Telecommunications Commission of Solomon Islands

Statement of Cash Receipts and Payments
For the Period from 11 January 2010 to 31 December 2010

Report of the Implementing Agency

I was appointed the Solomon Islands Telecommunications Commissioner on 16 June 2011. In such capacity, I am responsible for the management of funds provided by donors to support the Telecommunications Commission of Solomon Islands (TCSI). Initial funding of SBD $1,978,750 was provided by AusAid and SBD $2,041,320 by RAMSI to provide funding for the creation of the Telecommunications Commission including capital acquisitions. This funding was exhausted during 2010. On-going funding for the operations of the Telecommunications Commission is supported by an IDA Grant provided by the World Bank and AusAid. The grant is made to the Government and the Telecommunications Commission is the Project Implementing Entity. Grant money was accessed and used by the Telecommunications Commission during 2010.

I certify that the attached Statement of Cash Receipts and Payments presents a true and fair view of the cash receipts and payments of the TCSI for the year ended 31 December 2010.

Dated at Honiara this 8th day of September 2011

Mr. Bernard Hill
Telecommunications Commissioner
Telecommunications Commission of Solomon Islands

Telecommunications Commission of Solomon Islands

Statement of Cash Receipts and Payments
For the Period from 11 January 2010 to 31 December 2010

	Note	Receipts / Payments 2010 (SBD)	Payments by Third Parties 2010 (SBD)	Total 2010 (SBD)
RECEIPTS				
External Assistance - Multilateral Agencies				
AUSAID	6	1,978,750		1,978,750
RAMSI	7	2,041,320		2,041,320
IDA Support Fund	8	2,140,046		2,140,046
Income from Others				
Demand Guarantee	9	11,029,392		11,029,392
Spectrum Admin Fees		200		200
Interest Income	10	65,167		65,167
Sale of assets		78,500		78,500
Miscellaneous Incomes	11	892		892
Total Receipts		**17,334,267**	-	**17,334,267**
PAYMENTS				
Operational expenses				
Rent	12	404,700		404,700
Electricity		73,731		73,731
Telecommunication Charges		101,134		101,134
Water & Other Utilities		3,793		3,793
Office expenses		46,744		46,744
ICT expenses		4,900		4,900
Stationeries & printing		24,326		24,326
Vehicle maint. & running costs		10,279		10,279
Incidentials & General maint.		39,334		39,334
Fees & Charges		10,056		10,056
Legal fees		26,950		26,950
Insurance		9,700		9,700
Wages & Salaries	13	2,922,054		2,922,054
Training & Workshops		67,782		67,782
Capital Expenses	14			
Office refurbishment		213,243		213,243
Furnitures & Fitting		176,158		176,158
Office Equipment		24,283		24,283
Computer Equipments		195,192		195,192
Motor Vehicle		304,040		304,040
Accounting Software		8,000		8,000

Telecommunications Commission of Solomon Islands

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	Note	Receipts / Payments 2010 (SBD)	Payments by Third Parties 2010 (SBD)	Total 2010 (SBD)
Others Expenses				
Consultancy Services	15	427,680		427,680
Interest tax expenses		2,293		2,293
Total Payments		**5,096,372**	-	**5,096,372**
Increase in cash		**12,237,895**		**12,237,895**
Cash at Start of Year		-		-
Cash at End of Year		**12,237,895**	-	**12,237,895**

This Statement is to be read in conjunction with the Notes to the Statement of Cash Receipts and Payments on pages 4 to 7.

Telecommunications Commission of Solomon Islands

Statement of Cash Receipts and Payments

For the Period from 11 January 2010 to 31 December 2010

Notes to Statement of Cash Receipts and Payments

1. Statement of Accounting Policies

a Basis of Preparation

The Statement of Cash Receipts and Payments has been prepared in accordance with the International Public Sector Accounting Standards under The Cash Basis of Accounting (Cash Basis IPSAS). Comparative information has not been included as this is the first time the program has adopted Cash Basis IPSAS.

The accounting policies have been applied consistently throughout the period.

The annual financial reports include standard reports required by the World Bank

b Reporting entity

The Statement of Cash Receipts and Payments is for the Telecommunications Commission of Solomon Islands which is a Government Telecommunications Regulatory Authority established under the Telecommunication Act 2009.

The TCSI was initially financed by RAMSI and AusAid, each contributing SBD $1,978,750 and SBD $2,041,320 respectively to meet the start-up costs of the TCSI, including capital expenses.

