Housing Recovery Project (HRP)

IDA Credit No. 62320-DM;  
IDA Grant No. D3070-DM

Commonwealth of Dominica

Special Purpose Project Financial Statements and  
Independent Auditor’s Report

For the year ended 30 June 2019
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Housing Recovery Project
IDA Credit No. 62320-DM; IDA Grant No. D3070-DM

Statement of Management’s responsibilities for the preparation and approval of the Special Purpose Project Financial Statements for the period August 7, 2018 to June 30, 2019.

Management of Housing Recovery Project (the “Project”), financed under IDA Credit No. 62320-DM and Grant No. D3070-DM is responsible for the preparation of the proceeds and disbursements and uses of funds by project components of the Project for the period August 8, 2018 to June 30, 2019 in accordance with International Public Sector Accounting Standards “Financial Reporting Under the Cash Basis of Accounting “ (the IPSAS”) issued by the International Public Sector Accounting Standard Board of the International Federation of Accountants and the World Bank’s Financial Management Sector Board’s Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities” (the WB Guidelines).

In preparing the special purpose project financial statements, management is responsible for:

- Selecting the suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Stating whether IPSAS and WB Guidelines have been followed, subject to any material departures disclosed and explained in the special purpose project financial statements; and
- Preparing the special purpose project financial statements on a going concern basis, unless it is inappropriate to presume that the Project will continue its activity for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining effective and sound system of internal control and for revealing risks in the system of internal control;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Project, and which enable them to ensure that the special purpose project financial statements of the Project comply with IPSAS and WB Guidelines;
- Compliance with the laws and regulations of the Commonwealth of Dominica, accounting system of the Project and the requirement of the World Bank;
- Taking such steps as are reasonably available to them to safeguard the assets of the project; and
- Detecting and preventing fraud and other irregularities.

The special purpose project financial statements for the year ended 30th June 2019 were approved and authorized by the Management of the Project.

Reginald Severin
Permanent Secretary
Ministry of Housing and Lands
Date:

Nicholas Bruno
Project Manager
Housing Recovery Project PIU
Date:
INDEPENDENT AUDITOR’S REPORT

To
Mr. Reginald Severin
Principal Secretary,
Ministry of Housing and Lands
Roseau, Commonwealth of Dominica

Report on the Special Purpose Project Financial Statements

Opinion
We have audited the special purpose project financial statements of "Housing Recovery Project", (the "Project") which comprise the statement of designated account reconciliation, statement of sources and uses of funds and statement of cumulative investments for the year ended 30 June 2019, and a summary of significant accounting policies and other explanatory information (the "special purpose project financial statements").

In our opinion, the accompanying special purpose financial statements of the Project for the year ended 30 June 2019, except for the effects of the matter(s) described in the Basis for Qualified Opinion paragraph below, are prepared, in all material respects, in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines")

Qualified Opinion
1. Expenditure amounting to USD 116,308.52 that were not directly related to the project have been recorded in the Project's Books of Account (Refer section 2.2.1 of the Management Letter).
2. Non-Deposit of Income Tax on salaries of PIU personnel (PAYE) amounting to USD 19,752.72 have been recorded and reported as expenditure (Refer section 2.2.7 of the Management Letter).

3. Excess payment to Implementation Support Team amounting to USD 6,855 (Refer section 2.2.2 of the Management Letter).

4. An expenditure of USD 1,479 which has been recorded twice in the Books of Account (Refer section 2.2.8 of the Management Letter).

Other matters
Further, we draw attention to Note 2 to the special purpose project financial statements which describe the basis of accounting. These special purpose project financial statements were prepared for complying with the appropriate World Bank Guidelines and Loan agreement requirements.

The special purpose project financial statements are prepared to assist the Project to comply with the requirements of the World Bank. As a result, the special purpose project financial statements may not be suitable for another purpose.

