



Solomon Islands
Government

Office of the
Auditor General



OAG Building
Mud Alley Street
P.O Box G18,
Honiara,
Solomon Islands.



Phone:
(677) 28886



Email:

admin@oag.gov.sb

Website:

www.oag.gov.sb

Mr. Richard Farrell
Project Director
Solomon Islands Roads and Aviation Project
P.O Box
HONIARA
SOLOMON ISLANDS

Date: 30 June 2023

Dear Richard,

Independent Auditor's Report of the Second Solomon Islands Roads and Aviation Project (Second SIRAP) for the year ended 31 December 2022.

I am pleased to enclose a copy of my Independent Auditors Report on the financial statements of the Second Solomon Islands Road and Aviation Project (Second SIRAP) for the year ended 31 December 2022. I have also forwarded a copy to the Permanent Secretary for the Ministry of Communication and Aviation and the Permanent Secretary for the Ministry of Infrastructure Development as the implementing Ministries.

A management letter detailing the issues identified during the audit is also enclosed for your information.

I would also like to congratulate the finance team on their efforts in ensuring that SIRAP continues to receive an unqualified audit opinion.

Yours sincerely,

David Teika Dennis
Auditor General

Cc: PS MCA, Mr. Moses Virivolomo

Cc: PS MID, Mr. Stephen Maesiola

Cc: PS MOFT, Mr. Mckinnie Dentana

Cc: Project Finance Manager SIRAP, Aljay Tuhaika

P176548: SECOND SOLOMON ISLANDS ROADS and AVIATION PROJECT

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

**SECOND SOLOMON ISLANDS ROADS and AVIATION PROJECT
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

CONTENTS	Page(s)
1. Certification by Management	2
2. Auditors Report	3 - 5
3. Statement of Cash Receipts and Payments	6
4. Statement of Comparison of Budget and Actual Amounts	7
5. Notes to and Forming part of Statement of Cash Receipts and Payments	8 - 9

**SECOND SOLOMON ISLANDS ROADS and AVIATION PROJECT
STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

REPORT OF THE IMPLEMENTING AGENCY

Under the terms of our contract, We have the mandate from World Bank and Ministry of Finance and Treasury as implementing agency, to supervise and manage the funds provided for Second Solomon Islands Roads and Aviation Project (SIRAP 2) funded by the WORLD BANK under IDA Credit No. 71100 and IDA Grant No.E0340.

We certify that the attached Statement of Cash Receipts & Payments and Statement of Comparative Budget and Actual which have been prepared under my supervision presents a true and fair view of the cash receipts and payments and comparative budget and actual of Second Solomon Islands Road and and Aviation Project (SIRAP 2) for the period ended 31st December 2022

Date at Honiara this ~~30~~³⁰ day of June 2023



Signature

Moses Virivolomo
Permanent Secretary
Ministry of Communications and Aviation
Honiara, Solomon Islands.



Signature

Stephen Maesiola
Permanent Secretary
Ministry of Infrastructure Development
Honiara, Solomon Islands.

Solomon Islands Office of the Auditor-General



Independent Auditor's Report to the Members of Second Solomon Island Road and Aviation Project

Report on the Audit of the Financial Statements

Unqualified Opinion

I have audited the financial statements of Second Solomon Islands Roads and Aviation Project (Second SIRAP) for IDA Credit No. 71100 and IDA Grant No. E0340 ("the project"), which comprise the Statement of Cash Receipts and Payments and Statement of Comparison of Budget and Actual Amount and notes to the financial statements, including a summary of significant accounting policies.

The accompanying financial statements have been prepared in accordance with the Financing Agreement ("the Agreement") dated 19 June 2022 between the Solomon Islands Government (the recipient) and International Development Association (World Bank).

In my opinion, the accompanying financial statements, in all material respects give a true and fair view of the projects receipts and payments for the period ended 31st December 2022, in accordance with International Public Sector Accounting Standard (IPSAS) Cash Basis and the conditions of the agreement between the project and World Bank.

Basis of opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the project in accordance with International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, and the ethical requirements that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my Unqualified opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Report of the Implementing Agency, but does not include the financial statements and my auditors' report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management are responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS Cash Basis and the agreement, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management are responsible for assessing the project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the project or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the project's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 auditors' 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 International Standards of Supreme Audit Institutions (ISSAIs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism 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 Second SIRAP'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 Second SIRAP's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditors' report. However, future events or conditions may cause the Second SIRAP to cease to continue as a going concern.

