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& Business Advisors

10

**MINISTRY OF EDUCATION**

**SEAMLESS EDUCATION  
SYSTEM PROGRAMME**

**PROGRAMME COORDINATING AND IMPLEMENTATION UNIT**

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

**30 SEPTEMBER 2011**



Chartered Accountants  
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**MINISTRY OF EDUCATION**

**SEAMLESS EDUCATION SYSTEM PROGRAMME**

**PROGRAMME COORDINATING AND IMPLEMENTATION UNIT**

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

**TABLE OF CONTENTS**

<b>INDEPENDENT AUDITORS' OPINION .....</b>	<b>1</b>
<b>STATEMENT OF CASH FLOWS .....</b>	<b>3</b>
<b>STATEMENT OF CUMULATIVE INVESTMENTS .....</b>	<b>4</b>
<b>NOTES TO THE STATEMENTS OF CASH FLOWS AND CUMULATIVE INVESTMENTS .....</b>	<b>5</b>
<b>LIST OF FUNDS USED AND PENDING JUSTIFICATION .....</b>	<b>13</b>
<b>RECONCILIATION OF STATEMENT OF CUMULATIVE INVESTMENTS WITH THE STATEMENT OF CASH FLOWS - GORTT .....</b>	<b>15</b>
<b>RECONCILIATION BY CATEGORY OF INVESTMENT OF THE PROGRAMME'S RECORDS WITH THE IDB'S RECORDS .....</b>	<b>16</b>
<b>INDEPENDENT AUDITORS' REPORT ON SYSTEM OF INTERNAL CONTROL STRUCTURE .....</b>	<b>17</b>
<b>INDEPENDENT AUDITORS' REVIEW OF PAYMENTS IN DISBURSEMENT REQUESTS .....</b>	<b>19</b>
<b>LIST OF DISBURSEMENT REQUESTS ISSUED TO THE IDB .....</b>	<b>21</b>
<b>LETTER OF REPRESENTATION .....</b>	<b>22</b>





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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 2011.

### **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 2011, 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

17 January 2012  
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 2011  
(Expressed in United States Dollars)**

	<u>Year ended 30 September 2011</u>			<u>Year ended 30 September 2010</u>		
	<u>IDB</u>	<u>GORTT</u>	<u>Total</u>	<u>IDB</u>	<u>GORTT</u>	<u>Total</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
<b>Cash Received</b>						
Cumulative balance as at beginning of the period	410,309	-	410,309	-	-	-
<u>Activity for the year:</u>						
Advance	632,703	-	632,703	430,000	-	430,000
Revolving fund disbursements	-	-	-	191,073	-	191,073
Reimbursement of payments	-	-	-	76,463	-	76,463
Funds received from PSIP	-	402,971	402,971	-	206,181	206,181
Total Cash Received as at 30 September 2011	1,043,012	402,971	1,445,983	697,536	206,181	903,717
<b>Disbursements Made</b>						
<u>Activity for the year:</u>						
Disbursement Request #3	-	-	-	191,073	-	191,073
Disbursement Request #4	-	-	-	76,463	-	76,463
Disbursement Request #6	23,786	-	23,786	19,691	-	19,691
Disbursement Request #7	144,163	-	144,163	-	-	-
Disbursement Request #8	54,723	-	54,723	-	-	-
Return of Funds	720,340	-	720,340	-	-	-
Pending disbursement request #9	64,108	-	64,108	-	-	-
Other (PSIP)	-	402,971	402,971	-	206,181	206,181
Total Cash Disbursements as at 30 September 2011	1,007,120	402,971	1,410,091	287,227	206,181	493,408
Available Cash Balance as at 30 September 2011	35,892	-	35,892	410,309	-	410,309

*Linda Sahabo Marey*  
Project Accountant

*Jennifer Hussain*  
Programme Manager

*Jennifer Dault*  
Permanent Secretary (Ag.)

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 2011**  
**(Expressed in United States Dollars)**