Responsibilities of Management and Those Charged with Governance for the special purpose project financial statements
Management is responsible for the preparation and fair presentation of the special purpose project financial statements in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines"), and for such internal control as management determines is necessary to enable the preparation of the special purpose project financial statements that are free from material misstatement, whether due to fraud or error.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
Identify and assess the risks of material misstatement of the special purpose project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The 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 exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose project financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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 special purpose project financial statements, including the disclosures, and whether the special purpose project financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bhushan Agrawal, Partner
Membership Number: 408037

Date: 25/Dec/2019
Place: Delhi
Housing Recovery Project  
**IDA Credit No. 62320-DM; IDA Grant No. D3070-DM**

Statement of Designated Account  
National Bank of Dominica  
For the year ended 30 June 2019  
(Expressed in United States Dollars)

<table>
<thead>
<tr>
<th>Source of financing USD</th>
<th>US$</th>
<th>IDA Credit</th>
<th>IDA Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>1,575,000.00</td>
<td>-</td>
<td>1,575,000.00</td>
</tr>
<tr>
<td><strong>1</strong> Total advanced by World Bank</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>2</strong> Less: eligible expenditure for the current year ended 30 June 2019 documented by World Bank</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>3</strong> Less: cumulative eligible expenditure for the prior periods ended 30 June 2018 documented by World Bank</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>4</strong> Present outstanding amount advanced to the designated account (1 - 2)</td>
<td>1,575,000.00</td>
<td>-</td>
<td>1,575,000.00</td>
</tr>
<tr>
<td><strong>5</strong> Balance of USD designated account per bank reconciliation statement as at year end 30 June 2019</td>
<td>513,502.89</td>
<td>-</td>
<td>513,502.89</td>
</tr>
<tr>
<td><strong>6</strong> Balance of project account per bank reconciliation statement as at year end 30 June 2019</td>
<td>787,348.91</td>
<td>-</td>
<td>787,348.91</td>
</tr>
<tr>
<td><strong>7</strong> Plus: Eligible expenditure for the current year documented after the year end</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
| **8** Plus: Total amount withdrawn and not yet claimed  
  Reason: Late start of project therefore small amount of spending to date in respect of advance | 435,510.05 | - | 435,510.05 |
| **9** Plus: Amounts claimed in previous applications not yet credited  
  Subtotal of previous applications not yet credited | - | - | - |
| **10** Less: Interest earned | - | - | - |
| **9** Total advance accounted for (no. 4 through no. 9) | 1,736,361.85 | - | 1,736,361.85 |
| **10** difference (3 - 9) | (161,361.85) | - | (161,361.85) |

11: **Explanation of any difference shown in Line 10 – Please refer Note 3**  

Note: Since this is the first year of the project, previous year comparatives have not been provided.
**Housing Recovery Project**  
**IDA Credit No. 62320-DM; IDA Grant No. D3070-DM**

Statement of Sources and Uses of Funds  
For the year ended 30 June 2019  
(Expressed in United States Dollars)

<table>
<thead>
<tr>
<th>Source of Financing</th>
<th>Current Period (USD)</th>
<th>Current Year End Cumulative (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>IDA Credit 62320-DM</td>
</tr>
<tr>
<td>World Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Account</td>
<td>1,575,000.00</td>
<td>- 1,575,000.00</td>
</tr>
<tr>
<td>Direct Payment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retroactive Financing</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Receipts (A)</strong></td>
<td>1,575,000.00</td>
<td>- 1,575,000.00</td>
</tr>
<tr>
<td>Component 1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Component 2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Component 3</td>
<td>435,510.05</td>
<td>- 435,510.05</td>
</tr>
<tr>
<td>Bank charges (Interest Expense)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenditures (B)</strong></td>
<td>435,510.05</td>
<td>- 435,510.05</td>
</tr>
<tr>
<td>Net Change in Cash (A - B)</td>
<td>1,139,489.95</td>
<td>- 1,139,489.95</td>
</tr>
<tr>
<td>Foreign Exchange Adjustment</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BANK BALANCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Account</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Project Account</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Opening Balance</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Designated Account</td>
<td>513,502.89</td>
<td>- 513,502.89</td>
</tr>
<tr>
<td>Project Account</td>
<td>787,348.91</td>
<td>- 787,348.91</td>
</tr>
<tr>
<td><strong>Total Closing Balance</strong></td>
<td>1,300,851.80</td>
<td>- 1,300,851.80</td>
</tr>
</tbody>
</table>

