

**JAMAICA SOCIAL INVESTMENT FUND**

**JAMAICA INTERGRATED COMMUNITY DEVELOPMENT PROJECT (8356-JM)  
JAMAICA DISASTER VULNERABILITY PROJECT (8581-JM)**

**FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2018**

**(Expressed in United States dollars)**

**Jamaica Social Investment Fund**  
**Integrated Community Development Project (JM-8356)**  
**Jamaica Disaster Vulnerability Project (JM-8581)**  
**Year ended March 31, 2018**

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ANY REPLY OR SUBSEQUENT REFERENCE  
TO THIS COMMUNICATION SHOULD BE  
ADDRESSED TO THE AUDITOR GENERAL  
AND **NOT TO ANY OFFICER BY NAME**  
AND THE FOLLOWING REFERENCE  
QUOTED:-

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
Jamaica Social Investment Fund**

**INTERGRATED COMMUNITY DEVELOPMENT PROJECT (JM-3560) and  
JAMAICA DISASTER VULNERABILITY PROJECT (JM-8581)**  
**Period ending March 31, 2018**

### **Opinion**

I have audited the accompanying Combined Financial Statements of the Jamaica Social Investment Fund, set out on pages 5 to 20, which comprise the Statement of Sources and Uses of Funds, as at March 31, 2018, Statement of Cumulative Investments by Categories and Designated Account Reconciliation Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In my opinion, the Statement of Sources and Uses of Funds, Statement of Cumulative Investments and Supplementary Financial Information reflects a fair presentation of the transactions of the Project for the period under review and the transactions conformed to the terms of the Grant 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:

- The standard conditions for Agreement between the Government of Jamaica (GOJ) and the International Bank for Reconstruction and Development (IBRD) for the projects signed on:
  - Integrated Community Development Project dated May 6, 2014.
  - Jamaica Disaster Vulnerability Project dated July 1, 2016, and
- The International Standards of Supreme Audit Institutions (ISSAIs).

My 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. I believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to report for the period.

### **Management's Responsibility for the Financial Statements**

The executing agency, the Jamaica Social Investment Fund (JSIF), 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 Planning Institute of Jamaica 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 Execution Unit (PEU) to reflect the transactions of the Project for the period April 1, 2017 to March 31, 2018.

Statement 1	Statement of Sources and Uses of Funds
Statement 2	Statement of Cumulative Investments by Categories Designated Account Reconciliation Notes to the Financial Statements

### **Auditor's Responsibility for the audit of the Financial Statements**

My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements; 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 my 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 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 scepticism throughout the audit.

I also:

- Identify and assess the risks 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 my 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 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 exists, we are required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. The conclusions are based on the audit evidence obtained up to the date of my 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.

I have communicated with the Planning Institute of Jamaica 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 THE LOAN AGREEMENTS

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

During the period under review, I examined compliance by the PEU of the Executing Agency with the applicable laws and regulations related to the Project's financial activities and with the accounting/financial/ management clauses of the Loan Agreements. There was general compliance with the following articles contained in the Loan Agreement mentioned:

Article I	-	Section 1.01 - 1.02: General Conditions; Definitions
Article II	-	Section 2.01- 2.07: Loan
Article III	-	Section 3.01 - 3.02: Project
Article IV	-	Section 4.01 - 4.02: Remedies of the Bank
Article V	-	Section 5.01- 5.03: Effectiveness, Termination
Article VI	-	Section 6.01 - 6.03: Recipient's Representative; Addresses

### OPINION – GENERAL


In my opinion, the Project Execution 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 as required by the Loan Agreement.


### AUDIT OF THE DESIGNATED BANK ACCOUNT

I have examined the appended Designated Account Reconciliation Statements, reflecting the movement in the Designated Bank Accounts for the period ended March 31, 2018. The Designated Bank Accounts are maintained in United States Dollars in the name of the Ministry of Finance and Planning. My examination was made in accordance with the standards of the International Organisation of Supreme Audit Institutions (INTOSAI) and accordingly included such tests of the accounting records and other procedures I considered necessary.

### OPINION – DESIGNATED BANK ACCOUNTS

In my opinion, the Designated Account Reconciliation Statements reflects the total amount advanced to the Designated Accounts as at March 31, 2018 and has reconciled to the outstanding (undocumented) amount advanced to the account as at March 31, 2018 in conformity with IPSAS Cash Basis and IBRD guidelines.

