

KIRIBATI AUDIT OFFICE



P.O BOX 63
Bairiki, Tarawa
Kiribati

Tel1: (686)75021118
Tel2: (686)75021335
Email: support@kao.gov.ki

Audit for an impact for the public

Independent Auditor's Report

To the readers of Pacific Regional Connectivity Project' Financial Statements for the year ended 31 December 2021

I have audited the financial statements of the **Pacific Regional Connectivity Project (PRCP)** which comprised of the Statement of Cash Receipts and Cash Payments as of 31 December 2021, and a summary of significant accounting policies and other explanatory information.

The auditing was carried out in accordance with the Project Financing Agreement.

Management's Responsibilities

The PRCP' Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibilities

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

- I also, identify and assess the risks of material misstatement of the South Tarawa Water Supply Project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks, of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional, omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management of the Project.

Communication with those charged with governance

I communicate with the Secretary: Ministry of Information, Communication and Transport Development, Manager of Kiribati Fiduciary Services Unit (KFSU) and Project Manager: PRCP regarding, among other matters, the planned scope and timing of the audit and audit findings that I identified during my audit.

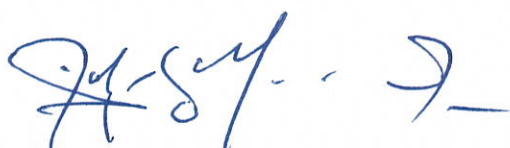
Unqualified Audit Opinion

In my opinion, the Financial Statements of Pacific Regional Connectivity Project' (PRCP) and appended notes, present fairly in all material respects, the Cash Receipts and Disbursements of the Project for the year ended 31 December 2021, in accordance with Modified Cash Basis and that Expenditures have been applied to the purposes intended for in the Grant agreements and within the project's budget.

The audit was completed on 11 October 2022 and was the date at which my opinion was expressed.

Independence

When carrying out the audit I followed the independence requirements stipulated under Section 114 (4) of the Kiribati constitution and the requirements of the international Standards of Auditing.



Mr. Eriati Tauma Manaima
Auditor General
Kiribati Audit Office

11 October 2022



**PACIFIC REGIONAL CONNECTIVITY PROGRAM PHASE 4
KI: CONNECTIVITY PROJECT**

**Funded by:
International Development Association - IDA**

**FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

Government of Kiribati
Financial Statements for the Pacific Regional Connectivity Program Phase 4
(IDA Grant No. D1870)
For the Year Ended 31 December 2021

PACIFIC REGIONAL CONNECTIVITY PROGRAM PHASE 4

Contents

Introduction	2
Statement of Receipts and Payments Summary	3
Statement of Funds Received by Source	4
Statement of Funds Paid by Category	5
Statements of Balances	6
Notes to the Financial Statements	7

Government of Kiribati
Financial Statements for the Pacific Regional Connectivity Program Phase 4
(IDA Grant No. D1870)
For the Year Ended 31 December 2021

PACIFIC REGIONAL CONNECTIVITY PROGRAM PHASE 4: KI: CONNECTIVITY PROJECT

The Financial Reports for the project for its third year of implementation ending 31 December 2021 are being presented for auditing.

In compliance with the project agreements the audit report is required to be submitted to the World Bank by 30 June 2022, and we would request your kind offices if the auditing could be completed by the due date.

All financial records for the project are held within the Kiribati Fiduciary Services Unit at the Ministry of Finance & Economic Planning.



Meere Karotu
Project Manager
Connectivity Project



Maaman Ioakim
Officer In Charge
Ministry of Finance

Date: 27 June 2022

Government of Kiribati
Financial Statements for the Pacific Regional Connectivity Program Phase 4
(IDA Grant No. D1870)
For the Year Ended 31 December 2021

**Statement of Cash Receipts
and Payment Summary**

Account Description	Note	2021	Prior Years	Cumulative
CASH RECEIPTS				
IDA D1870 (GRTD)	1	-	462,290.64	462,290.64
Designated Accounts (DA)				
IDA D1870 (GRTD)	2	534,829.34	1,538,051.89	2,072,881.23
Total Cash Receipts		<u>534,829.34</u>	<u>2,000,342.53</u>	<u>2,535,171.87</u>
CASH PAYMENTS (Per Grant Component)				
	3			
IDA D1870 (GRTD)		433,331.76	1,486,116.39	1,919,448.15
DIRECT PAYMENTS				
IDA D1870 (GRTD)		-	462,290.64	462,290.64
Total Payments		<u>433,331.76</u>	<u>1,948,407.03</u>	<u>2,381,738.79</u>
NET CASH RECEIPTS		101,497.58	51,935.50	153,433.08
Imprest		-	(1,315.56)	(1,315.56)
Receivable		25,968.96		26,824.52
Payable		16,638.81		16,638.81
NET CHANGE IN CASH		<u>92,617</u>	<u>50,619.94</u>	<u>152,578.18</u>
Ending Cash Balances	4			

