



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE OFFICE OF PROCUREMENT REGULATION FOR THE YEAR ENDED 30 SEPTEMBER 2021

OPINION

The Financial Statements of the Office of Procurement Regulation for the year ended 30th September 2021 have been audited. The statements as set out on pages 1 to 25 comprise a Statement of Financial Position as at 30 September 2021, a Statement of Comprehensive Income, a Statement of Changes in Equity, and a Statement of Cash Flows for the year ended 30 September 2021 and Notes to the Financial Statements numbered 1 to 17.

2. In my opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position the Office of Procurement Regulation as at 30 September 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

3. The audit was conducted in accordance with the principles and concepts of International Standards of Supreme Audit Institutions (ISSAIs). The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Office of Procurement Regulation in accordance with the ethical requirements that are relevant to the audit of the Financial Statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above audit opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

4. Management of the Office of Procurement Regulation (the Office) is responsible for the preparation and fair presentation of these Financial Statements in accordance with the IFRS and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

5. In preparing the Financial Statements, management is responsible for assessing the Office'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 intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

7. The Auditor General's responsibility is to express an opinion on these Financial Statements based on the audit and to report thereon in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago.

8. The Auditor General's objectives are 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 audit report that includes her opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards 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.

9. As part of an audit, in accordance with the principles and concepts of ISSAIs, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the Financial Statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an 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.
- Obtains 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 Office's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes 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 Office's ability to continue as a going concern. If the Auditor General concludes that a material uncertainty exists, the Auditor General is required to draw attention in her audit report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify her opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of her audit report. However, future events or conditions may cause the Office to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. The Auditor General communicates 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 were identified during the audit.

SUBMISSION OF REPORT

11. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.



9TH NOVEMBER, 2023
PORT OF SPAIN

Jaiwantie Ramdass
JAIWANTIE RAMDASS
AUDITOR GENERAL (Ag.)

THE OFFICE OF PROCUREMENT REGULATION

FINANCIAL STATEMENTS

30 SEPTEMBER 2021

THE OFFICE OF PROCUREMENT REGULATION

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THE OFFICE OF PROCUREMENT REGULATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 SEPTEMBER 2021

ASSETS	<u>Notes</u>	30 September <u>2021</u> (\$)	30 September <u>2020</u> (\$)
Current Assets:			
Cash and cash equivalents	4	23,653,539	21,380,647
Accounts receivable and prepayments	5	<u>873,127</u>	<u>1,113,345</u>
Total Current Assets		24,526,666	22,493,992
Non-Current Assets:			
Intangible Assets	6	699,908	62,474
Property, plant and equipment	7	<u>1,223,018</u>	<u>980,704</u>
Total Assets		<u><u>26,449,592</u></u>	<u><u>23,537,170</u></u>
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities:			
Accounts payable and accruals	8	1,518,265	1,964,404
Non-Current Liabilities:			
Deferred income	9	<u>3,143,427</u>	<u>2,812,466</u>
Total Liabilities		<u>4,661,692</u>	<u>4,776,870</u>
Equity:			
Accumulated surplus		<u>21,787,900</u>	<u>18,760,300</u>
Total Equity		<u>21,787,900</u>	<u>18,760,300</u>
Total Liabilities and Equity		<u><u>26,449,592</u></u>	<u><u>23,537,170</u></u>



Behan Khare
Chairman/ Procurement Regulator

David Christie
Board Member

THE OFFICE OF PROCUREMENT REGULATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	<u>Notes</u>	<u>30 September</u> <u>2021</u> (\$)	<u>30 September</u> <u>2020</u> (\$)
Income:			
Subventions		17,500,000	17,960,000
Other income	15	<u>171,639</u>	<u>380,596</u>
Total Income		<u>17,671,639</u>	<u>18,340,596</u>
Expenditure:			
Development programme expenses		14,717	380,596
General and administrative expenses	16	3,084,350	2,629,714
Marketing expenses		404,030	126,467
Depreciation		342,807	318,336
Amortization		177,745	31,233
Finance costs		4,630	6,441
Personnel costs	17	<u>10,615,760</u>	<u>10,755,825</u>
Total Expenditure		<u>14,644,039</u>	<u>14,248,611</u>
Surplus for the Year		<u><u>3,027,600</u></u>	<u><u>4,091,985</u></u>



