Smart decisions.

Lasting value.

Strategic Public Sector Transformation Project
Financial Statement for the period
April 1, 2018 – March 31, 2019
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<td>11-19</td>
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September 30, 2019

INDEPENDENT AUDITOR'S REPORT

To the Principal Finance Officer
Ministry of Finance and the Public Service

GOJ/IBRD LOAN AGREEMENT No. 8406 – JM
Strategic Public Sector Transformation Project
Period April 1, 2018 – March 31, 2019

Opinion

We have audited the accompanying Financial Statements of the Strategic Public Sector Transformation Project (SPSTP), set out on pages 7 to 19, which comprise the Statement of Sources and Uses of Funds as at March 31, 2019, Statement of Cumulative Investments, Designated Account Reconciliation Statement, the Statement of Disbursement Linked Indicators Achieved for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the appended Statements 1-2 and Supplementary Financial Information reflect a fair representation of the transactions of the Project for the period under review and the transactions conformed to the terms of the Loan Agreement and complied with the International Public Sector Accounting Standards (IPSAS) Cash Basis.

Basis for Opinion

The audit of the Project was conducted in accordance with:

- Article II Section 2.07 (b) of the Standard Conditions for Loan between the Government of Jamaica (GOJ) and the International Bank for Reconstruction and Development (IBRD) dated September 3, 2014.
- International Standards of Supreme Audit Institutions (ISSAIs).

Our responsibilities under ISSAIs are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.
INDEPENDENT AUDITOR’S REPORT

To the Principal Finance Officer
Ministry of Finance and the Public Service

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in this report.


The executing agency, Ministry of Finance and the Public Service, is responsible for the preparation and fair presentation of these financial statements, in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis. This responsibility includes: designing, implementing and maintaining internal controls, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether, due to fraud or error; selecting and applying appropriate accounting policies that are reasonable in the circumstances. The Ministry of Finance and the Public Service is also required to present audited financial statements to the IBRD.

The attached financial statements and supplementary financial information which are described hereunder were submitted to me by the Project Implementing Unit (PIU) in accordance with Article II Section 2.07 (b) of the aforementioned General Conditions of the Loan Agreement to reflect the transactions of the Project from its inception in October 2014 to the close of the financial year at March 31, 2019.

- Statement 1  Statement of Sources and Uses of Funds
- Statement 2  Statement of Cumulative Investments
- Designated Account Reconciliation
- Statement of Disbursement Linked Indicators Achieved

Notes to the Financial Statements

In preparing the financial statements, management is responsible for assessing the Project’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there are plans to liquidate the Project or to cease operations, or has no realistic alternative but to do so.
INDEPENDENT AUDITOR’S REPORT

To the Principal Finance Officer
Ministry of Finance and the Public Service

Auditor’s Responsibility for the audit of the Financial Statements

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that we comply with ethical requirements and plan and perform the audit 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 ISSAIs 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 ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

• Identify and assess the risk of material misstatement of the 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 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.

• Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project’s ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. The conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Project to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.
INDEPENDENT AUDITOR’S REPORT

To the Principal Finance Officer
Ministry of Finance and the Public Service

Auditor’s Responsibility for the audit of the Financial Statements (Cont’d)

We have communicated with the IBRD regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that was identified during the audit.

REPORT ON ADDITIONAL REQUIREMENTS OF LOAN AGREEMENT NO 8406-JM

COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND FINANCIAL CLAUSES OF THE LOAN CONTRACT

During the period under review, we examined compliance by the Project Implementing Unit of the Executing Agency with the applicable laws and regulations related to the Programme’s financial activities and with the accounting/financial/management clauses of the Loan Agreement No. 8406-JM.

There was general compliance with the following schedules of the Loan Agreement.

Article III - Section 3.01: Article V of the General Conditions
Article III - Section 3.02: Schedule 2 Project Execution

Section I Implementation Agreement
Section II Project Monitoring, Reporting and Evaluation
Section III Procurement
Section IV Withdrawal of Loan Proceeds

OPINION – GENERAL

In our opinion, the Project Implementing Unit maintained an adequate accounting system based on separate and clearly identifiable accounts which enabled the recording, monitoring and reporting of the operations and costs under the project in accordance with satisfactory accounting/financial/management practices and standards are required by Article II Section 2.07 (b) of the Standard Conditions for Loan Agreement.