Government of Kiribati
Financial Statements for the Pacific Regional Connectivity Program Phase 4
(IDA Grant No. D1870)
For the Year Ended 31 December 2021

IDA D1870 (GRTD)	92,167	50,619.94	152,578.18
	<u>92,167</u>	<u>50,619.94</u>	<u>152,578.18</u>

Government of Kiribati
Financial Statements for the Pacific Regional Connectivity Program Phase 4
(IDA Grant No. D1870)
For the Year Ended 31 December 2021

Statement of Funds received by Source

Note 2
Designated Account
IDA D1870 (GRTD)

WB/Trans No	Application						
	Borrower Reference	Beneficiary Name	Beneficiary Account	Type	Ccy	Appl Pymt Amt	Appl Doc Amt
18	WA 21 - 03	KIRIBATI - PACIFIC REGIONAL	1095414	DA-A	AUD	199,705.76	199,705.76
17	WA 21 - 02	KIRIBATI - PACIFIC REGIONAL	1095414	DA-A	AUD	122,398.83	122,398.83
16	WA 21 - 01	KIRIBATI - PACIFIC REGIONAL	1095414	DA-A	AUD	161,644.15	161,644.15
15	WA 20-04	KIRIBATI - PACIFIC REGIONAL	1095414	DA-A	AUD	138,988.88	138,988.88
14	WA 20-03	KIRIBATI - PACIFIC REGIONAL	1095414	DA-A	AUD	184,445.46	184,445.46
13	DP 2002	E-GOVERNANCE ACADEMY	22 1021 99 9539	Direct Payment	USD	149,772.25	149,772.25
12	WA 20-02	KIRIBATI - PACIFIC REGIONAL	1095414	DA-A	AUD	131,475.01	131,475.01
11	WA 20-01	KIRIBATI - PACIFIC REGIONAL	1095414	DA-A	AUD	73,483.36	73,483.36

Government of Kiribati
Financial Statements for the Pacific Regional Connectivity Program Phase 4
(IDA Grant No. D1870)
For the Year Ended 31 December 2021

10	DP 2001(A)	E-GOVERNANCE ACADEMY	22 1021 99 9539	Direct Payment	USD	94,593.00	94,593.00
9	WA 1903	KIRIBATI - PACIFIC REGIONAL	1095414	DA-A	AUD	198,581.71	198,581.71
8	WA 1902	KIRIBATI - PACIFIC REGIONAL	1095414	DA-A	AUD	107,142.27	107,142.27
7	DP 1901	M WEBB LIMITED	241440USD00001	Direct Payment	USD	76,120.00	76,120.00
6	WA 1901	KIRIBATI - PACIFIC REGIONAL	1095414	DA-A	AUD	154,740.67	154,740.67
5	WA18-02(A)	KIRIBATI - PACIFIC REGIONAL	1095414	DA-A	AUD	85,879.14	85,879.14
4	WA18-01	KIRIBATI - PACIFIC REGIONAL	1095414	DA-A	AUD	163,315.39	163,315.39
2	PPF - Prin Reinstate			Direct Payment	USD	0.00	0.00
3	PPF - Charge Reinsta			Direct Payment	USD	0.00	0.00
1	PPF - DA Reinstate			DA-A	AUD	300,000.00	0.00
0	DP 2001			Reimbursement	USD	94,593.00	0.00

Total WA 2021 483,748.74
B/f balance 51080.6

534,829.34

Government of Kiribati
Financial Statements for the Pacific Regional Connectivity Program Phase 4
(IDA Grant No. D1870)
For the Year Ended 31 December 2021

STATEMENT OF FUNDS PAID BY COMPONENT (AUD)

