



Independent Auditor's Report to the Members of Temotu Provincial Assembly

Report on the Audit of the Financial Statements

Disclaimer of Opinion

I was engaged to audit the financial statements of Temotu Provincial Government ("the Provincial Government") which comprise the Statement of Cash Receipts and Payments and the Statement of Comparison of Budget and Actual for the year ended 31 March 2019, and notes to the financial statements, including a summary of significant accounting policies.

I do not express an opinion on the accompanying financial statements of the Provincial Government. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Closing balance

Cash and cash equivalent balance for the year ended 31 March 2018 was not reliable. The General ledger items does not reconcile with FS line items and have a material variance of \$222,379. In addition, comparative balances for 2017/18 had a material variance of \$ 398,852. I therefore could not determine the accuracy of the closing balance at the year ended 31 March 2019, and the effect of any misstatement therein on the Statement of Receipts and Payments for the year ended 31 March 2019.

Receipts and Payments

I could not verify the completeness, existence and accuracy of payments totalling \$ 459,481 which was presented on the Statement of Receipts and Payments for the year ended 31 March 2019. This is due to absence of sufficient appropriate supporting documentation.

Non –consolidation of controlled entity (Temotu Development Authority)

The Temotu Province Government investment arm's financial statements have not been consolidated in the provincial financial statements. This is not in compliance with International Public Sector Accounting Standard (IPSAS) Cash Basis on 'Consolidated financial statements' which requires that 'A controlling entity, should issue consolidated financial statements which consolidates all controlled entities'. As a result, I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded receipts, payments, assets and the elements making up the statement of cash receipts and payments.

Responsibilities of Management 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, 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 Provincial Government'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 Provincial Government or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My responsibility is to conduct an audit of the Provincial Government's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of the Provincial Government in accordance with International Organisation 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.

Report on Other Legal and regulatory requirements

In my opinion:

- i) As described in the *Basis for Disclaimer of Opinion* section of our report, proper books of account have not been properly kept by the Provincial Government to enable financial statements to be prepared;
- ii) To the best of my knowledge and according to the information and explanations given to me the financial statements do not give the information required by Section 39 of the Provincial Government Act 1997, in the manner so required; and
- iii) The Provincial Government complied with the requirements of the Public Finance and Audit Act (Cap 120) and the Provincial Government Act, 1997, which requires the financial statements to be submitted to the Office of the Auditor General not later than nine months of the following year to which the financial statements relate. The signed statements were presented to me on 31 December 2019.



Peter Lokay
Auditor-General

Office of the Auditor-General
Honiara, Solomon Islands

8th May 2020



TEMOTU PROVINCIAL GOVERNMENT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2019

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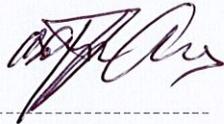
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**Statement by the Executive of the Temotu Provincial Government
For the Year Ended 31 March 2019**

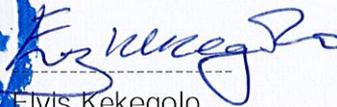
Statement by Executive of Temotu Provincial Government

In our opinion the accompanying Financial Statement give a true and fair view of the financial performance of the Temotu Provincial Government as at 31 March 2019 and of the transactions for the year ended on that date

We are not aware of any circumstances which would render any particulars included in the Financial Statements misleading or inaccurate.



Clay Forau Soalaoi
Hon. Premier



Elvis Kekegolo
Provincial Secretary (Supervising)

Dated in Lata on 31st of December 2019

**Statement of Cash Receipts and Payments
 For the Year Ended 31st March 2019**

DETAILS	Note	31 March 2019 Cash Controlled by TPG	31 March 2018 Cash Controlled by TPG
CASH RECEIPTS			
Recurrent Receipts	3(a)		
SIG-MPGIS Grants		3,568,776.00	4,709,186.75
Licenses, fees, and rates		2,979,886.14	1,891,548.19
Rental on commercial blocks		70,200.00	101,650.00
Commission on commercial activities		190,036.94	82,827.02
Total Recurrent Receipts for the year		<u>6,808,899.08</u>	<u>6,785,211.96</u>
Capital Receipts	3(b)		
Provincial Capacity Development Fund (PCDF)		2,327,388.00	3,196,278.00
SIG Capital Development Fund (Assembly Chamber)		-	1,000,000.00
Total Capital Receipts for the Year		<u>2,327,388.00</u>	<u>4,196,278.00</u>
Total Receipts for the year		<u>9,136,287.08</u>	<u>10,981,489.96</u>