AUDIT OF THE SPECIAL BANK ACCOUNT

We have examined the appended Designated Account Reconciliation Statement, reflecting the movement in Designated Bank Account for the financial year ended March 31, 2019. The Designated Bank Account for the IBRD Loan bearing account number 810150 is maintained in United States Dollars in the name of the Ministry of Finance/Strategic Public Sector Transformation Project Loan Agreement No. 8406-JM. Our examination was made in accordance with the standards of the International Organization of Supreme Audit Institutions (INTOSAI) and accordingly included such tests of the accounting records and the other procedures I considered necessary.
INDEPENDENT AUDITOR’S REPORT

To the Principal Finance Officer
Ministry of Finance and the Public Service

OPINION - SPECIAL BANK ACCOUNTS

In our opinion, the Designate Account Reconciliation Statement reflect the total amount advanced to the Designated Account at March 31, 2019 as reconciled to the outstanding (undocumented) amount advanced to the account as at March 31, 2019 in conformity with IPSAS Cash Basis and IBRD guidelines.

Yours faithfully,
Crowe Horwath Jamaica

[Signature]
Dawkins Brown FCCA, FCA, ACFE, MCMI
Managing Partner

[Date]
INDEPENDENT AUDITOR’S REPORT

To the Principal Finance Officer
Ministry of Finance and the Public Service

September 30, 2019

GOJ/IBRD LOAN AGREEMENT No. 8406-JM
Strategic Public Sector Transformation Project
Period April 1, 2018 - March 31, 2019

AUDIT OF STATEMENTS OF EXPENDITURE (SOE) PROCEDURES

In the course of the audit of the Strategic Public Sector Transformation Project (SPSTP) for the year ended March 31, 2019, we examined the following statements of expenditure submitted to the IBRD during the financial year and period under review in support of applications for reimbursement of funds from the Loan Account in accordance with the Loan Agreement:

<table>
<thead>
<tr>
<th>Disbursement Request Date</th>
<th>Value Date</th>
<th>Disbursement Number</th>
<th>Amount US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance</td>
<td>July 24, 2018</td>
<td>July 24, 2018</td>
<td>19</td>
</tr>
<tr>
<td>December 18, 2018</td>
<td>December 18, 2018</td>
<td>22</td>
<td>661,763</td>
</tr>
<tr>
<td>February 2, 2019</td>
<td>February 2, 2019</td>
<td>23B</td>
<td>1,060,000</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>December 18, 2018</td>
<td>21A</td>
<td>2,400,000</td>
</tr>
<tr>
<td>Total Disbursement</td>
<td>December 18, 2018</td>
<td>21A</td>
<td>6,121,763</td>
</tr>
</tbody>
</table>

The examination was done in accordance with the generally accepted auditing standards and procedures prescribed by INTOSAI and accordingly, included such tests as the verification of the internal control systems and of the accounting records, tests of the origin and eligibility of expenditures, certification and procurement procedures for services, filing of support documents and such other auditing procedures as we considered necessary in the circumstances.

Opinion

In our opinion, the statements of expenditure and the annexes submitted in support of them, together with the internal controls procedures used in their preparation can be relied upon to support the application for reimbursement in conforming to the requirements of the Loan Agreement.

Yours faithfully,
Crowe Horwath Jamaica

Dawkins Brown FCCA, FCA, ACFE, MCM
Managing Partner

Date: 30/11/2019

Locations:
- Kingston
  Oxford House
  6 Oxford Road
  Kingston 5
  T: +876-828-0500
  F: +876-923-1300
- Mandeville
  3rd Floor
  14 Caledonia Road
  Mandeville
  Manchester
  T: +876-627-9048 / 630-5011
- Runaway Bay
  Lot 33 & 34
  Cedar Hall
  Runaway Bay
  St. Ann
  T: +876-627-9048 / 630-5011
- Montego Bay
  Unit 13, Block C
  Fairview Office Park 11
  Montego Bay
  St. James
  T: +876-627-9048 / 630-5011
GOVERNMENT OF JAMAICA IBRD LOAN #8406-JM
Strategic Public Sector Transformation Project
Sources and Uses of Funds - Amounts in US
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019 (LOAN RESOURCES)