(The accompanying notes form an integral part of these financial statements)

THE OFFICE OF PROCUREMENT REGULATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Accumulated Surplus (\$)
Balance, 1 October 2020	18,760,300
Surplus for the Year	<u>3,027,600</u>
Balance, 30 September 2021	<u>21,787,900</u>
Balance, 1 October 2019	14,668,315
Surplus for the Year	<u>4,091,985</u>
Balance, 30 September 2020	<u>18,760,300</u>

THE OFFICE OF PROCUREMENT REGULATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	For the period ended 30 September <u>2021</u> (\$)	For the period ended 30 September <u>2020</u> (\$)
Operating Activities:		
Total comprehensive income for the period	3,027,600	4,091,985
Adjustment for:		
Depreciation	342,806	318,336
Amortization	177,745	31,233
	3,548,151	4,441,553
Adjustment for non-cash items:		
Net change in accounts receivables and prepayments	240,217	641,382
Net change in accounts payable and accruals	(446,139)	204,009
Net change in deferred income	330,961	(99,788)
Cash provided by operating activities	<u>3,673,190</u>	<u>5,187,156</u>
Investing Activities:		
Purchase of property, plant and equipment	<u>(1,400,298)</u>	<u>(277,003)</u>
Cash used in investing activities	<u>(1,400,298)</u>	<u>(277,003)</u>
Net change in cash balances	<u>2,272,892</u>	<u>4,910,153</u>
Cash resources, beginning of year	<u>21,380,647</u>	<u>16,470,494</u>
Cash resources, end of period	<u><u>23,653,539</u></u>	<u><u>21,380,647</u></u>
Represented by:		
Cash and cash equivalents	<u>23,653,539</u>	<u>21,380,647</u>

(The accompanying notes form an integral part of these financial statements)

THE OFFICE OF PROCUREMENT REGULATION
NOTES TO THE FINNCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Enactment and Principal Business Activity:

The Office of Procurement Regulation (OPR) whose office is located at Level 19, Tower D, International Waterfront Centre, Port of Spain, is a body corporate established pursuant to an Act of Parliament, namely the Public Procurement and Disposal of Public Property Act, No. 1 of 2015 (as amended) by the following Acts of Parliament, namely:-

- No.5 of 2016
- No.3 of 2017
- No. 27 of 2020

Though the Act was assented to on January 14, 2015, it comes into operation on a date to be fixed by the President for proclamation. However, to allow for the establishment of the OPR, the appointment of the Members of the Board, the performance of certain key functions of the OPR, and the drafting of Regulations, the Act was partially proclaimed by way of Legal Notice 150 of 2015. Upon full proclamation the Act will replace the Central Tenders Board Act, Chapter 71:91.

The objects of this Act are to promote:

- a) The principles of accountability, integrity, transparency and value for money;
- b) efficiency, fairness, equity and public confidence; and
- c) local industry development, sustainable procurement and sustainable development, in public procurement and the disposal of public property

The OPR's mandate is carried out with the financial commitment and support of the Ministry of Finance. Notwithstanding such support, the OPR is not subject to the direction or control of any other person or authority in the performance of its functions, but is accountable to Parliament.

Further, in the performance of its functions, the OPR is entrusted with the power to:-

- a) monitor the procurement of goods, works and services, and the disposal of public property, by public bodies to ensure compliance with the Act.
- b) conduct audits and periodic inspections of public bodies to ensure compliance with the Act.
- c) issue directions to public bodies to ensure compliance with the Act.
- d) carry out such other activities and do such other acts as it considers necessary or expedient for the carrying out of its functions.

