



## **REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE OFFICE OF PROCUREMENT REGULATION FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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### **OPINION**

The accompanying Financial Statements of the Office of Procurement Regulation for the year ended 30 September 2022 have been audited. The statements as set out on pages 1 to 28 comprise a Statement of Financial Position as at 30 September 2022, a Statement of Comprehensive Income, a Statement of Changes in Equity, and a Statement of Cash Flows for the year ended 30 September 2022 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 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **BASIS FOR OPINION**

3. The audit was conducted in accordance with the principles and concepts of International Standards of Supreme Audit Institutions. 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 International Financial Reporting Standards 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 International Standards of Supreme Audit Institutions, 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.



**16<sup>TH</sup> APRIL 2025**  
**PORT OF SPAIN**

  
**JAIWANTIE RAMDASS**  
**AUDITOR GENERAL**

**THE OFFICE OF PROCUREMENT REGULATION**

**FINANCIAL STATEMENTS**

**30 SEPTEMBER 2022**

## **THE OFFICE OF PROCUREMENT REGULATION**

### **I N D E X**

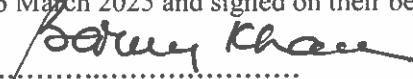
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**THE OFFICE OF PROCUREMENT REGULATION  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2022**

<b><u>ASSETS</u></b>			
	<b><u>Notes</u></b>	<b>30 September 2022 (\$)</b>	<b>30 September 2021 (\$)</b>
<b>Current Assets:</b>			
Cash and cash equivalents	4	25,477,452	23,653,539
Accounts receivable and prepayments	5	<u>2,499,223</u>	<u>873,127</u>
Total Current Assets		27,976,675	24,526,666
<b>Non-Current Assets:</b>			
Intangible Assets	6	468,938	699,908
Property, plant and equipment	7	<u>924,162</u>	<u>1,223,018</u>
Total Assets		<u>29,369,775</u>	<u>26,449,592</u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current Liabilities:</b>			
Accounts payable and accruals	8	2,956,059	1,518,265
<b>Non-Current Liabilities:</b>			
Deferred income	9	<u>2,925,843</u>	<u>3,143,427</u>
Total Liabilities		<u>5,881,902</u>	<u>4,661,692</u>
<b>Equity:</b>			
Accumulated surplus		<u>23,487,873</u>	<u>21,787,900</u>
Total Equity		<u>23,487,873</u>	<u>21,787,900</u>
Total Liabilities and Equity		<u>29,369,775</u>	<u>26,449,592</u>



These financial statements were approved by the Board of Directors and authorised for issue on 26 March 2025 and signed on their behalf by:

  
.....  
Board Member

  
.....  
Board Member

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

**THE OFFICE OF PROCUREMENT REGULATION  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

		<b>30 September 2022 (\$)</b>	<b>30 September 2021 (\$)</b>
	<b><u>Notes</u></b>		
<b>Income:</b>			
Subventions		18,000,000	17,500,000
Other income	15	<u>226,635</u>	<u>171,639</u>
Total Income		<u>18,226,635</u>	<u>17,671,639</u>
<b>Expenditure:</b>			
Development programme expenses		9,411	14,717
General and administrative expenses	16	3,326,707	3,084,350
Marketing expenses		603,411	404,030
Depreciation		304,190	342,807
Amortization		230,970	177,745
Finance costs		4,627	4,630
Personnel costs	17	<u>12,047,346</u>	<u>10,615,760</u>
Total Expenditure		<u>16,526,662</u>	<u>14,644,039</u>
<b>Surplus for the Year</b>		<u><u>1,699,973</u></u>	<u><u>3,027,600</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 2022**

	<b>Accumulated Surplus (\$)</b>
Balance, 1 October 2021	21,787,900
Surplus for the Year	<u>1,699,973</u>
Balance, 30 September 2022	<u><b>23,487,873</b></u>
Balance, 1 October 2020	18,760,300
Surplus for the Year	<u>3,027,600</u>
Balance, 30 September 2021	<u><b>21,787,900</b></u>

