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GUYANA

SUPPORT FOR THE IMPLEMENTATION OF THE STRATEGIC PLAN OF THE AUDIT OFFICE

(GY-T1030)

PLAN OF OPERATIONS

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BASIC SOCIOECONOMIC DATA

For basic socioeconomic data, including public debt information, please refer to the following address:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

INFORMATION AVAILABLE IN THE FILES OF RE3/SC3

PREPARATION:

The Audit Office of Guyana: Strategic Development Plan 2006-2009, April 2006.

Guyana: Fiscal Management and Accountability Act, December 2003.

Guyana: Audit Bill No. 5 of 2004, April 2004

[Institutional and Financial Management Visit Report](#)

EXECUTION:

[Indicative Terms of Reference for the main consultancies](#)

[Preliminary Implementation Schedule](#)

ABBREVIATIONS

AG	Auditor General
AOG	Audit Office of Guyana
CIDA	Canadian International Development Agency
DFID	Department for International Development
ESC	Economic Services Committee
EU	European Union
FMAA	Fiscal Management and Accountability Act
GOG	Government of Guyana
IFMAS	Integrated Financial Management Systems
IT	Information Technology
FSO	Fund for Special Operations
PAC	Public Accounts Committee
PEU	Project Execution Unit
SAI	Supreme Audit Institutions
SDP	Strategic Development Plan
TC	Technical Cooperation

PLAN OF OPERATIONS
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EXECUTIVE SUMMARY

Beneficiary:	The Cooperative Republic of Guyana (GOG)		
Executing agency:	The Audit Office of Guyana (AOG)		
Target Beneficiaries:	The AOG; Public Accounts Committee; Ministry of Finance; all publicly funded entities in Guyana.		
Financing:	IDB: Net Income FSO:	US\$	600,000
	Local:	US\$	60,000
	Total:	US\$	660,000
Objectives:	The present Technical Cooperation (TC) is aimed at further improving the structure and operation of the AOG, by supporting the implementation of critical activities of its Strategic Development Plan that will contribute to consolidate its key role in Guyana’s oversight system. Specifically, the TC is designed to assist the AOG in further enhancing its technical and operational capacity in order to complete an adequate transition into an independent and improved national audit office, as mandated by the 2001 constitutional amendment, to improve public accountability.		
Execution timetable:	Execution period:	30 months	
	Disbursement period:	36 months	
Special contractual conditions:	Condition prior for first disbursement: A detailed work plan for the first year should be agreed between the technical teams of the AOG and the Bank.		
Exceptions to Bank Policies and Procedures:	None		
Environmental and social review:	Given the focus of this program upon institutional strengthening activities, no social or environmental issues are foreseen.		
Coordination with Other Donors:	This operation has been carefully coordinated with other creditors and donors in order to make the program activities complementary to the current GOG efforts in the area of public financial management and fiscal oversight. In this regard, during project preparation, the team has consulted with DFID, the EU and CIDA regarding their support activities to the Ministry of Finance and Parliament in view of maintaining a coherent set of interventions in the fiscal accountability and oversight framework. Consultations also covered USAID in relation to the program to strengthen the fiduciary framework within the parliament; this program will start implementation next year with financial support of the Millennium Challenge Account Initiative.		

I. BACKGROUND AND JUSTIFICATION

A. Guyana's efforts to strengthen financial management and oversight

- 1.1 In recent years, the Government of Guyana (GOG), with the Bank's support, has adopted an ambitious reform program directed to strengthening the government's financial management systems and increasing government accountability through enhanced oversight systems.
- 1.2 A key element in the Guyana's oversight system is the Audit Office of Guyana (AOG), which has a constitutional mandate to conduct financial and performance audits of all publicly funded entities in Guyana. The Constitutional amendment of 2001 established a mandate for: greater institutional autonomy of the AOG, parliamentary oversight, independent budget, and direct reporting to the Legislature.
- 1.3 The institutional framework to enable a strong oversight system has been further strengthened with: (i) the enactment in 2004 of a new Audit Law and its corresponding regulations; (ii) the subsequent approval of the Rules, Policies and Procedures Manual for the AOG; and (iii) the issuance of new set of rules for the operation of the Public Accounts Committee (PAC) and the Economic Services Committee (ESC) of the Parliament in performing their oversight role.
- 1.4 Under the new Audit Law, the PAC plays an important role in supporting the oversight role of the AOG given its mandate to act as an oversight body. The PAC is particularly relevant in the budget formulation process, given that it acts as an intermediary between the AOG and the Ministry of Finance.¹ Additionally, the AOG has a legal mandate to submit to the PAC a quarterly Program Performance Statement.
- 1.5 Transparency in public financial management has been further favored with the approval of a new Fiscal Management and Accountability Act (FMAA), the implementation in all ministries of Integrated Financial Management System (IFMAS) and the definition of new procedures for project selection and prioritization.