**TOTAL EXPENDITURE**

	Accumulated as at 30 September 2010			For the year ended 30 September 2011			Accumulated as at 30 September 2011		
	<i>IDB</i>	<i>GOR TT</i>	<i>Total</i>	<i>IDB</i>	<i>GOR TT</i>	<i>Total</i>	<i>IDB</i>	<i>GOR TT</i>	<i>Total</i>
<b>1.0 Increased Access and Equity</b>									
1.1 Early Childhood Care and Education	96,405	-	96,405	1,390,768	246,967	1,637,735	1,487,173	246,967	1,734,140
1.2 Promoting Inclusiveness and Equity	-	-	-	-	-	-	-	-	-
	96,405	-	96,405	1,390,768	246,967	1,637,735	1,487,173	246,967	1,734,140
<b>2.0 Improved Quality and Relevance</b>									
2.1 Primary Education (Curriculum)	24,415	511	24,926	89,771	52,984	142,755	114,186	53,495	167,681
2.2 Testing and Assessment	105,590	15,679	121,269	36,306	97	36,403	141,896	15,776	157,672
2.3 Spanish as the First Foreign Language	30,200	-	30,200	-	-	-	30,200	-	30,200
	160,205	16,190	176,395	126,077	53,081	179,158	286,282	69,271	355,553
<b>3.0 Sector Management and Project Administration</b>									
3.1 MOE Strengthening	3,064	-	3,064	108,166	-	108,166	111,230	-	111,230
3.2 Professional Development	-	-	-	-	-	-	-	-	-
3.3 Project Administration	173,945	185,810	359,755	101,777	102,923	204,700	275,722	288,733	564,455
	177,009	185,810	362,819	209,943	102,923	312,866	386,952	288,733	675,685
<b>4.0 Sensitization and Social Communication</b>									
4.1 Sensitization and Social Communication (Components 1 & 2)	19,484	4,181	23,665	110,760	-	110,760	130,244	4,181	134,425
	19,484	4,181	23,665	110,760	-	110,760	130,244	4,181	134,425
<b>5.0 Monitoring and Evaluation</b>									
5.1 Component Monitoring and Evaluation	-	-	-	-	-	-	-	-	-
5.2 Mid-term and Final Evaluation	-	-	-	-	-	-	-	-	-
5.3 Audit	-	-	-	25,520	-	25,520	25,520	-	25,520
	-	-	-	25,520	-	25,520	25,520	-	25,520
<b>6.0 Contingency</b>									
	-	-	-	-	-	-	-	-	-
<b>Total</b>	453,103	206,181	659,284	1,863,068	402,971	2,266,039	2,316,171	609,152	2,925,323
<b>Percentage</b>	69%	31%	100%	80%	17%	100%	79%	21%	100%

*Inda Jolobato Nkay*  
Project Accountant

*Jeanette Duran*  
Programme Manager

*Jeanne David*  
Permanent Secretary (Ag.)

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**

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

**30 September 2011**

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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).

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

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

**30 September 2011**

---

**(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.



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

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

**30 September 2011**

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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.

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

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

**30 September 2011**

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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.



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

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

**30 September 2011**

**3. AVAILABLE CASH BALANCE**

The available cash balance as of 30 September 2011 in the programme's bank accounts, which includes earned interest income and exchange rate earnings was:

	<b>Balance as at 30 September 2011 US\$</b>
Central Bank of Trinidad and Tobago – (Account #01-20720-018-00-00-00)	35,795
Add:	
Bank charges to be reimbursed to the IDB with respect to payments to Stichting IEA Secretariat Nederland, Amsterdam – The Netherlands re:- Progress in International Reading Study (PIRLS) 2008-2011	<u>97</u>
Available Cash Balance as at 30 September 2011	35,892
Add: Funds used and pending justification	
Expenditures not yet submitted to the IDB for justification of the use of the Revolving Fund resources (DR #9)	<u>64,108</u>
Total outstanding Revolving Fund	100,000
Revolving Fund balance as per IDB Executive Financial Summary (LMSI) Report as at 30 September 2011	<u>100,000</u>
<b>Difference</b>	<u><u>-</u></u>

During the fiscal year 2011, available earned interest income equated US \$NIL and exchange rate earnings amounted to US \$NIL.

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

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

**30 September 2011**

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**4. ADVANCES PENDING JUSTIFICATION**

At 30 September 2011, the amount pending justification to the IDB amounted to **US\$1,800,232.81**, which represented the following disbursement requests still to be processed.

- Pending replenishment of Revolving Fund – Disbursement Request No. 9 – **US\$64,107.92**
- Pending reimbursement of payments – Disbursement Request No. 10 – **US\$1,736,124.89**

**5. REVOLVING FUND**

In accordance with loan contract No. LO 2138/OC-TT, a revolving fund equivalent to 5% of the loan was established at the Central Bank of Trinidad and Tobago. Due to the slow pace of implementation of activities, it was agreed with the Inter-American Development Bank (IDB) that the amount of **US\$720,340** should be returned until project activity increased. The balance stood at **US\$35,795** as of 30 September 2011.

