

THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK

SECURITY STRENGTHENING PROJECT
INTER- AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

FINANCIAL STATEMENTS

MARCH 31, 2019

THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK

SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

Financial statements
Period ended March 31, 2019

CONTENTS

	Page
Auditors' Report - Audit of the Project's Accounts	1-3
Statement of Cash Flows	4
Statement of Cumulative Investments	5
Notes to the Financial Statements	
1. The Project	6
2. Components of the Project	7-9
3. Significant accounting policies	9
4. Available cash balance	10
5. Advances pending justification	10
6. Advances and justification	10
7. Local counterpart funds	11
8. Disbursement request to IDB	11
9. Reconciliation of amounts approved by IDB	11
10. Outstanding liabilities	11
11. Receipts and Expenditure for Security Strengthening Project	12
Independent Auditor's Report – The System of Internal Control	13-15
Independent Auditor's Report – Integrated Review of Procurement and Disbursement Requests submitted to the IDB	16-17
Supplementary Information to the Financial Statements: Reconciliation of IDB and MNS Expenditure	



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INDEPENDENT AUDITORS' REPORT

To the Ministry of National Security
SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

Opinion

We have audited the accompanying financial statements, which comprise the statement of cash flows, the statement of cumulative investments and a summary of significant accounting policies, and other explanatory information for the Security Strengthening Project (the Project), executed by the Ministry of National Security (MNS), and financed by the Inter-American Development Bank Loan Agreement #4400/OC-JA as of and for the period ended March 31, 2019 and have obtained all the information and explanations which we required.

In our opinion, the financial statements present fairly, in all material respects, the cash flows and cumulative investments for the Security Strengthening Project for the period ended March 31, 2019, in accordance with the Cash Basis IPSAS: Financial Reporting under the Cash Basis of Accounting.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Ministry of National Security
SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

Basis of Accounting

Without modifying our opinion, we draw attention to note 3(b) to the financial statements, which describes the basis of accounting. The financial statements are prepared to comply with the financial reporting provisions of Inter-American Development Bank Loan Agreement #4400/OC-JA. As a result, the financial statements may not be suitable for another purpose.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Cash Basis IPSAS: Financial Reporting under the Cash Basis of Accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are 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 auditors' 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 ISAs 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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Ministry of National Security
SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 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 MNS's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 achieves fair presentation.

We communicate with those charged with governance 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.

A handwritten signature in blue ink that reads 'ICPMG'.

Chartered Accountants
Kingston, Jamaica

July 25, 2019

THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK

SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA


STATEMENT OF CASH FLOWS

Period ended March 31, 2019

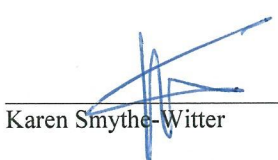
(Expressed in local currency and U.S. dollars)

	Period ended March 31, 2019					
	IDB		MNS		TOTAL	
	JAS\$'000	US\$'000	JAS\$'000	US\$'000	JAS\$'000	US\$'000
CASH RECEIVED						
Activities during the period:						
Advance of Fund-disbursements/ replenishments	104,658	788	-	-	104,658	788
Local counterpart funding	-	-	13,333	106	13,333	106
Total cash received	<u>104,658</u>	<u>788</u>	<u>13,333</u>	<u>106</u>	<u>117,991</u>	<u>894</u>
DISBURSEMENTS MADE						
Activities during the period:						
Interest cost	-	-	(12,510)	(100)	(12,510)	(100)
Project expenditure	(69,097)	(542)	(823)	(6)	(69,920)	(548)
Total cash disbursements	<u>(69,097)</u>	<u>(542)</u>	<u>(13,333)</u>	<u>(106)</u>	<u>(82,430)</u>	<u>(648)</u>
AVAILABLE CASH AS AT END OF PERIOD	<u>35,561</u>	<u>246</u>	<u>-</u>	<u>-</u>	<u>35,561</u>	<u>246</u>

The financial statements on pages 4 to 12 were approved by the Ministry of National Security on July 25, 2019 and signed on its behalf by:



Dianne Macintosh Permanent Secretary



Karen Smythe-Witter Project Director

The accompanying notes from an integral part of the financial statements.

THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK


SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA


STATEMENT OF CUMULATIVE INVESTMENTS- IDB AND LOCAL

Period ended March 31, 2019

(Expressed in local currency and U.S. dollars)

<u>Investment category</u>	<u>Period ended March 31, 2019</u>					
	<u>IDB</u>		<u>MNS</u>		<u>TOTAL</u>	
	<u>JAS'000</u>	<u>US\$'000</u>	<u>JAS'000</u>	<u>US\$'000</u>	<u>JAS'000</u>	<u>US\$'000</u>
<u>Direct Cost</u>						
1 Violent Crime Prevention and Management	1,086	8	-	-	1,086	8
2 Improving Investigative Capabilities for Homicides	193	2	-	-	193	2
3 Change Management and Training	<u>1,345</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>1,345</u>	<u>10</u>
	<u>2,624</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>2,624</u>	<u>20</u>
<u>Project Administration</u>						
4 Project Administration and Coordination	<u>66,473</u>	<u>522</u>	<u>823</u>	<u>6</u>	<u>67,296</u>	<u>528</u>
<u>Financing Costs</u>						
Interest	-	-	1,495	12	1,495	12
Credit Fee	<u>-</u>	<u>-</u>	<u>11,015</u>	<u>88</u>	<u>11,015</u>	<u>88</u>
Totals	<u>-</u>	<u>-</u>	<u>12,510</u>	<u>100</u>	<u>12,510</u>	<u>100</u>
	<u>69,097</u>	<u>542</u>	<u>13,333</u>	<u>106</u>	<u>82,430</u>	<u>648</u>


Dianne Macintosh Permanent Secretary


Karen Smythe-Witter Project Director

The accompanying notes from an integral part of the financial statements.

THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK

SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

Notes to the Financial Statements
Period ended March 31, 2019

1. The Project

A loan contract was entered into between the Government of Jamaica and the Inter-American Development Bank on February 21, 2018 to finance the Security Strengthening Project (the Project).

The Ministry of National Security (MNS) is the Executing Agency (EA), accountable for the planning and execution of the Project, and its mission is to contribute towards creating a safe and secure Jamaica by the effective enforcement of law, order and maintenance of secure borders. The current MNS mandate is to: (i) facilitate the maintenance of law and order; (ii) protect Jamaica against internal and external threats; (iii) ensure the safety of Jamaica's borders; and (iv) punish and rehabilitate offenders.

The total cost of the Project in the amount of US\$20,000,000 will be distributed among the following categories of expenditures.

(in US\$)

Component 1. Violent crime prevention and management	12,176,676
Subcomponent 1.1. Support for the implementation of POP for crime prevention, including hot-spot policing	7,486,062
Subcomponent 1.2. Equip and connect police stations, prisons, and the NPCJ	4,300,000
Subcomponent 1.3. Share information with the public through open data	390,614
Component 2. Improving investigative capabilities for violent crimes	1,811,324
Subcomponent 2.1. Increase the quality of casefiles	1,510,000
Subcomponent 2.2. Design and implementation of digital registries	181,324
Subcomponent 2.3. Design and implement a data sharing exchange protocol	120,000
Component 3. Change management and training	3,212,000
Subcomponent 3.1. Change Management and Communications	1,200,000
Subcomponent 3.2. Training in collaboration with the NPCJ	2,012,000
Project administration and coordination	2,000,000
Audits and M&E	300,000
Contingency	500,000
Total	20,000,000

THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK

SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

Notes to the Financial Statements (Continued)
Period ended March 31, 2019

2. Components of the Project

The Project constitutes of the following three components:

i. Component 1. Violent crime prevention and management

The objective of this component is to reduce murders through improved crime prevention interventions. This component will finance the activities of the following subcomponents:

Subcomponent 1.1. Support for the implementation of Problem-Oriented Policing (POP) for crime prevention, including hot-spot policing

To enable the Jamaica Constabulary Force (JCF) to create and gather crime information in real time or close to real time, the Project will complement the inclusion of georeferenced information in police reports with surveillance cameras in high crime incidence areas. To locate JCF's assets in the field, the Project will further support the tracking of all police vehicles. Together, these activities will provide JCF with the data required to carry out crime prevention strategies, including, among others, a more targeted hot-spot policing strategy. Lastly, the Project will support the integration of the multiple systems currently being used by the monitoring centre under one interface that will allow JCF officers to improve their performance when answering emergency calls.

