



Chartered Accountants  
& Business Advisors

**MINISTRY OF EDUCATION**

**SEAMLESS EDUCATION  
SYSTEM PROGRAMME**

**PROGRAMME COORDINATING AND IMPLEMENTATION UNIT**

**LOAN NO. 2138/OC-TT**

**30 SEPTEMBER 2010**



Chartered Accountants  
& Business Advisors

**MINISTRY OF EDUCATION**

**SEAMLESS EDUCATION SYSTEM PROGRAMME**

**PROGRAMME COORDINATING AND IMPLEMENTATION UNIT**

**LOAN NO. 2138/OC-TT**

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## **INDEPENDENT AUDITORS' OPINION**

**To: Seamless Education System Programme Coordinating and Implementation Unit  
(PC&IU)  
Ministry of Education**

**Ministry of Education  
Seamless Education System Programme  
Inter-American Development Bank (IDB) Loan No. 2138/OC-TT**

We have audited the accompanying financial statements, which comprise the Statement of Cash Flow, the Statement of Cumulative Investments and a summary of significant accounting policies and other explanatory information for the Ministry of Education, Seamless Education System Programme – IDB Loan No. 2138/OC-TT executed by the PC&IU - Ministry of Education and financed with funds from the IDB Loan #2138/OC-TT, and local counterpart funds from the Government of the Republic of Trinidad and Tobago (GORTT) as at and for the year ended 30 September 2010.

### **Management's Responsibility for the financial statements**

The project's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the accounting statements, based on our audit. We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and the IDB's requirements, specifically the Guide for Financial Reports and External Audits for operations financed by the Inter-American Development Bank. 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 of material misstatement. An audit includes performing procedures to obtain evidence supporting the amounts and disclosures in the financial statements.

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Chartered Accountants  
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## INDEPENDENT AUDITORS' OPINION (CONTINUED)

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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the accounting principles used and significant estimates made by program's management as well as evaluating the overall financial statement presentation. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

As described in **Note 2(a)**, the Statement of Cash Flows and the Statement of Cumulative Investments were prepared using the cash basis of accounting in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS): Financial Reporting under the Cash Basis of Accounting. The cash basis accounting recognizes transactions and acts only when the cash (and/or cash equivalent) is received or disbursed by the entity, and not when they give rise to, accrue or originate rights or obligations although there was no cash movement.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash flow and the cumulative investments of the Ministry of Education Seamless Education System Programme IDB Loan No. 2138/OC-TT as of and for the year ended 30 September 2010, in accordance with the basis of accounting described in the paragraphs above and the accounting policies described in **Note 2(a)**.

As described in **Note 2(a)**, no provision has been made for depreciation. This is not in conformity with IPSAS #17 – Property, Plant and Equipment.

### Report on other legal and/or regulatory requirements

We did not observe any situations suggesting non-compliance with the financial clauses in the Inter-American Development Bank Loan Contract No. 2138/OC-TT during the year reviewed.

PKF

27 January 2011  
Port of Spain  
Trinidad and Tobago

**MINISTRY OF EDUCATION  
SEAMLESS EDUCATION SYSTEM PROGRAMME  
PROGRAMME COORDINATING AND IMPLEMENTATION UNIT  
LOAN NO. 2138/OC-TT**

**Statement of Cash Flows  
For the year ended 30 September 2010  
(Expressed in United States Dollars)**

	<b><u>IDB</u></b> <b><u>US\$</u></b>	<b><u>GORTT</u></b> <b><u>US\$</u></b>	<b><u>Total</u></b> <b><u>US\$</u></b>
<b>Cash Received</b>			
<u>Activity for the year:</u>			
Advance	430,000	-	430,000
Revolving fund disbursements	191,073	-	191,073
Reimbursement of payments	76,463	-	76,463
Funds received from PSIP	<u>-</u>	<u>206,181</u>	<u>206,181</u>
 Total Cash Received during the year ended 30 September 2010	 <u>697,536</u>	 <u>206,181</u>	 <u>902,591</u>
<b>Disbursements</b>			
<u>Activity for the year:</u>			
Disbursement requests as per Revolving Fund			
Disbursement #3	191,073	-	191,073
Expenses reimbursement requests			
Disbursement #4	76,463	-	76,463
Pending disbursement requests			
Disbursement #6	19,691	-	19,691
Expenses paid via PSIP	<u>-</u>	<u>206,181</u>	<u>206,181</u>
 Total Cash Disbursements during the year ended 30 September 2010	 <u>287,227</u>	 <u>206,181</u>	 <u>493,408</u>
 Available Cash Balance as at 30 September 2010	 <u><u>410,309</u></u>	 <u><u>-</u></u>	 <u><u>410,309</u></u>

*Linda Sahatou Maray*  
Financial Management Specialist

*Maurice Chouaileong*  
Senior Project Coordinator

*M - A S -*  
Permanent Secretary

The accompanying notes form an integral part of these financial statements.