THE OFFICE OF PROCUREMENT REGULATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2 Summary of Significant Accounting Policies:

a) Basis of Financial Statements Preparation -

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and are stated in Trinidad and Tobago dollars rounded to the nearest whole dollar. These financial statements have been prepared on the historical cost basis.

b) Functional and presentation currency -

These financial statements are presented in Trinidad and Tobago dollars, which represents the OPR's functional and presentation currency which represents the currency of the primary economic environment in which the entity operates.

c) Foreign Currency -

In preparation of the financial statements, foreign currency transactions are translated into the functional/presentation currency of Trinidad and Tobago dollars using the exchange rates prevailing at the dates of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of comprehensive income in the financial year in which they arise. Monetary items denominated in foreign currencies are translated to the presentation currency using rates existing at year end.

d) Use of Estimates -

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the OPR's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

THE OFFICE OF PROCUREMENT REGULATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Summary of Significant Accounting Policies (Cont'd):

e) New and revised IFRS in issue but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 3 -IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use -Effective 1 January 2022.
- New IFRS 17- Insurance Amendments to IAS 1 – Classification of Liabilities as current or Non- current – Effective 1 January 2023
- Amendments to IFRS 3- Business Combinations Effective 1 January 2023.

f) Intangible asset –

The OPR has adopted the cost model for the recognition of intangible assets. Intangible assets are accrued at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is provided using the reducing balance method.

The following rate considered appropriate to write off the asset over its estimated useful life is applied:

Computer software	-	33%
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g) Property, Plant and Equipment -

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided using the reducing balance method. The following applied rates are considered appropriate to write-off the assets over their estimated useful lives:

Office Furniture	-	20%
Office Equipment	-	25%
Motor Vehicle	-	25%

The assets' residual values and useful lives are reviewed at each reporting date and adjusted as deemed appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds on disposal with the carrying amount in the financial statements. All gains and losses are recognised in the Statement of Comprehensive Income.

THE OFFICE OF PROCUREMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Summary of Significant Accounting Policies (Cont'd):

h) Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

i) Accounts Receivable and Prepayments

Accounts receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

j) Accounts Payable and Accruals

Accounts payable and accruals are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

k) Taxation

The OPR is exempt from taxation under the Public Procurement and Disposal of Public Property Act 2015 (as amended). According to Section 23: -

"the Office shall be exempt from stamp duties, corporation taxes, customs duties, value added taxes, charges, levies and imposts"

l) Income and Expenditure -

Income and expenditure are recognised on the accrual's basis.

m) Provisions -

Provisions are recognised when:

- i) the OPR has a present legal or constructive obligation as a result of past events;
- ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and
- iii) the amount can and has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows

THE OFFICE OF PROCUREMENT REGULATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2 Summary of Significant Accounting Policies (Cont'd):

n) Subventions -

Grants/subventions from the Government of the Republic of Trinidad and Tobago are recognised at their fair values, where there is a reasonable assurance that:

- i) the grant/subvention will be received; and
- ii) the OPR will comply with all conditions attached, if any.

Grants relating to operating/recurrent expenses are recognised in full in the Statement of Comprehensive Income in the year in which the grant is received or becomes receivable.

Grants relating to the development programme are included in non-current liabilities as deferred income and are recognised in the Statement of Comprehensive Income over the period necessary to match them against the expenses they are intended to offset.

o) Budget Allocation & Releases:

For fiscal year 2020/2021, the OPR was allocated funding in the sum of \$18,000,000 of which an amount of \$17,500,000 was released.

For fiscal year 2019/2020, the OPR was allocated funding in the sum of \$25,830,100 and \$1,000,000 to facilitate recurrent and development expenditure respectively. An amount of \$17,960,000 was released to the OPR under the recurrent budget whilst no funding was released under the Development Programme.

p) Other Government Assistance.

