AUDIT DEPARTMENT

REPORT OF THE DIRECTOR OF AUDIT

GRENADA

On the

Resources Managed for the period
from 1 January 2025 to 31 December 2025

by the Project Accounting
Unit in the Ministry of Finance
for the
Digital Government for Resilience Project (DG4R)

Sources and Uses of Funds

for the period ended 31 December 2025

DIRECTOR OF AUDIT
AUDIT DEPARTMENT

Report of the Director of Audit, on the Audit of the Resources Managed for the period from 1 January 2025 to 31 December 2025 by the Project Accounting Unit within the Ministry of Finance, Planning Economic Development and Physical Development for the Digital Government for Resilience Project and the Sources and Uses of Funds for the period ended 31 December 2025.

Gary Walters
Director of Audit

Digital Government for Resilience Project (DG4R)

Table of Contents

List of Abbreviations

DA	-	Designated Account
IC	-	Individual Consultant
IDA	-	International Development Association
IFRs	-	Interim Financial Reports
INTOSAI	-	International Organization of Supreme Audit Institutions
ISSAIs	-	International Standards of Supreme Audit Institutions
IT	-	Information Technology
M&E	-	Monitoring and Evaluation
PAU	-	Project Accounting Unit

Ref. No. ....
In replying the above
Number and date of this
letter should be quoted.

AUDIT DEPARTMENT
ST. GEORGE'S
GRENADA, W.I.

Tel. Nos.: (473) 440-2264/6518
Fax: No.: (473) 435-0079

Ref. No. (10) in WB/11

29 June 2026

Hon. Dennis Cornwall
Minister for Finance
Ministry of Finance
Galleria Mall (3rd Floor)
Grand Anse
ST. GEORGE

Dear Sir,

The Audit Department has undertaken an audit of the Financial Statements of the Digital Government for Resilience Project for the year ended 31 December 2025.

The audit was performed in accordance with the authority contained in Audit Act CAP 22A of the Laws of Grenada and in compliance with terms agreed with the World Bank. I submit this report for laying before the House of Representatives.

Section 82 (4) of the Constitution stipulates that every report submitted by the Director of Audit to the Minister for the time being responsible for Finance, shall be laid before the House of Representatives not later than seven days after the House first meets, after your receipt of the report.

Yours respectfully,

for Gary Walters
DIRECTOR OF AUDIT

Acknowledgement

I would like to thank the staff of the Project Accounting Unit in the Ministry of Finance for their courtesies and co-operation during the audit.

Thanks also to the staff of the Audit Department for their continued commitment and dedication in fulfilling the mandate of the Department.

Summary of Main Audit Procedures
Audit Objectives

The overall objectives of this engagement is to allow the Auditor to express a professional opinion on the financial position at the end of the period and for the sources and uses of funds for the accounting period audited of the project; to report on the adequacy of the internal controls, and to express an opinion on the compliance with the covenants of the credit agreement and applicable laws and regulations. The engagement will include a special purpose audit of the Project, including the resources provided by the Bank.

The specific objectives of the audit are to:

- Issue an opinion as to whether the Project Financial Statements present fairly, in all material respects, the financial position of the project, the funds received and the disbursements made during the period audited, as well as the cumulative investments at the end of the period, in accordance with the IPSAS cash basis of accounting and requirements of the respective agreements with the Bank and other co-financing organizations.

- Issue an opinion with respect to the implementing entity's compliance with the terms of the credit agreement and applicable laws and regulations (with regard to the financial aspects).

- Issue an opinion as to whether the expenditures reported are eligible for financing; and funds have been used only for project purposes.

- Issue an opinion as to whether the Statement of the Designated Account and Project Accounts used for managing the funds provided by the Bank, presents fairly the availability of funds at the end of the period audited, as well as the transactions made during the same period, in accordance with financial reporting provisions outlined in the project's legal agreements.

- Issue a report with respect to the adequacy of the internal control structure of the implementing institution in regard to the project.

Audit Scope and Main Audit Procedures

The audit covered the activities performed during the period 1 January 2025 to 31 December 2025 and was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI).