MINISTRY OF EDUCATION  
SEAMLESS EDUCATION SYSTEM PROGRAMME  
PROGRAMME COORDINATING AND IMPLEMENTATION UNIT  
Loan No. 2138/OC-TT

Statement of Cumulative Investments  
For the year ended 30 September 2010  
(Expressed in United States Dollars)

	-----TOTAL EXPENDITURE-----					
	IADB Approved Budget		For the year ended 30 September 2010		Accumulated as at 30 September 2010	
	IDB	GOR TT	Total	IDB	GOR TT	Total
1.0 Increased Access and Equity						
1.1 Early Childhood Care and Education	28,600,690	10,334,300	39,134,990	96,405	-	96,405
1.2 Promoting Inclusiveness and Equity	5,497,698	213,040	5,710,738	-	-	-
	34,098,388	10,747,340	44,845,728	96,405	-	96,405
2.0 Improved Quality and Relevance						
2.1 Primary Education (Curriculum)	2,154,708	1,995,805	4,150,513	24,415	511	24,926
2.2 Testing and Assessment	1,769,057	-	1,769,057	105,590	15,679	121,269
2.3 Spanish as the First Foreign Language	2,072,300	-	2,072,300	30,200	-	30,200
	5,996,065	1,995,805	7,991,870	160,205	16,190	176,395
3.0 Sector Management and Project Administration						
3.1 MOE Strengthening	2,037,616	-	2,037,616	3,064	-	3,064
3.2 Professional Development	817,038	466,855	1,283,893	-	-	-
3.3 Project Administration	1,151,000	540,000	1,691,000	173,945	185,810	359,755
	4,005,654	1,006,855	5,012,509	177,009	185,810	362,819
4.0 Sensitization and Social Communication						
4.1 Sensitization and Social Communication (Components 1 & 2)	1,252,000	-	1,252,000	19,484	4,181	23,665
	1,252,000	-	1,252,000	19,484	4,181	23,665
5.0 Monitoring and Evaluation						
5.1 Component Monitoring and Evaluation	1,135,000	-	1,135,000	-	-	-
5.2 Mid-term and Final Evaluation	500,000	-	500,000	-	-	-
5.3 Audit	150,000	-	150,000	-	-	-
	1,785,000	-	1,785,000	-	-	-
6.0 Contingency	1,612,893	-	1,612,893	-	-	-
	48,750,000	13,750,000	62,500,000	453,103	206,181	659,284
Total						
Percentage	78%	22%		69%	31%	

Linda Salazar Mary  
Financial Management Specialist

Mauricio Alvarez  
Senior Project Coordinator

M. A. A.  
Permanent Secretary

The accompanying notes form an integral part of these financial statements

**MINISTRY OF EDUCATION**  
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**Notes to the Statements of Cash Flows and Cumulative Investments**

**30 September 2010**

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**1. PRINCIPAL ACTIVITY**

On 17 August 2009, the Inter-American Development Bank (IDB) and the Government of the Republic of Trinidad and Tobago (GORTT) signed Loan Agreement No. 2138/OC-TT for **US\$48.75 million** to assist in the financing of the support for a Seamless Education System (SES). The estimated total cost of this programme is **US\$62.5 million** with the GORTT's contribution to SES being an estimated **US\$13.75 million**.

**(a) Project Objectives**

The proposed operation is a multi-phase operation with three phases. The GORTT identified Early Childhood Care and Education (ECCE) and primary education as priority areas for this programme. Therefore, the programme aims to improve:

- (i) equity, quality and relevance of educational services provided to all children in ECCE and primary education; and
- (ii) sector management, including programme management and evaluation and monitoring. This programme will be implemented in a representative group of primary schools and a select group of ECCE centres; it will be accompanied by efforts to strengthen institutional capacity of the Ministry of Education (MOE).

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**Notes to the Statements of Cash Flows and Cumulative Investments**

**30 September 2010**

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**(b) Project Components**

The SES comprises four well articulated components:

Component 1 – Increase equity and quality of educational services to all children

The objective of this component is to increase access to quality ECCE services for three and four year old children from disadvantaged families through government, government assisted and private initiatives/partnerships and to strengthen the capacity of the primary schools to accommodate and successfully deliver quality education to students with a wide range of learning needs, including the gifted and talented.

Component 2 – Improve quality and relevance of primary education

This component aims at the articulation of the primary curriculum with curricula at both the secondary and ECCE levels accompanied by new assessment methods, integration of Inclusive Education (IE) in the primary curriculum, and the introduction of Spanish as the first foreign language.

Component 3 – Sector management

The overall objective of this component is to strengthen MOE and to help it carry out existing and new mandates in a seamless and efficient manner. To this end, the programme will support among other initiatives:

- (i) the expansion of MOE's Information Technology (IT) systems;
- (ii) institutional strengthening of key divisions as well as the SES oversight committee;
- (iii) professional development for managers to strengthen their capacity to direct and manage the ongoing and proposed organizational changes; and
- (iv) creation of a teaching career system and regulation of the teaching profession.