Note: Previous year comparatives have not been given as this is the first year of the project
Housing Recovery Project  
IDA Credit No. 62320-DM; IDA Grant No. D3070-DM

Statement of Cumulative Investments  
For the year ended 30 June 2019 (Expressed in United States Dollars)

### Source of finance : IDA Credit Number 62320-DM

<table>
<thead>
<tr>
<th>Categories</th>
<th>Current Year (USD)</th>
<th>Current Year Cumulative (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual for the year ended 30 June 2019</td>
<td>As at 30 June 2019</td>
</tr>
<tr>
<td>Category 1: Goods, works, non-consulting services, consulting services, Operating Costs and Training for the Project</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Category 2: Housing Grants for Sub-projects</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Source of finance : IDA Grant Number D3070-DM

<table>
<thead>
<tr>
<th>Categories</th>
<th>Current Year (USD)</th>
<th>Current Year Cumulative (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual for the year ended 30 June 2019</td>
<td>As at 30 June 2019</td>
</tr>
<tr>
<td>Category 1: Goods, works, non-consulting services, consulting services, Operating Costs and Training for the Project</td>
<td>435,510.05</td>
<td>435,510.05</td>
</tr>
<tr>
<td>Category 2: Housing Grants for Sub-projects</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>435,510.05</td>
<td>435,510.05</td>
</tr>
</tbody>
</table>

Note: Since this is the first year of the project, previous year (as at 30 June 2018) figures have not been provided
1. **BACKGROUND**

The Government of the Commonwealth of Dominica (GoCD) has secured financing from the International Development Association (IDA) credit and a Crisis Response Window Grant for the Housing Recovery Project (HRP). The HRP is one of the projects in the GoCD’s National Housing Repair and Reconstruction Programme portfolio. The HRP will contribute both to the recovery of housing for disaster-affected households and to improving the application of resilient building practices in the housing sector. The Project will finance support for housing recovery systems and capacity building, support for the reconstruction of houses, and project management and coordination. The project has a significant construction works component and other activities related to institutional strengthening and capacity building. It has been formulated in keeping with the GoCD’s National Housing Repair and Reconstruction Programme (NHRRP).

An essential component of the Project is the establishment of up to seven (7) Technical Assistance Centres (TACs) throughout the country to serve as satellite offices of the Physical Planning Division of the Ministry of Planning and Economic Development (MoPED). These TACs will be the primary interface between the public/eligible beneficiaries/contractors and the implementing agencies. The PIU will oversee the operations at the TACs while the TACs support the PIU in the collection of the demographic information required for administering eligibility under the project, for undertaking technical assessments and carrying out development control functions.

The objectives of the Project are to contribute both to the recovery of housing for households affected by Hurricane Maria and to improve the application of resilient building practices in the housing sector.

The Project consists of the following three components:

a. **Component 1:** Support for Housing Recovery Systems and Capacity Building;

b. **Component 2:** Support for Reconstruction of Houses; and;

c. **Component 3:** Project Management and Coordination.

**Project management**

The recipient of the bank financing is the Commonwealth of Dominica. The Bank finance contract will be implemented by the Housing Recovery Project/Project Implementation Unit (HRP/PIU) through the Ministry of Housing and Lands of the Commonwealth of Dominica.

The Project is implemented by the Ministry of Housing and Lands, supported by a Project Implementation Unit (PIU) with oversight from the Ministry of Finance. The Ministry of Housing and Lands is the technical lead for coordination amongst agencies in the Project, responsible for overseeing the PIU and day-to-day execution of activities and Project development. The Ministry of Finance is directly involved in the management of the Project with the Ministry of Housing and Lands reporting on fiduciary matters and overall project progress to the Ministry of Finance. The Ministry of Finance is responsible for coordinating financial management, contract management and monitoring of the Project, in coordination with the Ministry of Housing and Lands.
with the PIU staff. The PIU would also manage environment and social safeguards aspects of the Project, as well as the Project reporting, monitoring and evaluation.

