



# GOVERNMENT OF TUVALU

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Our Reference:

12 June 2014

Your Reference:

The Project Manager  
Tuvalu Aviation Investment Project  
Department of Aviation  
Government Buildings  
Funafuti.

## **a) Audit opinion of the TvAIP Financial Statements**

We have audited the accompanying Financial Statements comprising Statement of Funds Received and Expenditures and Statement of Balances of the Tuvalu Aviation Investment Project for the year ended 31 December 2013. These statements are the responsibility of the Tuvalu Aviation Investment Project. Our responsibility is to express an opinion thereon based on our audit.

We conducted our audit in accordance with International Auditing Standards issued by the International Organization of Supreme Audit Institutions. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement presentation. We believe our audit provides a reasonable basis for our opinion.

The Tuvalu Aviation Investment Project management's policy is to prepare the accompanying statements on the cash receipts and payments basis in conformity with IPSAS Cash Basis. On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred.

In our opinion, the financial statements present fairly the cash receipts and payments of the project during the year ended 31 December 2013 in accordance with IPSAS Cash Basis.

## **b) Audit opinion on the accuracy and propriety of Expenditures**

We have audited the accompanying Statement of Funds Received and Expenditures for the year ended 31 December 2013.

We conducted our audit in accordance with generally accepted auditing standards that accordingly included examination, on a test basis, of evidence supporting the amounts and disclosures in the Statement of Funds Received and Expenditure. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the Statement of Funds Received and Expenditures submitted together with the internal controls and procedures involved in their preparation can be relied upon as a basis for loan disbursement.

## **c) Audit Opinion on the Operation of the Designated Accounts**

We have audited the operation of the designated accounts with its balance shown in the accompanying Statement of Balances for the year ended 31 December 2013.

We conducted our audit in accordance with generally accepted auditing standards that accordingly included examination, on a test basis, of evidence supporting the amounts and disclosures in the Statement of Balances. Our testing also includes ensuring that funds in the designated accounts were used on project related purposes in an effective and efficient manner.

In our opinion, the designated account with the internal controls and procedures involved in its operation was operated effectively and efficiently on project related expenditures only.

## **d) Audit Opinion on key internal control weaknesses and non-compliance with the financing agreement terms.**

We have audited the Tuvalu Aviation Investment Project internal controls and compliance with financing agreements. There were no internal control weaknesses and non-compliance with financing agreement terms noted during our audit.

A handwritten signature in blue ink, consisting of a large, stylized initial 'E' followed by a cursive name and a horizontal line ending in a dot.

Eli Lopati  
Auditor General of Tuvalu  
Vaiaku, Funafuti, Tuvalu.



## **TUVALU AVIATION INVESTMENT PROJECT**

**Funded by:**

**World Bank (International Development Association - IDA)**

**Pacific Region Infrastructure Facility (PRIF)**

**Government of Tuvalu (GoT)**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

TUVALU AVIATION INVESTMENT PROJECT

## **Financial Statements**

FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2013

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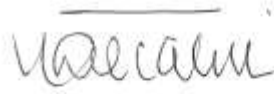
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TUVALU AVIATION INVESTMENT PROJECT

**Statement by the Tuvalu Aviation Investment Project**


FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2013

On behalf of the Tuvalu Aviation Investment Project, we state that in our opinion the accompanying financial statements of the Project set out in pages 4 to 6 for the year ended 31<sup>st</sup> December 2013 are drawn up so as to give a true and fair view of the state of affairs of the Project as at 31<sup>st</sup> December, 2013 and the result of its operations and statement of balances.



Mr. Uale Taleni  
**Permanent Secretary for Communications & Transport  
And National Steering Committee Chairman**

