

Ministry of Finance
Support to Strengthen Trinidad and
Tobago's Public Financial Management
System
Loan Contract No: 3473/OC-TT
Audited Special Purpose Financial Statements
For the year ended September 30, 2019

Ministry of Finance
Support to Strengthen Trinidad and Tobago's Public Financial Management System

Audited Special Purpose Financial Statements
For the year ended September 30, 2019
(Expressed in United States dollars)

Contents

	Page(s)
Independent Auditors' Report	2-3
Statement of financial position	4
Statement of cumulative investments	5
Statement of cash flows	6
Notes to the financial statements	7-12
Supplementary Financial Information (Expressed in Trinidad and Tobago Dollars)	
Independent Auditors' Report on the Supplementary Financial Information	14
Statement of financial position	15
Statement of cumulative investments	16

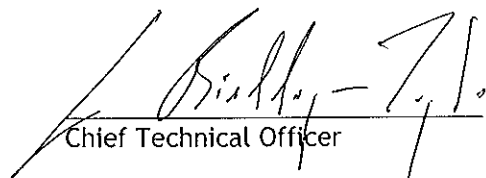
Ministry of Finance
Support to Strengthen Trinidad and Tobago's Public Financial Management System

Statement of Financial Position
As at September 30, 2019
(Expressed in United States dollars)

	Notes	2019
Assets		
Current assets		
Cash at bank	3	1,005,104
		1,005,104
Long term assets		
Cumulative investments	4	4,773,433
		4,773,433
Total assets		\$5,778,537
Liabilities		
Long term liabilities		
Inter-American Development Bank loan funds	5	5,778,537
Total liabilities		\$5,778,537

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

Approved on January 30, 2020, on behalf of the Management of Ministry of Finance- Public Financial Management Modernization Project.


Chief Technical Officer


Permanent Secretary

Ministry of Finance
Support to Strengthen Trinidad and Tobago's Public Financial Management System

Statement of Cumulative Investments
For the year ended September 30, 2019
(Expressed in United States dollars)

	2019
1. Direct costs	
1.1. Component I Support for Integrated Financial Management Information System	137,403
1.2. Component II Support for Integrated Financial Management Information System	3,849,637
	3,987,040
2. Project administration	785,393
Total cumulative investments/expenditure	\$4,773,433

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

Ministry of Finance
Support to Strengthen Trinidad and Tobago's Public Financial Management System

Statement of Cash Flows
For the year ended September 30, 2019
(Expressed in United States dollars)

	2019
Cash received	
Disbursements	
Inter-American Development Bank advances	3,642,406
	3,642,406
Disbursements made	
Payments for goods and services	
From Inter-American Development Bank advances	(3,078,559)
	(3,078,559)
Net increase in cash at bank for the year	563,847
Cash at bank as at beginning of year	441,257
Cash at bank as at end of year	\$1,005,104

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

Ministry of Finance
Support to Strengthen Trinidad and Tobago's Public Financial Management System

Notes to the Financial Statements
For the year ended September 30, 2019
(Expressed in United States dollars)

1. Description of the Project

The general objective of the Support to Strengthen Trinidad and Tobago's Public Financial Management System (the "Project") is to improve the efficiency and effectiveness of the Government of Trinidad and Tobago to allocate public resources. Its specific objectives are to improve:

- The Allocation of public resources, by improving the efficiency in the preparation, execution, monitoring and reporting on the budgetary operations of the Central Government;
- The control and stewardship of public resources, by improvement in the Internal Audit Function and centralized monitoring of financial aggregates; and
- Information management for decision making.

In order to achieve the above objectives, the project will implement the following two components:

Component I. Support for Public Financial Management Modernisation

This component seeks to modernise the Public Financial Management ("PFM") procedural and legal framework for budget preparation and execution and includes the following activities:

- Development and implementation of a new budget classification based on a Government Finance Statistics ("GFS") - compliant Chart of Accounts and a treasury accounting framework that complies with International Public-Sector Accounting Standards
- Development and implementation of a change management strategy
- Development and implementation of institutional instruments to sustain PFM modernization efforts
- Design and implementation of an Internal Audit framework to improve PFM control, transparency and reporting
- Review of the PFM legal framework and preparation of recommendations to strengthen the framework.
- Business process reengineering for budget preparation and execution processes.

Component II. Support for Implementation of an Integrated Financial Management Information System ("IFMIS")

This component seeks to improve information management for PFM through the implementation of the IFMIS and includes the following activities:

- Establishment of a centralized information technology ("IT") governance framework within the Ministry of Finance
- Implementation of a Commercial off-the-shelf integrated financial management solution with government-wide coverage, including customization, data migration and integration services.