B. The transitional challenges in the AOG

- 1.6 While the legal and regulatory changes mentioned above granted the AOG greater independence, they also posed significant challenges in terms of undertaking, with limited resources and weak institutional capacity, this major transition to a more independent oversight body.
- 1.7 In order to support the initial steps of this transition, the Bank approved in late 2002 a TC (ATN/SF-8184-GY), aimed at laying the foundation of an

¹ The PAC has an obligation to forward, no later than ninety days before the commencement of the next ensuing fiscal year, the budget submitted by the AOG together with its comments and recommendations to the Ministry of Finance for its inclusion in the annual budget proposal.

independent, capable and modern AOG in line with the provisions contained in the draft Audit Act that was then submitted to Parliament. The objective of the program supported by the TC was to build the AOG's institutional capacity through: (i) improved organization and human resource management capability; (ii) improved operational procedures and technical standards; (iii) technological modernization; and (iv) enhanced accountability climate.

- 1.8 The approval of the new Audit Law in April 2004 paved the way for the implementation of the TC, and in November 2004 it was declared eligible for disbursements. The remarkable progress of the AOG in the implementation of the program led to the TC's early completion in November of 2006² with satisfactory achievement of the expected outputs. Some of these outputs contributed to address, in an effective way, the issues raised in 2003 by the Bank's ROS/DAU³ (Now DEV/FMR). Relevant results of the TC are described in the following paragraphs.
- a. The AOG completed a Rules, Policies and Procedures Manual (approved by the PAC), which assisted in the definition of a new organizational structure, the development of the capacity for strategic planning formulation, the design of standards and procedures and the implementation of a human resources management approach.
 - b. The AOG achieved significant progress in the implementation of its information technology (IT) strategic plan, which facilitated the integration and consolidation of operational information while reducing the average time in audit preparation. Additionally, the building facilities were refurbished and enhanced to house the new technology systems.
 - c. The AOG undertook several training activities in audit preparation, planning, execution and reporting for managers, supervisors and auditors. Additionally, it enhanced both its internal and external communications capacity with the set up of an intranet, and an external web site of public access.
 - d. The AOG, taking into consideration the developments of the last years has identified the necessary continuing steps in the preparation of a three year Strategic Development Plan (SDP) which require new and updated capacity to: (i) match the progressive implementation of new government information systems in the areas of procurement, financial management and tax administration; and (ii) fulfill the additional responsibilities and obligations set out in the 2004 Audit Law and subsequent regulations, in particular the performance of forensic auditing⁴ and value for money auditing⁵, and the

² The original completion date for the TC was set to be November 19, 2007.

³ The Financial Inspection Report prepared by COF/CGY on September 15, 2006, describes the progress on the recommendations made by ROS/DAU in 2003.

⁴ Forensic auditing is defined as the application of auditing skills to situations that have legal consequences. It includes, the investigation of a fraud or presumptive fraud with a view to gathering evidence that could be presented in a court of law, as well as the use of auditing skills to prevent fraud by identifying and rectifying situations which could lead to frauds being perpetrated (i.e. risks).

establishment of an internal quality control mechanism. The SDP focuses these steps on six goals designed to help achieve the objectives set forth in the AOG's revamped Mission Statement.⁶ The SDP was submitted as required to the Chairman of the PAC. The GOG has reviewed the plan and has expressed its support by endorsing the AOG request for funds to the Bank.

- 1.9 In the light of the above, and in order to consolidate its key role in Guyana's oversight system, the AOG has requested the Bank's support for the implementation of key areas of its SDP by: (i) developing technical and operational capacity in the areas of forensic auditing, value for money auditing and internal quality control of audits; (ii) completing the development of supporting equipment and infrastructure, including information management systems; and (iii) creating stakeholder awareness of the key role it plays in enhancing financial good governance in the country.