The audit included the following procedures:

- Performing substantive tests on transactions for the period.
- Review of the Project Accounting Unit's internal control structure.
- Examined bank reconciliations for the period audited.
- Physical verification of assets purchased for the project's use.
- Checks performed to determine compliance with credit agreement, World Bank guidelines for Procurement of goods and services and applicable laws and regulations.
- Review of the country's accounting system (Smart Stream) to ensure revenue and expenses were recorded.
- Review of relevant documentations.

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Fax: No.: (473) 435-0079

29 June 2026

Mike Sylvester
Permanent Secretary
Ministry of Finance
Galleria Mall (3rd Floor)
Grand Anse
ST. GEORGE'S

Audit of the Resources Managed for the period from 1 January 2025 to 31 December 2025 by the Project Accounting Unit in the Ministry of Finance, for the Digital Government for Resilience Project (DG4R) and the Sources and Uses of Funds for the period ended 31 December, 2025.

DIRECTOR OF AUDIT REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Digital Government for Resilience Project financed under IDA Loan No. 6486, which comprise the Statement of Sources and Uses of Funds for the period ended 31 December 2025, Designated Account Reconciliation, Use of funds by Disbursement Categories and Notes to the financial statements and other explanatory schedules and statements for the year then ended.

Opinion

In my opinion, the Project financial statements for the period ended 31 December, 2025 presents fairly in all material respects, the financial position of the Project, the funds received and the disbursements made during the period audited, as well as the cumulative investments at the end of the period, in accordance with the IPSAS cash basis of accounting.

Basis of Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs), issued by the International Organization of Supreme Audit Institutions (INTOSAI), World Bank Guidelines and the Government of Grenada policies, procedures and regulations. My responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements*

Section of my report. I am independent of the Project in accordance with the ethical requirements that are relevant to my audit of the financial statements in Grenada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for preparation and fair presentation of these financial statements in accordance with the IPSAS cash basis and for such internal control that management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs issued by INTOSAI and the Government's policies, procedures and applicable legislations 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 this financial statement.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.

- Obtain 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 Project Accounting Unit internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

for Gary Walters
DIRECTOR OF AUDIT

Audit Department
GRENADA

29 June 2026

REPORT ON COMPLIANCE

Management's Responsibility for Compliance

In addition to the responsibility for the preparation and fair presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with covenants of the Loan agreement and applicable laws and regulations of Grenada.

Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with covenants of the credit agreement and applicable laws and regulations of Grenada. This responsibility includes performing procedures to obtain audit evidence about whether the Sources and Uses of Funds have been applied to the purposes intended. Such procedures include the assessment of the risks of material non-compliance.

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

Opinion

In my opinion, in all material respect, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them.

for Gary Walters
DIRECTOR OF AUDIT

Audit Department
GRENADA

29 June 2026

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AUDIT DEPARTMENT
ST. GEORGE'S
GRENADA, W.I.

Tel. Nos.: (473) 440-2264/6518
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Mike Sylvester
Permanent
Secretary Ministry
of Finance
Galleria Mall
Grand Anse
ST. GEORGE'S

DIRECTOR OF AUDIT REPORT
STATEMENT OF DESIGNATED ACCOUNT AND PROJECT ACCOUNT

Audit of the Resources Managed for the period from 1 January 2025 to 31 December 2025 by the Project Accounting Unit in the Ministry of Finance for the Digital Government for Resilience Project and the Sources and Uses of Funds for the period ended 31 December, 2025.

Introduction

I have audited the Statement of the Designated Account and Project Account of the Digital Government for Resilience Project (DG4R) for the period then ended 31 December 2025. My responsibility is to express an opinion on the statement based on my audit.

Opinion

In my opinion, the Statement of the Designated Account and the Project Account used for managing the funds provided by the bank present fairly the availability of funds for the period then ended 31 December 2025, as well as the transactions made during the same period in accordance with the provisions for the use of the funds established by the relevant credit agreement.

Scope

I conducted the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and World Bank guidelines. Those standards and World Bank guidelines require that I plan and perform the audit to obtain reasonable assurance that the Designated Account and Project Account are free of material misstatement. I believe that the audit provides a reasonable basis for my opinion.