**6. LOCAL COUNTERPART FUNDS**

In the 2011 Public Sector Investment Programme (PSIP), the Government of the Republic of Trinidad and Tobago (GORTT) allocated a total of approximately **US\$4,761,905**, to the SES Programme. The IDB's actual expenditure for the period is in the amount of **US\$142,617**. However, an additional amount was incurred of **US\$1,720,451** to be repaid to the GORTT. The Local Counterpart Contribution was **US\$402,971**. To date the cumulative amount is **US\$2,316,171** IDB (79%) and **US\$609,152** GORTT (21%) as at 30 September 2011.



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

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

**30 September 2011**

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**7. PROCUREMENT OF GOODS AND SERVICES**

During the period 1 October 2010 to 30 September 2011, the Programme Coordinating & Implementation Unit (PC&IU) together with the Technical Advisor to the Minister of Education began a process whereby all activities under the SES Programme were re-defined and re-profiled. This process resulted in a delay of some consultancies as their Terms of Reference were broadened and consolidated with others under the SES Programme. The PC&IU also hosted one (1) national and seven (7) district consultations on the primary school curriculum with the major stakeholders under this initiative. During the period July and September 2011, the Education Facilities Company Limited (EFCL) began the process of tendering and awarding contracts to twelve (12) contractors who were to build twenty-four (24) Early Childhood Care and Education (ECCE) Centres under the first phase of the construction programme. The PC&IU also continued to acquire equipment for itself and other MOE Units and Divisions that the loan agreement identified to assist with the overall implementation of the SES programme.

Description of Item	Quantity	Total Cost US\$
Digital copiers	3	15,074.30
B&W printers	4	2,679.97
Scanners	2	367.83
Laptops	5	7,457.38
Colour printers	6	8,102.96
Desktop computers	20	17,823.53
<b>TOTAL</b>		<b>51,505.97</b>

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

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

**30 September 2011**

**8. INVESTMENT CATEGORIES**

<b>Categories</b>	<b>IDB US\$</b>	<b>GORTT US\$</b>	<b>Total US\$</b>
1. Increased access and equity	1,487,173	246,967	1,734,140
2. Improved quality and relevance	286,282	69,271	355,553
3. Sector management and project administration	386,952	288,733	675,685
4. Sensitization and social communication	130,244	4,181	134,425
5. Monitoring and evaluation	25,520	-	25,520
6. Contingency	-	-	-
<b>Total</b>	<b>2,316,171</b>	<b>609,152</b>	<b>2,925,323</b>
<b>Percentage</b>	<b>79%</b>	<b>21%</b>	<b>100%</b>

**9. DISBURSEMENTS MADE**

Disbursement Request No. 6	US\$ 23,786
Disbursement Request No. 7	US\$144,163
Disbursement Request No. 8	<u>US\$ 54,723</u>
<b>Total</b>	<b><u>US\$222,672</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 2011

Investment Category No.	Supplier or Contractor Name	Description of Item	Amount US\$
Sector Management	Jewan Ramcharitar	Technical assistance and advisory support to the Ministry of Education.	13,650
Sector Management	Jewan Ramcharitar	Technical assistance and advisory support to the Ministry of Education.	14,300
Sector Management	Jewan Ramcharitar	Technical assistance and advisory support to the Ministry of Education.	26,650
Sensitization and Social Marketing	Andre Chang	Special assignment to the National Consultation.	1,866
Monitoring and Evaluation	PKF Chartered Accounts and Business Advisors	Final payment which is 30% of audit fee of the Project – year ended 30 September 2010.	<u>7,642</u>
Total			<u><u>64,108</u></u>

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

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

**(Expressed in United States Dollars)**

**30 September 2011**

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	<u><b>US\$</b></u>
Disbursements made as per Statement of Cash Flows	1,007,120
Add/(Less) Reconciling items:	
Return of Funds	(720,340)
Pending expense reimbursement request No. 10	1,736,124
Disbursement request No. 7 (prior year)	<u>(159,836)</u>
Disbursements as per Statement of Cumulative Investments	<u><b>1,863,068</b></u>



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

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

**(Expressed in United States Dollars)**

**30 September 2011**

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	<u><b>US\$</b></u>
Payments per Statement of Cash Flows	<u>402,971</u>
Amount as per Statement of Cumulative Investments	<u><u><b>402,971</b></u></u>