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



**THE OFFICE OF PROCUREMENT REGULATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	<b>For the period ended 30 September <u>2022</u> (\$)</b>	<b>For the period ended 30 September <u>2021</u> (\$)</b>
<b>Operating Activities:</b>		
Surplus for the Year	1,699,973	3,027,600
Adjustment for:		
Depreciation	304,190	342,806
Amortisation	<u>230,970</u>	<u>177,745</u>
	2,235,133	3,548,151
Adjustment for non-cash items:		
Net change in accounts receivables and prepayments	(1,626,096)	240,217
Net change in accounts payable and accruals	1,437,793	(446,139)
Net change in deferred income	<u>(217,585)</u>	<u>330,961</u>
Cash provided by operating activities	<u>1,829,245</u>	<u>3,673,190</u>
<b>Investing Activities:</b>		
Purchase of property, plant and equipment	<u>(5,333)</u>	<u>(1,400,298)</u>
Cash used in investing activities	<u>(5,333)</u>	<u>(1,400,298)</u>
Net change in cash balances	1,823,912	2,272,892
Cash resources, beginning of year	<u>23,653,539</u>	<u>21,380,647</u>
Cash resources, end of period	<u><u>25,477,451</u></u>	<u><u>23,653,539</u></u>
<b>Represented by:</b>		
Cash and cash equivalents	<u><u>25,477,451</u></u>	<u><u>23,653,539</u></u>

**THE OFFICE OF PROCUREMENT REGULATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**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 2022**

**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 2022**

**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.

There were no amendments effected in these financial statements, as their adoption, if applicable, will not have a material impact on the financial statements.

**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 2022**

**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 basis.

**THE OFFICE OF PROCUREMENT REGULATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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

**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 flow

**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 2021/2022, the OPR was allocated funding in the sum of \$21,199,029 of which an amount of \$18,000,000 was released.

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.

**THE OFFICE OF PROCUREMENT REGULATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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

**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) Strategic Partnership with National Security**

The OPR has established a strategic partnership with a key arm of the national security services to support the implementation of security related goods, services and training. A physical and cybersecurity risk assessment was conducted in June 2022. It is expected that recommendations proposed would safeguard the tangible and intangible assets of the OPR once implemented.

**r) Memorandum of Understanding**

- i) In March 2020, a Memorandum of Understanding was signed with the Environmental Commission of Trinidad and Tobago for use of a temporary hearing space at no cost to the OPR. This space would be utilised upon proclamation of the Act.
- ii) On 11<sup>th</sup> May 2021, the OPR signed a Memorandum of Understanding with the Judiciary for the provision of a Steno machine, accessories, and associated software for use by the CAT Reporter. The equipment is being used to prepare verbatim transcripts of meeting and sensitisation sessions and is on loan to the OPR.

**THE OFFICE OF PROCUREMENT REGULATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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

**s) Training provided by the Inter-American Development Bank**

The Inter-American Development Bank provided the opportunity for employees to participate in a programme on Sustainable Public Procurement which was delivered by the OAS School of Governance for Executing Agencies. The course objective was to provide knowledge on the importance, benefits and requirements that can be introduced in Sustainable Procurement such as Social and Environmental requirements that are applicable to Goods, Works or Services. The programme was conducted from April 12 to June 3, 2022 and was attended by thirteen (13) members of staff.

**t) Financial Instruments**

All recognised financial assets that are within the scope of International Financial Reporting Standard (IFRS) 9 are required to be subsequently measured at amortised 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 reassesses its business models each reporting period to determine whether they have changed. No such changes have been identified for the current year.

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.



**THE OFFICE OF PROCUREMENT REGULATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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

**t) Financial Instruments (Cont'd)**

**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 2022**

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

**t) 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 derecognised, the cumulative gain/loss previously recognised 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.