For Gary Walters
DIRECTOR OF AUDIT

Audit Department
GRENADA

29 June 2026

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Mike Sylvester
Permanent Secretary
Ministry of Finance
Galleria Mall
Grand Anse
ST. GEORGE'S

DIRECTOR OF AUDIT REPORT ON INTERNAL CONTROL

Audit of the Resources Managed for the period from 1 January 2025 to 31 December 2025 by the Project Accounting Unit in the Ministry of Finance for the Digital Government for Resilience Project and the Sources and Uses of Funds for the period ended 31 December 2025.

I have audited the financial statements of the Digital Government for Resilience Project for the period ended 31 December 2025.

My audit was guided by the auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

In planning and performing my audit, I considered the Project Accounting Unit's (PAU) internal control over financial reporting, by obtaining an understanding of the policies and procedures that govern internal controls, determining whether these controls had been placed in operation and assessing control risk and performing tests of the PAU's controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal controls. Accordingly, I do not express an opinion on the effectiveness of the PAU's internal controls over financial reporting.

The management of the Project Accounting Unit (PAU) is responsible for maintaining effective internal control over financial reporting. I limited my control testing to those controls necessary to achieve the following control objectives that provide reasonable, but not absolute assurance, that: (1) transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in accordance with

The Government's accounting policies and the World Bank Guidelines and (2) transactions are executed in compliance with laws and regulations that could have a direct and material effect on the financial statements.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the PAU's ability to initiate, authorize, record, process, or report financial data reliably, such that there is more than a remote likelihood that a misstatement of the PAU's financial statements that is more than inconsequential will not be prevented or detected by PAU's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the PAU's internal control. My consideration of internal control was for the limited purpose described in the second paragraph of this report and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

I did not discover any material weakness in the internal control structure of the Project Accounting Unit in regard to the project.

for Gary Walters
DIRECTOR OF AUDIT

Audit Department
GRENADA

29 June 2026

Digital Governance For Resilience Project Sources and Uses of Funds - Amounts in US$ FOR THE PERIOD ENDED DECEMBER 31ST, 2025		
	Current Period	
	2025	**CUMULATIVE**
RECEIPTS	IDA 6486-GD	IDA 6486-GD
Government		
Interest	-	55.91
Tender Fees	-	-
Account Operating Deposit	-	1,195.00
World Bank		
Designated Account	-	-
IDA	1,021,776.19	10,247,671.01
Direct Payment	-	-
Retroactive Financing	-	-
Total Receipts (A)	**1,021,776.19**	**10,248,921.92**
LESS EXPENDITURES		
Component 1 - Developing the Enabling Environment to Modernize Service Delivery	824,992.58	2,999,801.05
Component 2 - Leveraging Digital Technologies to Deliver Selected Services	114,583.57	3,542,337.49
Component 3 - Strengthening Institutions for Digital Governance and Managing Change for Digital Lit	787,912.11	2,313,385.37
Total Expenditures (B)	**1,727,488.26**	**8,855,523.91**
RECEIPTS LESS EXPENDITURES		
Net Change in Cash **(A - B)**	**(705,712.07)**	**1,393,398.01**
Foreign Exchange Adjustment		
BANK BALANCES		
Opening Cash Balances		
Designated Account - 417000079	2,194,981.60	
Project Account - 413000830	(95,871.52)	
Total Opening Cash Balance	**2,099,110.08**	
Net Cash Available	**1,393,398.01**	**1,393,398.01**
Closing Cash Balances		
Designated Account - 417000079	1,237,934.46	
Project Account - 413000830	155,463.56	
Total Closing Balance	***1,393,398.02***	***1,393,398.02***

Prepared by:..
JOSIAH MALCOLM
STAFF ACCOUNTANT
ACCOUNTANT GENERAL DEPARTMENT

Approved by: C.Sandy-Lewis
CARLENE SANDY-LEWIS
SENIOR ACCOUNTANT
ACCOUNTANT GENERAL DEPARTMENT

