



OFFICE OF THE PUBLIC AUDITOR
REPUBLIC OF PALAU

**Republic of Palau's
Telecommunications and Information
Communications Technology**

**World Bank Technical Assistance Project,
PRIF Grant No. TF 15460**

**Independent Auditors' Report on
Applying Agreed-Upon Procedures**

September 30, 2013 – September 30, 2016

ROP-TF15460WB13-16-AUP07



REPUBLIC OF PALAU

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**INDEPENDENT AUDITORS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

December 22, 2016

Honorable Elbuchel Sadang
Minister of Finance (MOF)
Republic of Palau

Dear Minister Sadang:

We have performed the procedures enumerated below, which we agreed with the Republic of Palau's Telecommunications and Information Communications Technology (ICT) Technical Assistance Project (the Project), funded by World Bank PRIF Grant No. TF 15460, solely to assist the Project in evaluating the financial performance and certain activities of the Grant. The audit covered the period September 30, 2013 to September 30, 2016. This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the user specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of the procedures performed are as follows:

1. We verified and confirmed revenues and expenditures of the project as shown below:

Revenues:

Proceeds from World Bank Grant	\$ 600,000
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Expenditures:

Legal and Regulatory Framework Development	470,000
Fiber Optic Cable Development Phase	100,000
In-Country Legal Support	30,000
Total Expenditures	<u>\$ 600,000</u>

Balance of Proceeds from World Bank Grant	<u><u>\$ 0</u></u>
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The audit procedures included reviewing the Letter Agreement and related attachments, World Bank and grantee's disbursement reports, Applications for Withdrawals, contractors' invoices and related documents.

Conclusion: Based on audit procedures performed, we conclude that the revenues, expenditures and classification of expenditures for the Project are as presented above.

MOF's Response: I concur with the audit procedures conducted and the findings and conclusion resulting therewith.

2. We verified and confirmed the expenditures of the Grant to the objectives of the Project.

The Office of the Public Auditor (OPA) examined, verified and confirmed that the grant expenditures conformed to the Project objectives as stipulated in the Grant Agreement. This procedure was performed by verifying and agreeing payments to project contractors, namely Nathan Associates, John Hibbard and Larry Goddard, to the Scope of Work and Schedule of Payments stipulated in each respective project contract.

Conclusion: Based on the procedures performed, we conclude that the Grant expenditures conformed to the Project objectives.

MOF's Response: I concur with the audit procedures conducted and the findings and conclusion resulting therewith.

3. We verified and confirmed each Direct Disbursement by World Bank to each respective contract and the scope of work the contractor was contracted to perform under the Project.

The OPA verified and confirmed each Direct Disbursement by World Bank to each respective contract and the Scope of Work the contractor was contracted to perform under the project. This procedure was conducted by verifying and agreeing Applications for Withdrawals to Direct Disbursements and verifying the payments to the scope of work and schedule of Payments and contractors' invoices.

Conclusion: Based on the procedures performed, we conclude that Direct Disbursements by World Bank corresponds and agrees to Applications for Withdrawals, Scope of Work, Schedule of Payments and contractors' invoices.

MOF's Response: I concur with the audit procedures conducted and the findings and conclusion resulting therewith.

4. We verified and confirmed that the deliverables stipulated in each contract were delivered by the respective contractor.

The OPA verified and confirmed that the deliverables stipulated in each contract were delivered by the respective contractor. This procedure was performed by examining contractors' invoices, scope of work and schedule of payments, project completion reports submitted by contractors, project completion report prepared by the Project Coordinator, interviews with the Project Coordinator and a review of the Belau Submarine Cable Corporation Act.

Conclusion: Based on the procedures performed, we conclude that the deliverables stipulated in each contract for the Project were delivered by the respective contractor.

MOF's Response: I concur with the audit procedures conducted and the findings and conclusion resulting therewith.

5. We verified and confirmed that each Direct Disbursement by the World Bank was supported by an Application for Withdrawal, contractors' invoice and in accordance with the contract.

The OPA verified and confirmed that each Direct Disbursement by the World Bank was supported by an Application for Withdrawal, contractors' invoice and in accordance with the contract. This procedure was conducted by examining and agreeing each Direct Disbursement to the corresponding Application for Withdrawal, contractors' invoice and further agreeing the payment to the scope of work and schedule of payments as per contract.

Conclusion: Based on the Procedures performed, we conclude that each Direct Disbursement by the World Bank was properly supported by an Application for Withdrawal, contractors' invoice and in accordance with the contract.

MOF's Response: I concur with the audit procedures conducted and the findings and conclusion resulting therewith.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Republic of Palau's Telecommunications and Information Communications Technology

(ICT) Technical Assistance Project and should not be used by anyone other than these specified parties.

The OPA would like to thank the management of the Republic of Palau's Telecommunications and ICT Technical Assistance Project for the professional courtesy and cooperation extended to us during the audit.

Sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above the printed name.

Satrunino Tewid
Public Auditor
Republic of Palau



**ILLEGAL OR WASTEFUL ACTIVITIES
SHOULD BE REPORTED TO:**

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**MONDAY THRU FRIDAY
7:30 a.m. - 4:30 p.m.**

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