**THE OFFICE OF PROCUREMENT REGULATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**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.

**Financial risk factors**

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

	<b>30 September 2022</b>	
	<b>Carrying Value (\$)</b>	<b>Fair Value (\$)</b>
<b>Financial Assets</b>		
Cash and cash equivalents	25,477,452	25,477,452
Accounts receivable and prepayments	2,499,223	2,499,223
<b>Financial Liabilities</b>		
Accounts payable and accruals	2,956,059	2,956,059
	<b>30 September 2021</b>	
	<b>Carrying Value (\$)</b>	<b>Fair Value (\$)</b>
<b>Financial Assets</b>		
Cash and cash equivalents	23,653,539	23,653,539
Accounts receivable and prepayments	873,127	873,127
<b>Financial Liabilities</b>		
Accounts payable and accruals	1,518,265	1,518,265

**THE OFFICE OF PROCUREMENT REGULATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**3. Financial Risk Management (Cont'd):**

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:

**(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 summarised in the table below, which analyses assets and liabilities at their carrying amounts categorised according to their maturity dates.

**THE OFFICE OF PROCUREMENT REGULATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**3. Financial Risk Management (Cont'd):**

**Interest rate risk (Cont'd):**

<b>30 September 2022</b>						
	<b>Effective Rate</b>	<b>Up to 1 year (\$)</b>	<b>1 to 5 years (\$)</b>	<b>Over 5 years (\$)</b>	<b>Non- Interest Bearing (\$)</b>	<b>Total (\$)</b>
Cash and cash equivalent	0.05-1.5%	25,466,888	-	-	10,564	25,477,452
Accounts receivable and prepayment	0%	-	-	-	2,499,223	2,499,223
		<u>25,466,888</u>	-	-	<u>2,509,787</u>	<u>27,976,675</u>
<b>Financial Liabilities</b>						
Accounts payable and accruals	0%	-	-	-	2,956,059	2,956,059
		-	-	-	<u>2,956,059</u>	<u>2,956,059</u>
<b>30 September 2021</b>						
	<b>Effective Rate</b>	<b>Up to 1 year (\$)</b>	<b>1 to 5 years (\$)</b>	<b>Over 5 years (\$)</b>	<b>Non- Interest Bearing (\$)</b>	<b>Total (\$)</b>
<b>Financial Assets</b>						
Cash and cash equivalents	0.05-1.5%	23,642,975	-	-	10,564	23,653,539
Accounts receivable and prepayments	0%	-	-	-	873,127	873,127
		<u>23,642,975</u>	-	-	<u>883,691</u>	<u>24,526,666</u>
<b>Financial Liabilities</b>						
Accounts payables and accruals	0%	-	-	-	1,518,625	1,518,265
		-	-	-	<u>1,518,265</u>	<u>1,518,265</u>

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**3. Financial Risk Management (Cont'd):**

**Financial risk factors (Cont'd):**

**(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 projected cash flows from operations. Liquidity risk is not considered a material risk.

**Liquidity gap**

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

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**3. Financial Risk Management (Cont'd):**

**(c) Liquidity risk (cont'd):**

	<b>30 September 2022</b>				
	<b>Up to 1 year (\$)</b>	<b>1 to 5 years (\$)</b>	<b>Over 5 years (\$)</b>	<b>Non- Interest Bearing (\$)</b>	<b>Total (\$)</b>
<b>Financial Assets</b>					
Cash and cash equivalents	25,477,452	-	-	-	25,477,452
Accounts receivables and prepayments	<u>2,499,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,499,223</u>
	<u>27,976,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,976,675</u>
<b>Financial Liabilities</b>					
Accounts payable and accruals	<u>2,956,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,956,059</u>
	<b>30 September 2021</b>				
	<b>Up to 1 year (\$)</b>	<b>1 to 5 years (\$)</b>	<b>Over 5 years (\$)</b>	<b>Non- Interest Bearing (\$)</b>	<b>Total (\$)</b>
<b>Financial Assets</b>					
Cash and cash equivalents	23,653,539				23,653,539
Accounts receivable 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>
<b>Financial Liabilities</b>					
Accounts payable and Accruals	<u>1,518,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,518,265</u>
	<u>1,518,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,518,265</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:**