<table>
<thead>
<tr>
<th>RECEIPTS</th>
<th>Current Period</th>
<th>Current Year End Cumulative</th>
<th>Previous Year End Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 1, 2018 to March 31, 2019 (IBRD LOAN)</td>
<td>October 27, 2014 - March 31, 2019 (IBRD LOAN) and to June 30, 2017 (DFID Grant)</td>
<td>October 27, 2014 - March 31, 2018 (IBRD LOAN) and June 30, 2017 (DFID Grant)</td>
</tr>
<tr>
<td>Source of Financing</td>
<td>Actual</td>
<td>IBRD</td>
<td>DFID</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Bank &amp; DFID:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Account</td>
<td>4a</td>
<td>3,721,763</td>
<td>-</td>
</tr>
<tr>
<td>Direct Payment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>4b</td>
<td>2,400,000</td>
<td>-</td>
</tr>
<tr>
<td>Retroactive Financing</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Front End Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest Earned On Account</td>
<td>5b</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Receipts (A)</td>
<td>5</td>
<td>6,121,763</td>
<td>-</td>
</tr>
</tbody>
</table>

LESS EXPENDITURES

Uses of Funds by Components:

1. Strengthening the Public Investment Management System (PIMS)
2. Strengthening the Budget Preparation Process and Results-Based Budgeting
3. Adaptive Public Sector Approaches to Promote Fiscal Sustainability
4. Modernization of the Accountant General's Department (EEFD/IDIs)
5. Fostering Industrial Growth and Trade Facilitation Technical Assistance to BSJ
6. Project Management
7. Front End Fees
8. Total Expenditures (B)

<table>
<thead>
<tr>
<th>RECEIPTS LESS EXPENDITURES</th>
<th>Net Change in Cash (A - B)</th>
<th>Foreign Exchange Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(770,482)</td>
<td>(770,482)</td>
<td>325,007</td>
</tr>
</tbody>
</table>

BANK BALANCES

<table>
<thead>
<tr>
<th>Opening Cash Balances</th>
<th>Designated Account</th>
<th>Project Account</th>
<th>Total Opening Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,095,489</td>
<td>1,095,489</td>
<td>-</td>
<td>1,095,489</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Closing Cash Balances</th>
<th>Designated Account</th>
<th>Project Account</th>
<th>Total Closing Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>325,007</td>
<td>325,007</td>
<td>325,007</td>
<td>325,007</td>
</tr>
</tbody>
</table>

Approved for issue on behalf of the Strategic Public Sector Transformation Project on 30th September 2019 and signed on its behalf by:

Mr. Onnell Hemans - Project Coordinator, SPSTP

Mrs. Sandra Fairclough, Principal Finance Officer (Acting), MoFPS

The accompanying notes on pages 11-19 form an integral part of the financial statements.
### GOVERNMENT OF JAMAICA IBRD LOAN #8406-JM
### Strategic Public Sector Transformation Project
### Statement of Cumulative Investments - Amounts in US$
### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019 (LOAN RESOURCES)

<table>
<thead>
<tr>
<th>Categories</th>
<th>Current Period</th>
<th>Current Year End Cumulative</th>
<th>Previous Year End Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 1, 2018 to March 31, 2019 (IBRD LOAN)</td>
<td>October 27, 2014 - March 31, 2019 (IBRD LOAN) and to June 30, 2017 (DFID Grant)</td>
<td>October 27, 2014 - March 31, 2018 (IBRD LOAN) and to June 30, 2017 (DFID Grant)</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td>EXPENDITURES BY CATEGORY</td>
<td>IBRD</td>
<td>DFID</td>
<td>TOTAL</td>
</tr>
<tr>
<td>1. Goods, Consultants’ Services,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and Operating Cost</td>
<td>4,492,245</td>
<td>-</td>
<td>4,492,245</td>
</tr>
<tr>
<td>2. Front End Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3. Interest Rate Cap or Interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rate Collar premium</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4. Payment for EEP under Part 4 of the Project</td>
<td>2,400,000</td>
<td>-</td>
<td>2,400,000</td>
</tr>
<tr>
<td>Exchange Gain/(Loss)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,892,245</td>
<td>-</td>
<td>6,892,245</td>
</tr>
</tbody>
</table>