The Statement of Cash Receipts and Cash Payments is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 18

Statement of Cash Receipts and Payments
For the Year Ended 31st March 2019

DETAILS	Note	31 March 2019 Cash Controlled by TPG	31 March 2018 Cash Controlled by TPG
CASH PAYMENTS			
Recurrent Expenditures	4		
Salaries, wages, and employees benefits	4(a)	1,340,522.36	1,890,796.80
Disaster Expense		50,000.00	137,969.50
Fuel Expense	4(b)	40,571.00	157,850.00
Telephone		155,254.38	130,252.77
Electricity		246,291.17	103,264.62
Debt Servicing		702,508.38	783,040.69
Ward Profiling		-	236,470.00
Land Rental		50,700.00	117,483.00
Executive Meeting Costs	4(c)	244,057.00	58,020.00
Second Appointed Day		105,758.00	57,058.00
Transport Executive		29,631.00	156,218.00
Full Assembly Costs	4(d)	450,278.50	514,382.00
Appointed Members Allowances	4(e)	73,322.00	103,753.00
School Grant		60,000.00	60,000.00
Travel and Transport Expense	4(f)	321,165.00	101,304.00
Repairs and Maintenance	4(g)	547,994.37	460,816.50
Other Operating Expenditures	4(h)	1,617,073.96	1,427,841.16
Total Recurrent Expenditure for the year		6,035,127.12	6,496,520.04
Capital Expenditure	5		
Capital Expenditure on Assets Development Projects		1,230,628.45	2,094,315.25
SIG Grant (Assembly Chamber)		809,768.88	981,352.56
Investment Servicing Cost for CapEx		121,938.15	107,027.50
Total Capital Payments for the year		2,162,335.48	3,182,695.31
Total Cash Payments		8,197,462.60	9,679,215.35
Increase\Decrease) in cash for the year		938,824.48	1,302,274.61

The Statement of Cash Receipts and Cash Payments is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 18

**Statement of Cash Receipts and Payments
For the Year Ended 31st March 2019**

DETAILS	Note	31 March 2019 Cash Controlled by TPG	31 March 2018 Cash Controlled by TPG
Increase in cash for the year		938,824.48	1,302,274.61
Opening Cash balance		1,875,479.35	573,204.74
Cash and cash equivalent for the year		2,814,303.83	1,875,479.35
Computation of Cash and Cash Equivalent	2		
Cash on Hand		-	-
PCDF – Project Account (BSP)		1,203,221.80	859,111.64
TPG Housing Project (BSP)		165,529.27	95,720.91
TPG Main Cheque Account (BSP)		388,664.31	696,495.39
TPG Salary Account (BSP)		827,679.71	-
TPG ANZ Account		23,209.55	19,690.95
TPG Term Deposit (BSP)		205,999.19	204,460.46
Cash and Cash Equivalent for the year (1)		2,814,303.83	1,875,479.35
Closing Cash and Cash Equivalent		2,814,303.83	1,875,479.35
Less: Restricted Cash Balances	14		
Solomon Islands Government – PAYE		8,507.50	315,330.24
SI National Provident Fund – NPF		18,010.95	-
Solomon Sheet Steel – Debt Servicing		-	-
Total Restricted Cash		26,518.45	315,330.24
Cash Available for use and carry forward		2,787,785.38	1,560,149.11
Reconciliation of Movement of Cash for the year			
Increase in cash and cash equivalent for the year		938,824.48	1,302,274.61
Opening Cash balance		1,875,479.35	573,204.74
Cash and cash equivalent for the year (2)		2,814,303.83	1,875,479.35