  
 .....  
 Auditor General of Jamaica

  
 .....  
 Date

**Jamaica Social Investment Fund**  
**Integrated Community Development Project (8356-JM) &**  
**Jamaica Disaster Vulnerability Project (8581-JM)**  
**Statement of Sources and Uses of Funds**  
**Year Ending March 31, 2018**

Notes	ICDP (JM83560)			JDVRP (JM 8581)			
	Year Ended	Cumulative as at	Cumulative as at	Year Ended	Cumulative as at	Cumulative as at	
	31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-18	31-Mar-17	
	US\$	US\$	US\$	US\$	US\$	US\$	
<b>SOURCES OF FUNDS</b>							
Designated Account	7,8	6,201,443	11,496,393	5,294,950	957,398	1,117,398	160,000
Front End Fees		-	105,000	105,000	-	75,000	75,000
<b>Total Receipts (A)</b>		<u>6,201,443</u>	<u>11,601,393</u>	<u>5,399,950</u>	<u>957,398</u>	<u>1,192,398</u>	<u>235,000</u>
<b>USE OF FUNDS</b>							
Component 1		3,132,075	6,016,334	2,884,259	598,789	598,789	-
Component 2		1,283,117	2,293,332	1,010,215	69,989	69,989	-
Component 3		391,666	426,913	35,247	-	-	-
Component 4		809,352	2,112,879	1,303,527	24,691	26,136	1,445
<b>Direct Project Expenditures</b>	9	<u>5,616,210</u>	<u>10,849,458</u>	<u>5,233,248</u>	<u>693,469</u>	<u>694,914</u>	<u>1,445</u>
Front End Fees		-	105,000	105,000	-	75,000	75,000
<b>Total Expenditures (B)</b>		<u>5,616,210</u>	<u>10,954,458</u>	<u>5,338,248</u>	<u>693,469</u>	<u>769,914</u>	<u>76,445</u>
<b>RECEIPTS LESS EXPENDITURES</b>							
Net Change in Cash (A - B)		585,233	646,935	61,702	263,929	422,484	158,555
Foreign Exchange adjustment-gain/(loss)		2,666	4,812	2,146	(617)	(2,265)	(1,648)
		<u>587,899</u>	<u>651,747</u>	<u>63,848</u>	<u>263,312</u>	<u>420,219</u>	<u>156,907</u>
55							
Designated Account		1,647	-	-	2,925	-	-
Project Accounts		62,201	-	-	153,982	-	-
<b>Total Opening Balance</b>	12	<u>63,848</u>	<u>-</u>	<u>-</u>	<u>156,907</u>	<u>-</u>	<u>-</u>
<b>Net Funding Available as at Year End</b>		<u>651,747</u>	<u>651,747</u>	<u>63,848</u>	<u>420,219</u>	<u>420,219</u>	<u>156,907</u>
<b>Closing Cash Balances</b>							
Designated Account		2,922	2,922	1,647	87,685	87,685	2,925
Project Accounts		648,825	648,825	62,201	332,534	332,534	153,982
<b>Total Closing Balance</b>	12	<u>651,747</u>	<u>651,747</u>	<u>63,848</u>	<u>420,219</u>	<u>420,219</u>	<u>156,907</u>

Approved for issue on behalf of Project on ..... 26-09-18 ..... and signed on its behalf by:

Chairman: 

Managing Director: 

The accompanying notes pages 8 to 19 form an integral part of the statements.

**Jamaica Social Investment Fund  
Integrated Community Development Project (8356-JM) &  
Jamaica Disaster Vulnerability Project (8581-JM)  
Statement of Cumulative Investments by Disbursement Categories  
Year Ending March 31, 2018**

**Integrated Community Development Project (8356-JM)**

No.	Categories	Current Year Actual	Current Year Cumulative	Prior Year Cumulative
		US\$	US\$	US\$
1	Goods, works, non-consulting services, consultants' services and operating costs for parts 1(a) through to (h), 2,3 and 4 of the Project.	5,616,210	10,849,152	5,232,942
2	Goods to serve as RB incentives for NSWMA under Part 1(h)(4)(A) of the Project.	-	-	-
3	Salary supplement and goods and/or works under Sub-projects to serve as RB Incentives for Environmental Wardens and Community Based Organizations, respectively, all under Part 1 (h)(4)(B) of the Project.	-	306	306
<b>TOTAL EXPENDITURE (Note 9)</b>		<b>5,616,210</b>	<b>10,849,458</b>	<b>5,233,248</b>