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**Notes to the Statements of Cash Flows and Cumulative Investments**

**30 September 2010**

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Component 4 – Social marketing campaign

To increase the involvement of the stakeholders in the education sector, loan resources will be used for a social marketing campaign that speaks to MOE's efforts in:

- (i) ECCE, particularly to promote public-private partnerships and the ways they support children, families, teachers and communities;
- (ii) Inclusive education;
- (iii) Curriculum and assessment;
- (iv) The introduction of Spanish;
- (v) MOE's reform efforts and internal communication to inform staff about the pending organizational changes; and
- (vi) Strengthen the capacity of MOE's communication unit.

**(c) Inter-Institutional Agreements**

The Education Facilities Company Limited, a special purposes company under the Ministry of Education is responsible for the overall project management, upgrade and construction of fifty (50) Early Childhood Care and Education Centres and sixteen (16) Inclusive Education Demonstration Institutions under the Support for Seamless Education System Programme.

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**Notes to the Statements of Cash Flows and Cumulative Investments**

**30 September 2010**

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**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The Statement of Cash Flows has been prepared on the cash basis of accounting, recognising revenue when cash is received and recognising expenses when the cash has been disbursed. The accounting policy is another comprehensive basis of accounting other than generally accepted accounting principles, under which transactions should be recorded when they occur and not when they are paid. No account has been taken for depreciation on fixed assets. This basis of accounting is not in conformity with IPSAS No. 17 - Property, Plant and Equipment.

**(b) Currency**

The programme's accounting records are maintained in US dollars, in accordance with the IDB's requirements. In order to calculate the equivalent in US dollars, the cash received in local currency in a specific commercial bank account, uses the rate of exchange in effect at the time of receipt of these funds. The exchange rate gain or loss that results from a difference of the exchange rate when the funds are received versus when the funds are converted to local currency to make payments for eligible expenses is accounted for as an exchange rate differential, which is charged to the local counterpart funds.

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**Notes to the Statements of Cash Flows and Cumulative Investments**

**30 September 2010**

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**3. AVAILABLE CASH BALANCE**

The available cash balance as of 30 September 2010 in the programme's bank accounts, which includes earned interest income and exchange rate earnings was:

	US\$
Central Bank of Trinidad and Tobago (Account #01-20720-018-00-00-00) as at 30 September 2010	486,772
Less: Amount to be reimbursed to GORTT	<u>(76,463)</u>
Available cash balance as at 30 September 2010	410,309
Add: Funds used and pending justification	-
Expenditures not yet submitted to the IDB for justification of the use of the Revolving Fund resources (DR #6)	<u>19,691</u>
Total Outstanding Revolving Fund	430,000
Revolving Fund Balance as per IDB Executive Financial Summary (LMS1) Report as at 30 September 2010	<u>430,000</u>
<b>Difference</b>	<u><u>-</u></u>

During the fiscal year 2010, available earned interest income equated US \$NIL and exchange rate earnings amounted to US \$NIL.

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**Notes to the Statements of Cash Flows and Cumulative Investments**

**30 September 2010**

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**4. ADVANCES PENDING JUSTIFICATION**

At 30 September 2010, the amount pending justification to the IDB amounted to **US\$179,455.42**, which represented the following disbursement requests still to be processed.

- Pending replenishment of Revolving Fund – Disbursement Request No. 6 – **US\$19,691.35**
- Pending reimbursement of payments – Disbursement Request No. 7 – **US\$159,836.07**

**5. REVOLVING FUND**

In accordance with loan contract No. 2138/OC-TT, a revolving fund has been established. An initial advance was made in the amount of **US\$430,000**. The balance stood at **US\$486,772** as of 30 September 2010. An amount of **US\$76,463** which is still to be debited from the Revolving Fund as of 30 September 2010 represents repayment to the GORTT for expenses incurred on behalf of the Inter-American Development Bank (IDB). There is also an amount of **\$19,691** representing expenditure already deducted from the Revolving Fund but not yet submitted to the IDB for justification of the use of Revolving Fund Resources. (See **note 3**)

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**Notes to the Statements of Cash Flows and Cumulative Investments**

**30 September 2010**

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**6. LOCAL COUNTERPART FUNDS**

Of the Government's total budget allotment of **US\$13,750,000**, approximately **US\$1,587,302** was allocated from the Public Sector Investment Programme (PSIP) to the SES Programme. Of this, the Government's expenditure was **US\$206,181**. (See **note 8**).

**7. PROCUREMENT OF GOODS AND SERVICES**

During the year 1 October 2009 to 30 September 2010, the PC&IU hosted several workshops as part of the programme's drive to sensitize major stakeholders with the initiatives that were to be developed under the Support of the Seamless Education Programme. The unit also acquired the following equipment and vehicles for the PC&IU and other MOE units and divisions that the loan agreement identifies to assist with the overall implementation of the SES programme.

