



**COMMUNITY GOVERNANCE
AND GRIEVANCE
MANAGEMENT PROJECT**

P147005

**MINISTRY OF PROVINCIAL
GOVERNMENT AND
INSTITUTIONAL
STRENGTHENING**

**AUDITED FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2015**

**Community Governance and Grievance Management Project
P147005
Ministry of Provincial Government and Institutional Strengthening**

**Financial Statements
For the Year Ended 31st December 2015**

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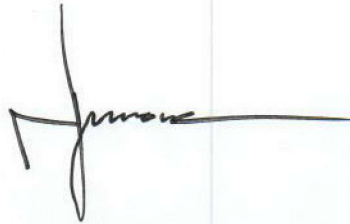
**Statement of Certification
for the year ended 31st December 2015**

In our opinion, the attached audited Financial Statements and Notes on pages 5 - 13 for the Year Ended 31st Year Ended 31st December 2015 are based on properly maintained financial records and present fairly, in all material respects, the information required by section 2.06 of the Standard Conditions for Grants made by the World Bank out of various funds, dated February 15, 2012

For and on behalf of the Community Governance and Grievance Management Project,
Ministry of Provincial Government and Institutional Strengthening

Stanley Pirione
Project Director

Signature:



Date:

17/5/16

Robert Kaua
Project Coordinator Supervising

Signature:



Date:

17/5/16

Independent Auditor's Report

To the Project Director of Community Governance & Grievance Management Project

We have audited the accompanying financial statements of Community Governance & Grievance Management Project comprising the Financial Position report as at 31st December 2015 and the Financial Performance report and statement of cash flows for the year then ended and the related summary of accounting policies and other explanatory notes on pages 10 to 13 of the financial statements.

Responsibility of the Project Director

The Project Director is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies in note 1 to the financial statements and section 2.06 of the Standard Conditions for Grants made by the World Bank out of various funds, dated February 15th, 2012. 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 and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with applicable Auditing Standards in Solomon Islands. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement due to fraud or error. In making those risk assessment, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Project Director, as well as evaluating the overall presentation of the financial statements. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other persons, to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

Baoro & Associates

Certified Practising Accountants

Opinion

In our opinion:

- (a) The accompanying financial statements are in agreement with the books of account kept by the Community Governance & Grievance Management Project and are properly drawn up:
 - (i) So as to give a true and fair view of the financial position of the CGGMP as at 31st December 2015 and of its financial performance and its cash flows for the year then ended,
 - (ii) In accordance with the provisions of the International Public Sector Accounting Standards (IPSAS), and
 - (iii) In accordance with the accounting policies set out in Note 1 to the financial statements.
- (b) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit for the year ended 31st December 2015, and
- (c) Proper books of accounts have been kept by the CGGMP as far as it appears from the examination of those books.

BAORO & ASSOCIATES
CERTIFIED PRACTISING ACCOUNTANT



Baoro Laxton Koraua
Principal

Date

18/05/16

**Community Governance and Grievance Management Project
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**Statement of Financial Position
for the year ended 31st December 2015**

Account Description	Note	2015	2014
		SBD	SBD
ASSET			
Current Asset			
Cash and Cash Equivalents	6	2,316,189	-
Total Cash and Cash Equivalents		2,316,189	-
Total Current Asset		2,316,189	-
Total Asset		2,316,189	-
Equity			
Total Surplus/(Deficit) for the Period		2,316,189	-
Total Surplus /(Deficit) for the Period		2,316,189	-
Total Equity		2,316,189	-

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**Statement of Financial Performance
for the year ended 31st December 2015**

Account Description	Note	2015	2014
		SBD	SBD
FINANCING			
Grant Proceeds from the World Bank	7	4,136,420	-
Total Grant Proceeds from the World Bank		4,136,420	-
Total Financing		4,136,420	-
Expenditure			
Components			
Component 1: Revitalizing Government Community Linkages	8	319,199	-
Component 2: Strengthening Community Officers Capacities	9	364,289	-
Component 3: Project Management Evaluation and Learning	10	1,136,744	-
Total Components Expenditure		1,820,232	-
Total Expenditure		1,820,232	-
Net Cash Flows		2,316,189	-