**Jamaica Disaster Vulnerability Reduction Project (8581-JM)**

No.	Categories	Current Year Actual	Current Year Cumulative	Prior Year Cumulative
		US\$	US\$	US\$
1	Goods, non-consulting services, consultants' services for component 1, and training for component 1(a) to (c) and (e).	598,789	598,789	-
2	Training for component 1(d)	-	-	-
3	Goods, works, non-consulting services, consultants' services for component 2.	69,989	69,989	-
4	Emergency expenditures under component 3	-	-	-
5	Goods, non-consulting services, consultants' services, training and operating costs for component 4	24,691	26,136	1,445
<b>TOTAL EXPENDITURE (Note 9)</b>		<b>693,469</b>	<b>694,914</b>	<b>1,445</b>

The accompanying notes pages 8 to 19 form an integral part of the statements.



**Jamaica Social Investment Fund**  
**Integrated Community Development Project (8356-JM) &**  
**Jamaica Disaster Vulnerability Project (8581-JM)**  
**Designated Account Reconciliation**  
**Year ended March 31, 2018**

	Notes	ICDP US\$	JDVRP US\$
1 Total Advanced by The World Bank	7,8	11,496,393	1,117,398
2 Less: Eligible expenditure for the current year ended MARCH 31, 2018 documented by World Bank		(2,338,602)	(310,997)
2(a) Less: Cumulative eligible expenditure for the prior periods ended MARCH 31, 2017 documented by World Bank		(5,233,248)	(1,445)
3 <b>PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT [1 - 2 (a)]</b>		<b>3,924,543</b>	<b>804,956</b>
4 Balance of Designated Account per Bank Reconciliation Statement at March 31, 2018	10	2,922	87,685
5 Balance of Project Accounts per Bank Reconciliation Statement at March 31, 2018	10	648,825	332,534
6 Plus: Eligible Expenditure for the Current Year Documented After the Period End		3,277,608	382,472
7 Plus: Total Amount Withdrawn and Not Yet Claimed		-	-
8 Total Advance Accounted for (No. 4 through No. 7)		<b>3,929,355</b>	<b>802,691</b>
9 <b>DIFFERENCE (3 - 8)</b>			
Explanation of difference shown in Line 9: The difference represents the cumulative foreign exchange gain/(loss).		<b>(4,812)</b>	<b>(2,265)</b>

The accompanying notes pages 8 to 19 form an integral part of the statements.

**Jamaica Social Investment Fund  
Integrated Community Development Project (8356-JM)  
Jamaica Disaster Vulnerability Project (8581-JM)  
Notes to the Financial Statements  
Year Ended March 31, 2018  
Expressed in USD**

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**1. IDENTIFICATION**

**General background**

Jamaica Social Investment Fund (the company) is incorporated in Jamaica under the Companies Act as a company limited by guarantee. The company is the vehicle used to carry out all the activities of the Jamaica Social Investment Fund (JSIF). The registered office of the company is 11 Oxford Road, Kingston 5, Jamaica, W.I.

The Jamaica Social Investment Fund (the Fund) is a temporary, autonomous Government of Jamaica (GOJ) sponsored project designed to assist the Government in its poverty alleviation programme. In order to achieve this, the Fund mobilizes resources from the GOJ, project donors and international lending agencies. The Company is the entity through which the Fund executes several projects and all expenses incurred by the Company are absorbed by the projects.

**2. OVERVIEW**

The operations of the JSIF are partially financed by the following sources:

- (a) Loan No. 8356-JM between the International Bank for reconstruction and Development (IBRD), and the Government of Jamaica US\$42,000,000

Loan agreement No. 8356-JM dated 6 May 2014 between the Government of Jamaica and IBRD for the financing of activities under the Jamaica Integrated Community Development Project (ICDP). The agreement has a closing date of 1 May 2020. The financing of the Integrated Community Development Project (ICDP) is to be administered as follows:

<u>Category</u>	<u>Allocation of Expenditure US\$</u>	<u>% of Expenditure to be Financed by the Loan</u>
1. Goods, works, non-consulting services, consultants' services and Operating costs	41,430,726	100
2. Goods to serve as Results based Incentives for NSWMA	285,714	100
3. Salary Supplement and goods and/or works under Subprojects to serve as Results Based Incentives for Environmental Wardens and Community Based Organizations respectively	178,560	100
Front End Fee	<u>105,000</u>	-
	<u><b>42,000,000</b></u>	

**Jamaica Social Investment Fund**  
**Integrated Community Development Project (8356-JM)**  
**Jamaica Disaster Vulnerability Project (8581-JM)**  
**Notes to the Financial Statements**  
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**Expressed in USD**

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**2. OVERVIEW (CONT'D)**

- (b) Loan No. 8581-JM between the International Bank for Reconstruction and Development (IBRD) and the Government of Jamaica US\$30,000,000

Loan agreement No. 8581-JM dated 1 July 2016 between the Government of Jamaica and IBRD for the financing of activities under the Jamaica Disaster Vulnerability Reduction Project (JDVRP). The agreement has a closing date of 30 June 2022. The financing of the Jamaica Disaster Vulnerability Reduction Project (JDVRP) is to be administered as follows:

<u>Category</u>	<u>Allocation of Expenditure US\$</u>	<u>% of Expenditure to be Financed by the Loan</u>
1. Goods, non-consulting services, consultants' services for component 1, and training for component 1(a) to (c) and (e).	3,465,000	100
2. Training for component 1(d).	350,000	100
3. Goods, works, non-consulting services, consultant services For component 2.	23,610,000	100
4. Emergency expenditures under component 3.	-	-
5. Goods, non-consulting services, consultants' services, training and operating costs for component	2,500,000	100
6. Front End Fee	<u>75,000</u>	-
	<u><b>30,000,000</b></u>	

**Jamaica Social Investment Fund**  
**Integrated Community Development Project (8356-JM)**  
**Jamaica Disaster Vulnerability Project (8581-JM)**  
**Notes to the Financial Statements**  
**Year Ended March 31, 2018**  
**Expressed in USD**

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**3. PROJECT COMPONENTS**

**Integrated Community Development Project (8356-JM)**

The objective of the Project is to enhance access to basic urban infrastructure and services and to contribute towards increased community safety in selected economically vulnerable and socially volatile inner city communities of the Borrower. The Project consists of the following parts:

*Component 1 – Basic Infrastructure and Access to Services:*

Developing infrastructure investments across Project Communities according to identified community priorities, including, inter alia:

- (a) Widening, rehabilitating and paving existing roads;
- (b) Improving storm water drainage;
- (c) Installing water supply and sanitation household connections and promoting behavioural change for the use and maintenance of water supply and sanitation infrastructure;
- (d) Improving electricity connections and lighting through: (1) installing street lighting; (2) extending the electricity network and regularization of illegal electricity connections; (3) promoting behavioural change for the supporting environmentally sustainable lighting;
- (e) Rehabilitating educational facilities;
- (f) Removing zinc fences and replacing with permanent structures;
- (g) Constructing community integrated spaces and mobile mediation centers; and
- (h) Improving the cleanliness of Project Communities through: (1) the provision of equipment; (2) the construction of skip enclosures around dumpsters; (3) the carrying out of clean-up and maintenance activities by Environmental Wardens; and (4) the provision of RB Incentives to: (A) National Solid Waste Management Authority (NSWMA) of the provision of waste collection and recycling services; and (B) Community-Based Organizations and environmental Wardens for the carrying out of litter management and collection; all located in RB Community Areas.

*Component 2 – Public Safety Enhancement and Alternative Livelihoods:*

- (a) Supporting the development and roll-out of programs that focus on key safety concerns and high risk groups through, inter alia:
  - (i) Implementing the Violence Interrupter Programs; and

**Jamaica Social Investment Fund**  
**Integrated Community Development Project (8356-JM)**  
**Jamaica Disaster Vulnerability Project (8581-JM)**  
**Notes to the Financial Statements**  
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**3. PROJECT COMPONENTS (CONT'D)**

**Integrated Community Development Project (8356-JM)**

*Component 2 – Public Safety Enhancement and Alternative Livelihood (Cont'd):*

- (ii) Strengthening school and community based violence prevention interventions in Selected Communities, including, inter alia: (1) the Safe Passages Program; (2) the Programme for Alternative Student Support; and (3) school-community and after-school programs.