The Statement of Cash Receipts and Cash Payments is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 18

**Statement of Comparison of Budget and Actual
For the Year Ended 31 March 2019
(Budget approved on the cash basis)**

Details	Actual Amount	Revised Budget	Original Budget	Difference Over/(Under)
Recurrent Receipts	6,808,899.08	6,923,808.00	6,166,053.00	(114,908.92)
<i>Financed by:</i>				
SIG Fixed Service Grant	3,518,776.00	4,050,864.00	3,495,309.00	(532,088.00)
2 nd Appointed Day Grant	50,000.00	50,000.00	50,000.00	-
Ward Profiling	-	262,922.00	262,922.00	(262,922.00)
Local revenue – Licenses	762,369.00	1,768,810.00	1,773,810.00	(1,006,441.00)
Local revenue – Others	548,874.02	149,300.00	142,500.00	399,574.02
Logging Licenses	1,928,880.06	641,912.00	441,512.00	1,286,968.06
Recurrent Payments	6,035,127.12	6,923,808.00	6,166,053.00	(888,680.88)
<i>Disbursed as follows:</i>				
Staffing and other benefits	1,340,522.36	1,638,988.00	1,576,988.97	(298,465.64)
Disaster expense	50,000.00	20,000.00	50,000.00	30,000.00
Fuel expense	40,571.00	72,500.00	72,500.00	(31,929.00)
Telephone	155,254.38	100,000.00	100,000.00	55,254.38
Electricity	246,291.17	250,000.00	120,000.00	(3,708.83)
Debt servicing	702,508.38	435,000.00	540,000.00	267,508.38
Land rental	50,700.00	25,000.00	40,000.00	25,700.00
Executive meeting costs	244,057.00	132,000.00	105,000.00	112,057.00
2 nd Appointed day	105,758.00	84,250.00	80,000.00	21,508.00
Transport executive	29,631.00	22,000.00	25,000.00	7,631.00
Full Assembly costs	450,278.50	308,800.00	308,800.00	141,478.50
Appointed members allowance	73,322.00	40,000.00	55,000.00	33,322.00
School grant	60,000.00	60,000.00	60,000.00	-
Travel and transport	321,165.00	186,853.03	222,770.00	134,311.97
Repairs and maintenance	547,994.37	887,650.00	1,035,000.00	(339,655.63)
Other operating cost	1,617,073.96	2,660,766.97	1,774,994.03	(1,043,693.01)
Net Cash inflow on Recurrent Budget	773,771.96	-	-	773,771.96
Capital Receipts	2,327,388.00	3,484,287.61	6,186,223.00	(1,156,899.61)
PCDF – Current Year Allocation	2,327,388.00	824,212.00	3,733,047.00	1,503,176.00
PCDF – Prior Year Commitment c/fwd	-	2,310,075.61	2,103,176.00	(2,310,075.61)
Other SIG Grant (Assembly Chamber)	-	350,000.00	350,000.00	(350,000.00)
Capital Payments	2,162,335.48	3,484,287.61	6,186,223.00	(1,321,952.13)
Administration Sectors	629,883.24	626,857.53	1,167,244.60	3,025.71
Education Sector	851,126.53	1,585,761.00	2,436,001.00	(734,634.47)
Health and Medical Sector	-	-	860,000.00	-
Women's Development Project	191,362.84	200,000.00	200,000.00	(8,637.16)
Fisheries Project	64,905.00	172,000.00	172,000.00	(107,095.00)
Water and Sanitation Projects	123,234.08	392,954.70	709,166.25	(269,720.62)
General Investment Servicing	121,938.15	156,714.38	291,811.15	(34,776.23)
SIG Funded Projects	179,885.64	350,000.00	350,000.00	(170,114.36)
Surplus/(Deficit) on Capital Budget	165,052.52	-	-	165,052.52
Surplus/(Deficit) on Total Budget	938,824.48	-	-	938,824.48

The Statement of Comparison of Budget and Actual is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 18

**Notes to and forming part of the Financial Statements
For the Year Ended 31st March 2019**

1. SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY NOTES

Set out below is a summary of the significant accounting policies adopted in the preparation of the financial statements

(a) Reporting period

The financial statements are reported for the financial year from 1st April 2018 to 31st March 2019

(b) Basis of preparation

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) Cash basis Accounting. The accounting policies have been applied consistently throughout the period of reporting.