In addition to the above implementation activities, the project financing provides for project management support and project evaluation activities.

Ministry of Finance
Support to Strengthen Trinidad and Tobago's Public Financial Management System

Notes to the Financial Statements
For the year ended September 30, 2019
(Expressed in United States dollars)

1. Description of the Project (continued)

The estimated eventual cost of the project is \$40 million to be fully financed by loan resources secured from the Inter-American Development Bank ("IDB") and is distributed in the project cost categories as follows:

Investment category/sub-category	Approved loan amount	
	Original	Current
1. Direct costs		
1.1. Component I Support PFM Modernisation	8,506,000	3,568,440
1.2. Component II Support for Implementation of an IFMIS	28,251,803	14,849,541
	36,757,803	18,417,981
2. Project administration	1,060,000	1,754,549
3. Evaluation	120,000	170,000
4. Contingency	2,062,197	2,205,137
5. Unallocated funds	-	17,452,333
Total expenditure	\$40,000,000	\$40,000,000

The Executing Agency for the Project is the Ministry of Finance which is implementing the Project through the Public Financial Management Modernization Unit ("PFMMU"), a special purpose unit established within the Ministry. The PFMMU also serves as the Project Implementation Unit for the Project.

2. Significant accounting policies

The special purpose financial statements have been prepared using the cash basis of accounting, recognizing revenue when the cash is received and recognizing expenses when the cash has been disbursed. International Public Sector Accounting Standards ("IPSAS") have been applied to circumstances such as those discussed in chapter *Cash Basis IPSAS: Financial Reporting under the Cash Basis of Accounting*

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Foreign currency translation

(a) Functional and presentation currency

Items found in the financial statements of the Project are measured using the currency of the primary economic environment in which the Project operates ("the functional currency"). These financial statements are presented in United States dollars ("US\$") which is the Project's functional and presentation currency.

(b) Transactions and balances

The Project's accounting records are maintained in Trinidad and Tobago dollars, but bank statements are prepared and reported by the Central Bank of Trinidad and Tobago ("CBTT") in both Trinidad and Tobago dollars ("TT\$") and US\$. For both cash receipts and payments, the exchange rate used for conversion is the rate implied from the CBTT conversion to the local currency equivalency in the TT\$ statements. Any exchange rate gain or loss that results from differences in the exchange rate when funds are converted to local currency to make payments for eligible expenses is accounted for as an exchange rate differential charged to Bank financing.

Ministry of Finance
Support to Strengthen Trinidad and Tobago's Public Financial Management System

Notes to the Financial Statements
For the year ended September 30, 2019
(Expressed in United States dollars)

2. Significant accounting policies (continued)

2.1 Foreign currency translation (continued)

(b) Transactions and balances (continued)

At the end of each month, the TT\$ bank balances are adjusted for any differences arising from applying the mid-rate on the last day of the month to the US\$ balance on that date. Such adjustments are treated as unrealized gains or losses.

3. Cash in bank

The available cash balance is held in the Project's bank account at the CBTT. The balance at September 30, 2019, is as follows:

	Current
CBTT bank account no. 20720--77	\$1,005,104

The account in which the advance is deposited in the CBTT is non-interest-bearing.

4. Cumulative Investments

See *Statement of Cumulative Investments* for details.

5. Inter-American Development Bank loan funds

The following is the status of disbursements received from the IDB as at the reporting date:

No	Type	Disbursement	Date	2019
1	Advance		June 29, 2017	2,000,000
2	Reimbursement		June 29, 2017	103,531
3	Reimbursement		November 27, 2017	32,600
4	Advance		November 28, 2018	3,642,406
				<u>\$5,778,537</u>

6. Advances pending justification

As at September 30, 2019, the amount of the advance pending justification was \$948,840 which represented expenditures incurred utilizing resources from the advance but not yet justified. These were justified subsequent to the year-end.

To date, no project expenditures have been deemed ineligible.

7. Advances and justification

On June 29, 2017, the first and, to date, only advance of US\$2,000,000 was disbursed to the project by the Bank.

	2019
Balance as at October 1, 2018	441,257
Advances received and recorded	3,642,406
Actual expenditure	(3,078,559)
<u>Balance as at September 30, 2019</u>	<u>\$1,005,104</u>

Ministry of Finance
Support to Strengthen Trinidad and Tobago's Public Financial Management System

Notes to the Financial Statements
For the year ended September 30, 2019
(Expressed in United States dollars)

8. Contractual obligations

On September 6, 2018, a fixed-cost turnkey contract for \$13,711,666 plus VAT of \$1,078,831 was awarded to FreeBalance Inc. for the implementation of an Integrated Financial Management Information System. All other contracts executed during the reporting period were in respect of administration. All contracts were executed in US\$.