C. Bank's strategy

- 1.10 The Bank's strategy for Guyana (GN-2228-1) is focused on the promotion of sustainable growth, social development and poverty reduction in addressing its major development challenges, among others improved governance and public sector modernization; and encouraging private sector development through policy and institutional reforms. This operation supports both objectives and is compatible with the strategy's criterion for identification and prioritization of new Bank programs in the area of public sector modernization.

D. Coordination with other donors

- 1.11 This operation has been carefully coordinated with other creditors and donors in order to make the program activities complementary to the current GOG efforts in the area of public financial management and fiscal oversight. In this regard, during project preparation, the team has consulted with DFID, the EU and CIDA regarding their support activities to the Ministry of Finance and Parliament in view of maintaining a coherent set of interventions in the fiscal accountability and oversight framework. Consultations also covered USAID in relation to the program to strengthen the fiduciary framework within the parliament; this program will start implementation next year with financial support of the Millennium Challenge Account Initiative.

⁵ Refers to the comprehensive examination that provides an objective and constructive assessment of the extent to which financial, human and physical resources are managed with due regard to economy, efficiency and effectiveness, while accountability relationships are served.

⁶ The Mission Statement, prepared during the Strategic Management Workshop held on May of 2005, sets forth the following objectives: (i) the execution of high quality audits of the public accounts, entities and projects assigned by the Audit Act; (ii) timely reporting of the results to the legislature and ultimately the public; (iii) ensuring that the independence, integrity and objectivity of the Audit Office are recognized; (iv) the provision of cost effective service by the implementation of the most up-to-date Audit Practices; (v) the recruitment and retention of the best qualified personnel to achieve set targets, on a sustained basis and (vi) developing professional relationships with our clients and producing reports which facilitate improvements in their operations.

II. PROGRAM DESCRIPTION

A. Program goal and purpose

- 2.1 The present TC is aimed at further improving the structure and operation of the AOG, by supporting the implementation of critical activities of its Strategic Development Plan that will contribute to consolidate its key role in Guyana's oversight system. Specifically, the TC is designed to assist the AOG in further enhancing its technical and operational capacity in order to complete an adequate transition into an independent and improved national audit office, as mandated by the 2001 constitutional amendment, to improve public accountability.

B. Components

1. Enhancing professional audit practices and standards

- 2.2 This component will support the implementation of critically important elements that the Audit Act defines as part of the core competences of the AOG, such as Value for Money Auditing (Performance Auditing) and Forensic Auditing. International auditing standards and national requirements are to be formally introduced and updated to cover these competences. The TC funds will be directed to: (i) contract consulting services for the design of the structure and operation of these specialized audit units; (ii) the preparation of audit manuals; (iii) the design of the core training activities in these areas; and (iv) provide technical support to start the operation of the units. In addition, some TC funds will be devoted to the establishment of a Quality Review Unit to ensure adherence to all professional standards, practices and procedures, in line with the recommendations raised by the COF/CGY Financial Inspection Report of September 2006.
- 2.3 According to the staffing plan contained in the AOG Strategic Plan, the Auditor General (AG) has committed to provide the necessary staff for the operations of the new units. The staffing plan needs for year 2007 have been already included in the AOG annual budget request.

2. Improving critical support systems to enhance operational effectiveness

- 2.4 This component will be directed to improve the operation of support systems in the areas of IT and records management. Some of the activities will be directed to enhance the contribution of these systems to the AOG capabilities to audit government information systems. In particular, the program will support the design and implementation of a modern records management system for the AOG Registry as suggested by the COF/CGY Financial Inspection Report of September 2006.⁷

⁷ The registry is the central depository of the documentation and audit working papers.

- 2.5 The program will also provide resources to support the reorganization of the AOG's Finance and Accounts Division. Specialized consulting services will be contracted to set-up the new finance unit, and new instruments for reporting to the PAC will be provided.
- 2.6 The provision of computers, equipment with mobile technology, and tools to improve communication connectivity will be financed under this component in order to support the records management and assure continuity of the IT modernization process initiated under the previous TC.

3. Institutionalizing best practices and skill transfer for sustainability

- 2.7 Following the training plan and curriculum developed under the previous TC, the activities under this component will be directed to develop three sets of tools to ensure that all training is integrated into the AOG procedures, documentation and practices. These tools are defined as: (i) the enhancement of the "train the trainers" program; (ii) the promotion of increased capacity building opportunities for the staff (training courses, participation in peer review programs, distance learning activities, internships); and (iii) the development of an agenda for technical assistance activities supported by other Supreme Audit Institutions (SAI) or international audit organizations. The training areas that will be emphasized under these tools are: certified information system audit, fraud examination, value for money audit, quality control of audits, and specialized training for support divisions such as IT, human resource management and finance. In the case of forensic audit, the AOG will evaluate the possibility to establish a pilot certification program⁸ that will be included in the training curriculum for this area.