Description of Item	Quantity	Total Cost US\$
Photocopier	1	6,367.58
Desktop computers	3	2,818.03
Shredder	1	1,227.22
Vehicles	2	57,140.21
Fax machines	2	832.71
Camcorder	1	618.65
Digital cameras	8	<u>1,595.80</u>
<b>TOTAL</b>		<b><u>70,600.20</u></b>

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Notes to the Statements of Cash Flows and Cumulative Investments.

30 September 2010

**8. INVESTMENT CATEGORIES**

Categories	Bank US\$	Local US\$	Total US\$
1. Increased access and equity	96,405	-	96,405
2. Improved quality and relevance	160,205	16,190	176,395
3. Sector management and project administration	177,009	185,810	362,819
4. Sensitization and social communication	19,484	4,181	23,665
5. Monitoring and evaluation	-	-	-
6. Contingency	-	-	-
<b>Total</b>	<b><u>453,103</u></b>	<b><u>206,181</u></b>	<b><u>659,284</u></b>
<b>Percentage</b>	<b>69%</b>	<b>31%</b>	<b>100%</b>

**9. DISBURSEMENTS MADE**

Disbursement Request No. 3	US\$191,073
Disbursement Request No. 4	<u>US\$ 76,463</u>
<b>Total</b>	<b><u>US\$267,536</u></b>

MINISTRY OF EDUCATION

SEAMLESS EDUCATION SYSTEM PROGRAMME

PROGRAMME COORDINATING AND IMPLEMENTATION UNIT

LOAN NO. 2138/OC-TT

List of Funds Used and Pending Justification

(Expressed in United States Dollars)

30 September 2010

Investment Category No.	Supplier or Contractor Name	Description of Item	Amount US\$
Increased access and equity	Gaston Franklyn	Consultancy services for transition from ECCE to Primary School level – 40% payment due to at submission of final report.	12,040
Improved quality and reliance	Stitching IEA Secretariat Netherland, Amsterdam, The Netherlands	The cost of participation fees for 2008 – ½ first year study. Participation fees for 2009 – ½ second year study. Participation fees for 2010 – ½ third year of study.	72
Sector management	Jewan Ramcharitar	10% payment due upon submission and acceptance of work plan re: technical assistance to provide advisory support to the Ministry of Education.	2,648
Sector management	Ricardo Vincent	40% payment due on completion and mentoring of MOE staff and a report thereon by the consultant with recommendations and its acceptance re: technical support in using Microsoft Project software in the implementation of the support for a Seamless Education System Programme.	3,762
Sensitization and social marketing	Gwendoline Williams	Consultancy fees for conducting the Programme Coordinating and Implementation Unit (SES) Team Building and Sensitization Workshop on 5 <sup>th</sup> and 12 <sup>th</sup> May 2010.	1,169
Total			<u>19,691</u>

**MINISTRY OF EDUCATION**  
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**Reconciliation of Statement of Cumulative Investments with the  
Statement of Cash Flows - IDB**

**(Expressed in United States Dollars)**

**30 September 2010**

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	<u><b>US\$</b></u>
Payments per Statement of Cash Flows	287,227
Direct payments made by the IDB as follows:	
Disbursement #2	6,040
Pending expense reimbursement Request #7	<u>159,836</u>
Amount as per Statement of Cumulative Investments	<u><u><b>453,103</b></u></u>

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**Reconciliation of Statement of Cumulative Investments with the Statement of Cash Flows -  
GORTT**

(Expressed in United States Dollars)

30 September 2010

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	<u>US\$</u>
Payments per Statement of Cash Flows	<u>206,181</u>
Amount as per Statement of Cumulative Investments	<u><u>206,181</u></u>

MINISTRY OF EDUCATION  
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Reconciliation by Category of Investment of the Programme's Records with the IDB's Records

For the year ended 30 September 2010

(Expressed in US Dollars)