Digital Governance for Resilience Project Credit No.: 6486-GD Use of Funds by Disbursement Categories - Amounts in US$ FOR THE PERIOD ENDED DECEMBER 31ST, 2025						
	Current Period	CUMULATIVE				
Categories	Actual	Amount per IFR	Amount per Client Connection	Difference	Comments	Total Allocation per Legal agreement
1. Goods, Non- Consulting Services, Consultanting Services, Operating Costs and Training for the Project.	1,727,488.26	8,855,523.91	8,725,150.27	130,373.64	Difference due to the current period's undocumented amount. Q4 - 2025 - $130,373.64	15,000,000.00
Total Amount	**1,727,488.26**	**8,855,523.91**	**8,725,150.27**	**130,373.64**		**15,000,000.00**

Exchange rate: 1 USD = 2.6882 XCD

DESIGNATED ACCOUNT RECONCILIATION STATEMENT		
LOAN NUMBER: 6486-GD		
ACCOUNT NUMBER 417000079/413000830 WITH GRENADA COOPERATIVE BANK LTD		
		IDA US$
1	TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER)	10,247,671.01
2	LESS: TOTAL AMOUNT DOCUMENTED BY WORLD BANK	8,725,150.27
3	**PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (1 - 2)**	**1,522,520.74**
4	BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK RECONCILIATION STATEMENT AS OF DECEMBER 31ST 2025*	1,393,398.02
5	PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO.04	130,373.64
6	PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED	-
	REASON:	
7	PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS	-
	APPLICATION NO.	
	LESS: ACCOUNT OPERATING DEPOSITS MADE BY GOVERNMENT OF GRENADA	1,195.00
	SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED	-
8	LESS: INTEREST EARNED AND TENDER FEES	55.91
9	**TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)**	**1,522,520.75**
10	DIFFERENCE (3 - 9)	(0.01)

11 EXPLANATION OF ANY DIFFERENCE SHOWN IN LINE 10

DATE: April 15th, 2026

SIGNATURE: Josiah Malcolm

TITLE: STAFF ACCOUNTANT

Government of Grenada
DIGITAL GOVERNANCE FOR RESILIENCE PROJECT
IDA - 6486
NOTES TO FINANCIAL STATEMENTS
For the Period ending 31st December 2025

NOTE 1: OBJECTIVE AND NATURE OF THE PROJECT

The overall objective of the Project is to enhance the efficiency, usage, and resilience of selected government digital services in Grenada.

The Project consists of the following parts:

The main components are as follows:

Component 1: Developing the enabling environment to modernize service delivery

The objective of this component is to: establish the technical, institutional, legal, and regulatory foundations that provide the enabling environment to enhance internal administrative efficiencies and collaboration across government entities. It supports the design and implementation of a government-wide Enterprise Architecture (EA) and Interoperability Framework for deploying the cross-cutting platforms that are required to enable digital service delivery. It will develop the appropriate interoperability framework for the core, cross-cutting public sector platforms and back-end systems that GOG considers fundamental for government continuity, including by incorporating requirements for building climate resilience. The EA will focus on the technological, process, and human resource dimensions of digital transformation in an iterative and dynamic manner, and will inform the following:

a) Review of legal and regulatory framework to identify gaps and advise GOG in preparing new or amending existing legislation as required;
b) b. Re-engineering and streamlining of key business processes to improve efficiency and adaptation to new technologies and systems, including detailed mapping of the "As Is" and "To Be" states;
c) c. Design and introduction of improvements to existing organizational structures, roles, and responsibilities, as well as Key Performance Indicators (KPIs) of impacted ministries and agencies;
d) d. Development of a proposal for the governance and institutional arrangements in GOG for managing digital government transformation; and
e) e. Development of recommendations to enhance the ability of public servants to respond to and sustain the post-technological implementation environment for the key departments that will be impacted by the reforms.

Under this component, the proposed project would (i) establish the technical, institutional, legal and regulatory foundations that provide the enabling environment to enhance internal administrative efficiencies and collaboration across government entities (ii) deliver a document management system to register, archive and preserve critical government documents; (iii) together with the digitization of key government records, three cross-cutting digital platforms that constitute the building blocks for the development of a WoG digital government platform are selected for delivery under this component, specifically (a) an electronic payment system, (b) a single sign-on digital identifier platform and (c) spatial data platform; (iii) streamline the Open Data framework and ensure that cybersecurity principles underpin all project interventions; (iv) contribute to increasing resilience to climate change by reducing the vulnerability of government information assets and critical records to natural disasters.