4. Creating stakeholder awareness of the oversight role of the AOG

- 2.8 In order to create stakeholder awareness in relation to the AOG's duties, responsibilities, procedures, reporting mechanisms and its constructive oversight role, the program will finance discrete dissemination activities through specialized workshops and publications. A critical activity under this component will be directed to improve the coordination and communication mechanisms between the AOG and the PAC and to inform other key stakeholders on the oversight responsibilities of Parliament through the PAC.

III. COST AND FINANCING

- 3.1 The cost of the program has been estimated at US\$660,000, of which the Bank would finance up to US\$600,000 of the costs on a non-reimbursable basis from the resources of the Net Income of FSO. The GOG, through the AOG, will contribute the equivalent of US\$60,000 as counterpart funds.

⁸ AOG will request assistance to the Association of Certified Fraud Examiners. On line training course in forensic audit are also considered.

TABLE III-I - BUDGET (US\$)			
	IDB	GOG	TOTAL
1. Enhancing professional audit practices and standards	175,000	0	175,000
2. Improving critical support systems	163,500	27,500	191,000
3. Institutionalizing best practices	124,000	0	124,000
4. Creating stakeholder awareness	22,500	0	22,500
5. Administration	45,000	32,500	77,500
6. Evaluation, audit and contingencies	70,000	0	70,000
TOTAL	600,000	60,000	660,000

IV. EXECUTING AGENCY AND MECHANISM

- 4.1 The AOG will be the executing agency for this program. To ensure continuity of the execution of the supporting programs, it is proposed to maintain the execution mechanism of the current TC operation (ATN/SF-8184-GY), as well as the structure and operation of the existing Project Execution Unit (PEU).⁹
- 4.2 The program will be directed by the AG, who will be assisted by a technical committee that will guarantee a coordinated effort for the implementation of any administrative decisions in connection with the program execution. The committee will consist of two senior audit officers, the human resources manager, the IT manager and the project coordinator. Under this framework, the AG will: (i) approve the plans and work schedules for the program; (ii) select the employees who will work with the consultants for their assignment to the project; (iii) analyze the progress reports submitted by the coordinator and the consultants, proposing the necessary measures to correct difficulties that may arise during execution; (iv) approve requests to purchase equipment and training materials for the project. The AG will delegate authority to the technical committee members for handling specific tasks that might be demanded during program execution.
- 4.3 As part of the general coordination activities, the PEU will be responsible for: (i) coordinating program execution; (ii) revising and presenting the work plans, semiannual and final progress reports to the AG for approval and later submission to the Bank, in addition to other reports requested by the Bank during the program execution period; (iii) monitoring execution performance, and collecting the information needed for the indicators specified in the logical framework (Annex II); (iv) conducting the procurement and processing the contracts required for program implementation; (v) preparing and presenting disbursements requests and justification of the use of funds to the Bank's satisfaction, and the semiannual reports on the use of the revolving fund; (vi) maintaining the financial and accounting records related to the use of program resources, demonstrating at any time that the funds are used for the intended purpose; (vii) keeping adequate

⁹ The PEU is comprised of the general coordinator, a financial management specialist and a procurement specialist.

documentation to support the disbursements received; this information shall be made available for review by Bank personnel and/or external auditors; and (viii) preparing and presenting the financial statements of the program to the Bank, duly certified by eligible external auditors.