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

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

For the year ended 30 September 2011

(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 (LMSI Executive Financial Summary)				
<b>1. Increased Access and Equity</b>						
1.1 Early Childhood Care Education	1,487,173	105,454	1,381,719	Pending disbursement request #10 - Mobilisation fees re: Education Facilities Company Limited with respect to payment of contractors for phase 1 of ECCE construction. Submitted to the IDB after 30th September, 2011.	1,381,719	1,381,719
1.2 Promoting inclusiveness and equity	-	-	-		-	-
	1,487,173	105,454	1,381,719			1,381,719
<b>2. Improved Quality and Relevance</b>						
2.1 Primary education (Curriculum)	114,186	24,415	89,771	Pending disbursement request #10 with respect to payments made to various suppliers /contractors for the District Consultations on the Primary School curriculum. Submitted to the IDB after 30th September 2011	89,771	89,771
2.2 Testing and assessment	141,896	141,896	-		-	-
2.3 Spanish as the first foreign language	30,200	30,200	-		-	-
	286,282	196,511	89,771			89,771
<b>3. Sector Management and Project Administration</b>						
3.1 MOE strengthening	111,230	56,630	54,600	Pending disbursement request #9 with respect to payments made for Technical Advisory Support services to the Minister of Education. Submitted to the IDB after 30/09/11	54,600	54,600
3.2 Professional development	-	3,762	(3,762)			
3.3 Project administration	275,722	116,220	159,502	Pending disbursement request #10 with respect to salaries for the Programme Manager, Financial Specialist, Procurement Specialist and Tech. Assistant to Financial Specialist. Submitted to the IDB after 30th September, 2011.	155,740	155,740
	386,952	176,612	210,340			210,340
<b>4. Sensitization and Social Communication</b>						
4.1 Sensitization and social communication (Components 1 and 2)	130,244	19,484	110,760	Pending disbursement request #9 in favour of Andre Chang for services rendered to the National Consultation on the Primary School curriculum. Submitted after 30/9/11	1,866	1,866
	130,244	19,484	110,760	Pending disbursement request #10 with respect to payments made to various suppliers/contractors for the National Consultations on the Primary School curriculum. Submitted to the IDB after 30th September, 2011	108,894	108,894
						110,760
<b>5. Monitoring and Evaluation</b>						
5.1 Component monitoring and evaluation	-	-	-			
5.2 Mid term and final evaluation	-	-	-			
5.3 Audit	25,520	17,878	7,642	Pending disbursement request #9 in favour of PKF Chartered Accountants and Business Advisors for audit services rendered to the PC&IU for the year ended 30 September 2010. Submitted to the IDB after 30th September, 2011	7,642	7,642
	25,520	17,878	7,642			7,642
<b>6. Contingency</b>	-	-	-		-	-
<b>Totals</b>	2,316,171	515,939	1,800,232		1,800,232	1,800,232





Chartered Accountants  
& Business Advisors

## **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 2011 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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Email [pkf-trinidad@trinidad.net](mailto:pkf-trinidad@trinidad.net)

PKF | 245 Belmont Circular Road | PO Bag 250 | Belmont | Port-of-Spain | Trinidad | WI

Partners Ainsley A. Mark | Michael G. Toney | Renéé-Lisa Philip | Mark K. Superville





Chartered Accountants  
& Business Advisors

**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 2011, 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*

**17 January 2012  
Port of Spain  
Trinidad and Tobago**



**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****17 January 2012  
Port of Spain  
Trinidad and Tobago**



**ANNEX**

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

**For the year ended 30 September 2011**

<b>DISBURSEMENT REQUEST #</b>	<b>AMOUNT</b>	<b>DISBURSEMENT REQUEST DATE</b>	<b>IDB EFFECTIVE DATE</b>
6	\$ 23,786	4 December 2010	20 December 2010
7	\$ 144,163	8 December 2010	20 December 2010
8	\$ 54,723	7 April 2011	1 July 2011

## LETTER OF REPRESENTATION

(Entity Letterhead)

(To Auditor)

(Date)

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 2011 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 2011 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 \_\_\_\_\_, 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 Standards (ISA 550).
- All events subsequent to the date of the financial statements and for which International Financial Reporting Standards require adjustment or disclosure have been adjusted or disclosed (ISA 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 the 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).



**MINISTRY OF EDUCATION**  
**GOVERNMENT OF THE REPUBLIC OF TRINIDAD & TOBAGO**  
**Programme Coordinating & Implementation Unit (SES)**  
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 17, 2012

**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 2011 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 2011 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 23 September 2011 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).
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- 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).

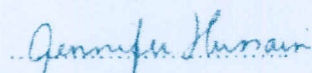


- Any other matters that the auditor may consider appropriate (see paragraph A1 of this ISA).

#### *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
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- 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).
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- 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,



Jennifer Hussain

Director of Educational Planning/  
Technical Coordinator – Sector Management  
Programme Coordinating & Implementation Unit  
Ministry of Education