Date: 6/03/14



Mr. Vitolu F Iosefa  
**Project Manager, Tuvalu Aviation Investment  
Project**

Date: 06/03/14

TUVALU AVIATION INVESTMENT PROJECT

Statement of Funds Received and Expenditures-By Component

FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2013

	2013			2012		
	Total All Sources	IDA	PRIF	Total All Sources	IDA	PRIF
<b>Project Funding</b>						
Opening Balances	98,387	98,387	-	-	-	-
Funding to TvAIP Bank Accounts	929,122	859,122	70,000	272,199	272,199	-
Direct Payments by World Bank	-	-	-	-	-	-
	<b>1,027,509</b>	<b>957,509</b>	<b>70,000</b>	<b>272,199</b>	<b>272,199</b>	<b>-</b>
<b>Project Expenditure:</b>						
Component A - International Airport Infrastructure Investments	<b>317,723</b>	<b>317,723</b>	-	-	-	-
- Fire Safety Equipment for Fire Crews	6,437	6,437	-	-	-	-
- Design & Supervision Aviation Investment	278,264	278,264	-	-	-	-
- Laboratory Testing Equipment	32,533	32,533	-	-	-	-
- Small Equipment Needs	489	489	-	-	-	-
Component B - Sector Reform and Training	<b>56,045</b>	<b>42,745</b>	<b>13,300</b>	<b>32,621</b>	<b>32,621</b>	-
- Support to Civil Aviation & Line Ministry	3,456	3,456	-	-	-	-
- Training	-	-	-	3,153	3,153	-
- Industry Training	22,956	22,956	-	26,559	26,559	-
- ICAO Baseline Audit	(294)	(294)	-	2,909	2,909	-
- PASO Safety/ Security Oversight	13,300	-	13,300	-	-	-
- Meeting & Training Civil Aviation Staff	16,627	16,627	-	-	-	-
Component C - Strengthening Airport Operations and Management Capacity	-	-	-	-	-	-
Component D - Project Support	<b>376,426</b>	<b>376,426</b>	-	<b>141,190</b>	<b>141,190</b>	-
- Country-Project Operating Costs	85,723	85,723	-	21,716	21,716	-
- Project Operating Costs (PRIF)	69	69	-	-	-	-
- TFSU-Program Operating Costs	31,323	31,323	-	20,869	20,869	-
- Project Support Team	92,204	92,204	-	24,486	24,486	-
- TFSU-PAIP Director	17,026	17,026	-	6,997	6,997	-
- TFSU-Financial Manager	7,872	7,872	-	2,523	2,523	-
- TFSU-Financial Advisor	16,781	16,781	-	14,539	14,539	-
- TFSU-Accountant	4,531	4,531	-	1,908	1,908	-
- TFSU-Lead Procurement Specialist	45,985	45,985	-	30,393	30,393	-
- TFSU-PAIP Procurement Officer	3,986	3,986	-	1,222	1,222	-
- TFSU-Project Vehicle	(7,582)	(7,582)	-	7,582	7,582	-
- TFSU-Contract Manager	14,747	14,747	-	-	-	-
- TFSU-Team Assistant	3,230	3,230	-	1,296	1,296	-
- TFSU-Aviation Procurement Specialist (Infra)	10,872	10,872	-	590	590	-
- TFSU-Procurement Specialist (Periodic)	4,115	4,115	-	7,070	7,070	-
- PASO Steering Committee	12,107	12,107	-	-	-	-
- TvAIP Photocopier	11,920	11,920	-	-	-	-
- TvAIP Motor Bike	2,500	2,500	-	-	-	-
- TvAIP Office Furniture	19,018	19,018	-	-	-	-
<b>Total Project Expenditure</b>	<b>750,194</b>	<b>736,894</b>	<b>13,300</b>	<b>173,812</b>	<b>173,812</b>	<b>-</b>
<b>Closing Balances</b>	<b>277,315</b>	<b>220,615</b>	<b>56,700</b>	<b>98,387</b>	<b>98,387</b>	<b>-</b>

TUVALU AVIATION INVESTMENT PROJECT

**Statement of Funds Received and Expenditures-By Category**

FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2013

	2013			2012		
	Total All Sources	IDA	PRIF	Total All Sources	IDA	PRIF
<b>Project Funding</b>						
Opening Balances	98,387	98,387	-	-	-	-
Funding to TvAIP Bank Accounts	929,122	859,122	70,000	272,199	272,199	-
Direct Payments by World Bank	-	-	-	-	-	-
	<b>1,027,509</b>	<b>957,509</b>	<b>70,000</b>	<b>272,199</b>	<b>272,199</b>	<b>-</b>
<b>Project Expenditure:</b>						
<b>By Category</b>						
1. Goods, works, training, operating costs, TFSU costs and consultants' services	750,194	736,894	13,300	173,812	173,812	-
<b>Total Project Expenditure</b>	<b>750,194</b>	<b>736,894</b>	<b>13,300</b>	<b>173,812</b>	<b>173,812</b>	<b>-</b>
<b>Closing Balances</b>	<b>277,315</b>	<b>220,615</b>	<b>56,700</b>	<b>98,387</b>	<b>98,387</b>	<b>-</b>