The Financing Agreement between the Solomon Islands Government (SIG) and the International Development Association (IDA), Project Agreement between TCSI and IDA and Subsidiary Agreement between TCSI and SIG was officially signed on 22 June 2010. It sets out the contractual agreements to fund and administer the Telecommunication and ICT Development project activities until March 2015. TCSI was appointed as the Project Implementing Entity of the project. The Project funding is a grant equivalent to USD 5.99m jointly financed by the World Bank and AUSAID (through Pacific Regional Infrastructure Facility Trust Fund).

c Reporting Currencies

The annual accounts are presented in the currency of the Solomon Islands, the Solomon Islands dollar (SBD).

d Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate received at the date of the transaction.

e Budget

The TCSI budget is publicly available on the organisation website: http://www.tcsi.org.sb/about-us/budget. The budget is primarily a 3-year rolling budget for the period 2011 to 2013, as required by the Telecommunications Act. No budget was prepared for 2010. However the rolling budget recognises funds received from the World Bank and from exercise of the bemobile demand guarantee in 2010 because expenditures were made from these revenue sources in 2010 and therefore impact the funds available in future years (2011-2013). Since no budget was prepared for 2010, it is not possible to make a comparison of the actual figures for 2010 against any budgeted figures. TCSI will provide an assessment of the rolling budget and actuals at the end of financial year ending 31 December 2011.

2. Cash Balance

Cash and cash equivalents comprise of cash component from SBD account, SBD term deposit, USD account and petty cash.

As at 31 December 2010, cash is comprised of:	2010 (SBD)
Telecommunications Special Fund - 4686890	203,228
TCSI USD Account - 4731107	936,404
TCSI Term Deposit - 4729686	11,092,263
Cash on hand – Petty cash	6,000
Total	**12,237,895**

Telecommunications Commission of Solomon Islands

Statement of Cash Receipts and Payments
For the Period from 11 January 2010 to 31 December 2010

Notes to Statement of Cash Receipts and Payments

3. Statement of Special Account Reconciliation - 4731107

	2010 (SBD)
IDA funds received	2,140,245
Initial deposit to open special account	792
Total Receipts	2,141,037
Less Payments:	
Salary - Nicholas Williams	649,102
Salary - Kathleen O'Kane	277,338
Computer equipment	2,277
Bank fees	1,553
Workshop attendances	15,488
Total Payments	945,758
Less: Debit transfer	
Transfer to SBD Account	258,875
Closing Cash Balance as at 31/12/10	**936,404**

4. Schedule listing of Withdrawal Application

Date Issued	Date Received	Description	2010 (SBD)
04.11.10	19.11.10	1st withdrawal replenishment	555,359

5. Direct Payments

In this financial period ending 31 December 2010, there was no direct payment made through the Worldbank to a third party.

6. Donor Funding Assistance - AUSAID

TCSI received funding of SBD $1,978,750 equavalent from AUSAID to finance the initial establishment and start-up costs of the Commission.

7. Donor Funding Assistance - RAMSI

TCSI received additional funding of SBD $2,041,320 equavalent from the Australian Government through RAMSI for the purpose of establishment and initial start up costs of the Commission. The funding was made available solely for: (a) Capital expenditures, (b) Operating costs, and (c) emolument and staffing costs.

8. IDA Grant -World Bank

There was a Financing Agreement between the Solomon Islands Government (SIG) and the International Development Association (IDA) to finance the Telecommunications and ICT Development Project. TCSI is designated as implementing agency of the project. TCSI drew down an initial sum of SBD $1,584,687 on 21 September 2010 followed by SBD $555,359 of which the proportion of the funds was expended on staff salaries and operational costs from September to December 2010.

9. Demand Guarantee Funds

The income of SBD $11,029,392 was derived from BeMobile performance bond as a result of non compliance of its licence obligations. The fund was saved on a monthly rollover term deposit at ANZ bank.