Approved for issue on behalf of the Strategic Public Sector Transformation Project on 30th September 2019 and signed on its behalf by:

Mr. Odeneil Hemans - Project Coordinator, SPSTP  
Mrs. Sandra Fairdough, Principal Finance Officer (Acting), MoFPS

The accompanying notes on pages 11-19 form an integral part of the financial statements.
**GOVERNMENT OF JAMAICA IBRD LOAN #8406-JM**

**Strategic Public Sector Transformation Project**

**Designated Account Reconciliation - Amounts in US$**

**Financial Year Ended March 31, 2019**

---

### DESIGNATED ACCOUNT RECONCILIATION STATEMENT

<table>
<thead>
<tr>
<th>LOAN/CREDIT/PPF/COFINANCIER NUMBER -</th>
<th>Strategic Public Sector Transformation Project - IBRD Loan # 8406-JM</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCOUNT NUMBER</td>
<td>810150 WITH (BANK) - Bank of Jamaica</td>
</tr>
<tr>
<td><strong>US$</strong></td>
<td></td>
</tr>
<tr>
<td>1 TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER)</td>
<td>11,268,085</td>
</tr>
<tr>
<td>2 LESS: TOTAL AMOUNT DOCUMENTED BY WORLD BANK</td>
<td>9,621,964</td>
</tr>
<tr>
<td>3 PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (1 - 2)</td>
<td>1,646,121</td>
</tr>
<tr>
<td>4 BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE: 31/03/2019</td>
<td>325,007</td>
</tr>
<tr>
<td>5 PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. 25</td>
<td>1,321,114</td>
</tr>
<tr>
<td>6 PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED - REASON:</td>
<td>-</td>
</tr>
<tr>
<td>7 PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS</td>
<td>-</td>
</tr>
<tr>
<td>8 LESS: INTEREST EARNED</td>
<td>-</td>
</tr>
<tr>
<td>9 TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)</td>
<td>1,646,121</td>
</tr>
<tr>
<td>10 DIFFERENCE (3 - 9)</td>
<td>-</td>
</tr>
</tbody>
</table>

**EXPLANATION OF ANY DIFFERENCE SHOWN IN LINE 10**

**Notes:**

Approved for issue on behalf of the Strategic Public Sector Transformation Project on **30th September 2019** and signed on its behalf by:

Mr. Othneil Hemans - Project Coordinator, SPSTP

Mrs. Sandra Fairclough, Principal Finance Officer (Acting), MoFPS

The accompanying notes on pages 11-19 form an integral part of the financial statements.
## GOVERNMENT OF JAMAICA IBRD LOAN #8406-JM
### Strategic Public Sector Transformation Project
#### Statement of Disbursement Linked Indicators (DLI) Achieved - Amounts in US$
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019 (LOAN RESOURCES)

<table>
<thead>
<tr>
<th>Description of DLI</th>
<th>DLI Amount US$</th>
<th>Date Achieved</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening balance 1/4/2018:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DLI - 6/15: Report #18 - Inventory of Government's Bank Accounts Closed Apr 2017 - Sept 2017</td>
<td>600,000.00</td>
<td>07-Dec-17</td>
<td></td>
</tr>
<tr>
<td><strong>Period 1/4/2018 - 31/3/2019</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DLI 7/15: Report #2 - Revenue actually paid into the Consolidated Fund Principal Bank Account as compared with the estimates of revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DLI 8/15: Report #3 - Actual Expenditure from the Consolidated Fund Principal Bank Account as compared with the estimates of expenditure</td>
<td>2,400,000.00</td>
<td>25-Oct-18</td>
<td>4b</td>
</tr>
<tr>
<td>DLI 9/15: Report #5 - Receipts and payments of the Contingencies Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,000,000.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The first five (5) reports were baseline reports in accordance with the loan restructuring paper. No disbursement was made against those baseline reports.