(c) Reporting entity

The financial statement are prepared for Temotu Provincial Government which is one the nine provinces within the Solomon Islands. The financial statements encompasses the reporting entity as specified in the relevant legislation (Provincial Government Act 1997) and in accordance with the Provincial Financial Management Ordinance 2018 and the Provincial Financial and Stores Instructions 2018.

The principle objective of the Provincial Government is to provide quality services to rural communities of Temotu Province. Temotu Provincial Government engages in commercial activities through its investment arm known as Temotu Development Authority (TDA).

Temotu Development Authority (TDA)

TDA since 1993 has been operating under its own ordinance known as the TDA Ordinance 1993 and an amended version in 2008. The principal objective of TDA is to carry out business with licenses to purchase copra, cocoa, and partnership with Graciosa Bay Business Association (GBBA).

It has its own bank account and is controlled and operated by its own management, staff and board of directors. In the past TDA was not well managed and therefore not making any profit to be paid in as dividend to the Temotu Provincial Government. For this reporting period no financial report was received by the Provincial Government from TDA.

(d) Controlling Entity

For accounting purposes the Temotu Provincial Government is directed by the Solomon Islands Government regarding which financial framework to adopt. The recommendation was given to present the 2018/2019 financial statement on IPSAS cash basis report standard.

**Notes to and forming part of the Financial Statements
For the Year Ended 31st March 2019**

(e) External Assistance

The Province can disclose benefits from payments made by external third parties (external entities) for goods and services. These payments do not constitute cash receipts or payments for the Province but do benefit the Province. These assistance are disclosed in the payment by third party column in the financial statements. During the period of reporting there was no third party payments from external assistance to Temotu Province.

(f) Restricted cash balances

Restricted cash balances are monies collected on behalf of another entity. These monies are then forwarded to the entity on an agreed schedule. These monies are not available for use by the Provincial Government. Normally restricted balances include Pay As You Earn (PAYE), SI National Provident Fund (SINPF), withholding taxes (WHT), and Debt servicing payments.

Temotu Province operates Lata BSP Agency under a signed Memorandum of Agreements (MOA) with Bank South Pacific (BSP), Honiara. The Provincial Government made a deposit of \$200,045.21 (two hundred thousand and forty five dollars, twenty one cents) to open Lata Agency on 11th February 2012. From there onward, the Province receives commission from BSP and local customers. The Agency is managed and supervised by the Provincial Treasury Division with commissions remitted to the Treasury Division at end of each working day, which is recorded as restricted cash.

(g) Cash and cash equivalents

For the purposes of the Statement of cash receipts and cash payments, cash and cash equivalents comprise of cash on hand, cash at bank, term deposits, cash advances, and unretired imprests.

(h) Reporting currency

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

(i) Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate at the date of the transactions. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate of the date of transaction. There was no foreign currency transactions during the period of the reporting

(j) Classification

Prior year balances have been reclassified to correspond to current year presentation which considered necessary. At the end of this period, there was reclassification of balances in the accompanying notes with the effort to outline in details the breakdown for

Notes to and forming part of the Financial Statements
For the Year Ended 31st March 2019

carrying amounts in the financial statements. Therefore, in some notes, there was no comparable for some account groups except where stated as final figures. Comparable for similar items in prior year could not be made.