Cabinet by Minute No. 385 of March 15, 2018 agreed inter alia, to the allocation for a period of five (5) years from the date of occupation, of Level 19, Tower D, International Waterfront Complex (IWC), 1a Wrightson Road, Port of Spain. The space was outfitted with items such as workstations, office furniture and minor kitchen appliances.

During occupancy of the Office, the facilities management in the IWC is provided by the Urban Development Corporation of Trinidad and Tobago (UDeCOTT) under the existing Maintenance Agreement between the Property and Real Estate Services Division of the Ministry of Public Administration (PRESD) and UDeCOTT.

In addition, utilities including electricity and water are provided at no cost to the Office.

q) Technical Assistance from the European Union

The OPR benefitted from the provision of technical assistance under the 11th EDF Technical Cooperation Fund (TCF) and managed by the European Union Delegation to Trinidad and Tobago. The duration of the project was initially for one (1) year

THE OFFICE OF PROCUREMENT REGULATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2 Summary of Significant Accounting Policies (Cont'd):

q) Technical Assistance from the European Union (Cont'd)

effective February 2020. However, due to restrictions imposed by the COVID-19 pandemic, the project was extended to April 2021.

The technical assistance was provided by two (2) experts through Ecorys Nederland BV, an international policy research and consultancy company from the Netherlands. The budget for this project was estimated at EU161,700.00.

The overall objective of the project was to build sustainable capacity in public procurement within the Office and its stakeholders. Specific objectives included:

- i. Build the capacity of identified staff and training partners in the provision of training relating to implementing public procurement, retention & disposal activities in accordance with the requirements of the Act.
- ii. Build the capacity of Members of the Board and Staff to assist with the implementation of the PPDPP Act
- iii. Conduct technical editing of the handbook and guidelines to be used by public bodies in public procurement, retention and disposal to finalise ready to print publications.

r) Training provided by the Caribbean Court of Justice in collaboration with the Caribbean Association of Judicial Officers (CAJO)

During the period June 2019 to October 2020, training was provided to employees and Board Members by the Caribbean Court of Justice in collaboration with the Caribbean Association of Judicial Officers (CAJO). The programme in "Judgement Writing" was provided to develop the knowledge, skills and legal capabilities of employees and the Board in specialised areas.

s) Financial Instruments

All recognized financial assets that are within the scope of International Financial Reporting Standard (IFRS) 9 are required to be subsequently measured at amortized cost or fair value on the basis of:

- (i) The entity's business model for managing the financial assets; and
- (ii) The contractual cash flow characteristics of the financial assets.

The OPR reassess its business models each reporting period to determine whether they have changed. No such changes have been identified for the current year.

THE OFFICE OF PROCUREMENT REGULATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2 Summary of Significant Accounting Policies (Cont'd):

s) Financial Instruments (Cont'd)

Principal is the fair value of the financial asset at initial recognition. Interest is consideration for the time value of money and for credit and other risks associated with the principal outstanding. Interest also has a profit margin element.

Initial measurement

All financial instruments are initially measured at the fair value of consideration given or received.

The OPR measures fair values in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The OPR uses a fair value hierarchy that categorises valuation techniques into three levels:

- (i) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Assets and liabilities are classified as Level 1 if their value is observable in an active market. The use of observable market prices and model inputs, when available, reduces the need for management judgement and estimation, as well as the uncertainty related with the estimated fair value.
- (ii) Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability.
- (iii) Level 3 inputs are unobservable inputs. Assets and liabilities are classified as level 3 if their valuation incorporates significant inputs that are not based on observable market data.

Subsequent measurement

Those financial assets which are held within a business model with the sole objective of collecting contractual cash flows which comprise principal and interest only, are subsequently measured at amortized cost. Gains/losses arising on remeasurement of such financial assets are recognized in profit or loss as movements in Expected Credit Loss (ECL). When a financial asset measured at amortized cost is derecognized, the gain/loss is reflected in profit or loss.