Approved for issue on behalf of the Strategic Public Sector Transformation Project on **30th September 2019** and signed on its behalf by:

[Signatures]

Mr. Orinell Hemans - Project Coordinator, SPSTP

Mrs. Sandra Fairclough, Principal Finance Officer (Acting), MoFPS

The accompanying notes on pages 11-19 form an integral part of the financial statements.
1. IDENTIFICATION

On September 3, 2014, the Government of Jamaica (GOJ) and the International Bank for Reconstruction and Development (World Bank) signed loan agreement number 8406JM for US$35,000,000, which became effective on October 27, 2014 and has an end date of December 31, 2021.

Loan Agreement amendment #1 was signed by the Government of Jamaica on August 4, 2017 at which point Component 4 under the loan was revised to read ‘Modernizing of the Accountant General’s Department’. This component replaces the previous Component 4 ‘Strengthening Property Tax Compliance and Administration’. With this change, Disbursement Link Indicators (DLIs) was introduced as a modality of financing under the Project, via the Eligible Expenditure Program (EEP). An amount of US$6M has been earmarked for this Component.

This loan agreement amendment #1 also officially removed Component 5b, ‘Provision of technical assistance to Jamaica Custom Agency (JCA)’, under the Fostering Industrial Growth and Trade Facilitation umbrella from the Project. Under this Component however, there was the inclusion of capacity building activities to improve the National Compliance and Regulatory Agency (NCRA) service orientation, with the specific aim being the reduction of barriers to trade and the building of a national culture of quality.

Resources of this agreement are to fund the activities of the Strategic Public Sector Transformation Project, which is being implemented by the Ministry of Finance and Public Service, through the Project Implementation Unit.

The loan is repayable in equal semi-annual installments commencing February 2020 and ending August 2043. Interest for the World Bank loan is at a rate equal to the Reference Rate for the loan currency plus the Fixed Spread and is guided by section 3.02(e) of the General Conditions of the Agreement.

Project objectives

The Project Development Objective (PDO) is to strengthen public resource management and support selected public sector institutions in facilitating a more enabling environment for private sector growth.

PROJECT COMPONENTS

The Strategic Public Sector Transformation Project consists of six (6) parts:

Part 1: Strengthening the Public Investment Management System

(a) Design and implementation of a Public Investment Management System ("PIMS") through: (i) the development of an information technology platform which will provide information of public investment across the public investment cycle and link said information to the Borrower’s budget and financial systems; (ii) the migration of the Borrower's web-based database to the PIMS information system; and (iii) the carrying out of capacity building activities to improve the Borrower’s public investment and analytical capacity for implementation of the PIMS.
PROJECT COMPONENTS

Part 1: Strengthening the Public Investment Management System (Cont’)

(b) Design and implementation of a public investment management training program for public sector employees through: (i) the design of the public investment management training modules; (ii) training on public investment preparation; (iii) training for project management; and (iv) training on public investment monitoring.

(c) Reviewing legislation and carrying out dissemination activities to integrate the PIMS with the Borrower’s administrative systems, including: (i) the Borrower’s procurement system; and (ii) the Borrower’s human resources system.

(d) Strengthening the monitoring of public investment through citizen participation, including the carrying out of: (i) external audits of projects; and (ii) public investment performance surveys.

(e) (i) Designing a fund for the funding of pre-investment financial and economic analysis and post-investment evaluations of the Borrower’s public investments; and (ii) carrying out: (A) pre-investment financial and economic analysis of the Borrower’s proposed public investments to identify priority public investments based on the Borrower’s long-term development agenda; and (B) post-investment evaluations of the effectiveness of the Borrower’s completed public investments.

(f) Provision of technical assistance for the implementation of the Public Financial Management Action Plan.

Part 2: Strengthening the Budget Preparation Process and Results-Based Budgeting

(a) Updating the Borrower’s budget manual to include: (i) guidelines to align annual and medium-term budgeting; (ii) procedures for budget preparation and execution; and (iii) guidelines on the new budget preparation cycle.

(b) Institutionalizing baseline forward estimates in the Borrower’s budget preparation process.

(c) Developing and implementing procedures to: (i) achieve better resource allocation through greater aligning of policy, planning and budgeting in MDAs; (ii) incorporate procurement planning into the planning process and linking procurement plans to the budget process; (iii) set medium-term expenditure ceilings for MDAs; (iv) improve alignment of recurrent budgets with public investment expenditures; and (v) carry out a review of human resources required by the Borrower’s budget office.