Category	Cumulative Balance as per:		Variance	Explanation for Variances	US\$	Total
	Programme's Records (Statement of Cumulative Investments)	IDB's Records (LMS1 Executive Financial Summary)				
<b>1. Increased Access and Equity</b>						
1.1 Early Childhood Care Education	96,405	48,160	48,245	Pending submission to IDB (DR #7)	34,971	
1.2 Promoting inclusiveness and equity	-	-		Pending submission to IDB (DR #7)	1,234	
				Pending submission to IDB (DR #6)	12,040	48,245
	96,405	48,160	48,245			48,245
<b>2. Improved Quality and Relevance</b>						
2.1 Primary education (Curriculum)	24,415	4,588	19,827	Pending submission to IDB (DR #7)	1,396	
2.2 Testing and assessment	105,590	105,518	72	Pending submission to IDB (DR #7)	18,431	19,827
2.3 Spanish as the first foreign language	30,200	30,200	-	Pending submission to IDB (DR #6)	72	72
	160,205	140,306	19,899			19,899
<b>3. Sector Management and Project Administration</b>						
3.1 MOE strengthening	3,064	-	3,064	Pending submission to IDB (DR #6)	2,648	
				Pending submission to IDB (DR #7)	416	3,064
3.2 Professional development	-	-	-			
3.3 Project administration	173,945	66,796	107,149	Pending submission to IDB (DR #7)	57,758	
				Pending submission to IDB (DR #7)	16,580	
				Pending submission to IDB (DR #7)	5,652	
				Pending submission to IDB (DR #6)	3,762	
				Pending submission to IDB (DR #7)	22,170	
				Pending submission to IDB (DR #7)	1,227	107,149
	177,009	66,796	110,213			110,213
<b>4. Sensitization and Social Communication</b>						
4.1 Sensitization and social communication (Components 1 and 2)	19,484	18,315	1,169	Pending submission to IDB (DR #6)	1,169	1,169
	19,484	18,315	1,169			1,169
<b>5. Monitoring and Evaluation</b>						
5.1 Component monitoring and evaluation	-	-	-			
5.2 Mid term and final evaluation	-	-	-			
5.3 Audit	-	-	-			
	-	-	-			-
<b>6. Contingency</b>	-	-	-			
<b>Totals</b>	453,103	273,577	179,526		179,526	179,526

MINISTRY OF EDUCATION  
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FIXED ASSET REGISTER

AS AT 30 SEPTEMBER 2010

Purchase Date	Brand/Model/Description of Item	Peachtree Ref. #	PC&IU Invoice #	Quantity	Supplier	Unit Cost	Breakdown of Total cost by Contribution - US\$			Serial No. of Asset	General Location of Asset	Present Location of Asset
							IDB	GORTT	Total			
01/10/09	TASK ALFA 620 Black and White Photocopier	1/3333777	VV 203683 d.d. 20/08/09	1	Business Equipment & Interiors International Ltd.	6,367.58	-	6,367.58	6,367.58	QFU 9500432	Programme Coordinating & Implementation Unit Office, Ministry of Education, 18 Alexander Street, St. Clair	Located in the General Office of the PC&IU
14/05/10	DELL OPTIPLEX 780 WORKSTATIONS	6/332	VV 330870 d.d. 13/05/10	3	Next Technology Limited	939.34	2,818.03	-	2,818.03			
	Intel Dual Core E5300 2.6 GHz 800FSB									00186-711-967-066 JK5L6M1		
	3GB, 800MHz DDR3 SDRAM 160GB, 7200 RPM Hard Drive, GMA 4500 Integrated Video Card, 16X DVD=RW SATA Cyber Link Power DVD, Dell USB Optical Mouse and Dell Quiet-Key Keyboard									00186-711-967-043 3L5L6M1		
										00186-711-967-136 1M5L6M1		
										CN-ON300H-64180-018-2L4H		
29/09/10	DELL E1709 17" Flat Panel Monitor	7/332	VV 330889 d.d. 16/09/10	3	BOSS Stationers	1,227.22	1,227.22	-	1,227.22	CN-ON300H-64180-018-2L4H		Located in the Office of the Assistant Project Accountant
										CN-ON300H-64180-018-2MCH		Located in the Officer of the Project Accountant
										CN-ON300H-64180-018-2L4H		Located in the Office of the Programme Manager
29/09/10	KOBRA 300 Shredder SS5 E/S	1/1142	VV 330886 d.d. 16/09/10	1	Toyota Trinidad and Tobago Limited	34,970.52	34,970.52	-	34,970.52	1379/1208		Located in the General Office of the PC&IU
29/09/10	HIACE 15 Seater Motor Vehicle	8/332	VV 330887 d.d. 16/09/10	1	Life Styles Motors Limited	22,169.69	22,169.69	-	22,169.69			Located in the Car Park of the Ministry of Education
29/09/10	SUZUKI Grand Viatra Motor Vehicle	3/1141	VV 330896 d.d. 16/09/10	2	Busy Business Systems and Equipment (Rental) Limited	832.71	832.71	-	832.71	Located in the General Office of the PC&IU	Located in the General Office of the PC&IU	
29/09/10	BROTHER Fax Machine	2/1141	VV 330897 d.d. 16/09/10	1	Computers and Controls Limited	618.65	618.65	-	618.65	Located in the General Office of the PC&IU	Located in the General Office of the PC&IU	
29/09/10	SONY Cybershot Digital Cameras	1/1141	VV 330898 d.d. 16/09/10	8	Computers and Controls Limited	1,595.80	1,595.80		1,595.80		Located in the General Office of the PC&IU	
	TOTAL (See Note 7)						64,232.62	6,367.58	70,600.20			



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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH FINANCIAL CLAUSES AND THE PROJECT OPERATING REGULATIONS

**To: Programme Coordinating and Implementation Unit (PC&IU)  
Ministry of Education**

**Ministry of Education  
Seamless Education System Programme  
Inter-American Development Bank (IDB) Loan No. 2138/OC-TT**

We have audited the accompanying Statement of Cash Flows and the Statement of Cumulative Investments as at and for the year ended 30 September 2010 for the Ministry of Education, Seamless Education System Programme – IDB Loan No. 2138/OC-TT, entered into by the GORTT and the IDB, executed by the PC&IU - Ministry of Education.