Note 3

	2021 IDA	Prior Year IDA	Cumulative Total
Component 1 - Submarine Cable System	-	7,863	7,863
6104- Kiribati national works	-	7,863	7,863
Component 2 - Technical Assistant	108,774	410,931	489,166
6204 - Legal & Transactional TA	56,652	320,395	377,047
6207 - ICT Technical Specialist	-	9,675	9,675
6208 - ICT Policy & E Transaction	21,583	80,861	102,444
6209 - AMP support - EMC	30,539		
Component 3 - Project Management & Admin	324,558	1,067,322	1,391,880
6303 - Bwebweriki Net Ltd - CEO	119,973	194,654	314,627
6304 - IOC	66,036	664,012	730,048
6307 - Recording officer		- 9,714	9,714
6305 - BNL - Finance Specialist	26,875	21,707	48,582
6308 - Fin. & Admin Project Mgt	48,152	64,045	112,197
6309 - Accountant	34,938	106,156	141,094
6311 - Bank charges	1,709	419	2,128
6313 - BNL - Technical Officer	26,875	6,615	33,490
TOTAL	433,332	1,486,116	1,888,909

Government of Kiribati
Financial Statements for the Pacific Regional Connectivity Program Phase 4
(IDA Grant No. D1870)
For the Year Ended 31 December 2021

STATEMENT OF BALANCES (AUD)
For the Period Ended December 31, 2021

Note 4			2021	2020
Designated Account Balance - IDA			92,167	51,080.60
Bank Reconciliation at 31 December 2021				
Balance as per Bank Statement			92,251.17	239,936.96
Less: Unpresented Cheques	29-09-2018	215263	84.38	84.38
	30-11-2020	1501294		5,872.61
	30-11-2020	1501293		4,944.24
	30-12-2020	1501301		2,102.88
	30-12-2020	1501300		597.60
	31-12-2020	1501302		2,469.69
				16,071.40
			92,167	239,936.96
			2021	2020
Receivables			2021	2020
Riteti Maninraka			460.00	1315.56
Receivable - PROP			25,508.96	
			25,968.96	
Payable				460
Tax Payable			7,509.12	
KPF Payable			9,129.69	
Total Payable			16,638.81	
Total			16,638.81	-

Government of Kiribati
Financial Statements for the Pacific Regional Connectivity Program Phase 4
(IDA Grant No. D1870)
For the Year Ended 31 December 2021

Notes to the Financial Statements

BACKGROUND

1. The Pacific Regional Connectivity Program Phase 4 (the Project) officially commenced in May 31, 2017, being the date of WB effectiveness of the IDA grant. The closing date is currently set as November 30, 2022.

The Project is funded by the World Bank through the International Development Association (IDA) national and regional financing of US\$20 million equivalent, the proposed financing will be allocated to the Project to support Kiribati's participation in the EMC system, plus associated technical assistance and Project management support.

OBJECTIVES

2. The objective of the Project is to reduce the cost and increase the availability of internet services in Kiribati.

PROJECT IMPLEMENTATION & ADMINISTRATION

3. The Project is coordinated by two implementing Entities, the Ministry of Information, Communication, Transport & Tourism Development (MICTTD) and the New State Owned Entity (BwebwerikiNET LTD) under the strategic direction of the Steering Committee of the EMC, Management and financial support to the Project is provided through the Kiribati Fiduciary Services Unit (KFSU), which is established under the Ministry of Finance and Economic Development (MFED).
4. WB administers the IDA funding. One bank account ("Designated Account "(DA)) has been established in Kiribati, for the IDA funding. In addition, larger payments under WB-administered funding may be made direct by WB, rather than channeled through the Designated Accounts, in accordance with agreed WB procedures.
5. Costs are charged to the currency at exchange rates applied by WB.

ACCOUNTING POLICY

6. The Financial Statements are prepared by the Project under the historical cost convention and in accordance with the modified cash basis of accounting; expenditures are charged when paid except:
 - Advances (which are given for approved official purposes only) are charged against a Receivables Account initially, and are charged to expenditure based on advance acquittals with supporting documents; and
 - Payables are taken up for income tax and provident fund liabilities at the time of payment of salaries and are cleared through the settlement of the liabilities to the respective authorities, on a monthly basis.

Government of Kiribati
Financial Statements for the Pacific Regional Connectivity Program Phase 4
(IDA Grant No. D1870)
For the Year Ended 31 December 2021

7. The reporting currency is Australian Dollars (AUD).
8. Transactions in currencies other than AU\$ are translated into AU\$ using the actual exchange rate applied by the bank (where the transactions are paid from the Designated Accounts). Where the transactions are paid directly by WB, the applicable rate is determined as follows:
 - a. Payments against invoices in AU\$ are converted to AU\$ at 1 : 1
 - b. Payments against invoices in other currencies (for example, US\$) are converted to AU\$ based on the exchange rate as www.xe.com on the value date.
9. This is the fifth year of operation for the Project.