(b) Supporting alternative livelihoods through, inter alia:

- (i) Implementing programmes (selected pursuant to the criteria set forth in the Project Operational Manual) to engage youth in leadership and civic participation.

- (ii) Improving participation in community cleanliness through:

- (1) implementing cleanup programs (selected pursuant to the criteria set forth in the Project Operational Manual); and (2) strengthening public awareness programmes to improve the cleanliness of Project Communities.

- (iii) Strengthening micro-enterprises through: (1) designing a skills and knowledge transfer programme; and (2) providing training in the following areas: business plan development, operations, accounting, marketing, human resources and finance.

- (iv) Implementing youth education and recreation programmes (selected pursuant to the criteria set forth in the Project Operational Manual) to enhance learning and develop social and conflict mediation skills.

*Component 3 – Institutional Strengthening for Urban Management and Public Safety:*

Supporting institutional strengthening activities for selected entities of the public safety through, inter alia:

- (a) Carrying out capacity building activities for selected entities of the Borrower responsible for urban management through, inter alia:

- (i) providing technical assistance to the Ministry of Transport, Works and Housing (MTWH) to identify options for low-income housing in densely populated areas, including the development of a strategy to incorporate the private sector and Non-governmental Organisations (NGOs) in low-income housing development;
- (ii) providing equipment and technical assistance to the National Land agency (NLA) through: (1) improving the systems to pre-check survey plans and cadastral maps for the general registration of land titles; and (2) preparing a national policy on land regularization;

**Jamaica Social Investment Fund**  
**Integrated Community Development Project (8356-JM)**  
**Jamaica Disaster Vulnerability Project (8581-JM)**  
**Notes to the Financial Statements**  
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**3. PROJECT COMPONENTS (CONT'D)**

**Integrated Community Development Project (8356-JM)**

*Component 3 – Institutional Strengthening for Urban Management and Public Safety (Cont'd):*

- (a) Carrying out capacity building activities for selected entities of the Borrower responsible for urban management through, inter alia (Cont'd):
- (iii) preparing an urban renewal plan for communities in and around Downtown Kingston, including actions to address poor infrastructure and housing;
  - (iv) preparing an urban renewal plan for inner city communities considering infrastructure and housing stock; and
  - (v) carrying out capacity building activities, as required, for the borrower's governmental agencies responsible for the operation and maintenance of basic infrastructure, including: roads, water pipelines, sanitation facilities, drainage works, educational facilities, community centers, public spaces, skips and drums.
- (b) Carrying out capacity building activities for selected entities of the Borrower responsible for public safety through, inter alia:
- (i) improving the coverage, range and distribution of data collected by the Crime Observatory, including, inter alia: (1) expanding coverage; (2) improving the software to analyze data collected; (3) carrying out capacity building activities for staff to analyze and disseminate a greater volume of information; (4) carrying out two Victimization Surveys; and (5) updating existing community profiles through the inclusion of new data on crime and violence and outreach to communities to obtain information;
  - (ii) strengthening the borrower's governmental agencies' capacity to: (1) carry out impact evaluation and evidence-based crime and violence reduction interventions; and (2) collect public safety data.
  - (iii) providing training to community mobilizers and para-professionals for the incorporation of evidence-based principles and approaches for the implementation of Part 2(a) of the Project.

*Component 4 – Project Management:*

Supporting project management through, inter alia:

- (a) carrying out Project audits;
- (b) carrying out financial management and procurement requirements under the Project;

**Jamaica Social Investment Fund**  
**Integrated Community Development Project (8356-JM)**  
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**Notes to the Financial Statements**  
**Year Ended March 31, 2018**  
**Expressed in USD**

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**3. PROJECT COMPONENTS (CONT'D)**

**Integrated Community Development Project (8356-JM)**

*Component 4 – Project Management (Cont'd):*

- (c) monitoring and evaluation of Project activities;
- (d) providing equipment and training for the PIU;
- (e) carrying out workshops and outreach activities to promote positive environmental and social behaviour related to the Project;

Supporting project management through, inter alia:

- (a) hiring an Independent Verification Agent for purposes of Part 1(h) (4) of the Project;
- (b) providing technical assistance to support: (i) crime and violence prevention activities under the Project; (ii) environmental and social management under the Project; and (iii) financial and procurement management under the Project; and
- (c) financing operating costs.