Those financial assets which are held within a business model with the objectives of (i) collecting contractual cash flows which comprise principal and interest only, as well as (ii) selling the financial assets, are subsequently measured at Fair Value Through Other

THE OFFICE OF PROCUREMENT REGULATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2 Summary of Significant Accounting Policies (Cont'd):

s) Financial Instruments (Cont'd)

Subsequent measurement (Cont'd)

Comprehensive Income (FVTOCI). Gains/ losses arising on remeasurement of such financial assets are recognized in OCI as *"Items that may be reclassified subsequently to P & L"* and are called *"Net FV gain/ (loss) on financial assets classified as at FVOCT"*.

All other financial assets are subsequently measured at Fair Value Through Profit and Loss (FVTPL), except for equity investments, which the OPR has opted, irrevocably, to measure at FVTOCI. Gains/ losses arising on remeasurement of such financial assets are recognized in profit or loss as *"Net FV gain/ (loss) on financial assets classified at FVTPL"*. When a financial asset measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss.

Reclassification

If the business model under which OPR holds financial assets changes, the financial assets affected are reclassified accordingly from the first day of the first reporting period following the change in business model.

Write-off

Financial assets are written off when the OPR has no reasonable expectations of recovery, for example, when the OPR determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay. A write-off constitutes a derecognition event. Subsequent recoveries resulting from the OPR's enforcement activities will result in gains.

Financial liabilities

Since the OPR does not trade in financial liabilities, and since there are no measurement or recognition inconsistencies, all financial liabilities are initially measured at fair value, net of transaction costs and subsequently, at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instruments to the net carrying amount on initial recognition. Financial liabilities recognised at amortised cost are not reclassified.

3. Financial Risk Management:

The OPR has various financial assets such as trade receivables and cash which arise directly from its operations. The OPR's financial liabilities comprise trade payables.

THE OFFICE OF PROCUREMENT REGULATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3 Financial Risk Management (Cont'd):

Financial risk factors

The following table summarizes the carrying amounts and fair values of the OPR's financial assets and liabilities:

	30 September 2021	
	Carrying Value (\$)	Fair Value (\$)
Financial Assets		
Cash and cash equivalents	23,653,539	23,653,539
Accounts receivable and prepayments	873,127	873,127
Financial Liabilities		
Accounts payable and accruals	1,518,265	1,518,265
	30 September 2020	
	Carrying Value (\$)	Fair Value (\$)
Financial Assets		
Cash and cash equivalents	21,380,647	21,380,647
Accounts receivable and prepayments	1,113,345	1,113,345
Financial Liabilities		
Accounts payable and accruals	1,964,404	1,964,404

The OPR is exposed to interest rate risk, credit risk, liquidity risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the OPR to manage these risks are discussed below:

THE OFFICE OF PROCUREMENT REGULATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3. Financial Risk Management (Cont'd):

Financial risk factors (Cont'd)

(a) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The OPR's exposure to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities is minimal and is monitored closely by management.

The OPR's exposure to the risk of changes in market interest rate is not material as there are no long-term debt obligations and overdraft facility.

Interest rate sensitivity analysis

The OPR's exposure to interest rate risk is summarized in the table below, which analyses assets and liabilities at their carrying amounts categorized according to their maturity dates.

		30 September 2021				
	Effective Rate	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Non- Interest Bearing (\$)	Total (\$)
Cash and cash equivalent	0.05-1.5%	23,642,975	-	-	10,564	23,653,539
Accounts receivable and prepayment	0%	-	-	-	873,127	873,127
		<u>23,642,975</u>	<u>-</u>	<u>-</u>	<u>883,691</u>	<u>24,526,666</u>
Financial Liabilities						
Accounts payable and accruals	0%	-	-	-	1,518,265	1,518,265
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,518,124</u>	<u>1,518,124</u>