Subcomponent 1.2. Equip and connect police stations, prisons, and the National Police College of Jamaica (NPCJ)

The Project will finance the initial stage of a fiber-based connectivity strategy for all police stations in the country. Specifically, it will finance the connectivity of at least fifty (50) police stations, mostly located in Kingston, St. James, and St. Catherine parishes, and the NPCJ. The Project will also ensure that all police stations have high-speed internet to access information from other entities and are equipped with the computers, printers, and videoconference equipment needed to transition towards a modern, paperless crime reporting and investigation process. Support to the Department of Correctional Services (DCS) will also be provided in anticipation to the increase mix of dangerous criminals in prisons' population. The Project will help define a strategy for prisons that will help determine the treatment of non-violent inmates, replace and upgrade the CCTV camera network of five (5) prisons and install a network in the remaining six (6) prisons, including the retrofitting of spaces to create a control room. Finally, the Project will extend the case management system to DCS to help with prisoners' case management.

Subcomponent 1.3. Share information with the public through open data

To inform the public on crime occurrences, this subcomponent will help the Ministry of National Security (MNS) define the right protocols for information release, including classification of all existing crime information and publication online of relevant statistics in a timely manner. Privacy and confidentiality principles will be included to facilitate a comprehensive use and disclosure of crime-related information.

THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK

SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

Notes to the Financial Statements (Continued)
Period ended March 31, 2019

2. Components of the Project (continued)

ii. Component 2. Improving investigative capabilities for violent crimes

The objective of this component is to improve the rate of investigations that result in suspects being arrested and charged. This component will finance the activities of the following subcomponents:

Subcomponent 2.1. Increase the quality of casefiles

To support the investigative process followed by the Criminal Investigation Branch (CIB), this subcomponent will finance the implementation of a comprehensive case management system. The system will allow JCF to keep an updated and complete casefile online, including reports extracted from other agencies (including from the Institute of Forensic Science and Legal Medicine (IFSML), the Passport, Immigration, and Citizenship Agency (PICA) and the Firearms Licensing Authority (FLA), witness statements, photos, cross-referencing with other cases and previous incidents, etc. To achieve this, the Project will provide CIB investigators with handheld devices and will assist other agencies, mainly DCS and FLA, in setting up the necessary equipment to allow them to share information electronically. Additionally, the Project will increase FLA's capacity to use evidence effectively by providing them with an engraving machine for firearms as well as a ballistic scanner to reduce the backlog on ballistics for licensed firearms. Finally, the proposed case management system will integrate with other applications and systems that are currently being used in JCF and other agencies, so that investigators and researchers can effectively carry out their investigative process and leverage the information collected in all these systems, while respecting the confidentiality of information where applicable.

Subcomponent 2.2. Design and implementation of digital registries

This subcomponent will support the transition to a paperless police station through the digitization of existing registries. The new digital registries will capture information on domestic violence incidents more effectively, which should help prevent them. As part of the implementation of the digital registries, processes within police stations will be revised and standard operating procedures adapted as needed, including the design of a new protocol to handle domestic violence. Emphasis will be placed on registries related to police reports and criminal cases.

Subcomponent 2.3. Design and implement a data sharing exchange protocol

To be able to share information among MNS agencies, a data protocol establishing the processes, ownership and uses under which information may be exchanged between agencies will be designed, following guidance from the Office of the Chief Information Officer (CIO) and draft legislation on data protection and information.

THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK

SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

Notes to the Financial Statements (Continued)
Period ended March 31, 2019

2. Components of the Project (continued)

Component 3. Change management and training

The objective of this component is to support the change of how JCF manages reports and investigations, complementing the addition of technology to existing processes, as well as to provide the training required for the successful implementation of all other Project activities. This component will finance the activities of the following subcomponents:

Subcomponent 3.1. Change management and communication

This subcomponent will finance: (i) the design and implementation of a communication strategy (internal and external) to create awareness about the changes in processes, including a grievances redress mechanism that will address citizens' concerns; (ii) the training of top leadership in MNS and the JCF on change management; and (iii) support to the adaptation of existing standard operating procedures to the new tools supported by the Project.