**Jamaica Disaster Vulnerability Reduction Project (8581-JM)**

The objective of the Project is to enhance the Borrower's resilience to disaster and climate risk.

The Project consists of the following components:

*Component 1 - Technical Assistance for Improved Disaster and Climate Resilience Provision of goods, consultants' services and Training for:*

- (a) strengthening the seismic monitoring network;
- (b) establishing a National Risk Information Platform to include the Coastal Risk Atlas;
- (c) preparing multi-hazard risk assessments for coastal areas, including ecosystems-based analyses and micro zonation studies;
- (f) supporting implementation of the National Building Code; and
- (e) promoting public awareness related to climate change and disaster risk management.

**Jamaica Social Investment Fund  
Integrated Community Development Project (8356-JM)  
Jamaica Disaster Vulnerability Project (8581-JM)  
Notes to the Financial Statements  
Year Ended March 31, 2018  
Expressed in USD**

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**3. PROJECT COMPONENTS (CONT'D)**

**Jamaica Disaster Vulnerability Reduction Project (8581-JM)**

*Component 2 - Risk Reduction:*

Retrofitting, constructing or rehabilitating priority infrastructure (bridges and urban drainage); retrofitting or constructing and equipping critical public facilities (schools and fire stations); and establishing or improving coastal protection measures, all identified in agreement with the Bank, through the provision of goods, works, and consultants' services.

*Component 3 - Contingent Emergency Response:*

To improve the borrower's response and recovery capacity in the event of an eligible crisis or emergency, as needed.

*Component 4 - Project Administration:*

Programme management costs, which includes: Project audits, monitoring and evaluation, equipment, training and operating costs.

**4. MANAGEMENT REPORT**

The Annual Report is submitted by management for the **Integrated Community Development Project (ICDP)** and the **Jamaica Disaster Vulnerability Project (JDVRP)** year ended March 31, 2018.

**5. AUDITING OF THE PROJECT**

The Project is currently audited by the Auditor General's Department of Jamaica.

The Auditors,  
Auditor General's Department,  
40 Knutsford Boulevard,  
Kingston 5,  
Jamaica.



**Jamaica Social Investment Fund  
Integrated Community Development Project (8356-JM)  
Jamaica Disaster Vulnerability Project (8581-JM)  
Notes to the Financial Statements  
Year Ended March 31, 2018  
Expressed in USD**

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**6. SIGNIFICANT ACCOUNTING POLICIES**

I) Basis of Preparation

These financial statements are prepared under the historical cost convention, using the cash basis of accounting, in accordance with the Cash Basis IPSAS: Financial Reporting under the Cash Basis Accounting. Cash Basis accounting recognises 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. This accounting policy is a comprehensive basis of accounting other than that required under International Financial Reporting Standards (IFRS), where transactions should be recorded when they occur and not when they are paid.

II) Recording of Transactions

Transactions are entered in local currency. However, transactions are converted into the United States of America currency for preparation of the financial statements, unless otherwise stated.

Receipt and expenditure in local currency are translated into US dollars, by applying the exchange rate at which the funds were transferred from the Designated Account.

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.

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

Expenses paid from the Jamaican dollar project accounts held with Sagicor Bank Jamaica Limited and National Commercial Bank Jamaica Limited, were converted by applying the exchange rate at which the funds were transferred from the Designated Bank account to the local Administrative Bank accounts.

**Jamaica Social Investment Fund**  
**Integrated Community Development Project (8356-JM)**  
**Jamaica Disaster Vulnerability Project (8581-JM)**  
**Notes to the Financial Statements**  
**Year Ended March 31, 2018**  
**Expressed in USD**

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**7. DISBURSEMENT REQUEST**

This represents the total advance issued to the respective Loans by the IBRD for the current and cumulatively to March 31, 2018.