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Statement of Comparison of Budget and Actual Amounts
for the year ended 31st December 2015

Account Description	2015 Original and Final Budget	2015 Actual on Comparable Basis	2015 Difference
	SBD	SBD	SBD
Revenue			
Grant Proceeds from the World Bank	6,465,745	4,136,420	(2,329,325)
Total Grant Proceeds from the World Bank	6,465,745	4,136,420	(2,329,325)
Total Revenue	6,465,745	4,136,420	(2,329,325)
Expenditure			
Components			
Component 1: Revitalizing Government Community Linkages	1,006,400	319,199	687,201
Component 2: Strengthening Community Officers Capacities	2,092,000	364,289	1,727,711
Component 3: Project Management Evaluation and Learning	3,367,345	1,136,744	2,230,601
Total Components Expenditure	6,465,745	1,820,232	4,645,513
Total Expenditure	6,465,745	1,820,232	4,645,513
Net Cash Flows	-	2,316,189	2,316,189

**Community Governance and Grievance Management Project
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**Statement of Changes in Net Asset/Equity
for the year ended 31st December 2015**

Account Description	Accumulated Surplus/Deficit)
	SBD
Equity	
Balance as at 31st December 2014	-
Changes in Net Equity in 2015	
Total Surplus/(Deficit) for the Period	2,316,189
Balance as at 31st December 2015	2,316,189

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Statement of Cash Flow
for the year ended 31st December 2015

	2015	2014
	SDB	SDB
Cash Flow from Operating Activities		
Receipts		
Grant Proceeds from the World Bank	4,136,420	-
Total Receipts	4,136,420	-
Payments		
Component 1: Revitalizing Government Community Linkages	319,199	-
Component 2: Strengthening Community Officers Capacities	364,289	-
Component 3: Project Management Evaluation and Learning	1,136,744	-
Total Payments	1,820,232	-
Net Cash Flow from Operating Activities	2,316,189	-
Cash and Cash Equivalent at the Beginning of the Period	-	-
Cash and Cash Equivalent at End of Period	2,316,189	-

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Notes to the Financial Statements

for the year ended 31st December 2015

1 General Information

The Community Governance and Grievance Management Project, Project ID: P147005, development objective is to strengthen community grievance management capabilities and enhance the effectiveness of linkages with government in targeted communities.

On November 5, 2014, the Solomon Islands Government and the World Bank signed a Grant Agreement for a grant of USD3.08 million, Grant No. TF018206, to assist in financing this project. It became effective on November 5, 2014 and the closing date is on the 30th April 2019.

The Grant Recipient Agency shall be the Ministry of Finance and Treasury, and the Implementation Agency shall be the Ministry of Provincial Government and Institutional Strengthening for the overall coordination and implementation of the project in accordance with the legal agreement between the World Bank and Solomon Islands Government

2 Significant Accounting Policies

a Basis of Preparation

The financial statements have been prepared in accordance with Cash Basis IPSAS Financial Reporting under the Cash Basis of Accounting.

The accounting policies have been applied consistently throughout the period.

b Cash Basis of Accounting

The cash basis of accounting recognizes transactions only when cash is received and paid by the Implementation Agency

c Reporting Currency

The financial statements are presented in the Solomon Islands currency, the Solomon Islands dollar (SBD\$).

d Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction.

3 Component Reporting

The reporting format is based on the three components of the project, and the nature of the expenses are reported in notes 8 - 11

4 Budget

The budget is developed on the same accounting basis (cash basis), same classification and for the same period as the financial statements

5 Grant Proceeds from the World Bank

These funds are received from the World Bank from the Withdrawal Application are submitted for reimbursement and transfer to the Designated Account No. 5218004 at ANZ Bank

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**Notes to the Financial Statements
for the year ended 31st December 2015**

6 Cash

Cash comprises cash on hand and cash equivalents. Cash equivalents comprise balance at ANZ Bank

	2015	2014
	<u>SBD</u>	<u>SBD</u>
Cash Balance as at ANZ Bank	2,315,189	-
Cash Balance as at On Hand	1,000	-
	<u>2,316,189</u>	<u>-</u>