Subcomponent 3.2. Training in collaboration with the NPCJ

This subcomponent will finance training required for the successful implementation of all other activities of the Project, including pilot testing of early versions of new technologies or software, as well as specific training on how to handle victims of domestic violence with a human rights approach. Finally, this subcomponent will finance the refurbishing of the existing computer lab in the NPCJ and will also finance laptops to be used during the training programs. To effectively provide these trainings and to increase its chances of sustainability after the Project ends, support to the NPCJ in adapting its curriculum to the new technologies and in training existing JCF officials will be provided. The NPCJ will use its campus and a VC network connecting all police stations to provide most of these trainings, and a review of the crime investigation curricula will also be carried out to embed technology use in classes. Finally, the Project will assist NPCJ in preparing a systematic and continuous approach to follow-up in-service training and adaptation of curricula to new trends.

3. Significant accounting policies

(a) Foreign currencies:

Transactions in foreign currencies are recorded at the rates of exchange agreed with the executing agency in keeping with Article 4.10 of the loan agreement.

(b) Cash basis of accounting:

The financial statements have been prepared using the cash basis of accounting, recognising revenue when the cash is received and recognising expenses when the cash has been disbursed. This accounting policy differs from International Public Sector Accounting Standards (IPSAS) under which transactions should be recorded when they occur and not when they are paid. However, IPSAS have been applied to circumstances such as those discussed in the chapter "Cash Basis IPSAS: *Financial Reporting under the Cash Basis of Accounting.*"

THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK

SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

Notes to the Financial Statements (Continued)
Period ended March 31, 2019

4. Available cash balance

The available cash balance at the end of the year in the Project's bank account was:

2019
US\$'000

Bank of Jamaica:

Bank account no. 810584	432
Less: amount to be reimbursed to MNS	(186)
	<u>246</u>

At March 31, 2019 the balance in the Bank of Jamaica bank account no. 810584 was J\$ 54,630,000 (US\$432,000).

As at March 31, 2019 net reimbursable payments made by MNS on behalf of the Project was US\$185,965.

5. Advances pending justification

At March 31, 2019, the amount pending justification to the IDB amounted to US\$185,965, which represented the following expenditures incurred but not included in these requests:

2019
US\$'000

Payment for accommodation during monitoring centres site visit	8
Payment made for expenses incurred during process mapping sessions	2
Payment to Change Management Consultant & video recording services	10
Administrative expenditure mid November 2018 to March 2019	<u>166</u>
	<u>186</u>

6. Advances and justification

2019
US\$'000

Advances received:

August 14, 2018	428
December 18, 2018	<u>360</u>

	788
Advances justified	(356)

Closing balance	<u>432</u>
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THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK

SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

Notes to the Financial Statements (Continued)
Period ended March 31, 2019

7. Local counterpart funds

As at March 31, 2019, the MNS has contributed a sum of US\$ 6,425.

8. Disbursement requests to IDB

During the period, requests for disbursements were as follows:

2019				
<u>Date</u>	<u>Disbursement #</u>	<u>Amount requested US\$'000</u>	<u>Amount approved by IDB US\$'000</u>	<u>Amount recorded in the Projects's financial statements to March 31, 2019 US\$'000</u>
August 14, 2018	1	428	428	428
December 19, 2018	3	<u>360</u>	<u>360</u>	<u>360</u>
		<u>788</u>	<u>788</u>	<u>788</u>

Request number 2 represents an advance justification request.

9. Reconciliation of amounts approved by IDB

	<u>2019 US\$'000</u>
Amount disbursed/approved by IDB	788
Investments during the year	<u>(542)</u>
Cash available at the end of the year	<u>246</u>

10. Outstanding liabilities

At March 31, 2019 the Project had outstanding liabilities amounting to US\$ 1,100 representing expenses incurred but not paid, and to be paid using IDB funds.

THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK

SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

Notes to the Financial Statements (Continued)
Period ended March 31, 2019

11. Receipts and expenditure for Security Strengthening Project (SSP)

The following transactions relating to the SSP are included in the IDB statement of cash received and disbursements made:

	2019	
	<u>J\$'000</u>	<u>US\$'000</u>
<u>Receipts</u>		
IDB	104,658	788
Local counterpart	<u>13,333</u>	<u>106</u>
Total	<u>117,991</u>	<u>894</u>
<u>Expenditure</u>		
Administration and concurrent cost:		
- Project Administration and Coordination	67,296	528
Direct and Financing costs:		
- Interest	1,495	12
- Credit fee	11,015	88
- Violent Crime Prevention and Management	1,086	8
- Improving Investigative Capabilities for Homicides	193	2
- Change Management and Training	<u>1,345</u>	<u>10</u>
Total	<u>82,430</u>	<u>648</u>



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INDEPENDENT AUDITORS' REPORT

To the Ministry of National Security
SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

The System of Internal Control

We have audited the statement of cash flows for the period ended March 31, 2019 and the statement of cumulative investments as at March 31, 2019 for the the Security Strengthening Project (the Project), executed by the Ministry of National Security (MNS), and financed by the Inter-American Development Bank Loan Agreement #4400/OC-JA, and have issued our report thereon dated July 25, 2019.

We conducted our audit in accordance with International Standards on Auditing and the requirements of Inter-American Development Bank. These require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements, whether due to fraud or error.

Management's responsibility

The management of MNS is responsible for establishing and maintaining a system of internal control sufficient to mitigate the risks of financial information misstatements and safeguard the assets of the Project, including other procured goods. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of the system of internal control policies and procedures.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Ministry of National Security
SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

The System of Internal Control (Continued)

Management's responsibility (continued)

The objectives of a system of internal control are to provide management with reasonable, but not absolute, assurance that assets are protected against loss from unauthorised use or disposition; transactions are executed in accordance with management's authorisation and in accordance with the terms of the contract, and transactions are recorded properly to permit the preparation and fair presentation of the financial statements. 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 risks that procedures may become inadequate because of the changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Auditors' responsibility

In planning and performing our audit of the Project's financial statements for the period ended March 31, 2019, we obtained an understanding of the system of internal control and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the Project's financial statements and not to express an opinion on the effectiveness of the system of internal control. Accordingly, we do not express such an opinion.

A material weakness is a reportable condition in which the design or operation of one or more of the specific elements of the system of internal control does not reduce to a relatively low level the risk that significant errors or irregularities in amounts that would be material in relation to the Project's financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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 considered to be material weaknesses as defined above. However, we noted no matters involving the system of internal control and its operations that we consider to be material weaknesses as defined above.



Page 15

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Ministry of National Security
SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

The System of Internal Control (Continued)

Auditors' responsibility (continued)

We have not identified any significant weaknesses or shortcomings in the internal control structure, and therefore have not made any observations or suggestions thereon.

A handwritten signature in blue ink that reads 'KPMG'.

Chartered Accountants
Kingston, Jamaica

July 25, 2019



KPMG
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INDEPENDENT AUDITORS' REPORT

To the Ministry of National Security
SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

Integrated Review of the Procurement and Disbursement Requests submitted to IDB

We have examined the disbursement requests and the processes to procure and contract goods, works and consulting services, performed by the Executing Agency for the period ended March 31, 2019. Our engagement included verifying the reasonableness of such and the validity and eligibility of the expenditures submitted by means of the disbursement justifications for the period ended March 31, 2019.

We have audited the financial statements comprising the statement of cash flows set out on page 4 as at and for the period ended March 31 2019, and the statement of cumulative investments set out on page 5 for the period ended March 31, 2019, of Security Strengthening Project (the Project), executed by the Ministry of National Security (MNS), and financed by the Inter-American Development Bank Loan Agreement #4400/OC-JA, and have issued our report thereon dated July 25, 2019. We conducted our audit in accordance with International Standards on Auditing and the requirements of Inter-American Development Bank and for the purpose of forming an opinion on the financial statements taken as a whole.

Management's Responsibility

Management is responsible for implementing processes to procure and contract works, goods and services in accordance with the applicable guidelines and for maintaining documentation to support disbursement requests in accordance with the requirements of the Project.