	<u>31st March 2019</u>	<u>31st March 2018</u>
2. Cash and cash at Bank		
PCDF Project Account (BSP)	1,203,221.80	859,111.64
Housing Account (BSP)	165,529.27	95,720.91
Main Account (BSP)	388,664.31	696,495.39
Salary Account (BSP)	827,679.71	-
ANZ Account	23,209.55	19,690.95
Interest Bearing Deposit (BSP)	205,999.19	204,460.46
Total cash and bank	<u>2,814,303.83</u>	<u>1,875,479.35</u>
Reconciliation of Restricted Cash Balances as at 31st March 2019		
Closing Cash and bank	2,814,303.83	1,875,479.35
Less: Restricted cash balances		
SI NPF	18,010.95	-
SIG Inland Revenue (PAYE)	8,507.50	315,330.24
Total restricted cash	<u>26,518.45</u>	<u>315,330.24</u>
Cash and cash equivalent available for use	<u>2,787,785.38</u>	<u>1,560,149.11</u>
3. (a) Cash Receipts - Recurrent		
SIG – MPGIS Grants		
Fixed Service grant	3,518,776.00	4,369,136.75
Second Appointed Day grant	50,000.00	50,000.00
Ward Profiling grant	-	290,050.00
Total SIG-MPGIS grants	<u>3,568,776.00</u>	<u>4,709,186.75</u>

Notes to and forming part of the Financial Statements
For the Year Ended 31st March 2019

	31 st March 2019	31 st March 2018
Licenses, fees, and rates		
Licenses		
Business Licenses	229,869.00	552,028.00
Liquor Licenses	215,750.00	196,735.00
Fuel Licenses	30,650.00	25,300.00
Transport Licenses	286,100.00	115,845.00
Logging and related activities	1,928,880.06	800,000.00
Total receipts from licenses	2,691,249.06	1,689,908.00
Fees		
Research fee	500.00	1,000.00
Land admin fee	14,500.00	-
Market fees	47,986.00	45,885.00
Cruise ships harbor fee	37,350.00	30,000.00
Sundry fees	21,402.00	6,000.00
Total receipts from fees	121,738.00	82,885.00
Rates and other receipts		
Basic rates	20,284.96	21,987.31
Miscellaneous receipts	123,428.14	66,227.91
Plant, vehicle, Canoe\OBM hire	11,630.00	3,000.00
Rental of staff quarters	9,447.70	16,000.00
Plant and equipment sales	-	1,500.00
Land rates	-	500.00
Hire of facilities	500.00	500.00
Fines	-	7,000.00
Sale of fish	-	1,500.00
Bank interest received	1,608.28	539.97
Total receipts from rates and other receipts	166,899.08	118,755.19
Total receipts from licenses, fees, rates and others	2,979,886.14	1,891,548.19
Rental from commercial blocks	70,200.00	101,650.00
Commission on commercial activities	190,036.94	82,827.02
(b) Cash Receipts – Capital Projects		
Provincial Capacity Development Fund – current	2,327,388.00	3,196,278.00
SIG Capital Development Fund (Assembly Chamber)	-	1,000,000.00
Total Capital receipts for the year	2,327,388.00	4,196,278.00

Notes to and forming part of the Financial Statements
For the Year Ended 31st March 2019

4. Cash Payments – Recurrent

(a) Payroll (Salaries, wages and other allowances)

	Basic Salary	Over time	Housing Allow.	Other Allow.	SINPF (7.5%)	This Year Total Pay	Last Year Total Pay
Premier's Office	53,324.10	3,089.31	2,246.40	13,620.96	3,765.54	76,046.31	98,777.47
Assembly	63,252.16	3,256.12	-	1,346.77	5,089.13	72,944.18	132,455.52
Administration	133,580.43	6,806.13	15,945.63	33,052.00	14,145.17	203,529.36	235,431.20
Finance	212,548.59	23,051.00	29,880.78	18,892.56	20,006.62	304,379.55	271,516.51
Planning	9,955.00	-	-	-	-	9,955.00	7,100.00
Works	88,635.40	6,039.03	9,488.67	28,051.00	9,115.56	141,329.66	436,809.75
Education	35,830.08	624.70	5,374.50	-	3,137.24	44,966.52	82,451.08
Lands	10,530.00	-	-	-	789.72	11,319.72	26,327.59
Commerce	21,076.92	778.05	3,161.53	642.00	1,924.39	27,582.89	38,804.57
Sports	21,325.86	-	3,198.88	-	1,839.35	26,364.09	30,411.44
Youth	-	-	-	-	-	-	32,837.33
Women	20,700.00	-	3,105.03	2,000.00	1,785.45	27,591.38	27,618.24
Tourism	-	-	-	-	-	-	32,834.66
Agriculture	-	-	-	-	-	-	30,701.28
Fisheries	21,019.32	-	970.47	6,642.00	2,125.31	30,757.10	40,581.16
Local Council	181,797.12	51,497.24	25,236.83	79,844.68	25,380.73	363,756.60	366,139.00
Total	873,575.88	95,141.58	98,608.72	184,091.97	89,104.21	1,340,522.36	1,890,796.80