- 4.4 The PEU is currently operated by staff of the AOG, which was assigned to the project on a full time basis. Given that the quality work of the PEU is critical for a successful implementation of the project, the AOG authorities have requested the Bank to finance top-up payments based on performance to the personnel responsible of the PEU. This request falls within the scope of the section D paragraph 26 of the Country Financing Parameters for Guyana approved by the Board of Executive Directors. The quarterly performance benchmarks to allow these payments will be agreed between the bank and the AOG at the time of approval of the annual work plans. The payments will proceed upon satisfactory compliance of the quarterly benchmarks. Funding for the payments will come from the Bank's contribution, as included in the category of Administration in the detailed budget for the program (Annex IV), with concurrence of both the AOG and the Bank.
- 4.5 The program will be executed according to a detailed work plan which contains (i) the activities to be carried out and the targets to be achieved every six months; (ii) the expenditures to be made and the sources of financing; and (iii) the units responsible for compliance. During preparation of the operation, the bank's team and the AOG agreed upon an implementation schedule, based on which the AOG is currently developing the work plan for the first year of the operation. **As a condition precedent to the first disbursement, a detailed work plan for the first year of the operation execution should be agreed between the technical teams of the AOG and the Bank.**
- 4.6 A revolving fund will be established, equivalent to 20% of the Bank's contribution. The PEU will open separate bank account for the management of the Bank's grant and the local counterpart funds. The PEU will prepare and submit to the Bank, within a period of thirty (30) days after the closing of each semester, a semi-annual report showing the status of the revolving fund.
- 4.7 **Execution period and disbursement schedule** The estimated timeframe for execution is 30 months, while the expected disbursement period is 36 months, from the date of signature of the Letter of Agreement.
- 4.8 **Procurement.** The procurement of goods will be carried out in accordance with Bank policy established in document GN-2349-7 ("Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank") of July 2006. Selection and contracting of consultants will be carried out following the policy set out in document GN-2350-7 ("Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank") of July 2006. All controls will be done on an *ex ante* basis. The procurement of goods will follow the least cost procurement method. The contracting of

consulting services will follow the Quality and Cost-Based Selection Method. The Procurement Plan (Annex III) will be adjusted every six months; for this purpose the AOG will submit the proposal to the Bank for no objection.

V. MONITORING AND EVALUATION

A. Monitoring

- 5.1 The Bank's country office in Guyana (COF/CGY) will have the basic and technical responsibility for this operation. Project monitoring by COF/CGY will be based on the information contained in the semiannual progress reports and the financial reports received from the AOG. The semiannual reports should discuss progress toward the achievement of the log frame indicators and the Semiannual Progress Indicators in Annex V, which have been agreed between the GOJ authorities and the bank's team; both set of indicators will be included in the PPMR of the operation.
- 5.2 The AOG and the Bank will hold semiannual meetings in order to review the progress achieved in implementing the Program. For this purpose, the AOG will furnish, prior to each meeting, information and documentation requested by the Bank regarding the advancement of the program.
- 5.3 A final evaluation financed with TC funds will also be conducted for project supervision and monitoring, based on the indicators and goals established in the logical framework.

B. Auditing

- 5.4 The AOG will prepare and submit to the Bank within 120 days after the date of the last disbursement of the financing, the financial statements of the program audited by an independent auditor acceptable to the Bank and based on the terms of reference previously approved by the Bank. The independent auditor will be selected and contracted in accordance with the Bank's bidding procedures for auditing firms, and will be paid using the TC funds.

VI. PROGRAM BENEFITS AND RISKS

A. Program benefits

- 6.1 The program will contribute to further improve the AOG's technical and operational capacity in order to successfully complete its transition to an independent oversight body while fulfilling the increased responsibilities it has been assigned under the new legal framework. A complementary benefit will be the strengthening of transparency in public institutions and the enhancing of the

availability of public information, which, in turn, will support the country's current efforts to develop a culture of management for results in government.¹⁰

B. Risks

- 6.2 The risks identified for this operation are related to the policy environment and those that could affect institutional effectiveness. In the first case, the risk is associated to the firm and continuous political support to the modernization of the public oversight function. The GOG's authorities have been offering firm support to this process; the MOF and the Cabinet know the SDP of the AOG and have expressed their support to its implementation. Also in the political area, a potential lack of coordination and communication between the AOG and the PAC might pose a risk in terms of not only the visibility of the AOG but also the overall coordination of the oversight system. To address this risk, and in addition to the AOG's commitment to provide timely information to the PAC, the program will finance workshops and seminars particularly designed to strengthen dialogue and coordination mechanisms among these institutions. The lack of or insufficient provision of new staff in number and quality to ensure the operation of the new units is another risk to the operation. This risk however, is minimized by the fact that the MOF and the Cabinet have expressed their support to the implementation of the AOG's Strategic Plan.
- 6.3 Given the large number of initiatives undertaken by the AOG in recent years, there is a risk associated with its capacity to institutionalize progress while consolidating institutional reforms. This risk will be significantly mitigated, given the institution's commitment to the reform process, as signalled by the formulation of a sound SDP and the already proven executing capacity of the PCU, which will be further strengthened under the proposed performance management system in the execution structure. Finally, as a result of one of the highest rates of emigration in the hemisphere, the human resource base and institutional capacity in Guyana has been severely eroded in recent decades, with particular impact upon the higher skilled groups of public employees, who receive low salaries. In response to this, the emphasis of the proposed program is upon capacity building through intensive training and improvements in the working environment. In addition, the autonomy granted to the AOG in the management of human resources will also help to minimize the problem of staff turnover.

