is more than a remote likelihood that a misstatement of the PCU's financial statements that is more than inconsequential will not be prevented or detected by PCU's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the PCU's internal control. Our consideration of internal control was for the limited purpose described in the third paragraph of this report and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Our consideration of the system of internal control would not necessarily disclose all matters in the system of internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

Though we did not discover any weakness that would be material in relation to the financial statements, we noted deficiencies in operation as detailed in the management letter.



.....  
**Bernadette Fevriere-George (Mrs.)**  
**DIRECTOR OF AUDIT**

**Castries, Saint Lucia**  
**June 30, 2017**



# GOVERNMENT OF SAINT LUCIA



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**Ref. No.** GF2211-206

## **INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL ACCOUNT STATEMENT**

**TO: Permanent Secretary, Department of Public Service**

We have audited the Special Account Statement of the Caribbean Regional Communications Infrastructure Program (CARCIP) financed under IDA Credit No. 5117 –LC, PPA No. Q7840-001 for the year ended March 31, 2017. Our responsibility is to express an opinion on the Special Account based on our audit.

We conducted our audit in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards and World Bank Guidelines. Those Standards and the World Bank Guidelines require that we plan and perform the audit to obtain reasonable assurance that the Special Account Statement is free of material misstatements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, DE the Special Account Statement presents in all material respects, the financial position of the Caribbean Regional Communications Infrastructure Program (CARCIP), as at March 31, 2017 in accordance with Government Accounting Policies, and the World Bank Guidelines.

.....  
**Bernadette Fevriere-George (Mrs.)  
DIRECTOR OF AUDIT**

**Castries, Saint Lucia  
June 30, 2017**

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*"Towards Greater Accountability"*

Government of Saint Lucia  
 Caribbean Regional Communications Infrastructure Program  
 IDA Credit 51170  
**DESIGNATED ACCOUNT RECONCILIATION AS AT MARCH 31, 2017**

Bank's name: Bank of St. Lucia Ltd

Account Name: Accountant General- Caribbean Regional Communications Infrastructure Program

Bank Account # 901329789 and 901329950

	Notes	USD
1 Amount advanced by World Bank as at March 31, 2017		3,815,646.72
2 Less: Eligible expenditure for the current year ended March 31, 2017 documented by the World Bank	7	680,635.65
Less: Cumulative eligible expenditure for the prior periods ended March 31, 2016 documented by the World Bank	7	1,935,044.18
3 Present outstanding amount advanced to DA		1,199,966.89
Balance on US Designated Account per bank reconciliation statement as at March 31, 2017	4	835,476.61
Balance on Project Account per bank reconciliation statement as at March 31, 2017	4	238,832.59
5 Plus: Eligible expenditure for the FY 2017 documented after the year end		127,602.38
6 Plus total amount withdrawn and not yet claimed		
7 Plus amounts claimed in previous applications not yet credited at date of bank statements Application No.		
Less amounts already documented relating to the FY 2017		
8 Sub-total of previous applications not yet credited		
Less Other Income (Interest Earned)	4	(1,944.69)
9 Total advance accounted for (4 + 5 + 6 - 7 - 8)		1,199,966.89
10 Difference		(0.00)

I certify that the above reported expenditures are correct as per the record of the project books of accounts, and to the best of my knowledge.

Signature of Finance Manager:.....  
 Signature of the Project Coordinator :.....



# GOVERNMENT OF SAINT LUCIA



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**Ref. No. GF2211-206**

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND APPLICABLE LAWS AND REGULATIONS**

**TO: Permanent Secretary, Department of Public Service**

We have audited the Financial Statements of the Caribbean Regional Communications Infrastructure Program (CARCIP) entered into by the World Bank and the Government of St. Lucia (GOSL) and executed by the Ministry of the Public Service, Information and Broadcasting, for the year ended March 31, 2017 and have issued our report thereon.

We conducted our audit in accordance with the International Organization of Supreme Audit Institutions Auditing Standards and World Bank Guidelines. These Standards require that we plan and perform the audit to obtain reasonable assurance as to whether the Financial Statements are free of material misstatements.

The PCU is responsible for compliance with the terms of the loan agreement and applicable laws and regulations. As part of obtaining reasonable assurance as to whether the Financial Statements are free from material misstatements, we performed tests of the PCU's compliance with certain terms of the loan agreement and provision of laws, regulations and contractual agreements.

The results of our tests indicate that with respect to the terms tested, the PCU complied, in all material respects, with the provision of the laws, regulations, and terms of the loan agreement. With respect to terms not tested, nothing came to our attention that caused us to believe the PCU has not complied, in all material respects with relevant provisions.

.....  
**Bernadette Fevriere-George (Mrs.)  
DIRECTOR OF AUDIT**

**Castries, Saint Lucia  
June 30, 2017**

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*"Towards Greater Accountability"*