(b) Fuel Expense

	31 st March 2019	31 st March 2018
Assembly & Executive office	19,035.00	104,560.00
Works and transport	1,130.00	24,990.00
Commerce and Investment	850.00	-
Local Government	19,556.00	28,300.00
Total Fuel Expense	40,571.00	157,850.00

(c) Executive Meeting Costs

	31 st March 2019	31 st March 2018
Executive meeting expenses	112,327.00	33,960.00
Housing/Accommodation	131,730.00	24,060.00
Total Executive meeting costs	244,057.00	58,020.00

Notes to and forming part of the Financial Statements
 For the Year Ended 31st March 2019

	<u>31st March 2019</u>	<u>31st March 2018</u>
(d) Full Assembly Costs		
Assembly Allowances	68,860.00	-
Assembly Expenditure	<u>381,418.50</u>	<u>514,382.00</u>
Total Full Assembly Costs	<u>450,278.50</u>	<u>514,382.00</u>
(e) Appointed Members Allowances		
Members Allowances	33,402.00	60,063.00
Travel Allowances	<u>39,920.00</u>	<u>43,690.00</u>
Total Appointed Members Allowances	<u>73,322.00</u>	<u>103,753.00</u>
(f) Travel and Transport Expenses		
Staff Leave Expenses	174,380.00	19,662.00
Accommodation	72,324.00	61,292.00
Daily Subsistence Allowance (DSA)	23,550.00	12,500.00
Airfare and sea fare	<u>50,911.00</u>	<u>7,850.00</u>
Total Travel and Transport Expenses	<u>321,165.00</u>	<u>101,304.00</u>
(g) Repairs and Maintenance Expenses		
R & M – Government Housing	93,143.50	71,320.00
R & M – Government Buildings	250,882.87	313,940.00
R & M – Assembly Chamber Expense	18,174.00	55,540.00
R & M – Vehicles	157,914.00	12,566.50
R & M – Furniture and Fittings	26,650.00	7,450.00
R & M - Generators	<u>1,230.00</u>	<u>-</u>
Total Repairs and Maintenance Expense	<u>547,994.37</u>	<u>460,816.50</u>

Notes to and forming part of the Financial Statements
For the Year Ended 31st March 2019

	31 st March 2019	31 st March 2018
(h) Other Operating Expenses		
Office expenses	197,085.50	216,628.86
Office Furniture/Equipment (Minor)	28,850.00	28,369.00
Sundry expenses	71,048.74	191,217.85
Computer and photocopy expenses	50,000.00	59,242.00
Freight and charges	4,702.00	450.00
Tools and safety equipment	31,544.80	10,060.50
Staff Recruitment costs	13,040.00	5,726.00
Staff Training expense	18,841.00	15,900.00
Staff function	-	36,500.00
Staff medical and incident expenses	20,150.00	1,650.00
Retirement/Redundancy expenses	476,549.59	40,000.00
Committee meetings expenses	43,298.00	88,475.00
Advertising/service message	1,000.00	-
Staff uniform and protective wear	5,690.00	4,700.00
Hire of transport	6,986.00	10,600.00
Staff assistance	-	1,120.00
Bank charges	89,470.80	86,750.00
Postage	382.50	246.00
Public Accounts Committee	18,519.00	42,832.00
Revenue collection costs	93,648.60	70,464.40
Asset valuation	-	4,750.00
Planning Board Expenditure	18,790.00	-
Regional growth expenses	3,491.00	5,875.00
Transports expenses	-	8,400.00
Consultancy costs	144,531.20	3,035.00
Fuel for water generator	5,805.21	6,528.00
Library expenses	-	1,000.00
Land acquisition costs	20,000.00	30,000.00
Liquor Board expenses	17,538.50	27,586.00
Commercial Board Expenses	-	290.00
Business Survey assessment	3,270.00	6,000.00
Regional Youth Costs	-	2,000.00
Sport Council expenses	53,170.00	12,210.00
Provincial Sport Tournaments	47,500.00	20,000.00
Solomon games	20,000.00	-
International Women's Day	-	12,250.00
Regional Children's event	8,000.00	2,220.00
Rural farmers support	33,900.00	3,500.00
Town Council Operation costs	7,070.00	11,307.55
Market venue costs	381.00	11,341.00
Hire of contracts	7,739.52	9,420.00