During the conduct of our audit, we determined compliance with the financial and accounting contractual clauses and articles within the Special Conditions and General Conditions of the Loan No. 2138/OC-TT and compliance with the applicable provisions of the Programme's Operations Regulations, for the year ended 30 September 2010. We have examined the Special Conditions described in Sections 2, 3, 4 and 5 and the General Conditions described in Articles 3, 4, 5, 6 and 7 of the Loan Agreement No. 2138/OC-TT.

We conducted our audit in accordance with International Standards on Auditing and the requirements of the IDB. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Seamless Education System Programme has complied with the pertinent loan contractual clauses, applicable laws and regulations, and the provisions contained in the Programme's Operations Regulations. The audit also includes examining, on a test basis, the appropriate evidence. We believe that our audit provides a reasonable basis for our opinion.

The financial and accounting contractual clauses of the Loan Agreement as stated in the following **Annex 2**, were not applicable since such compliance was not relevant to the Programme for the year ended 30 September 2010.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH FINANCIAL  
CLAUSES AND THE PROJECT OPERATING REGULATIONS  
(CONTINUED)**

Except for the matters discussed in **Annex 2**, in our opinion, for the year ended 30 September 2010, the Ministry of Education, Seamless Education System Programme – IDB Loan No. 2138/OC-TT complied in all material aspects, with the financial and accounting contractual clauses of the Loan Agreement, and with applicable laws and regulations of the Programme's Operation's Regulations as stated in the following **Annex 1**.

*PKF*

27 January 2011  
Port of Spain  
Trinidad and Tobago

## ANNEX 1

In our opinion, for the year ended 30 September 2010, the Ministry of Education, Seamless Education System Programme – IDB Loan No. 2138/OC-TT, complied in all material respects, with the financial and accounting contractual clauses of the Loan contract, and with applicable laws and regulations of the Programme's Operating Regulations as listed below:

### SPECIAL CONDITIONS

- ◆ Section 2.01 – Amortization
- ◆ Section 2.02 – Interest
- ◆ Section 2.03 – Confirmation of or change in the Interest Rate Alternative of the Financing and Prepayment of the outstanding balance of the Loan with Fixed Interest Rate.
- ◆ Section 2.04 – Resources for General Inspection and Supervision
- ◆ Section 2.05 – Credit Fee
- ◆ Section 3.01 (a), (b) – Currencies of Disbursement and Use of Funds
- ◆ Section 3.02 (a), (b), (c), (d) – Special Conditions Prior to First Disbursement
- ◆ Section 3.03 – Reimbursement of Expenditures Chargeable to the Financing
- ◆ Section 3.04 – Disbursement Period
- ◆ Section 3.05 – Revolving Fund
- ◆ Section 4.01 (a), (b), (c), (d) – Procurement of Works and Goods
- ◆ Section 4.02 – Maintenance of Works, Equipment and Software
- ◆ Section 4.03 – Reimbursement of Expenses Chargeable to Local Contribution
- ◆ Section 4.04 (a), (b), (c), (d), (e) – Contracting of Consulting Services
- ◆ Section 4.05 – Other Conditions and Execution
- ◆ Section 4.06 – Monitoring and Evaluation
- ◆ Section 5.01 – Records, Inspections and Reports
- ◆ Section 5.02 – Audits

## ANNEX 1 (CONT.)

### GENERAL CONDITIONS

- ◆ Article 3.02 (a), (b), (c) – Credit Fee
- ◆ Article 3.03 – Computation of Interest and Credit Fee
- ◆ Article 3.04 (a), (b), (c) – Interest
- ◆ Article 3.05 (a), (b), (c) – Disbursements and Payments of Amortization and Interest in National Currencies.
- ◆ Article 3.06 (a), (b) – Rate of Exchange
- ◆ Article 3.10 – Application of Payments
- ◆ Article 3.11 – Advance Payments
- ◆ Article 3.12 – Receipts
- ◆ Article 3.13 – Transactions falling due on Public Holiday
- ◆ Article 3.14 – Place of Payments
- ◆ Article 4.01 – Conditions Precedent to First Disbursement
- ◆ Article 4.02 – Period for fulfilling the Conditions Precedent to First Disbursement
- ◆ Article 4.03 – Requisites for all Disbursements
- ◆ Article 4.05 – Charges for Inspection and Supervision
- ◆ Article 4.06 – Disbursement Procedures
- ◆ Article 4.07 – Revolving Fund
- ◆ Article 6.02 – Prices and Public Tender
- ◆ Article 6.03 – Use of Goods
- ◆ Article 6.04 – Additional Resources
- ◆ Article 7.03 – Reports and Financial Statements

