

KIRIBATI AUDIT OFFICE

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Audit for an impact for the public

File Ref: 3/28

Date: 10/08/2022

Taare Aukitino
KFSU Manager
Baikri, Tarawa.

Attention: Secretary, MFMRD
Beero Tioti, Project Manager

Management Letter for Pacific Regional Oceanscape Program Project accounts for year ended 31 December 2021

We have audited the **Pacific Regional Oceanscape Program Project** Financial Statements for the year ended 31/12/2021, financed by **World Bank (International Development Association)** in accordance with International Standards of Auditing and we have not detected any deficiencies, variances nor any other issues significant to qualify the account. Accordingly, we will issue an unqualified audit opinion.

Our audit involves planning and performing audit procedures to obtain all the information and explanations we consider necessary in order to obtain reasonable assurance that the Financial Statements are free from material misstatements whether due to fraud or error, free from ineligible payments and that the Funds were expended according to agreements.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, we considered internal controls relevant to the Project's preparation and fair presentation of the statement 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.

Should you have any enquiries in relation to this audit, please do not hesitate to contact the undersigned on phone numbers shown above.

Yours Sincerely,

.....
Mr. Eriati Tauma Manaima
Auditor General

This communication is intended solely for the information and use of the Project's Management and is not intended to be and should not be used by anyone other than these specified parties.

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Independent Auditor's Report

To the readers of

Pacific Regional Oceanscape Program Project Financial statements for the year ended 31 December 2021

I have audited the financial statements of the **Pacific Regional Oceanscape Program Project** financed by **World Bank (International Development Association)** which comprise the Statement of Cash Receipts and Payments as of December 31, 2021, and for the year then ended, 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

Management (Executing Agency) is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Basis of accounting and for such internal control as management determines is necessary to enable the preparation of the Financial Statements that are free from material misstatement, 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 **Pacific Regional Oceanscape Program Project financial statements 31 December 2021**, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Unqualified Audit Opinion

In my opinion, the **Pacific Regional Oceanscape Program Project Financial Statements 31 December 2021** and appended notes, present fairly in all material respects, the Cash Receipts and Disbursements of the Project for the year ended December 31, 2021 in accordance with the Modified Cash Basis of accounting 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 **10 August 2022** and was the date at which my opinion was expressed.

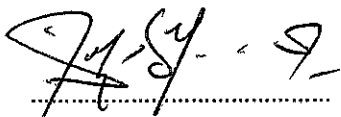
Independence

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.

Communication with those charged with governance

I communicate with the Secretary for Ministry of Fisheries and Marine Resources Development and Project Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings that I identify during my audit.

10th August 2022



Mr. Eriati Tauma Manaima
Auditor General.



PA-Kivatu
Fyona
1/17

PACIFIC REGIONAL OCEANSCAPE PROGRAM PROJECT

KI: PROP

Funded by:

International Development Association – IDA

FINANCIAL STATEMENTS

YEAR PERIOD 31 DECEMBER 2021

Government of Kiribati
Financial Statements for the Pacific Islands Regional Oceanscape Program Project
(IDA Grant No. D557)
For the Year Ended 31 December 2021

PACIFIC ISLANDS REGIONAL OCEANSCAPE PROGRAMM PROJECT

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Financial Statements for the Pacific Islands Regional Oceanscape Program Project
(IDA Grant No. D557)
For the Year Ended 31 December 2021

PACIFIC ISLANDS REGIONAL OCEANSCAPE PROGRAMM PROJECT

The Financial Reports for the project for its first year of implementation ending 31st 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 30th June, 2022. With humble request to the KAO if the auditing can be completed by the due date.

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


.....
Beero Tioti
Project Manager
PROP


.....
Secretary
Ministry of Finance & Economic
Development

Date: 29-06-22

Government of Kiribati
Financial Statements for the Pacific Islands Regional Oceanscape Program Project
(IDA Grant No. D557)
For Period 31 December 2021

STATEMENT OF RECEIPTS AND PAYMENTS SUMMARY
FOR PERIOD ENDED DECEMBER 31, 2021

<u>Account Description</u>	<u>Notes</u>	<u>2021</u>
CASH RECEIPT		
Cash Receipt	1	<u>500,023.45</u>
Total Cash Receipt	1	<u>500,023.45</u>
CASH PAYMENTS		
CASH PAYMENTS	2	<u>544,361.27</u>
Total Cash payments		<u>544,361.27</u>
NET CASH RECEIPT		<u><u>- 44,337.82</u></u>
 Payable	 3	 44,258.38
Net Change in Cash		- 79.44
ENDING CASH BALANCES		
Designated Account	4	<u>- 79.44</u>
		<u><u>- 79.44</u></u>