### Program Cost and Financing for the Housing Recovery Project

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of Credit (SDR)</th>
<th>Percentage of Expenditure to be financed by Credit (inclusive of Taxes)</th>
<th>Amount of Grant (SDR)</th>
<th>Percentage of Expenditure to be financed by Grant (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for the Project</td>
<td>0</td>
<td>100%</td>
<td>4,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Housing Grants for Sub-projects</td>
<td>7,000,000</td>
<td>30%</td>
<td>16,300,000</td>
<td>70%</td>
</tr>
<tr>
<td><strong>Total Amount (SDR)</strong></td>
<td><strong>7,000,000</strong></td>
<td><strong>20,800,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Source of Finance

<table>
<thead>
<tr>
<th>Source of finance</th>
<th>Reference</th>
<th>Amount (SDR/million)</th>
<th>Amount (USD/million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA Credit</td>
<td>62320-DM</td>
<td>7.00</td>
<td>10.00</td>
</tr>
<tr>
<td>IDA Grant</td>
<td>D3070-DM</td>
<td>20.80</td>
<td>30.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>27.80</strong></td>
<td><strong>40.00</strong></td>
</tr>
</tbody>
</table>
2. PRESENTATION OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

Basis of preparation

These special purpose project financial statements have been prepared in accordance with the International Public Sector Accounting Standard (the "IPSAS") "Financial Reporting under the Cash Basis of Accounting" issued by the Public Sector Committee of the International Federation of Accountants, and incorporate the following principal accounting policies, which have been consistently followed in all material respects and comply with the World Bank’s Financial Management Sector Board’s "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

Under the cash basis approach income (or expenditure) is recognized when cash is received (or paid) irrespective of when goods or services are received or provided.

a. Statement of compliance

These special purpose project financial statements consist of

- Statement of Designated Account
- Statement of Sources and Uses of Funds
- Statement of Cumulative Investments
- Significant accounting policies and other explanatory information

The reporting currency of these special purpose project financial statements is US Dollars ("USD").

b. Basis of measurement

These special purpose project financial statements have been prepared on the historical cost basis

c. Functional and presentation currency

The functional currency is United States Dollars (USD). The amounts expended in Eastern Caribbean Dollars (XCD) are converted to United States Dollars (USD) at exchange rate of 2.6882 for XCD. The reporting currency of the project is United States Dollars (USD).
Housing Recovery Project  
IDA Credit No. 62320-DM; IDA Grant No. D3070-DM  
(Expressed in United States Dollars)  
NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2019

3. Explanation of difference in Designated Account Statement

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount received from world Bank</td>
<td>A 1,575,000.00</td>
</tr>
<tr>
<td>Expenditure as per books of account for the year ended 30-June-2019</td>
<td>B 435,510.05</td>
</tr>
<tr>
<td>Closing Balance that should be (A-B)</td>
<td>C 1,139,489.95</td>
</tr>
<tr>
<td>Actual closing balance as per bank statements</td>
<td>D 1,300,851.80</td>
</tr>
<tr>
<td>Difference (D-C)</td>
<td>E 161,361.85</td>
</tr>
</tbody>
</table>

The reason for such differences are summarized in table below

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments in Books of Accounts but not in debited in Bank accounts, these were paid from other government bank accounts</td>
<td>W 162,462.58</td>
</tr>
<tr>
<td>Payments debited in Bank but not recorded in Books</td>
<td>X 2,237.96</td>
</tr>
<tr>
<td>Expenditures recorded using incorrect exchange rate</td>
<td>Y 268.20</td>
</tr>
<tr>
<td>Foreign Exchange Gain</td>
<td>Z 869.03</td>
</tr>
<tr>
<td>Net (W-X+Y+Z)</td>
<td>161,361.85</td>
</tr>
</tbody>
</table>

4. SIGNIFICANT ACCOUNTING POLICIES

a. Cash basis of accounting
   The special purpose project financial statements are prepared on a cash basis of accounting. The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the Project. The special purpose Project financial statements prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the special purpose project financial statements is balances of cash and changes therein.