**(a) Integrated Community Development Project (ICDP):**

<u>Advance Request Date</u>	<u>Advance Number</u>	<u>Amount</u> US\$
Balance as at April 1, 2017		<u>5,294,950</u>
April 19, 2017	6C	110,484
May 11, 2017	7	1,746,401
June 13, 2017	7A	1,597,984
November 15, 2017	8	1,508,923
February 1, 2018	8A	1,237,651
Total receipt for the year ended March 31, 2018		<u>6,201,443</u>
Cumulative Advance as at March 31, 2018		<u>11,496,393</u>

**(b) Jamaica Disaster Vulnerability Reduction Project (JDVRP)**

<u>Advance Request Date</u>	<u>Advance Number</u>	<u>Amount</u> US\$
Balance as at April 1, 2017		<u>160,000</u>
July 10, 2017	2	657,398
February 13, 2018	4	300,000
Total receipt for the year ended March 31, 2018		<u>957,398</u>
Cumulative Advance as at March 31, 2018		<u>1,117,398</u>

**Jamaica Social Investment Fund  
Integrated Community Development Project (8356-JM)  
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Notes to the Financial Statements  
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Expressed in USD**

**8. SOURCE OF FUNDS (ICDP and JDVRP)**

The amount of US\$7,158,841 (cumulatively US\$12,613,791) was received from the World Bank for the period reviewed.

	<u>Year ended March 31, 2018</u>	<u>Cumulative to March 31, 2018</u>
	US\$	US\$
ICDP	6,201,443	11,496,393
JDVRP	<u>957,398</u>	<u>1,117,398</u>
	<u>7,158,841</u>	<u>12,613,791</u>

**9. USE OF GRANT FUNDING (ICDP and JDVRP)**

Total funds invested during the period amounts to approximately US\$6,309,679 (cumulatively US\$11,544,372).

	<u>Year ended March 31, 2018</u>	<u>Cumulative to March 31, 2018</u>
	US\$	US\$
ICDP	5,616,210	10,849,458
JDVRP	<u>693,469</u>	<u>694,914</u>
	<u>6,309,679</u>	<u>11,544,372</u>

**10. FIXED ASSETS**

**(a) Integrated Community Development Project (ICDP):**

	<u>Computer</u>	<u>Motor Vehicle</u>	<u>Furniture, Fixtures &amp; Equipment</u>	<u>Total</u>
Cost	US\$	US\$	US\$	US\$
Balance at 1 <sup>st</sup> April 2017	21,444	45,681	21,807	88,932
Additions	43	-	8,529	8,572
Balance at 31 <sup>st</sup> March 2018	<u>21,487</u>	<u>45,681</u>	<u>30,336</u>	<u>97,504</u>

**Jamaica Social Investment Fund**  
**Integrated Community Development Project (8356-JM)**  
**Jamaica Disaster Vulnerability Project (8581-JM)**  
**Notes to the Financial Statements**  
**Year Ended March 31, 2018**  
**Expressed in USD**

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**10. FIXED ASSETS (CONT'D)**

**(b) Jamaica Disaster Vulnerability Reduction Project (JDVRP):**

	<b>Computer</b>	<b>Motor Vehicle</b>	<b>Furniture, Fixtures &amp; Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Balance at 1 <sup>st</sup> April 2017	-	-	-	-
Additions	-	-	1,383	1,383
Balance at 31 <sup>st</sup> March 2018	-	-	<b>1,383</b>	<b>1,383</b>

**11. CASH AVAILABILITY (ICDP and JDVRP)**

The cash available as at March 31, 2018, as expressed in US dollars is:

	<b>March 31, 2018 US\$</b>	<b>March 31, 2017 US\$</b>
Bank of Jamaica (BOJ)	90,607	4,572
National Commercial Bank (NCB)	332,534	153,982
Sagicor Bank	648,825	62,201
<b>Available cash balance</b>	<b>1,071,966</b>	<b>220,755</b>

The Designated account held at BOJ is used to hold monies advanced on Loan for the purpose of making payments for eligible expenses relating to the Project. Monies are periodically transferred from the Designated account to a local currency account, the Project account, held at NCB and Sagicor Bank from which such expenses are paid directly.

**Jamaica Social Investment Fund**  
**Integrated Community Development Project (8356-JM)**  
**Jamaica Disaster Vulnerability Project (8581-JM)**  
**Notes to the Financial Statements**  
**Year Ended March 31, 2018**  
**Expressed in USD**

**12. CASH MOVEMENT**

	Available cash resources as at	Funds received during the year ended March 31, 2018	Project (outflows) less recoveries March 31, 2018	Available cash resources as at March 31, 2018
	<u>April 1, 2017</u>	<u>March 31, 2018</u>	<u>March 31, 2018</u>	<u>March 31, 2018</u>
	US\$	US\$	US\$	US\$
IBRD (ICDP)	63,848	6,201,443	(5,613,544)	651,747
IBRD (JDVRP)	<u>156,907</u>	<u>957,398</u>	<u>(694,086)</u>	<u>420,219</u>
	<u><u>220,755</u></u>	<u><u>7,158,841</u></u>	<u><u>(6,307,630)</u></u>	<u><u>1,071,966</u></u>