VII. ENVIRONMENTAL AND SOCIAL REVIEW

- 7.1 The TC profile was reviewed by CESI during its meeting CESI 44-06 on November 10, 2006. Given the focus of this program upon institutional strengthening activities, no social or environmental issues are foreseen.

¹⁰ The Bank is currently designing a program within the framework of PRODEV, to support the preparation of an Action Plan to introduce a performance based management approach and to strengthening the planning systems of key ministries.

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LIST OF TERMS OF REFERENCE

1. [Value for Money/Performance Audit Consultancy – I](#)
2. [Value for Money/Performance Audit Consultancy – II](#)
3. [Forensic Audit Consultancy – I](#)
4. [Forensic Audit Consultancy – II](#)
5. [Quality Assurance Consultancy – I](#)
6. [Quality Assurance Consultancy – II](#)
7. [Finance and Accounts Consultancy – I](#)
8. [Diagnostic Study of Registry – I](#)

LOGICAL FRAMEWORK
GUYANA: SUPPORT FOR THE IMPLEMENTATION OF THE STRATEGIC PLAN OF THE AUDIT OFFICE
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Narrative summary	Indicators	Means of verification	Assumptions
Goal			
1. To contribute to the improvement of accountability on the use of public funds by public entities in Guyana.	<p><i>Five years after completion of the Program:</i></p> <ul style="list-style-type: none"> All public entities comply with the provision of information and reports as mandated by the Fiscal Management and Accountability Act and its Regulations The public entities adopt the recommendations of the Audit Office of Guyana (AOG) in relation to the improvement of their internal management control systems. The Minister of Finance issues Treasury Memoranda instructing the corresponding public entities to adopt the necessary actions in response to the recommendations of the Public Accounts Committee, which are based on reports on Financial, Performance and Forensic audits done by the AOG. 	<ul style="list-style-type: none"> Parliament annual report. Auditor General's annual report and AOG institutional audit report. Public Accounts Committee submission of reports to the Ministry of Finance; Treasury memoranda issued by the Minister of Finance 	<ul style="list-style-type: none"> Continued Political support to modernization of the public oversight function. Macroeconomic stability is maintained.
Purpose			
2. The Audit Office of Guyana has enhanced its technical and operational capacity to complete an adequate transition into an independent and improved national audit office.	<p><i>Two years after completion of the Program:</i></p> <ul style="list-style-type: none"> The Auditor General's annual report corresponding to the previous fiscal year is submitted to the Parliament by the date indicated by law (<i>Baseline: currently reports are submitted with 6 months delay</i>). The quality of the audit work of the AOG has improved as evidenced by the assessment performed by a qualified foreign peer reviewer on the standard institutional audit report, and the annual audit report. 	<ul style="list-style-type: none"> The AOG official transmittal letter submitting to Parliament the Auditor General's annual report of the previous fiscal year Report of the qualified foreign peer reviewer (comparison of current audit reports with the ones performed in 2006). 	<ul style="list-style-type: none"> Continued Political support to modernization of the public oversight function. The Public Accounts Committee performs its duties in a timely and efficient manner.

Narrative summary	Indicators	Means of verification	Assumptions
	<p><i>By the end of the program (30 months):</i></p> <ul style="list-style-type: none"> • 100% of the audits of the previous year were subject to the new quality control review mechanism. • At least one of the Central Government's Information Systems has been audited by the AOG following the new standards and procedures. <i>(Baseline: currently the AOG does not perform this type of audits)</i> • At least 5 value for money audits have been performed in the previous year. . <i>(Baseline: currently the AOG does not perform this type of audits)</i> 	<ul style="list-style-type: none"> • Annual work report of the Quality Review Unit. • Audit Report of the Information System. • Value for Money Audit Reports 	<ul style="list-style-type: none"> • Continued reform and modernization efforts in financial management provide capacity to public entities to comply with the transaction recording and reporting obligations. • Continued GOG support for capacity building (financial and human resources)
Components			
<p>3.1 Professional audit practices and standards are enhanced.</p>	<p><i>By the end of the program (30 months from the date of signature of the Letter of Agreement):</i></p> <ul style="list-style-type: none"> • The Value for Money Auditing, the Forensic Auditing, and the Quality Review Units are established and in operation • Methodologies for these areas incorporating international standards are developed and in use by the AOG. 	<ul style="list-style-type: none"> • Program's semi-annual progress reports. Program's final evaluation report; AOG annual performance statement sent to Parliament. • Program's semi-annual progress reports; Program's final evaluation report. 	<ul style="list-style-type: none"> • GOG maintains commitment to the modernization of the public oversight system. • Adequate funding through the budget is provided for the annual operation of the AOG to support the implementation of its Strategic Plan.