## **ANNEX 2**

In our opinion, the following financial and accounting contractual clauses were not applicable to the operations of the Ministry of Education, Seamless Education System Programme – IDB Loan No. 2138/OC-TT for the year ended 30 September 2010 as follows:

### **GENERAL CONDITIONS**

- ◆ Article 3.01- Dates of Payment of Amortization and Interest
- ◆ Article 3.07- Disbursements and Payments of Amortization and Interest in Single Currencies
- ◆ Article 3.08- Valuation of Convertible Currencies
- ◆ Article 3.09 – Participations
- ◆ Article 3.15 – Renunciation of Part of the Financing
- ◆ Article 3.16 – Automatic Cancellation of Part of the Financing
- ◆ Article 4.04- Disbursements for Technical Co-operation
- ◆ Article 4.08 – Availability of Local Currency
- ◆ Article 5.01- Suspension of Disbursements
- ◆ Article 5.02- Termination, Accelerated Maturity, or Partial Cancellation of Undisbursed Balances
- ◆ Article 5.03 – Obligations Not Affected
- ◆ Article 5.04 – Non-waiver of Rights
- ◆ Article 5.05 – Provision Not Affected
- ◆ Article 6.01- General Provisions for the Execution of the Project
- ◆ Article 7.01 - Internal Control and Records
- ◆ Article 7.02- Inspections



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## INDEPENDENT AUDITORS' REPORT ON SYSTEM OF INTERNAL CONTROL STRUCTURE

**To: Programme Coordinating and Implementation Unit (PC&IU)  
Ministry of Education**

**Ministry of Education  
Seamless Education System Programme  
Inter-American Development Bank (IDB) Loan No. 2138/OC-TT**

We have audited the Statement of Cash Flows and Statement of Cumulative Investments as at and for the year ended 30 September 2010 for the Ministry of Education, Seamless Education System Programme – IDB Loan No. 2138/CO-TT, entered into by the GORTT and the IDB, executed by the Programme Coordination and Implementation Unit - Ministry of Education. These statements are the responsibility of the PC&IU, Ministry of Education, and have issued our report thereon.

We conducted our audit in accordance with International Standards on Auditing, issued by the International Federation of Accountants (IFAC), and the IDB's requirements, specifically the Guide for Financial Reports and External Audits for Operations Financed by the Inter-American Development Bank. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements.

The Management of the Ministry of Education, Seamless Education System Programme – IDB Loan No. 2138/OC-TT is responsible for establishing and maintaining a system of internal control. In fulfilling this responsibility, estimates and judgments by Management are required to assess the expected benefits and related costs of internal control system policies and procedures. The objectives of a system of internal control are to provide Management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with Management's authorization and in accordance with the terms of the contract; and transactions are recorded properly to permit the preparation of the Statement of Cash Flows and the Statement of Cumulative Investments, in conformity with the basis of accounting described in **Note 2(a)** to the financial statements. Due to inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected.

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**INDEPENDENT AUDITORS' REPORT ON SYSTEM OF INTERNAL CONTROL  
STRUCTURE  
(CONTINUED)**

In planning and performing our audit of the Ministry of Education, Seamless Education System Programme – IDB Loan No. 2138/OC-TT, for the year ended 30 September 2010, we obtained an understanding of the system of internal control. With respect to the system of internal control, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of the Programme.

We have not noted significant matters involving the internal control structure and its operation that we consider a reportable condition under the International Standards of Auditing. A reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, can adversely affect the entity's ability to record, process, summarise and report financial data consistent with the assertions of the PC&IU of the Ministry of Education, Seamless Education System Programme – IDB Loan No. 2138/OC-TT.

We have not noted material weaknesses involving the internal control structure and its operation that we consider reportable conditions under the International Standards on Auditing. 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 error or irregularities in amounts, that would be material in relation to the financial statements, may occur and not be detected within a timely period by employees of the PC&IU of the Ministry of Education, Seamless Education System Programme – IDB Loan No. 2138/OC-TT in the normal course of performing their assigned functions.

*PKF*

27 January 2011  
Port of Spain  
Trinidad and Tobago



Chartered Accountants  
& Business Advisors

## INDEPENDENT AUDITORS' REVIEW OF PAYMENTS IN DISBURSEMENT REQUESTS

**To: Inter-American Development Bank (IDB)**

**Ministry of Education**

**Seamless Education System Programme**

**Inter-American Development Bank (IDB) Loan No. 2138/OC-TT**

We have performed the procedures agreed that are enumerated below, concerning two disbursement requests submitted by the Executing Agency of the Ministry of Education, Seamless Education System Programme-IDB Loan No. 2138/OC-TT and set forth in the accompanying annex. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the validity of the disbursement requests and are summarised as follows:

1. We verified the existence of the file for the procurement to which the payments relate, containing documentation in accordance with the established policies and procedures.
2. We obtained and checked the date, use and amount of the disbursements against the Executing Agency's records, ensuring the timely recording in the accounting records, as per the chart of accounts of the project.
3. We verified the existence, validity, sufficiency and reliability of appropriate supporting documentation including contracts where applicable, in accordance with the procurement and internal control policies and procedures.
4. We verified receipt of payments by the beneficiary and evidence of such outlays in the Executing Agency's accounting records.
5. We verified receipt of goods and/or services in compliance with internal control policies.