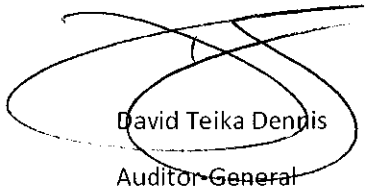
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

Report on Other Legal and regulatory requirements

I have obtained all the information and explanations which, to the best of my knowledge and belief, are necessary for the purposes of my audit.

In my opinion:

- i) proper books of account have been kept by the Second SIRAP, sufficient to enable financial statements to be prepared, so far as it appears from my examination of those books; and
- ii) to the best of my knowledge and according to the information and explanations given to us, the financial statements have been prepared in accordance with the requirements of the Second SIRAP's Financial Agreement 2022



David Teika Dennis
Auditor-General

30 June 2023

Office of the Auditor-General
Honiara, Solomon Islands

**SECOND SOLOMON ISLANDS ROADS and AVIATION PROJECT
STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE PERIOD ENDED 31st DECEMBER 2022**

	Notes	31 DECEMBER 2022 Receipts/ (Payments) Controlled by the SIRAP2	Cumulative to 2022 Receipts/ (Payments) for SIRAP 2
		\$	\$
RECEIPTS			
IDA Grant No. E0340		-	-
IDA Credit No. 71100		-	-
Total Receipts		-	-
PAYMENTS			
Programme Activities Expenditure			
Component 1: Climate Resilience and Safety Investments in the Aviation Sector		-	-
Component 2: Climate Resilience and Safety Investments in the Road Sector		-	-
Component 3: Project Management		-	-
Component 4: Contingent Emergency Response		-	-
Total Payments		-	-
Increase/(Decrease) in Cash		-	-
Cash at Beginning of Year		-	-
Cash at End of Year		-	-

**SECOND SOLOMON ISLANDS ROADS and AVIATION PROJECT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 31st DECEMBER 2022**

Expressed in Solomon Islands Bakalo Dollars

	Actual Amounts	Cumulative to 2022 Actual	Original Budget	USD
	\$	\$	\$	\$
CASH INFLOWS				
IDA Grant No. E0340	-	-	545,887,096.77	67,690,000.00
IDA Credit No. 71100	-	-	173,548,387.10	21,520,000.00
Total Receipts	-	-	719,435,483.87	89,210,000.00
CASH OUTFLOW				
Component 1: Climate Resilience and Safety Investments in the Aviation Sector	-	-	519,596,774.19	64,430,000.00
Component 2: Climate Resilience and Safety Investments in the Road Sector	-	-	116,935,483.87	14,500,000.00
Component 3: Project Management	-	-	82,903,225.81	10,280,000.00
Component 4: Contingent Emergency Response	-	-	-	-
Total Payments	-	-	719,435,483.87	89,210,000.00
NET CASH FLOW	-	-	-	-

**SECOND SOLOMON ISLANDS ROADS and AVIATION PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st DECEMBER 2022**

1. GENERAL INFORMATION

The Government of Solomon Islands through the Implementing Agencies (1) Ministry of Communication and Aviation (MCA) and (2) Ministry of Infrastructure Development (MID), has received a Grant and Credit for assistance from the International Development Association (IDA). The objective of SIRAP 2 is to improve climate resilience of the road and aviation sectors, and in the event of Eligible Crisis or Emergency, to provide immediate response to the Eligible Crisis or Emergency. SIRAP 2 is financed from IDA with total XDR 64.54 million (approximately USD \$89.2 million), that is XDR 48.97 million of Credit and XDR 15.57 million of Grant.

The Project consists of the following components

Activity Description	Implementing Entity	Cost Estimate (US \$)	Cost Estimate (SBD \$)
Component 1: Climate Resilience and Safety Investments in the Aviation Sector	MCA	64,430,000	519,596,774
Component 2: Climate Resilience and Safety Investments in the Road Sector	MID	14,500,000	116,935,484
Component 3: Project Management	MCA, MID	10,280,000	82,903,226
Component 4: Contingent Emergency Response	MCA, MID	-	-
Total		89,210,000	719,435,484

SIRAP 2 is implemented under the overall guidance, coordination and monitoring of the Project Steering Committee, supported by the Project Support Team (PST) based in-country and the Implementation Support Team (IST) which are remotely based.