Notes to and forming part of the Financial Statements
For the Year Ended 31st March 2019

	<u>31st March 2019</u>	<u>31st March 2018</u>
(h) Other Operating Expenses Continue:		
Spare parts	4,896.00	9,050.00
Premiers discretionary fund	5,000.00	11,475.00
Official Entertainment	5,000.00	12,660.00
Premier's conference	-	19,868.00
Premiers utilities	2,748.00	17,047.00
Premier travel (local)	34,095.00	10,625.00
Premier's residence cleaning	3,477.00	8,500.00
Dignitaries expenses	-	25,872.00
Prison service	-	1,000.00
Total Other Operating Expenses	<u>1,617,073.96</u>	<u>1,427,841.16</u>

5. Cash Payments – Capital Expenditure

Housing Project	-	90,000.00
Works Project	64,905.00	233,508.00
Education Project	851,126.53	778,186.25
Health Project	123,234.08	125,654.00
Commerce & Investment Projects	-	54,967.00
Women's Development Projects	191,362.84	2,000.00
Local Government Projects	-	-
Total Service Delivery Projects	<u>1,230,628.45</u>	<u>2,094,315.25</u>
SIG Development Project (Assembly Chamber)	809,768.88	981,352.56
PCDF General Investment Servicing Costs	121,938.15	107,027.50
Total PCDF Projects	<u>2,162,335.48</u>	<u>3,182,695.31</u>

Authorization Date

The Financial Statement was authorized for publication on 31 December 2019 by Hon. Clay Forau Soalaoi, Premier and Mr. Elvis Kekegolo, Provincial Secretary (Supervising).

**Notes to and forming part of the Financial Statements
 For the Year Ended 31st March 2019**

6. Trading Activities

Temotu Provincial Government does not engage in any trading activities thus no payment made for the period ended 31 March 2019

7. Original and Final Approved Budget and Comparison of Actual and Budget amounts

The Approved Budget is developed on a similar but slightly different basis (cash basis), yet same classification basis, and for the same period (from 1st April 2018 to 31st March 2019) as for the financial statements

The original budget was approved by legislative action on 21st of March 2018 and an amended budget was approved on 24th day of October, 2018 .The amendment to the budget was a result of a review by the Province to reduce expenditure to reflect a budgeted shortfall of receipts.

8. Going Concern

There are two main issues in which Temotu Province continues to face. The first issue is the narrow revenue base it has which forces a real challenge to sustain increasing demand for services. The second issue is with regards to Temotu Development Authority (TDA) which the Province is expecting to receive dividend on an annual basis but TDA management over the fiscal years failed to realize this as the Provincial Government business Arm.