Component 2: Leveraging digital technologies to deliver services

The objective of this component is (i) enable the delivery of two high-priority public services through digital technologies; (ii) finance the design, development and deployment of the digital services under (a) the Civil Registry, where citizens can apply for birth, death, marriage and adoption certificates and pay for them online or in person; and (b) Tax Administration Services, where citizens can access core tax administration services and the government can perform core tax administrative processes in a digital environment that is accessible online, at kiosks, and in person; (iii) adopt a phased approach for rolling out the new tax administration services; (iii) the project will adopt a phased approach for rolling out the new tax administration services; (iv) The project expects that the introduction of the new tax administration system will open the space for a broader dialogue around tax policy and administration reform. The new system also will generate sex-disaggregated data that could support gender differentiated tax incidence analysis for better policy formulation and monitoring; (v) Throughout the project, applications, dashboards, and other outreach activities will be financed and deployed for citizens and businesses to interact with the government to provide feedback on existing services and for the government to communicate how this feedback will be incorporated in the design of digital services; (vi) This component will contribute to increasing resilience to climate change by reducing the vulnerability of the selected services to delivery interruptions due to natural disasters.

Component 3: Strengthening institutions and managing change for digital literacy and inclusion

The objective of this component is to (i) The objective of this component is to strengthen the institutional and human capacity to manage digital government transformation; (ii) The project aims to introduce fundamental changes in the way that the government, businesses, and citizens interact with each other; (iii) This component will provide capacity building, technical advisory, project management, and change management services to help ensure consistent progress on project activities and the sustainability of the results achieved; (iv) The Change Management Strategy developed by the project management and technical advisory firm will address two challenges facing the digital government agenda in Grenada: lack of organizational capacity and awareness within civil service, and lack of digital literacy among citizens and businesses; (v) The project will follow a sequential process to implement digital government transformation in line with its underlying strategy to adopt a systematic and WoG approach to digital development.

NOTE 2: PROJECT FINANCING

The cost of the project is estimated at US$15,000,000.00. A signed amount of $15,000,000.00 was financed with IDA funds.

NOTE 3: – AUDIT PERIOD

This Financial Audit covers a period of 12 months, from January 1st, 2025 to December 31st, 2025.

NOTE 4: MAIN ACOUNTING POLICIES

1. All transactions are recorded, and the financial statements prepared, using the IPSAS cash basis of accounting.
2. The financial accounts are maintained and the financial statements are prepared in United States Dollars. Where required within this report, translation into United States Dollars is effected using the exchange rate of US$1.00 to EC$2.6882.
3. Non-Current Assets procured with project resources are recorded at their acquisition cost at the date of purchase. No depreciation is recorded for project assets.
4. The Financial Statements have been prepared on the basis of historical cost convention. No account is taken of inflation.

NOTE 5: NON-CURRENT ASSETS

Non-Current Assets in the amount of US$16,155.68 was purchased during the period under review.

NOTE 6: CASH AVAILABILITY

Cash Available as at 31st December, 2025 included; -

	US$
Designated Account	1,237,934.46
Project Account	155,463.56
	1,393,398.02

NOTE 7: INTEREST

No interest was deposited in the period under review.

NOTE 8: SIGNIFICANT BIDS PROCESSED AND AWARDED DURING THE PERIOD UNDER REVIEW

1. Lendon Telesford

▪ Procurement Method	IC
▪ Date of Contract No-objection	N/A
▪ Approved Contract Sum	US$44,267.54
▪ Contractor	Lendon Telesford
▪ Nationality	Grenadian
▪ Amount Paid for the period	US$25,295.44
▪ Financing	IDA 6486

2. Computer & Business Services Limited

▪ Procurement Method	RFQ
▪ Date of Contract No-objection	N/A
▪ Approved Contract Sum	US$16,155.68
▪ Contractor	Computer & Business Services Limited
▪ Nationality	St. Lucian
▪ Amount Paid for the period	US$16,155.68
▪ Financing	IDA 6486