(d) Provision of training on results-based budgeting to the Borrower’s staff, selected pursuant to the criteria set forth in the Operational Manual.
PROJECT COMPONENTS

Part 2: Strengthening the Budget Preparation Process and Results-Based Budgeting (Cont’d)

(e) Carrying out a review of the staffing levels in select MDAs to obtain accurate employee numbers and compensation costs for on-going budget preparation and execution.

(f) Establishment of a participatory budgeting process through the carrying out of thematic meetings including citizens, NGO’s, universities and business representatives.

Part 3: Adaptive Public Sector Approaches to Promote Fiscal Sustainability

(a) Supporting the Borrower's change management process to implement public sector reforms on the public investment management system, the budget preparation process and results-based budgeting, property tax compliance and administration, and industrial growth and trade facilitation, all through the carrying out of activities selected following the procedures and criteria set forth in the Operational Manual, including:

(i) The carrying out of a consultation process within the Borrower's public sector to assess the status of implementation of public sector reforms;

(ii) The improvement of the Borrower's communication and feedback mechanisms to strengthen the interrelationships within the Borrower's public sector;

(iii) The identification and implementation of activities to support the sustainability of public sector reforms; and

(iv) (A) the identification and assessment of activities to address challenges in the implementation of public sector reforms; and (B) based on said assessment, the design and implementation of a strategy to carry out said activities.

(b) Provision of technical assistance to the Borrower to address public sector reform implementation gaps through the carrying out of activities selected following the procedure and criteria set forth in the Operational Manual, including:

(i) The carrying out of an analysis of the Borrower's governance and accountability framework;

(ii) The provision of support to assist the Borrower in achieving its public sector reforms related to the Project including change management, as set forth in the Operational Manual; and

(iii) The carrying out of an analysis of the Borrower's trade facilitation capacity and mechanism to streamline said process to enhance its efficiency and effectiveness.
PROJECT COMPONENTS (CONT’D)

Part 4: Modernizing of the Accountant General’s Department

Provision of financing of payments under the Eligibly Expenditure Program (EEP) in support of modernizing the AGD, in accordance with the provisions set forth in Section IV of Schedule 2 to this Agreement, including: (a) developing a conceptual model of the treasury single account, clarifying its scope, coverage and main operational processes; (b) reforming the organizational structure of AGD; (c) improving the central treasury management system’s general ledger capabilities to provide the required level of controls and information, and (d) training to build the treasury’s capacity in cash forecasting and management.

Part 5: Fostering Industrial Growth and Trade Facilitation

Provision of technical assistance to BSJ through:

(a) The carrying out of a review of BSJ’s testing and certification procedures to ensure compliance with the Borrower’s international and regional trade agreements and standards, including the WTO TBT and the CROSQ standards; and

(b) The carrying out of capacity building activities to improve BSJ’s service orientation.

(c) Capacity building activities to improve NCRA’s service orientation with the specific aim of reducing barriers to trade and activities to build a national culture of quality.

Part 6: Project Management

Provision of support on Project management to: (i) carry out Project audits; (ii) comply with the financial management and procurement obligations under the Project; (iii) monitor and evaluate Project activities; (iv) provide training and the acquisition of goods required thereof and finance Operating Costs.

MANAGEMENT REPORT

The Annual Report is submitted by management for the Strategic Public Sector Transformation Project (SPSTP) as follows:

➢ for the period April 1, 2018 to year ended March 31, 2019, for the IBRD Loan
AUDITING OF THE PROJECT

The Project is currently audited by the Crowe Horwath Jamaica Limited

The Auditors,
Crowe Horwath Jamaica Limited
47-49 Trinidad Terrace,
Kingston 5,
Jamaica

This is the first year that Crowe Horwath Ja. Ltd has undertaken the audit. The previous audited to date were executed by 'The Auditor General's Department'.

1. **The Budget**

   This is the amount allocated based on the GoJ Estimates of Expenditures.