Cash Details

Account No. 5218004, Operating Account, ANZ Bank	2,315,189	-
Petty Cash Standing Imprest	1,000	-
	<u>2,316,189</u>	<u>-</u>

	2015	2014
	<u>SBD</u>	<u>SBD</u>
7 Grant Proceeds from World Bank		
1st Withdrawal Application - Advance	2,500,000	-
2nd Withdrawal Application - January - July Payments	429,837	-
3rd Withdrawal Application - August - November Payments	1,206,584	-
Total Withdrawal Application	<u>4,136,421</u>	<u>-</u>

	2015	2014
	<u>SBD</u>	<u>SBD</u>
8 Component 1: Revitalizing Government Community Linkages		
C1 - Airfare	43,814	-
C1 - Accommodation	63,570	-
C1 - Allowance	51,250	-
C1 - Fuel	16,030	-
C1 - Motor Vehicle Fare & Hiring	86,170	-
C1 - OutBoard Motor Fare & Hiring	3,070	-
C1 - Consultation & Awareness	53,509	-
C1 - Office Supplies	1,786	-
Total Component 1: Revitalizing Government Community Linkages	<u>319,199</u>	<u>-</u>

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**Notes to the Financial Statements
for the year ended 31st December 2015**

	Note	2015 SBD	2014 SBD
9 Component 2: Strengthening Community Officers Capacities			
C2 - Airfare		30,213	-
C2 - Accommodation		94,450	-
C2 - Allowance		53,100	-
C2 - Fuel		2,830	-
C2 - Motor Vehicle Fare & Hiring		20,311	-
C2 - Outboard Motor Fare & Hiring		1,200	-
C2 - Training & Workshop		91,586	-
C2 - Office Supplies		15,697	-
C2 - Uniform		31,402	-
C2 - Storage Equipment	11	17,050	-
C2 - Training Equipment	11	6,450	-
Total Component 2: Strengthening Community Officers Capacities		364,289	-
		2015 SBD	2014 SBD
10 Component 3: Project Management Evaluation and Learning			
C3 - National Consultant Fees		478,480	-
C3 - Employer NPF Contribution	12	34,630	-
C3 - Holiday Pasage		27,000	-
C3 - International Consultant Fees		196,344	-
C3 - International Consultant Air fare		3,481	-
C3 - International Consultant Accom		115,600	-
C3 - International Consultant Per Diem		62,618	-
C3 - Motor Vehicle Fuel, Fare & Hiring		7,549	-
C3 - Bank Charges		1,049	-
C3 - Office Supplies		52,242	-
C3 - Office Equipment	11	57,954	-
C3 - Office Furniture	11	75,163	-
C3 - Mobile Phone	11	11,800	-
C3 - Accounting Software	11	5,135	-
C3 - Telecommunication & Advertisement		7,700	-
Total Component 3: Project Management Evaluation and Learning		1,136,745	-

**Community Governance and Grievance Management Project
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**Notes to the Financial Statements
for the year ended 31st December 2015**

	Note	2015 SBD	2014 SBD
11 Fixed Assets			
C2 - Storage Equipment	9	17,050	-
C2 - Training Equipment	9	6,450	-
C3 - Office Equipment	10	57,954	-
C3 - Office Furniture	10	75,163	-
C3 - Mobile Phone	10	11,800	-
C3 - Accounting Software	10	5,135	-
Total Component 3: Project Management Evaluation and Learning		173,552	-
		2015 SBD	2014 SBD
12 National Consultants Costs			
C3 - National Consultant Fees	10	478,480	-
C3 - Employer NPF Contribution	10	34,630	-
C3 - Holiday Passage	10	27,000	-
Total National Consultants Costs		540,110	-
		2015 SBD	2014 SBD
13 National Consultants Payroll Deductions			
C3 - Employee NPF Contribution		20,870	-
C3 - PAYE Payable		140,194	-
C3 - Receivable & Recovery		15,000	-
Total National Consultants Payroll Deductions		176,064	-
		2015 SBD	2014 SBD
14 International Consultants Costs			
C3 - International Consultant Fees	10	196,344	-
C3 - International Consultant Air fare	10	3,481	-
C3 - International Consultant Accom	10	115,600	-
C3 - International Consultant Per Diem	10	62,618	-
International Consultants Costs		378,043	-