At September 30, 2019, future financial obligations in respect of existing contractual agreements were as follows:

	2019
1.2. Direct costs - IFMIS implementation	11,203,066
2. Administration	75,167
	<hr/>
	\$11,278,233

Ministry of Finance

Support to Strengthen Trinidad and Tobago's Public Financial Management System

Notes to the Financial Statements
For the year ended September 30, 2019
(Expressed in United States dollars)

9. Reconciliation by investment categories between the Project's records and the IDB's records

Investment category	Current approved loan amount	PFMMU		Expenditures pending justification	IDB available balance per LMS reports
		Expenditures	Available balance PFMMU		
1. Direct costs					
1.1. Support PFM Modernisation	3,646,560	131,269	3,515,291	72,260	3,587,551
1.2. Implementation of IFMIS	32,089,803	3,847,599	28,242,204	798,549	29,040,753
2. Project administration	35,736,363	3,978,868	31,757,495	870,809	32,628,304
3. Evaluation	1,888,500	794,565	1,093,935	78,031	1,171,966
4. Contingency	170,000	-	170,000	-	170,000
	2,205,137	-	2,205,137	-	2,205,137
Total expenditure	\$40,000,000	\$4,773,433	\$35,226,567	\$948,840	\$36,175,407

10. Contingencies

There were no known contingencies at the reporting date.

11. Interest and credit fees

Interest and credit fees are not accounted for by this Project, but the current status of payments made are disclosed here for information purposes only.

According to the financing agreement, the payment of interest and credit fees are due twice annually by May 15th and November 15th respectively. The current status of payments made to the IDB in respect of the debt service charges on the financing for this Project is as follows:

	2019
Interest paid	183,732
Credit fees paid	422,051
	\$605,783

Ministry of Finance
Support to Strengthen Trinidad and Tobago's Public Financial Management System

Notes to the Financial Statements
For the year ended September 30, 2019
(Expressed in United States dollars)

12. VAT paid

	2019
Quarter ended December 31, 2018	906
Cumulative payments to date	\$906

13. Reconciliation of Fiscal Space/Vote Book to the Project

	2019
Vote Book as at October 1, 2018	1,694,875
Balance as per the Project	1,694,875
Difference	-
Voted:	
IDA #01-15	2,270,569
Total Vote Book as at September 30, 2019	2,270,569
Not voted:	
Vote Book fiscal 2019 IDA #16	57,066
Vote Book fiscal 2019 IDA #17	750,924
Total expenditure as at September 30, 2019	3,078,559
Total expenditure as per the Project	\$4,773,434

14. Subsequent events

The Project has evaluated subsequent events from October 1, 2019, through to January 30, 2020, the date the financial statements were available to be issued. During this period, the Project did not have any subsequent events requiring recognition or disclosure in the financial statements.

Ministry of Finance
Support to Strengthen Trinidad and
Tobago's Public Financial Management
System
Loan Contract No: 3473/OC-TT
Supplementary Financial Information
(Expressed in Trinidad and Tobago Dollars)
For the year ended September 30, 2019

Ministry of Finance
Support to Strengthen Trinidad and Tobago's Public Financial Management System

Statement of Financial Position
As at September 30, 2019
(Expressed in Trinidad and Tobago dollars)

	Notes	2019
Assets		
Current assets		
Cash at bank	3	6,742,740
		6,742,740
Long term assets		
Cumulative investments	4	32,022,575
		32,022,575
Total assets		\$38,765,315
Liabilities		
Long term liabilities		
Inter-American Development Bank loan funds	5	38,765,315
Total liabilities		\$38,765,315

Translation rate used - US\$1.00: TT\$6.73

Ministry of Finance
Support to Strengthen Trinidad and Tobago's Public Financial Management System

Statement of Cumulative Investments
For the year ended September 30, 2019
(Expressed in Trinidad and Tobago dollars)

	2019
1. Direct costs	
1.1. Component I Support for Integrated Financial Management Information System	931,833
1.2. Component II Support for Integrated Financial Management Information System	25,918,644
	26,850,477
2. Project administration	5,287,855
3. Unrealised gain on foreign exchange	(115,757)
Total cumulative investments/expenditure	\$32,022,575

Translation rate used - US\$1.00: TT\$6.73