b. Foreign Currencies
   Transactions in foreign currencies other than USD and XCD are translated into United States dollars (USD) at the rate of exchange ruling (National Bank of Dominica) at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into United States dollars at the exchange ruling at the date. Foreign currency differences arising on retranslation are generally recognized as income / expenditure.

c. Funds received
   Funds received are recognized on the cash basis that is at the time when are received.

d. Expenses
   Expenses are recorded on cash basis that is at the time of payment instead of when incurred.
e. **Round off**
The figures have been rounded off to the nearest 2 places of decimal.

f. **Sources of funds**
The funds were provided by the World Bank to the Project by replenishment of special account or through direct payment to the end supplier of goods and/or services.

g. **Restricted use of funds and other assets**
The Credit, Loan and Grant agreements require that the funds available in the Designated Account be restricted to the Project use only. Any project funds available at the end of the Project should be returned to the World Bank.

h. **Cash and cash equivalents**
Cash and cash equivalents include cash on hand and due from banks, which can be converted to the corresponding amount of cash in the short term.
Cash and cash equivalents as at 30 June 2019 comprise:
Account held at: National Bank of Dominica

<table>
<thead>
<tr>
<th>Expressed in United States dollars (USD)</th>
<th>Total</th>
<th>IDA Credit 62320-DM</th>
<th>IDA Grant D3070-DM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Account (Account Number – 261100057) USD</td>
<td>513,502.89</td>
<td>-</td>
<td>513,502.89</td>
</tr>
<tr>
<td>Project Account (Account Number – 615000548) XCD</td>
<td>787,347.91</td>
<td>-</td>
<td>787,347.91</td>
</tr>
<tr>
<td></td>
<td><strong>1,300,851.80</strong></td>
<td>-</td>
<td><strong>1,300,851.80</strong></td>
</tr>
</tbody>
</table>

Note: Since this is the first year of the project, previous period cash and cash equivalents (as at 30 June 2018) have not been provided.

i. **Miscellaneous income**
Bank charges are expensed for issuing monthly bank statements, transfer between accounts and bank balance confirmations.

Exchange rate loss occur when cheques / wire transfer denominated in United States Dollars are expensed from Eastern Caribbean dollars denominated bank account or vice-versa.
j. Applications to Designated Account
   Current year request for reimbursement (year ended 30 June 2019)

   Number                              Amount - USD
   Request for funds
   IDA Credit 62320-DM
   Nil                                   -
   IDA Grant D3070-DM
   05-Dec-2018 WA-1                      1,575,000
                                           1,575,000
   Total request for funds               1,575,000
   Total received from World Bank        1,575,000

   Note: Since this is the first year of the project, previous year request for reimbursement
   (i.e. year ended 30 June 2018) have not been stated.

k. Commitments

   In normal course of activities, the Project concludes agreements with suppliers of goods,
   works and service in accordance with the established budget and procurement plan.

   As at 30 June 2019, the Project had the following commitments:

<table>
<thead>
<tr>
<th>Contractor / Supplier</th>
<th>Invoice Number / Description</th>
<th>Amount (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNICOMER (Dominica) Ltd</td>
<td>April 12, 2019</td>
<td>979.47</td>
</tr>
<tr>
<td>Amoi Romeo</td>
<td>May and June Short payment</td>
<td>372.00</td>
</tr>
<tr>
<td>Jays Ltd</td>
<td>Inv 745875 cancelled and to be paid in this Fin year</td>
<td>866.29</td>
</tr>
<tr>
<td>Burton &amp; Co</td>
<td>Inv 240109 cancelled and to be paid in this Fin year</td>
<td>213.88</td>
</tr>
<tr>
<td>Save A Lot</td>
<td>Inv 69613 cancelled and to be paid in this Fin year</td>
<td>138.28</td>
</tr>
<tr>
<td>J Astaphan &amp; Co</td>
<td>Inv 10531859 cancelled and to be paid in this Fin year</td>
<td>125.98</td>
</tr>
<tr>
<td>Jays Ltd</td>
<td>Inv 745872 cancelled and to be paid in this Fin year</td>
<td>115.51</td>
</tr>
<tr>
<td>Jays Ltd</td>
<td>Inv 728487 cancelled and to be paid in this Fin year</td>
<td>46.20</td>
</tr>
<tr>
<td>H H V Whitchurch &amp; Co</td>
<td>Inv 1-3978262 cancelled and to be paid in this Fin year</td>
<td>56.18</td>
</tr>
<tr>
<td>J Astaphan &amp; Co</td>
<td>Inv 10531861 cancelled and to be paid in this Fin year</td>
<td>22.56</td>
</tr>
<tr>
<td>H H V Whitchurch &amp; Co</td>
<td>Inv 1-3939336 cancelled and to be paid in this Fin year</td>
<td>23.28</td>
</tr>
<tr>
<td>J Astaphan &amp; Co</td>
<td>Inv 10531010 cancelled and to be investigated</td>
<td>3.39</td>
</tr>
<tr>
<td>J Astaphan &amp; Co</td>
<td>Inv 10531861 cancelled and to be investigated</td>
<td>22.56</td>
</tr>
</tbody>
</table>

   Total                                                2,985.55
### Housing Recovery Project
**IDA Credit No. 62320-DM; IDA Grant No. D3070-DM**

(Expressed in United States Dollars)

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 June 2019**

1. **Cumulative Investment (Sub-categories) for the year ended 30 June 2019**

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<th>Investment Cost</th>
<th>For the year ended 30 June 2018</th>
<th>Cumulative as at 30 June 2018</th>
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<tr>
<td></td>
<td>IDA Credit 62320-DM USD</td>
<td>IDA Grant D3070-DM USD</td>
</tr>
<tr>
<td>Personal Emoluments &amp; Social Security</td>
<td>-</td>
<td>277,123.53</td>
</tr>
<tr>
<td>International Travel</td>
<td>-</td>
<td>149.91</td>
</tr>
<tr>
<td>Utilities</td>
<td>-</td>
<td>74.40</td>
</tr>
<tr>
<td>Supplies and Materials</td>
<td>-</td>
<td>2,453.00</td>
</tr>
<tr>
<td>Repair and Maintenance Services of Equipment</td>
<td>-</td>
<td>17,426.69</td>
</tr>
<tr>
<td>Rental of Property</td>
<td>-</td>
<td>15,512.24</td>
</tr>
<tr>
<td>Professional &amp; Consultancy Services</td>
<td>-</td>
<td>28,046.19</td>
</tr>
<tr>
<td>Advertising</td>
<td>-</td>
<td>1,376.85</td>
</tr>
<tr>
<td>Sundry Expenses</td>
<td>-</td>
<td>1,597.14</td>
</tr>
<tr>
<td>Other Machinery &amp; Equipment</td>
<td>-</td>
<td>91,750.10</td>
</tr>
<tr>
<td><strong>Total investment costs</strong></td>
<td>-</td>
<td><strong>435,510.05</strong></td>
</tr>
</tbody>
</table>

Note: Since this is the first year of the project, previous year (as at 30 June 2018) figures have not been provided
Housing Recovery Project (HRP)

IDA Credit No. 62320-DM;
IDA Grant No. D3070-DM

Commonwealth of Dominica

Additional Information to the
Special purpose Project Financial Statements

For the year ended 30 June 2019
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Independent Auditors’ Report on Internal Controls

To the GOCD Ministry of Housing and Lands

Housing Recovery Project,
IDA Credit No. 62320-DM; IDA Grant No. D3070-DM

We have completed our audit of the financial resources managed during the year ended 30 June 2019 under Housing Recovery Project, IDA Credit No. 62320-DM; IDA Grant No. D3070-DM (the project). Our responsibility is to express an opinion on the Project’s Internal Control based on our audit.

We conducted our audit in accordance with International Standards on Auditing, the World Bank Guidelines on the Project and the Terms of Reference for the engagement. International Standards on Auditing and World Bank Guidelines require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

In planning and performing our audit, we considered the Project’s internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Statement of Sources and Uses of Funds and not to provide assurance on the internal control structure.