Variance in the Project (outflows) less recoveries as at March 31, 2018 above, in comparison to the cumulative investment showed on the Statement of Sources and Uses of Funds (Page 5) and the Statement of Cumulative Investment by Categories (page 7) for the ICDP and JDVRP Project, respectively, is due to the foreign exchange adjustment gain/(loss)- (ICDP-US\$2,666, DVRP-(US\$617)) during the current financial year, as reflected on page 5.

**13. LOAN FUNDING AVAILABLE:**

**(a) Integrated Community Development Project (ICDP):**

Category	<u>Loan</u>	<u>Disbursement</u>	<u>Balance</u>
	US\$	US\$	US\$
Goods, works, non-consulting services, consultants' services and operating costs for parts 1(a) through to (h), 2,3 and 4 of the Project.	41,430,726	10,849,152	30,581,574
Goods to serve as RB Incentives for NSWMA under Part 1(h)(4)(A) of the Project.	285,714	-	285,714
Salary supplement and goods and/or works under Sub-projects to serve as RB Incentives for Environmental Wardens and Community Based Organizations, respectively, all under Part 1 (h)(4)(B) of the Project.	178,560	306	178,254
	<u><u>41,895,000</u></u>	<u><u>10,849,458</u></u>	<u><u>31,045,542</u></u>

**Jamaica Social Investment Fund  
Integrated Community Development Project (8356-JM)  
Jamaica Disaster Vulnerability Project (8581-JM)  
Notes to the Financial Statements  
Year Ended March 31, 2018  
Expressed in USD**

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**13. LOAN FUNDING AVAILABLE (CONT'D):**

**(b) Jamaica Disaster Vulnerability Reduction Project JDVRP:**

<u>Category</u>	<u>Loan</u> US\$	<u>Disbursement</u> US\$	<u>Balance</u> US\$
Goods, non-consulting services, consultants' services for component 1, and training for component 1(a) to (c) and (e).	3,465,000	598,789	2,866,211
Training for component 1(d)	350,000	-	350,000
Goods, works, non-consulting services, consultants' services for component 2.	23,610,000	69,989	23,540,011
Emergency expenditures under component 3.	-	-	-
Goods, non-consulting services, consultants' services, training and operating costs for component 4	2,500,000	26,136	2,473,864
	<u>29,925,000</u>	<u>694,914</u>	<u>29,230,086</u>



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**JAMAICA SOCIAL INVESTMENT FUND**

**INTERGRATED COMMUNITY DEVELOPMENT PROJECT (JM-3560) and**  
**JAMAICA DISASTER VULNERABILITY PROJECT (JM-8581)**  
**Period ending March 31, 2018**

**AUDIT OF STATEMENTS OF EXPENDITURE (SOE) PROCEDURES**

In the course of the Audit of the Foundations for Competitiveness and Growth Project for the period ended March 31, 2018, I examined the following statements of expenditure submitted to the IBRD during the financial year under review in support of applications for advance of funds from the Loan Account in accordance with the Loan Agreement:

(a) **Integrated Community Development Project (ICDP):**

<b>Disbursement Number</b>	<b>Date of Disbursement Request</b>	<b>US\$</b>
6C	April 19, 2017	110,484
7	May 11, 2017	1,746,401
7A	June 13, 2017	1,597,984
8	November 15, 2017	1,508,923
8A	February 1, 2018	1,237,651
<b>Total</b>		<b>6,201,443</b>

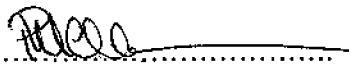
(b) **Jamaica Disaster Vulnerability Reduction Project (JDVRP):**

<b>Disbursement Number</b>	<b>Date of Disbursement Request</b>	<b>US\$</b>
2	July 10, 2017	657,398
4	February 13, 2018	300,000
<b>Total</b>		<b>957,398</b>

The examination was done in accordance with 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 goods and services, filing of supporting documents and such other auditing procedures as I considered necessary in the circumstances.

**Opinion**

In my 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 applications for advance in conforming to the requirements of the Loan Agreement.



.....  
Auditor General of Jamaica

2018/09/28.....

Date