10. Interest Income

Interest income was derived from a monthly term deposit from the demand guarantee fund

Telecommunications Commission of Solomon Islands

Statement of Cash Receipts and Payments
For the Period from 11 January 2010 to 31 December 2010

Notes to Statement of Cash Receipts and Payments

11. Miscellaneous Incomes

Other funds received to open TCSI USD Account with ANZ Bank

12. Rent

TCSI office occupied Victory building in February to November 2010 and office was relocated to Hyundai Mall in December 2010

	2010 (SBD)
Victory building	319,200
Hyundai Mall	85,500
	404,700

13. Wages & Salaries

Locals	732,160
Expats	2,189,893
	2,922,054

14. Capital Expenditure

a Office Refurbishment

LKP Building (initial consulting work)	9,020
Hyundai Mall	29,432
Victory Building	174,791
	213,243

b Fixed Assets

Furnitures & Fitting	Purchased date	
12 Executive Chairs	23/03/2010	53,364
12 Office Desks	23/03/2010 and 22/04/2010	62,754
8 Meetting Chairs	12/05/2010	21,810
2 Filing cabinets	23/03/2010	9,254
2 coffee tables	24/06/2010	3,418
2 2 -seaters	24- 25/06/2010	8,857
1 1-seater	24/06/2010	3,166
1 cupboard shelve	08/12/2010	2,725
1 round meeting table	09/12/2010	6,350
1 coffee cupboard	09/12/2010	2,430
1 printer table	09/12/2010	2,030
		176,158

Office Equipment		
1 Shredder	09/04/2010	9,595
1 HP laserjet printer	01/12/2010	13,008
1 Water dispensor	17/12/2010	1,680
		24,283

Telecommunications Commission of Solomon Islands

Statement of Cash Receipts and Payments
For the Period from 11 January 2010 to 31 December 2010

Notes to Statement of Cash Receipts and Payments

14 (b) Fixed Assets (continue)

Computer Equipment	Purchased date	2010 (SBD)
5 17" LCD refurbishment monitor	14/04/2010	6,500
1 Dell desktop computer	17/05/2010	10,900
Desktop HDD 160GB	17/05/2010	680
UPS	17/05/2010	1,140
5 Laser keyboard	17/05/2010	700
5 optical wireless mouses	17/05/2010	1,225
1 WAP200 wireless-G Access	17/05/2010	2,800
5 Dell Vostro Laptops	17/05/2010	56,500
1 Sharp Mx printer/copier	17/05/2010	97,000
1 external drive 500 GB	17/05/2010	1,360
1 Toshiba laptop	09/12/2010	16,387
		195,192
Motor Vehicle - Toyota Hilux	purchased date 26/02/2010	**304,040**
Accounting Software	purchased date 17/05/2010	**8,000**
Total fixed Assets		**707,673**

15. Consultancy Services

J M Haydon (selection of the Telecommunications Commissioner)	291,104
Macmillan Keck (Legal advice)	136,576
	427,680

Solomon Islands Office
of the Auditor-General



INDEPENDENT AUDITOR'S REPORT

Report on the Statement of Cash Receipts and Payments

I have audited the accompanying Statement of Cash Receipts and Payments of the Telecommunications Commission of Solomon Islands, which comprise the Statement of Cash Receipts and Payments for the period from 11 January 2010 to 31 December 2010, and a summary of significant accounting policies and other explanatory information.

Responsibility for the Statement of Cash Receipts and Payments

The Telecommunications Commission of Solomon Islands are responsible for the preparation and fair presentation of the Statement of Cash Receipts and Payments in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting (Cash Basis IPSAS) and the Grant Agreements between Solomon Islands, the International Development Association, AusAID and RAMSI and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the Statement of Cash Receipts and Payments based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement of Cash Receipts and Payments is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement of Cash Receipts and Payments. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

This opinion is being given to satisfy the requirements of the Grant Agreements between Solomon Islands, the International Development Association, AusAID and

RAMSI. In giving this opinion, I do not accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in the hands it may come save where expressly agreed by my prior consent in writing.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the Statement of Cash Receipts and Payments presents fairly, in all material respects, the receipts and payments of the Telecommunications Commission of Solomon Islands for the period from 11 January 2010 to 31 December 2010 in accordance with Cash Basis IPSAS.

Report on Other Requirements

As required by my terms of reference, I also report that, in my opinion, in all material respects:

(a) The cash receipts reported on the Statement of Cash Receipts and Payments were used for the purposes of the Project and not for other purposes;

(b) The receipts and payments reported on the Statement of Cash Receipts and Payments were in accordance with the Grant Agreements between Solomon Islands, the International Development Association, AusAID and RAMSI;

(c) Adequate supporting documentation has been maintained to support the payments reported on the Statement of Cash Receipts and Payments.



Edward Ronia
Auditor-General

13th September 2011

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