Government of Kiribati
Financial Statements for the Pacific Islands Regional Oceanscape Program Project
(IDA Grant No. D557)
For Period Ended 31 December 2021

STATEMENT OF FUND RECEIVED BY SOURCE
FOR PERIOD ENDED DECEMBER 31, 2021

Note 1

Designated
Account

IDA D5570 (GRTN)

Date Received by WB	WA No.	Paid to	Details	Amount Disbursed by WB	Equivalent in AUD	Value Date
18/03/2021	WA 0001	PROP	DA Reinstate	500,000.00	500,000.00	25/03/2021

Government of Kiribati
Financial Statements for the Pacific Islands Regional Oceanscape Program Project
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STATEMENT OF FUNDS PAID BY CATEGORY (AUD)
FOR THE PERIOD ENDED DECEMBER 31, 2021

Note 2

2021

CATEGORY 2		\$
Component 4		
4.1 Project Manager		48903.28
4.2 M&E Specialist		39945.37
4.3 Gender Specialist		37619.05
4.4 Stakeholder Safeguard Specialist		32156.17
4.5 Operation Officer Finance		18223.37
4.6 Op. Officer Procurement		28389.57
4.7 OP. Officer Kiritimati		22645.79
4.9 Incremental Operating Costs		106311.37
4.10 Office Rental		20933.12
4.12 Fuel Vessel		21857.42
4.13 Office Furniture Equipment		12736.96
4.14 Bank Charges		987.89
		<u>390709.36</u>
Category 3		
Cat 3.1 Refund to PPA		153,651.91
		<u>153,651.91</u>
Total		<u><u>544,361.27</u></u>

Government of Kiribati
Financial Statements for the Pacific Islands Regional Oceanscape Program Project
(IDA Grant No. D557)
For Period Ended 31 December 2021

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

Note 4

	2021
Designated Account Balance	<u>- 79.44</u>
Bank Reconciliation at 31 December 2021	
Balance as per Bank Statement	<u>- 79.44</u>

Note 3

Other Payable	2021
KPF	5,372.36
Tax	7,549.46
Connectivity	25,512.46
Government	5,824.10
Total	44,258.38

(IDA Grant No. D557)
For Period Ended 31 December 2021

Notes to the Financial Statement

BACKGROUND

1. The Pacific Regional Oceanscape Program Kiribati Project is a 6-year fisheries program funded by the World Bank (WB). The Kiribati PROP is part of Phase II of a Series of Projects (SOP) under the World Bank.
2. US\$19.5 million was approved in April 2020 to support the 6-year fisheries management and development program in Kiribati. A Financing Agreement has been approved and signed by the World Bank and the Government of Kiribati in April 2020. Initial partial project funds have been disbursed in March 2021.
3. The 4 main PROP Project Components are:
Component 1: Strengthening Monitoring, Control and Surveillance of Large-Scale Oceanic Fisheries (USD 6.62 million);
Component 2: Diversifying Marine-Based Revenue Streams for Coastal Communities (USD 5.97 million);
Component 3: Improving Seafood Toxicology and Safety Measures in Selected Fisheries (USD 4.97 million); and
Component 4: Delivering Effective Project Management (USD 1.94 million).

OBJECTIVES

1. The objective of the Project is to improve management of selected Fisheries and seafood safety in the Recipient's territory.

PROJECT IMPLEMENTATION & ADMINISTRATION

1. The project is implemented by Ministry of Fisheries and Marine Resources Development (MFMRD) through its relevant technical departments responsible for technical oversight of the Project and coordination with other Government ministries and stakeholders on all aspects of Project Implementation as required. The PROP Project is managed by the Project Management Unit (PMU) which operates under the direct supervision of MFMRD. Kiribati Fiduciary Services Unit ("KFSU") provides support on procurement, financial management, and environment and social aspects.
2. 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 direct by WB, rather than channeled through the Designated Accounts, in accordance with agreed WB procedures.
3. Costs are charged to the currency at exchange rates applied by WB.

Government of Kiribati
Financial Statements for the Pacific Islands Regional Oceanscape Program Project
(IDA Grant No. D557)
For Period Ended 31 December 2021

ACCOUNTING POLICY

4. 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 excepts:
 - 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 liabilities to the respective authorities, on a monthly basis.
5. The reporting currency is Australian Dollars (AUD).
6. 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.
7. This is the first 9 months operation for the project.