	<b>30 September <u>2022</u> (\$)</b>	<b>30 September <u>2021</u> (\$)</b>
Cash in hand	10,564	10,564
First Citizens Bank Limited		
- Recurrent Account	23,033,224	21,208,951
- Development Programme Account	<u>2,433,664</u>	<u>2,434,024</u>
	<b><u>25,477,452</u></b>	<b><u>23,653,539</u></b>



**THE OFFICE OF PROCUREMENT REGULATION  
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**5. Accounts Receivable and Prepayments:**

	<b>30 September <u>2022</u> (\$)</b>	<b>30 September <u>2021</u> (\$)</b>
Subvention Receivable	1,500,000	-
Prepayment	644,475	495,508
Cautionary fee	600	600
Value-Added-Tax receivable	<u>354,148</u>	<u>377,019</u>
	<b><u>2,499,223</u></b>	<b><u>873,127</u></b>

**THE OFFICE OF PROCUREMENT REGULATION  
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**6. Intangible Assets:**

	<b>Software (\$)</b>
Balance 1 October 2021	944,921
Additions	<u>-</u>
Balance 30 September 2022	<u>944,921</u>
<b>Accumulated Amortisation</b>	
Balance, 1 October 2021	245,013
Charge for the period	<u>230,970</u>
Balance, 30 September 2022	<u>475,983</u>
<b>Net Book Value</b>	
Balance, 30 September 2022	<u><u>468,938</u></u>
<b>Net Book Value</b>	
Balance, 30 September 2021	<u><u>699,908</u></u>
	<b>Software (\$)</b>
<b>Cost</b>	
Balance, 1 October 2020	129,743
Additions	<u>815,178</u>
Balance, 30 September 2021	<u>944,921</u>
<b>Accumulated Amortisation</b>	
Balance, 1 October 2020	67,269
Charge for the period	<u>177,744</u>
Balance, 30 September 2021	<u>245,013</u>
<b>Net Book Value</b>	
Balance, 30 September 2021	<u><u>699,908</u></u>

**THE OFFICE OF PROCUREMENT REGULATION  
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**7. Property, Plant and Equipment**

	<b><u>Office Equipment</u> (\$)</b>	<b><u>Office Furniture</u> (\$)</b>	<b><u>Motor Vehicles</u> (\$)</b>	<b><u>Total</u> (\$)</b>
Balance 1 October 2021	1,519,834	44,171	549,665	2,113,670
Additions	-	5,333	-	5,333
Balance 30 September 2022	<u>1,519,834</u>	<u>49,504</u>	<u>549,665</u>	<u>2,119,003</u>
<b>Accumulated Depreciation</b>				
Balance, 1 October 2021	579,840	11,097	299,713	890,650
Charge for the period	<u>234,998</u>	<u>6,704</u>	<u>62,488</u>	<u>304,190</u>
Balance, 30 September 2022	<u>814,838</u>	<u>17,801</u>	<u>362,201</u>	<u>1,194,840</u>
<b>Net Book Value</b>				
Balance, 30 September 2022	<b>704,995</b>	<b>31,703</b>	<b>187,464</b>	<b>924,162</b>
Net Book Value				
Balance, 30 September 2021	<u><u>939,994</u></u>	<u><u>33,073</u></u>	<u><u>249,952</u></u>	<u><u>1,223,018</u></u>
	<b><u>Office Equipment</u> (\$)</b>	<b><u>Office Furniture</u> (\$)</b>	<b><u>Motor Vehicles</u> (\$)</b>	<b><u>Total</u> (\$)</b>
<b>Cost</b>				
Balance, 1 October 2020	967,885	11,000	549,665	1,528,550
Additions	<u>551,949</u>	<u>33,171</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>
<b>Accumulated Depreciation</b>				
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>
<b>Net Book Value</b>				
Balance, 30 September 2021	<u><u>939,994</u></u>	<u><u>33,073</u></u>	<u><u>249,952</u></u>	<u><u>1,223,018</u></u>