Narrative summary	Indicators	Means of verification	Assumptions
3.2. Critical support systems are improved	<p><i>By the end of the program (30 months from the date of signature of the Letter of Agreement):</i></p> <ul style="list-style-type: none"> • The record management system is developed and in full operation. • The Finance and Accounts Division is reorganized in line with the mandates of the Audit Act and its regulations. 	<ul style="list-style-type: none"> • Program's semi-annual progress reports; Program's final evaluation report . 	<ul style="list-style-type: none"> • AOG staff willing to adopt new audit tools. • Public Accounts Committee is willing to improve coordination and communication with the AOG.
3.3. Best practices and skill transfer are institutionalized	<p><i>By the end of the program (30 months from date of signature of the Letter of Agreement):</i></p> <ul style="list-style-type: none"> • At least 20 Officers received technical training from Regional Institutional Strengthening Groups, INTOSAI Development Initiatives, etc. • At least 30 Officers have been trained on: value for money auditing, quality control, and specialized training for support divisions. • At least 10 Officers have been certified on information systems auditing and fraud examination. 	<ul style="list-style-type: none"> • Program's semi-annual progress reports; Program's final evaluation report • Program's semi-annual progress reports; Program's final evaluation report • Program's semi-annual progress reports; Program's final evaluation report. 	<ul style="list-style-type: none"> • Continued GOG support for capacity building (financial and human resources) • Regional and International training programs executed within the time frame of the Project. • PAC's continued support and active participation
3.4. Stakeholder awareness of constructive oversight role of the AOG enhanced.	<p><i>By the end of the program (30 months from the date of signature of the Letter of Agreement):</i></p> <ul style="list-style-type: none"> • Three workshops with the Public Accounts Committee (PAC) have been developed. • A brochure containing information on AOG's basic duties, responsibilities, procedures, and reporting mechanisms has been published and distributed. 	<ul style="list-style-type: none"> • Program's semi-annual progress reports. Program's final evaluation report. • Publication of brochure. 	

Narrative summary	Indicators	Means of verification	Assumptions
Activities			
See Annex II – Detailed Budget			<ul style="list-style-type: none"> • Willingness of technical staff to actively participate in the program. • AOG Units willing to release staff for training purposes. • Timely provision of counterpart funds.

PROCUREMENT PLAN
SUPPORT FOR THE IMPLEMENTATION OF THE STRATEGIC PLAN OF THE AUDIT OFFICE
(GY-T1030)