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**INDEPENDENT AUDITORS' REVIEW OF PAYMENTS IN DISBURSEMENT  
REQUESTS  
(CONT'D)**

Below we report our findings with respect to payments, resulting from applying the above procedures:

1. With respect to procedure 1, we found that the file for the procurement to which the payments relate existed and contained documentation in accordance with specified policies and procedures.
2. With respect to procedure 2, we found that the disbursements were timely recorded in the accounting records, as per the chart of accounts of the project.
3. With respect to procedure 3, we found that the supporting documentation including contracts existed and were valid, sufficient and reliable in accordance with the procurement and internal control policies and procedures.
4. With respect to procedure 4, we found that all payments were received by beneficiaries and there was evidence of such outlays in the Executing Agency's accounting records.
5. With respect to procedure 5, we found that the receipt of goods and/or services was in compliance with internal control policies.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties, except for the IDB. This report relates only to the payments included in the disbursement requests specified above and does not extend to any financial statements of the Ministry of Education, Seamless Education System Programme-IDB Loan No. 2138/OC-TT taken as a whole.

*PKF*

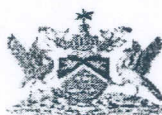
**27 January 2011  
Port of Spain  
Trinidad and Tobago**

**ANNEX**

**LIST OF DISBURSEMENT REQUESTS ISSUED TO THE IDB**

**For the year ended 30 September 2010**

<b>DISBURSEMENT REQUEST #</b>	<b>AMOUNT</b>	<b>DISBURSEMENT REQUEST DATE</b>	<b>IDB EFFECTIVE DATE</b>
3	\$191,073	14 September 2010	29 September 2010
4	\$76,463	14 September 2010	29 September 2010



**MINISTRY OF EDUCATION**  
**GOVERNMENT OF THE REPUBLIC OF TRINIDAD & TOBAGO**  
**Programme Coordinating & Implementation Unit**  
18 ALEXANDRA STREET, ST. CLAIR  
PORT-OF-SPAIN

Phone: (868)-628-5262

Fax: (868)-628-5461

**Attention: Mrs. Renee-Lisa Philip, Engagement Partner**

PKF Chartered Accountants and Business Advisors  
245 Belmont Circular Road  
Belmont,  
Port of Spain

January 27, 2011

**LETTER OF REPRESENTATION**

Dear Sir/Madam,

This representation letter is provided in connection with your audit of the financial statements of Seamless Education System Programme Coordinating and Implementation Unit - IDB Loan No. 2138/OC-TT for the year ended 30 September 2010 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, the financial position of the Seamless Education System Programme Coordinating and Implementation Unit IDB Loan no. 2138/OC-TT for the year ended 30 September 2010 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We confirm to the best of our knowledge and belief, having made enquiries as we considered necessary for the purpose of appropriately informing ourselves, that:

*Financial Statements*

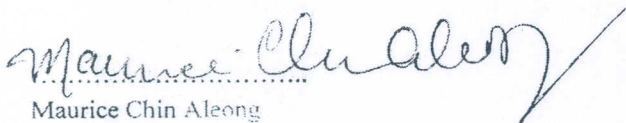
- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 17 August 2010 for the preparation of the financial statements in accordance with International Financial Reporting Standards; in particular the financial statements are fairly presented (or give a true and fair view) in accordance therewith.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. (ISA 540).
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standard (ISA 550).
- All events subsequent to the date of the financial statements and for which International Financial Reporting Standards require adjustments or disclosure have been adjusted or disclosed (ISO 560).
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter (ISA 450).

- Any other matters that the auditor may consider appropriate (see paragraph A1 of this ISA).

*Information Provided*

- We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment for the risk that the financial statements may be materially misstated as a result of fraud (ISA 240).
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - ✓ Management;
  - ✓ Employees who have significant roles in internal control; or
  - ✓ Others where the fraud could have a material effect on the financial statements (ISA 240)
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others (ISA 240).
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements (ISA 250).
- We have disclosed to you the identity of the entity's related parties and all related party relationships and transactions of which we are aware (ISA 550).
- Any other matters that the auditor may consider necessary (see paragraph A11 of this ISA).

Respectfully yours,



Maurice Chin Aleong

Programme Manager

Programme Coordinating & Implementation Unit

Ministry of Education