The project’s management is responsible for establishing and maintaining an adequate internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of an internal control structure are to provide management with reasonable but not absolute assurance that assets are safeguarded against losses from non-authorized uses or disposition and that transactions are executed according to management authorization and are adequately recorded in order to permit preparation of the financial statements in conformity with International Financial Reporting Standards and the project Agreement.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected.

For the purpose of this report, we have classified significant policies and procedures relative to the Project’s internal control structure into the entity level controls, which is the overall general control environment and specific control procedures which relates in various systems and application controls. These included controls over procurement of goods and services, receipts and disbursements, cashbook and bank account maintenance, the maintenance of proper accounting records and timely reporting of management and financial information.
Independent Auditors’ Report on Internal Controls (Cont’d)

For each of the categories listed above, we obtained an understanding of the design and implementation of controls and the relevant policies and procedures and guidelines established by management in respect of the various controls in order to determine whether they have functioned efficiently during the period under review and assess the control risks.

A material weakness is a reportable condition in which the design, implementation; or effectiveness of elements of the internal control structure do not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited, may occur and not be detected. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that would be material weakness as defined above.

Internal control deficiencies identified during the audit have been included in our internal control memorandum (management letter). The management letter also provides the current status of recommendations made in prior audits.

Bhushan Agrawal, Partner
Membership Number: 408037

SARB & Associates
CHARTERED ACCOUNTANTS
Firm Registration Number: 017437C

Date: 25/Dec/2019
Place: Delhi
Independent Auditors’ Report on Compliance

To the GOCD Ministry of Housing and Lands

Housing Recovery Project,
IDA Credit No. 62320-DM; IDA Grant No. D3070-DM

We have completed our audit of the financial resources managed during the year ended 30 June 2019 under Housing Recovery Project, IDA Credit No. 62320-DM; IDA Grant No. D3070-DM (the project). Our responsibility is to express an opinion on the Project’s compliance with the terms of the Project Agreement based on our audit.

We conducted our audit in accordance with International Standards on Auditing, the World Bank Guidelines on the Project and the Terms of Reference for the engagement. International Standards on Auditing and World Bank Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the Project has complied with the terms of the Project Agreements.

In our opinion, the project has in all material respects complied with the terms of the Project agreements for the year ended 30 June 2019, except as disclosed in the Report on Internal Controls Memorandum (Management Letter).

Bhushan Agrawal, Partner
Membership Number: 408037

SARB & Associates
CHARTERED ACCOUNTANTS
Firm Registration Number: 017437C

Date: 25/Dec/2019
Place: Delhi
Independent Auditors’ Report on Paid Applications for Withdrawal

To the GOCD Ministry of Housing and Lands

Housing Recovery Project,
IDA Credit No. 62320-DM; IDA Grant No. D3070-DM

We have completed our audit of the financial resources managed during the year ended 30 June 2019 under Housing Recovery Project, IDA Credit No. 62320-DM; IDA Grant No. D3070-DM (the project). Our responsibility is to express an opinion on the Project’s Paid Applications for Withdrawal based on our audit.

We conducted our audit in accordance with International Standards on Auditing, the World Bank Guidelines on the Project and the Terms of Reference for the engagement. International Standards on Auditing and World Bank Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the Project has complied with the terms of the Project Agreements.

As part of obtaining reasonable assurance as to whether the financial statements are free of material misstatement, we performed tests on the expenditure included in the Paid Applications for Withdrawal. These included testing eligibility, compliance with applicable Project Agreements and internal control procedures.

In our opinion, the expenditures included in the Paid Applications for Withdrawal are eligible, the funds have been used only for Project purposes in accordance with the requirements established in the Project Agreement, and the internal control procedures used in the preparation of the Paid Applications for Withdrawal are adequate, except as disclosed in the Report on Internal Controls Memorandum (Management Letter).