2. SUMMARY OF ACCOUNTING POLICIES

2.1 Basis of Preparation

The Statement of Cash Receipts and Payments is prepared in accordance with International Public Sector Accounting Standards (IPSAS). Financial reporting under the Cash Basis of Accounting (Cash Basis IPSAS)

2.2 Reporting Entity

The financial statements are for the Second Solomon Islands Roads and Aviation Project (SIRAP 2).

2.3 Reporting Currency

All figures are presented in Solomon Bokolo Dollar (SBD) unless otherwise stated. Foreign currency payments are recorded at the exchange rate at the date of payment.

2.4 Budget

The budget is prepared for the whole project, inclusive of 3rd party payments plus the whole project budget.

2.5 Comparative Figures

This is the first Financial Statement for SIRAP 2, therefore there are no prior period balances to which the balances can be compared.

2.6 Payments

All payments are related to the SIRAP 2 activities stated in the Financing Agreement. These payments are approved by the Permanent Secretary for MCA and MID and are paid in accordance with the Program Operational Manual (POM).

**SECOND SOLOMON ISLANDS ROADS and AVIATION PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st DECEMBER 2022**

3. FINANCIAL PERIOD

This Financial Statement is for the period Starting from 01 June 2022 to 31 December 2022.

4 RECEIPT AND PAYMENT

There are no receipts and payments made during the period despite the fact that the project has been effective since 23 June 2022.

5 GRANT PROCEEDS FROM THE WORLD BANK

Credits and Grants are received from the World Bank to the Central Bank Solomon Islands (CBSI) and then transferred to the Designated Account (DA). Application from SIRAP through the Ministry of Finance and Treasury (MOFT) for approval and transfer from the World Bank. Funds that were requested during the period are still with the CBSI at 31 Dec 2022.

5.1 Balance still at the CBSI bank account as of 31 December 2022.

Grant No.	Borrower Reference	Beneficiary Name	Ccy	Advance	Direct Payment
IDA E034	SIRAP 2 G01	SECOND SOLOMON ISLANDS ROADS AND AVIATION	SBD	12,000,000	-
			Total	12,000,000	-

6. PAYMENTS BY THIRD PARTIES

The Third Party payments are referred to as the "World Bank (WB)". Direct Payments (Payments) and replenishment (Receipt) were made during the period of 6 month by the third party at the request of the project (SIRAP 2). There were no third party payment made during the period.

7 EXPLANATION OF THE DIFFERENCES BETWEEN ACTUAL AND BUDGET

Actual Amount: Figures listed under this columns reflect the total actual fund disbursed from SIRAP 2 designated BRED BANK account DA-A & DA-B for the period ended 31st December 2022.
No disbursement made at the closing date.

Budget: Figures listed as budget reflect the total estimated available funds from IDA Credit E0340 & IDA Grant 71100 in SBD

Difference of Actual & Budget: The difference of actual and budget is that actual reflects funds that has been disbursed as per respective components (1,2,3 & 4), while budget reflects available funds in SBD for the remaining project activities (Component)

8 CUMULATIVE BALANCE

The cumulative balance from both receipt & payment and the budget reflect the amount that was received and spent since the project come to its effect.

9 SUBSEQUENT EVENTS

Funds that SIRAP2 committed subsequent to 31 December 2022

CONTRACT NUMBER	CONTRACT DETAIL	CONTRACT VALUE (\$BD)
SB-PST-287901-CW-RFB	Honiara Runway Resurfacing and Airfield Ground Lighting	SBD 156,905,423.70
SB-PST-288076-CS-QCBS	Design and Supervision	SBD 56,419,080.51
SB-PST-332473-CS-INDV	National Project Manager	SBD 1,203,600
SB-PST-288083-CS-INDV	Road Safety Audits	SBD 736,716.10
SB-PST-332492-CS-INDV	National Communications Specialist	SBD 104,000
SB-PST-333241-CS-INDV	National Environmental and Social Officer	SBD 687,600