TUVALU AVIATION INVESTMENT PROJECT

Statement of Balances

FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2013

	2013			2012		
	Total All Sources	IDA	PRIF	Total All Sources	IDA	PRIF
<i>Cash at Bank</i>	283,766.51	227,135.01	56,631.50	103,219.18	103,219.18	-
<i>Account Payables</i>	(10,434.42)	(10,434.42)	-	(4,842.14)	(4,842.14)	-
<i>Account Receivables</i>	3,982.65	3,914.15	68.50	-	-	-
<i>IDA replenishment received short into Designated Account</i>	-	-	-	10.00	10.00	-
<b>Total Balance per Statement of Funds Received and Expenditure</b>	<b>277,314.74</b>	<b>220,614.74</b>	<b>56,700.00</b>	<b>98,387.04</b>	<b>98,387.04</b>	<b>-</b>
<b>Account Receivables</b>						
<i>Uiga Paelate</i>	388.23	388.23	-	-	-	-
<i>Tutia Teatu Talitonu</i>	1,525.92	1,525.92	-	-	-	-
<i>Vitoli 'Iosefa</i>	2,000.00	2,000.00	-	-	-	-
<i>Receivables for PRIF re Bank Fees</i>	68.50	-	68.50	-	-	-
<b>Total Receivables</b>	<b>3,982.65</b>	<b>3,914.15</b>	<b>68.50</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Account Payables</b>						
<i>Income Tax</i>	8,797.34	8,797.34	-	3,309.62	3,309.62	-
<i>Provident Fund</i>	1,568.58	1,568.58	-	1,531.72	1,531.72	-
<i>Advance settlement refund overpaid</i>	-	-	-	0.80	0.80	-
<i>Payables for IDA re Bank Fees</i>	68.50	68.50	-	-	-	-
<b>Total Payables</b>	<b>10,434.42</b>	<b>10,434.42</b>	<b>-</b>	<b>4,842.14</b>	<b>4,842.14</b>	<b>-</b>



TUVALU AVIATION INVESTMENT PROJECT  
**Notes to the Financial Statements**  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2013

**General Information**

The Tuvalu Aviation Investment Project (TvAIP) officially commenced in May 2012, being the date when the IDA grant was made available, while the PRIF grant was made available in July 2012. The closing date is currently set as 31 December 2016.

TvAIP is funded jointly by the World Bank (WB; through its International Development Association – IDA), the Pacific Region Infrastructure Facility (PRIF) and the Government of Tuvalu (GoT), as follows:

- IDA – Grant of Special Drawing Rights (SDR) 7.50 million (with estimated AU\$ equivalent of AU\$ 11.85 million); established through a Financing Agreement dated 17 February 2012.
- PRIF – Grant of US\$ 0.17 million (with estimated AU\$ equivalent of AU\$ 0.17 million); established through a Financing Agreement dated 30 July 2012.
- GoT – estimated contribution of US\$ 1.80 million (with estimated AU\$ equivalent of AU\$ 1.80 million). GoT funding is provided to cover tax revenue offsets, and does not form part of the core funding of TvAIP upon which the Financial Statements are based.

The objective of TvAIP is to improve operational safety and oversight of international air transport infrastructure. There are four Parts to TvAIP, as follows:

- Part A – International Airport Infrastructure Investments: carrying out of aviation infrastructure improvements at the Funafuti airport.
- Part B – Sector Reform and Training: provision of technical assistance to the Ministry of Transport and Communications and line ministries.
- Part C – Strengthening Airport Operations and Management Capacity: provision of technical assistance to the Civil Aviation Authority.
- Part D – Project Support.

**Project Implementation and Administration**

TvAIP is implemented under the overall guidance, coordination and monitoring of the National Steering Committee, and the Program Steering Committee as part of the regional program of aviation investments (which currently includes the Kingdom of Tonga and the Republic of Kiribati). TvAIP is supported by the Technical and Fiduciary Services Unit (TFSU; based in Tonga), and tasked to support the regional program, with cost sharing arrangements agreed as per the Program Operations Manual (POM). A Project Support Team (PST) has been established in Tuvalu, to provide project management support to TvAIP.

WB administers both the IDA and PRIF funding. Two bank accounts (“Designated Accounts”) have been established in Tuvalu – one for the IDA funding and one for the PRIF funding. Each of the IDA and PRIF grants fund specific and separate costs; there is no joint funding of any costs. Costs are charged to the respective grants in the respective grant currency at exchange rates applied by WB.

TUVALU AVIATION INVESTMENT PROJECT  
**Notes to the Financial Statements**  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2013

**Accounting Policies**

The Financial Statements are prepared by TvAIP under the historical cost convention and in accordance with the modified cash basis of accounting; expenditures are charged when paid except:

- Advances (which are given for approved official purposes only) are charged against a Receivables Account initially, and are charged to expenditure based on advance acquittals with supporting documents; and
- Payables are taken up for income tax and provident fund liabilities at the time of payment of salaries and are cleared through the settlement of the liabilities to the respective authorities, on a monthly basis. Beginning from April 2013 only provident fund contribution have been settle to the National Provident Fund while the income tax are withhold in the accounts as Government Contribution.

The reporting currency is Australian Dollars (AU\$).

Transactions in currencies other than AU\$ are translated into AU\$ using the actual exchange rate applied by the bank (where the transaction are paid from the Designated Accounts).

This is the second year of operation for TvAIP and this Financial Statements therefore include figures from prior years.