Bhushan Agrawal, Partner
Membership Number: 408037

SARB & Associates
CHARTERED ACCOUNTANTS
Firm Registration Number: 017437C

Date: 25/Dec/2019
Place: Delhi
Independent Auditors’ Report on the Designated Account Statement

To the GOCD Ministry of Housing and Lands

Housing Recovery Project,
IDA Credit No. 62320-DM; IDA Grant No. D3070-DM

We have audited the accompanying Designated Account for the year ended 30 June 2019 under Housing Recovery Project, IDA Credit No. 62320-DM; IDA Grant No. D3070-DM (the project). Our responsibility is to express an opinion on the Project’s Special Account based on our audit.

We conducted our audit in accordance with International Standards on Auditing, the World Bank Guidelines on the Project and the Terms of Reference for the engagement. Those standards and the World Bank Guidelines require that we plan and perform the audit to obtain reasonable assurance as to whether the Project has complied with the terms of the Agreement. An audit includes examining appropriate evidence on a test basis. We believe that our audit provides a reasonable basis for our opinion.

As part of obtaining reasonable assurance as to whether the financial statements are free of material misstatement, we performed tests on the expenditure included in the Paid Applications for Withdrawal. These included testing eligibility, compliance with applicable Project Agreements and internal control procedures.

In our opinion, the Designated Account Statement presents fairly in all material respects, the financial position of the Designated Account of Housing Recovery Project IDA Credit No. 62320-DM; IDA Grant No. D3070-DM as of 30 June 2019 and of the Sources and Uses of Funds for the year ended 30 June 2019 in accordance with World Bank Guidelines, except as disclosed in the Report on Internal Controls Memorandum (Management Letter).

Bhushan Agrawal, Partner
Membership Number: 408037

SARB & Associates
CHARTERED ACCOUNTANTS
Firm Registration Number: 017437C

Date: 25/Dec/2019
Place: Delhi
SUMMARY OF MAIN AUDIT PROCEDURES PERFORMED

Housing Recovery Project
IDA Credit No. 62320-DM; IDA Grant No. D3070-DM

1. Planning
   a) We performed the followings:
      - Understanding the project and its environment by going through Project Appraisal Document, Operational Manual; and World Bank Procurement Guidelines.
      - Understanding the nature and characteristics of internal controls relevant to the audit and components of internal controls.
      - Assessed the risk of material misstatement at both financial statements level and assertion level.
   b) Conducted entrance and exit meetings with senior staff and management of the Project Coordinating Unit.
   c) Development of overall audit strategy and audit plan, determining the nature, timing and extent of the audit procedures for each class of transactions, accounts and disclosures.
   d) We held interviews with the Project Manager, Financial Specialist and Procurement Specialist – PIU.

2. Evaluating Internal Control
   We performed the test of controls on the following areas:
   a) Compliance with applicable legislation
   b) Receipt and disbursements of project funds
   c) Designated and Project Bank account reconciliations
   d) Safeguarding of assets
   e) Data retention and supporting documentation
   f) Procurement of goods, works and services

3. Substantive audit procedures performed
   We performed the following substantive audit procedures in order to verify the existence, accuracy and completeness of the following:

   I. Cash and bank balances
II. Verification of funds received from the World Bank
   a) Examined credit advices for funds received during the period under review.
   b) Examined monthly bank statements to verify whether amounts received were credited to the appropriate account and included in the bank balance.
   c) Confirmed funds disbursed by the World Bank.
   d) Trace the amount received to the bank statement.

III. Verification of expenditure
   a) We verified 97% of the expenditure listed in the financial statements to their supporting documentation.
   b) The items examined were agreed to invoices, receipts and forms of external documentation except as disclosed in the Report on Internal Controls Memorandum (Management Letter).
   c) We have reviewed all requests for reimbursements during the period.

IV. Verification of other income
   a) We examined the bank statements to verify all interest earned during the period and tested the accuracy of interest earned.
   b) Reviewed all external supporting documentation for miscellaneous income.

V. Verification of the procurement process
   a) We examined the World Bank Procurement Guidelines.
   b) Tested the procurement procedures for contracts tendered during the period.

VI. Follow up on the status of findings of previous audit reports
    Not Applicable, since this is the first year of the project.