2. **Categories of Expenditures**

   The Project was originally designed with one category covering Goods, Consultants’ Services, Training and Operating Costs with an allocated amount of US$34,912,500. One hundred percent of eligible expenditures falling within this category are financeable by the World Bank loan.

   Subsequent to loan agreement amendment No. 1, dated 4th August 2017, the Project now has an additional eligible category. The revised allocations are as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Allocation (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, Consultants’ Services, Training and Operating Costs</td>
<td>28,912,500</td>
</tr>
<tr>
<td>Payment of EEP under Part 4 of the Project</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>34,912,500</td>
</tr>
</tbody>
</table>

2. **Categories of Expenditures (Cont’d)**

   One hundred percent of eligible expenditures falling within these categories are financeable by the World Bank loan.

   The parts of Components 1 and 2 that were previously eligible under the DFID grant which ended in June 2017 are now eligible for financing under the World Bank loan. These changes were reflected under the loan amendment No. 1.

   In addition to this category an amount of US$87,500 is allocated for Front-end Fee.

   Except where otherwise stated, these financial statements are presented in United States Dollars (US$) and includes only cash receipts and payments of the Strategic Public Sector Transformation Project. The Project has separate Designated Special Accounts for the Loan and the Grant resources which are maintained at the Bank of Jamaica.
3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to during the eighteen-month period.

I) Basis of Preparation

The Project Implementing Unit (PIU) uses the cash basis of accounting to account for the project's transactions. Under this basis, income is recognized when funds are received rather than when requested and expenses are recognized when payment is made rather than when obligations are incurred. Since the main objective of these financial statements is to disclose the sources and uses of funds, it is not necessary to present information adjusted for inflation.

II) Recording of Transactions

Transactions are recorded in dual currency. As the loan is denominated in US dollars, for preparation of the financial statements, US dollar is used. Expenditures in local currency are translated into US dollars, by applying the Central bank rate on the day of the expenditure.

The Guidelines and Terms of Reference stipulate that the project financial statements should include separate identification of revenues and expenditures from the bank.

III) Fluctuation rate and fees

All fees and charges for un-disbursed loan funds, as well as losses due to exchange rate fluctuations are not considered eligible project costs and are absorbed by the Government of Jamaica. Bank charges are defined in the ‘Operating Expenditures’ of the project and are an approved expenditure to the loan once deemed reasonable.

IV) Equipment and other fixed assets

Equipment and other fixed assets procured with project resources are recorded at their acquisition cost at the date of purchase. Depreciation is not charged on these assets and is also not reflected in these financial statements.

V) Exchange Rate for the period

Foreign exchange gains or losses arise as a result of the fluctuations of the Jamaican Dollar against United States Dollar. There were no foreign exchange gains or losses as the Project only maintains a United States Currency bank account. The Special Account for the World Bank Loan is maintained at the Central Bank, bearing account numbers 810150.
STRATEGIC PUBLIC SECTOR TRANSFORMATION PROJECT
IBRD LOAN #8406-JM
NOTES TO THE FINANCIAL STATEMENTS
TWELVE-MONTHS ENDING MARCH 31, 2019 (IBRD LOAN #8406-JM)

4. Disbursement methods

a. Advance

<table>
<thead>
<tr>
<th>Disbursement Request Date</th>
<th>Value Date</th>
<th>Disbursement Number</th>
<th>World Bank Amount US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 12, 2018</td>
<td>July 24, 2018</td>
<td>19</td>
<td>2,000,000.00</td>
</tr>
<tr>
<td>December 6, 2018</td>
<td>December 18, 2018</td>
<td>22</td>
<td>661,762.72</td>
</tr>
<tr>
<td>February 12, 2019</td>
<td>February 20, 2019</td>
<td>23B</td>
<td>1,060,000.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>3,721,762.72</td>
</tr>
</tbody>
</table>

This represents the total advances issued by the IBRD for the period ending March 31, 2019.

b. Reimbursement

<table>
<thead>
<tr>
<th>Disbursement Request Date</th>
<th>Value Date</th>
<th>Disbursement Number</th>
<th>World Bank Amount US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 6, 2018</td>
<td>December 18, 2018</td>
<td>21A</td>
<td>2,400,000.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>2,400,000.00</td>
</tr>
</tbody>
</table>

This represents total reimbursement payment made by the IBRD, in respect of EEP/DLI for Component # 4 for the period ending March 31, 2019.