Page 17

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Ministry of National Security
SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

**Integrated Review of the Procurement and Disbursement Requests
submitted to IDB (Continued)**

Auditors' Responsibility

Our responsibility is to express an opinion on whether or not disbursement requests are supported by adequate documentation, are fairly presented and represent valid and eligible expenses of the Project and whether or not the process to procure and contract works, goods and services are performed in accordance with the applicable guidelines. The standards require that we comply with independence and ethical requirements in performing the review.

Our engagement includes verifying the reasonableness of, and the validity and eligibility of the expenditures submitted by means of the disbursement justifications for the period ended March 31, 2019. The engagement also includes, examining on a test basis, evidence supporting the processes of selecting and contracting goods, works, and services, and the amounts and disclosures in the disbursement requests submitted, which form a part of the statement of cash flows and the statement of cumulative investments for the period ended March 31, 2019.

Opinion

In our opinion, the processes to procure and contract works, goods, and services were performed in accordance with the applicable guidelines, and the documentations supporting the expenditures made correspond to the disbursement requests for the period ended March 31, 2019, and were fairly presented and represented valid and eligible expenses to the Project, in all material respects.

Restriction of Use

The report is provided in order to comply with the financial reporting provisions of Inter-American Development Bank Loan Agreement #4400/OC-JA. As a result, the report may not be suitable for another purpose.

Chartered Accountants
Kingston, Jamaica

July 25, 2019

THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK

SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

SUPPLEMENTARY INFORMATION TO THE
FINANCIAL STATEMENTS

PERIOD ENDED MARCH 31, 2019

THE MINISTRY OF NATIONAL SECURITY
INTER-AMERICAN DEVELOPMENT BANK

SECURITY STRENGTHENING PROJECT
INTER-AMERICAN DEVELOPMENT BANK LOAN AGREEMENT 4400/OC-JA

STATEMENT OF CASH FLOWS
Period ended March 31, 2019

Reconciliation of IDB and MNS Expenditure
(Expressed in local currency and U.S. dollars)

		Budget			MNS Records			IDB Records			Variances			Explanations
		IDB	MNS	Total	Accumulated expenditure			Accumulated expenditure			Accumulated expenditure			
		US\$'000	US\$'000	US\$'000	IDB	MNS	Total	IDB	MNS	Total	IDB	MNS	Total	
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
<u>Direct Cost</u>														
1	Violent Crime Prevention and Management	12,177	-	12,177	8	-	8	-	-	-	8	-	8	1
2	Improving Investigative Capabilities for Homicides	1,811	-	1,811	2	-	2	-	-	-	2	-	2	2
3	Change Management and Training	<u>3,212</u>	<u>-</u>	<u>3,212</u>	<u>10</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>	3
<u>Project Administration</u>														
4	Project Administration and Coordination	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>522</u>	<u>6</u>	<u>528</u>	<u>356</u>	<u>-</u>	<u>356</u>	<u>166</u>	<u>6</u>	<u>172</u>	4
		<u>19,200</u>	<u>-</u>	<u>19,200</u>	<u>542</u>	<u>6</u>	<u>548</u>	<u>356</u>	<u>-</u>	<u>356</u>	<u>186</u>	<u>6</u>	<u>192</u>	
<u>Concurrent costs</u>														
5.1	Auditing	100	-	100	-	-	-	-	-	-	-	-	-	
5.2	Monitoring and evaluation	200	-	200	-	-	-	-	-	-	-	-	-	
	Contingencies	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		<u>800</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>Financing Costs</u>														
	Interest	-	-	-	-	12	12	-	12	12	-	-	-	
	Credit Fee	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88</u>	<u>88</u>	<u>-</u>	<u>88</u>	<u>88</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	Totals	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>542</u>	<u>106</u>	<u>648</u>	<u>356</u>	<u>100</u>	<u>456</u>	<u>186</u>	<u>6</u>	<u>192</u>	

Explanation

- 1) Payment made to Unique Vacations Limited for accommodation during monitoring centres site visit
- 2) Payment made for expenses incurred during for process mapping sessions to facilitate software procurement
- 3) Payment to Change Management Consultant, video recording services and other expenses relating to change management
- 4) Administrative expenditure mid November 2018 to March 2019 not justified