9. Related Parties Transaction

The Province also adopted IPSAS 20 which provided for related party disclosure standard to define related party transactions. For the financial year 2018/2019, there is no disclosure for capital expenditures except for recurrent expenses. The disclosures are listed below:-

Party	Owner	Relationship	Nature of Payment	Amount
A&S Enterprises	Allan Medirka	Senior Admin Officer	Fuel & dry goods	36,480.00
Jet Secretarial	John Melelao	Expenditure Clerk	Printing and photocopy	14,018.00
Swallow Enterprises	David Maina	Premier	R&M Provincial vehicle	78,485.00
Total Payments				128,983.00

Notes to and forming part of the Financial Statements
 For the Year Ended 31st March 2019

10 Encouraged Additional Optional Disclosures

(a) Staff advances

Staff advances are payments of wages and salaries to staff (direct employees of the province) in advance. Payments are then withheld from the officers' fortnight salaries. Special advances are payments made to officers upon request. It was administratively managed and disbursed to direct employees at a maximum not exceeding \$1,500.00. It was recovered through fortnightly deductions from their salaries.

(b) Imprest accounts

Imprest accounts are cash amounts provided to elected officials, seconded staff and direct employees in order to conduct official government business. When imprest monies are disbursed, the amount are transferred from cash at bank to special imprest account. When officers acquitted their imprest, the amounts were transferred from the special imprest account to relevant expense account. Any unspent cash the officer returns is transferred from special imprest account back to cash at bank through cash deposit. An imprest that is not acquitted and outstanding when it is due for retirement is taken up cash equivalent in the financial statement. This year there is no outstanding imprest recorded. Note 12 shows un-retired imprest that is outstanding since 2018.

(c) Employees provisions

Employess provisions are liabilities which the Provincial Government was required to submit to relevant agencies. These monies are for SINPF and PAYE. The Province remits this money on a monthly basis.

	<u>31st March 2019</u>	<u>31st March 2018</u>
11. Staff Advances		
Elected officials	-	-
Seconded staff	-	-
Direct employees	<u>(2,675.00)</u>	<u>3,550.00</u>
Advances payable (over deduction)	<u>(2,675.00)</u>	<u>3,550.00</u>

Notes to and forming part of the Financial Statements
For the Year Ended 31st March 2019

	<u>31st March 2019</u>	<u>31st March 2018</u>
12. Unacquitted imprest		
Elected officials	179,291.00	179,291.00-
Seconded staff	236,470.00	236,470.00
Direct employees	-	-
Unretired imprest	<u>415,761.00</u>	<u>415,761.00</u>

13. Ageing of staff advances and Un-acquitted imprests accounts for the year 2019

Staff advances	Total	Less than 3 months	1 year to 2 years	Greater than 2 years
Elected officials	-	-	-	-
Seconded staff	-	-	-	-
Direct employees	(2,675)	(2,675)	-	-
	<u>(2,675.00)</u>	<u>(2,675)</u>	-	-
Unretired imprest				
Elected officials	179,291.00	-	179,291.00	-
Direct employee	-	-	-	-
Seconded officers	236,470.00	-	236,470.00	-
	<u>415,761.00</u>	<u>(2,675)</u>	<u>415,761.00</u>	-

14. Employees Provision

SINPF Employees contribution – March 2019	7,674.18	-
SINPF Employers contribution – March 2019	<u>10,336.77</u>	<u>-</u>
	18,010.95	-
Past Arrears were fully paid	-	315,330.24
PAYE March 2019 Payroll	<u>8,507.50</u>	<u>-</u>
Total	<u>8,507.50</u>	<u>315,330.24</u>

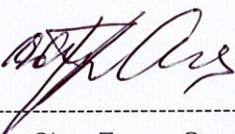
CERTIFICATE OF THE TEMOTU PROVINCIAL GOVERNMENT

In our opinion, the attached financial statement for the year ended 31st March 2019 are based on properly maintained financial records, fairly presented, in all respect, the information required by section 39(1) of the Provincial Government Act 1997 and in accordance with the Provincial Financial Management Ordinance 2008 and the Provincial Financial and Stores Instructions.

For and on behalf of the Temotu Provincial Government

Premier

Provincial Secretary (Ag)



Hon. Clay Forau Soalao

(Date: 31.1.12.2019.)



Mr. Elvis Kekegolo

(Date: 31.1.12.2019.)