THE OFFICE OF PROCUREMENT REGULATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Effective Rate	30 September 2020			Non-Interest Bearing (\$)	Total (\$)
		Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)		
Financial Assets						
Cash and cash equivalents	0.05-1.5%	21,374,647	-	-	6,000	21,380,647
Accounts receivable and prepayments	0%	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,113,345</u>	<u>1,113,345</u>
		<u>21,374,647</u>	<u>-</u>	<u>-</u>	<u>1,119,345</u>	<u>22,493,992</u>
Financial Liabilities						
Accounts payables and accruals	0%	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,964,404</u>	<u>1,964,404</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,964,404</u>	<u>1,964,404</u>

(b) Credit risk -

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

Cash and cash equivalent balances are held with high credit quality financial institutions.

Receivable balances are monitored on an ongoing basis, and as a result, the OPR's exposure to bad debts and impairment is not significant. With respect to credit risk arising from other financial assets such as cash and cash equivalents, the exposure to credit risk arises from default of the counter party with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within the OPR.

(c) Liquidity risk -

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but it also increases the risk of losses. The OPR minimises such losses by maintaining sufficient cash and other highly liquid current assets. The OPR is able to make daily calls on its available cash resources to settle financial and other liabilities. Additionally, the OPR monitors its risks of cash shortage by considering the maturity of its financial assets and the

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3. Financial Risk Management (Cont'd):

Financial risk factors (Cont'd)

(c) Liquidity risk -(cont'd)

Liquidity gap

The OPR's exposures to liquidity risk is summarized in the table below, which analyses assets and liabilities based on the remaining period from the reporting date to the contractual maturity date.

	30 September 2021				
	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Non- Interest Bearing (\$)	Total (\$)
Financial Assets					
Cash and cash equivalents	23,653,539	-	-	-	23,653,539
Accounts receivables and prepayments	<u>873,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>873,127</u>
	<u>24,526,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,526,666</u>
Financial Liabilities					
Accounts payable	<u>1,518,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,518,265</u>
	30 September 2020				
	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Non- Interest Bearing (\$)	Total (\$)
Financial Assets					
Cash and cash equivalents	21,380,647				21,380,647
Accounts receivable and prepayments	<u>1,113,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,113,345</u>
	<u>22,493,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,493,992</u>
Financial Liabilities					
Accounts payable and prepayments	<u>1,964,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,964,404</u>
	<u>1,964,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,964,404</u>

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3 Financial Risk Management (Cont'd):

d) Operational risk -

Operational risk is the risk derived from deficiencies relating to the OPR's information technology and control systems, as well as the risk of human error and natural disasters. The OPR's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error.

(e) Compliance risk -

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the country. The risk is limited to a significant extent by strong monitoring controls applied by the OPR's management.

(f) Reputation risk -

The risk of loss of reputation arising from the negative publicity relating to the OPR's operations (whether true or false) may result in a legal case against the OPR. The company engages in public social endeavours to engender trust and minimize this risk.

4. Cash and Cash Equivalents:

	30 September 2021 (\$)	30 September 2020 (\$)
Cash in hand	10,564	6,000
First Citizens Bank Limited		
- Recurrent Account	21,208,951	18,652,545
- Development Programme Account	2,434,024	2,722,102
	<u><u>23,653,539</u></u>	<u><u>21,380,647</u></u>

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5. Accounts Receivable and Prepayments:

	30 September 2021 (\$)	30 September 2020 (\$)
Prepayment	495,508	761,290
Cautionary fee	600	1,600
Value-Added-Tax receivable	<u>377,019</u>	<u>350,455</u>
	<u>873,127</u>	<u>1,113,345</u>

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6. Intangible Assets:

	<u>Software</u> (\$)
Balance 1 October 2020	129,743
Additions	815,178
Balance 30 September 2021	944,921
Accumulated Depreciation	
Balance, 1 October 2020	67,269
Charge for the period	177,744
Balance, 30 September 2021	245,013
Net Book Value	
Balance, 30 September 2021	699,908
Net Book Value	
Balance, 30 September 2020	62,474
	<u>Software</u> (\$)
Cost	
Balance, 1 October 2019	129,743
Additions	-
Balance, 30 September 2020	129,743
Accumulated Depreciation	
Balance, 1 October 2019	36,036
Charge for the period	31,233
Balance, 30 September 2020	67,269
Net Book Value	
Balance, 30 September 2020	62,474

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7. Property, Plant and Equipment

	<u>Office Equipment</u> (\$)	<u>Office Furniture</u> (\$)	<u>Motor Vehicles</u> (\$)	<u>Total</u> (\$)
Balance 1 October 2020	967,885	11,000	549,665	1,528,550
Additions	<u>551,949</u>	<u>33,171</u>	<u>-</u>	<u>585,120</u>
Balance 30 September 2021	<u>1,519,834</u>	<u>44,171</u>	<u>549,665</u>	<u>2,113,670</u>
Accumulated Depreciation				
Balance, 1 October 2020	327,929	3,520	216,395	547,846
Charge for the period	<u>251,911</u>	<u>7,577</u>	<u>83,317</u>	<u>342,806</u>
Balance, 30 September 2021	<u>579,840</u>	<u>11,097</u>	<u>299,713</u>	<u>890,652</u>
Net Book Value				
Balance, 30 September 2021	939,994	33,073	249,952	1,223,018
Net Book Value Balance, 30 September 2020	<u><u>639,954</u></u>	<u><u>7,480</u></u>	<u><u>333,269</u></u>	<u><u>980,703</u></u>
	<u>Office Equipment</u> (\$)	<u>Office Furniture</u> (\$)	<u>Motor Vehicles</u> (\$)	<u>Total</u> (\$)
Cost				
Balance, 1 October 2019	690,882	11,000	549,665	1,251,547
Additions	<u>277,003</u>	<u>-</u>	<u>-</u>	<u>277,003</u>
Balance, 30 September 2020	<u>967,885</u>	<u>11,000</u>	<u>549,665</u>	<u>1,528,550</u>
Accumulated Depreciation				
Balance, 1 October 2019	122,555	1,650	105,306	229,511
Charge for the period	<u>205,376</u>	<u>1,870</u>	<u>111,090</u>	<u>318,336</u>
Balance, 30 September 2020	<u>327,931</u>	<u>3,520</u>	<u>216,396</u>	<u>547,847</u>
Net Book Value				
Balance, 30 September 2020	<u><u>639,954</u></u>	<u><u>7,480</u></u>	<u><u>333,269</u></u>	<u><u>980,703</u></u>

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8. Accounts Payable and Accruals:

	30 September 2021 (\$)	30 September 2020 (\$)
Audit fees payable	56,000	56,000
Accruals	1,462,265	1,908,404
	1,518,265	1,964,404

9. Deferred Income:

	30 September 2021 (\$)	30 September 2020 (\$)
Balance, beginning of the year	2,812,466	2,912,254
Deferred expenditure	502,600	280,807
Grant received	-	-
Grant expenditure	(14,717)	(380,595)
Amortisation of Asset	<u>(156,922)</u>	-
Balance, end of the period	<u>3,143,427</u>	<u>2,812,466</u>

The deferred income account comprises funds received from the GORTT under the development programme. Expenses and amortisation of assets purchased from the proceeds of the grant are charged against the deferred income account.