**THE OFFICE OF PROCUREMENT REGULATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**8. Accounts Payable and Accruals:**

	<b>30 September <u>2022</u> (\$)</b>	<b>30 September <u>2021</u> (\$)</b>
Audit fees payable	56,000	56,000
Accruals	<u>2,900,059</u>	<u>1,462,265</u>
	<b><u>2,956,059</u></b>	<b><u>1,518,265</u></b>

**9. Deferred Income:**

	<b>30 September <u>2022</u> (\$)</b>	<b>30 September <u>2021</u> (\$)</b>
Balance, beginning of the year	3,143,427	2,812,466
Deferred expenditure	9,051	502,600
Grant received	-	-
Grant expenditure	(9,411)	(14,717)
Amortisation of Asset	<u>(217,224)</u>	<u>(156,922)</u>
Balance, end of the year	<b><u>2,925,843</u></b>	<b><u>3,143,427</u></b>

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.

**THE OFFICE OF PROCUREMENT REGULATION  
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**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*
- (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:

	<b>30 September <u>2022</u> (\$)</b>	<b>30 September <u>2021</u> (\$)</b>
Directors' Fee	1,235,837	1,160,690
Directors' expenses	39,699	46,328
<b>Key Management Compensation</b>		
Short-term employee benefits	4,750,650	4,917,520

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**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 comprised 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.

Subsequent to the established annuity plan, the Office in June 2022 revised the plan structure to enable both the employer and the employees' contributions to the Public Saver plan only. This was implemented to mitigate against the risk incurred to the corporate policy when employees resign from the organisation.

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 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 benefit for this employee is preserved in accordance with Section 19 (2) of the Act.

**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.

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**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

**15. Other Income:**

	<b>30 September <u>2022</u> (\$)</b>	<b>30 September <u>2021</u> (\$)</b>
Development Programme Expense	9,411	14,717
Amortisation of Development Programme Asset	<u>217,224</u>	<u>156,922</u>
	<b><u>226,635</u></b>	<b><u>171,639</u></b>

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**16. General and Administrative Expenses:**

	<b>30 September <u>2022</u> (\$)</b>	<b>30 September <u>2021</u> (\$)</b>
Audit fee	56,000	56,000
Books and periodicals	-	24,806
Board remuneration	1,235,837	1,160,690
Cable & Internet	38,552	38,552
Car park fees	186,347	158,747
Catering	5,853	6,552
Contracted services	119,604	93,944
Health and safety	1,300	1,886
Insurances	30,607	23,368
Janitorial services	195,259	141,529
Motor vehicle expenses	27,495	30,924
Overseas travel	-	33
Printing, stationery and office supplies	44,850	24,474
Software expenses	915,242	794,470
Subscriptions	45,670	54,797
Repairs & maintenance to equipment	14,427	11,858
Telephone	66,147	64,598
Team Building & Staff Appreciation	24,664	5,213
Training	318,853	391,910
	<u><u>3,326,707</u></u>	<u><u>3,084,350</u></u>

**17. Personnel Costs:**

	<b>30 September <u>2022</u> (\$)</b>	<b>30 September <u>2021</u> (\$)</b>
Salaries	10,017,153	8,736,426
Gratuity	1,118,396	1,045,378
NIS – Employer’s contribution	474,706	439,474
Annuity plan-Employer’s contribution	262,770	247,764
Medical plan-Employer’s contribution	<u>174,321</u>	<u>146,718</u>
	<u><u>12,047,346</u></u>	<u><u>10,615,760</u></u>