The undisbursed balance of the World Bank loan as at March 31, 2019 is US$19,929,464.71. This includes $3,000,000 earmarked for the Disbursement Linked Indicators under the Eligible Expenditure Program (EEP) – Component 4 of the loan Agreement.

5. Source of Funds

World Bank

The amount of USD 6,121,762.72 was received from the World Bank for the period under review. This includes an advance of USD 3,721,762.72 and a reimbursement of USD 2,400,000. Cumulatively, USD 15,070,535 has been received from the World Bank, this amount is inclusive of front-end fee (USD 87,500.00) charged by the Bank and USD 714,951 for Direct Payment within financial year ending March 2017 and USD 3,000,000 for reimbursement associated with disbursement linked indicators under Component 4.

6. Use of Loan Funding

Total loan funds invested during the period amounts to USD 6,892,245 (cumulatively USD 14,745,528). USD 3,000,000 of the cumulative amount relates to Disbursement Linked Indicators and USD 714,951 relates to expenditures associated with Direct Payment from a previous financial year.
STRATEGIC PUBLIC SECTOR TRANSFORMATION PROJECT
IBRD LOAN #8406-JM
NOTES TO THE FINANCIAL STATEMENTS
TWELVE-MONTHS ENDING MARCH 31, 2019 (IBRD LOAN #8406-JM)

7. Cash availability as at March 31, 2019 (IBRD LOAN)

The cash available as at March 31, 2019 for the IBRD Loan as expressed in US dollars is:

<table>
<thead>
<tr>
<th>Bank Accounts</th>
<th>As at</th>
<th>Total Cash Available (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Account 1 (Account # 810150)</td>
<td>March 31, 2019</td>
<td>325,007</td>
</tr>
<tr>
<td><strong>Total Closing Balances</strong></td>
<td></td>
<td><strong>325,007</strong></td>
</tr>
</tbody>
</table>

This represents the cash balances at the end of the period for the Special Bank Account Number (IBRD Loan) **810150**. This Special Account is operated by the Bank of Jamaica for the disbursement of advances from the loan funds. Funds disbursed by the World Bank for the Project is directly transferred to this account.

8. Expenditures pending Justification

The information below represents the SOEs pending submission to the World Bank to document expenditure incurred from special account #810150 during the period of the audit:

<table>
<thead>
<tr>
<th>Form e2380 - Application Number</th>
<th>Documented Expenditure (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>1,321,114.12</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,321,114.12</strong></td>
</tr>
</tbody>
</table>

9. Non-Current Assets

The total non-current assets at March 31, 2019 were USD 2,460,603. See details in tables below.

(a) Property, Plant and Equipment

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative balance as at March 31, 2018</td>
<td>39,048</td>
<td>1,282,732</td>
<td>152,126</td>
<td>1,473,906</td>
</tr>
<tr>
<td>Prior Year’s Adjustments</td>
<td>133,744</td>
<td>(132,880)</td>
<td>7,711</td>
<td>8,575</td>
</tr>
<tr>
<td>April 1, 2018 - March 31, 2019</td>
<td>60,195</td>
<td>623,013</td>
<td>39,457</td>
<td>722,665</td>
</tr>
<tr>
<td>Cumulative as at March 31, 2019</td>
<td>232,987</td>
<td>1,772,865</td>
<td>199,294</td>
<td>2,205,146</td>
</tr>
</tbody>
</table>
9. Non-Current Assets (Cont'd)

(b) Intangible Assets

<table>
<thead>
<tr>
<th></th>
<th>Computer Software US$</th>
<th>TOTAL US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative balance as at March 31, 2018</td>
<td>186,855</td>
<td>186,855</td>
</tr>
<tr>
<td>Prior Year’s Adjustments</td>
<td>59,118</td>
<td>59,118</td>
</tr>
<tr>
<td>April 1, 2018 - March 31, 2019</td>
<td>9,485</td>
<td>9,485</td>
</tr>
<tr>
<td>Cumulative Balance at March 31, 2019</td>
<td>255,458</td>
<td>255,458</td>
</tr>
</tbody>
</table>