10. Related Party Transactions:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

Contributions from the Ministry of Finance are not considered transactions with a related party in accordance with IAS 24 – Related Party Disclosures, which states, *inter alia*, that the following are not related parties:

- (i) providers of finance,
- (ii) trade unions,
- (iii) public utilities, and

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- (iv) *departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process)*

Balances and transactions with related parties and key management personnel during the year were as follows:

	30 September 2021 (\$)	30 September 2020 (\$)
Directors' Fee	1,160,690	1,379,640
Directors' expenses	46,328	4,050
Key management compensation	4,917,520	5,318,600

11. OPR Annuity Plan and Pension Contribution:

Section 20 (1) of the Public Procurement and Disposal of Public Property Act 2015 states "*The Office shall, within five years of the date of assent to this Act, establish a pension fund plan.*" In addition, Section 20 (2) affirms "*All staff of the Office shall be members of the pension fund plan*"

In April 2020, a deferred annuity plan was effected with Tatil which was approved by the Board of Inland Revenue. This deferred annuity plan is comprised of two (2) policies, an individual policy owned by the employee described as the Public Saver and a corporate policy, the Pearl, owned by the OPR.

All employees whether on contract or permanent, who have completed their probationary period and who have satisfied the entry requirements to the plan are required to contribute a minimum of two hundred dollars (TTD200.00) per month towards the plan. The OPR matches the employees' contribution up to a maximum of ten percent (10%) of an employee's base salary.

Employees over the age of fifty-five are not eligible to join the Tatil deferred annuity plan. As an alternative, the OPR contributes towards those employees' private pension plans in an amount not exceeding ten percent (10%) of an employee's base salary.

One (1) employee is an Officer in the Public Service and presently employed under secondment to the Office. Pension benefits for this employee is preserved in accordance with Section 12 of the Act.

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12. Capital Risk Management:

The OPR manages its capital to ensure that it will be able to continue as a going concern while providing value to the clientele.

The capital structure of the OPR consists of equity in the form of accumulated surplus, attributable to the Ministry of Finance.

13. Contingencies:

Management applies its judgement to the facts and advice it receives from its attorneys in assessing if an obligation is probable, more likely than not or remote. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the OPR, and the amount can be reasonably estimated. No provision is made for matters which are premature to determine their outcome and for which no reliable estimate of payment is available.

14. Events after the reporting date:

Impact of Covid-19 Pandemic

The OPR has taken measures to safeguard the welfare and health of its employees by adopting the guidelines issued by the Ministry of Health as it relates to the Covid-19 pandemic. The situation is being monitored on a continuous basis and further measures will be implemented as necessary in order to continue normal business operations

The Regulations

Procurement Regulations were debated and approved in the House of Representatives on January 14th, 2022 and thereafter the Senate on February 8th, 2022. The Regulations were published in the Trinidad and Tobago Gazette on February 24, 2022.

The ten (10) pieces of Regulations only support the Act and so, a directive must be given to the Office of the President to proclaim the provisions of the Act, in order for the OPR to be fully operationalised.

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15. Other Income:

	30 September 2021 (\$)	30 September 2020 (\$)
Development Programme Expense	14,717	380,596
Amortisation of Development Programme Assets	156,922	-
	171,639	380,596

16. General and Administrative Expenses:

	30 September 2021 (\$)	30 September 2020 (\$)
Audit fee	56,000	56,735
Books and periodicals	24,806	3,681
Board remuneration	1,160,690	1,379,640
Car park fees	158,747	174,035
Contracted services	93,944	86,606
Health and safety	1,886	1,881
Insurances	23,368	15,578
Janitorial services	141,529	167,772
Motor vehicle expenses	30,924	19,778
Overseas travel	33	6,664
Printing, stationery and office supplies	31,026	73,874
Software expenses	794,470	233,216
Subscriptions	54,797	64,470
Telephone/internet/cable	103,150	85,433
Team Building & Staff Appreciation	5,213	18,384
Training	391,910	222,060
Repairs & maintenance to equipment	11,858	19,907
	<u>3,084,350</u>	<u>2,629,714</u>

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17. Personnel Costs:

	30 September 2021 (\$)	30 September 2020 (\$)
Salaries	8,736,426	8,802,595
Gratuity	1,045,378	1,282,563
NIS – Employer’s contribution	439,474	448,218
Other	<u>394,482</u>	<u>222,449</u>
	<u>10,615,760</u>	<u>10,755,825</u>