Project main acquisitions	Amount in US\$	Method of selection	Financing %		Prequalification YES/NO	Tentative Date
			IDB	GOG		
1. Enhancing professional audit practices and standards						
1.1. Goods						
N/A						
1.2. Consultancy Services (Individual Consultants)						
Performance/Value for Money Consultancy	25,000	QCBS	100		NO	2nd Semester, 2007
Forensic Audit Consultancy	25,000	QCBS	100		NO	2nd Semester, 2007
Prepare & update Performance, Forensic & General Audit Manuals, Procedures, & Documentation	25,000	QCBS	100		NO	2nd Semester, 2007
Quality Assurance Consultant	25,000	QCBS	100		NO	2nd Semester, 2008
Prepare & update Performance, Forensic & General Audit Manuals, Procedures, & Documentation	12,500	QCBS	100		NO	2nd Semester, 2008
Prepare & update Performance, Forensic & General Audit Manuals, Procedures, & Documentation	12,500	QCBS	100		NO	1st Semester, 2009
2. Improving critical support systems to enhance operational effectiveness						
2.1. Goods						
Laptops (7)	15,750	LCS	100		NO	1st Semester, 2007
Flash Keys (10)	600	LCS	100		NO	1st Semester, 2007
Printers (2)	600	LCS	100		NO	1st Semester, 2007
Digital Cameras (2)	700	LCS	100		NO	1st Semester, 2007
New and/or update software suites. Eg. Messaging and collaboration, financial, etc.	3,750	LCS	100		NO	1st Semester, 2007
Random Access Memory + Hard Disk Drive Additions to servers	2,500	LCS	100		NO	1st Semester, 2007
Printers (3)	900	LCS	100		NO	2nd Semester, 2007
Desktops PC's (2)	2,500	LCS	100		NO	2nd Semester, 2007
New and/or update software suites. Eg. Messaging and collaboration, financial, etc.	3,750	LCS	100			2nd Semester, 2007
Purchase of furniture & equipment for registry (shelves, cabinets, A/C, etc.)	5,000	LCS	100		NO	2nd Semester, 2007
Printers (3)	900	LCS	100		NO	1st Semester, 2008
Digital Camera (1)	350	LCS	100		NO	1st Semester, 2008
Flash Keys (7)	420	LCS	100		NO	1st Semester, 2008
Desktops PC's (2)	2,500	LCS	100		NO	1st Semester, 2008
Server, Access Points, Switches & related software	8,500	LCS	100		NO	1st Semester, 2008
New and/or update software suites. Eg. Messaging and collaboration, financial, etc.	3,750	LCS	100		NO	1st Semester, 2008
Laptops (7)	15,750	LCS	100		NO	2nd Semester, 2008
New and/or update software suites. Eg. Messaging and collaboration, financial, etc.	1,250	LCS	100		NO	2nd Semester, 2008
Printers (2)	600	LCS	100		NO	1st Semester, 2009
Digital Cameras (2)	700	LCS	100		NO	1st Semester, 2009
Desktops PC's (4)	5,000	LCS	100		NO	1st Semester, 2009
Scanner (1)	350	LCS	100		NO	1st Semester, 2009
Server, Access Points, Switches & related software	5,000	LCS	100		NO	1st Semester, 2009
New and/or update software suites. Eg. Messaging and collaboration, financial, etc.	4,000	LCS	100		NO	1st Semester, 2009
Photocopier (1)	4,480	LCS	100		NO	1st Semester, 2009
Laptops (4)	9,000	LCS	100		NO	1st Semester, 2009
New and/or update software suites. Eg. Messaging and collaboration, financial, etc.	3,500	LCS	100		NO	1st Semester, 2009
2.2. Consultancy Services (Individual Consultants)						
Finance & Accounts consultancy	25,000	QCBS	100		NO	1st Semester, 2007
Implementation of Records Management System	5,000	QCBS	100		NO	2nd Semester, 2007
Diagnostic Study of Registry	10,000	QCBS	100		NO	2nd Semester, 2007
Implementation of Records Management System	5,000	QCBS	100		NO	2nd Semester, 2008

Project main acquisitions	Amount in US\$	Method of selection	Financing %		Prequalification YES/NO	Tentative Date
			IDB	GOG		
3. Institutionalizing best practices and skill transfer for sustainability						
3.1. Goods						
N/A						
3.2. Consultancy Services (Individual Consultants)						
Consultancy & Training on Performance Auditing	10,000	QCBS	100		NO	1st Semester, 2007
Consultancy & Training on Forensic Auditing	10,000	QCBS	100		NO	1st Semester, 2007
Consultancy & Training on Quality Review	10,000	QCBS	100		NO	1st Semester, 2007
4. Creating stakeholder awareness of constructive oversight role of the AOG						
4.1. Goods						
N/A						
4.2. Consultancy Services (Individual Consultants)						
Facilitators for workshop/information sessions. Implement Marketing Plans	5,000	QCBS	100		NO	2nd Semester, 2007
Facilitators for workshop/information sessions. Implement Marketing Plans	5,000	QCBS	100		NO	2nd Semester, 2008
Facilitators for workshop/information sessions. Implement Marketing Plans	2,500	QCBS	100		NO	1st Semester, 2009
Other						
Consultancy Services (Individual Consultants)						
Recruitment of External Auditor	15,000	QCBS	100		NO	1st Semester, 2009
Recruitment of Evaluator	15,000	QCBS	100		NO	1st Semester, 2009

QCBS: Quality- and cost-based selection

LCS: Least-cost selection

Note: The Bank will conduct ex-ante reviews of all procurements prior to each selection process.

DETAILED BUDGET
SUPPORT FOR THE IMPLEMENTATION OF THE STRATEGIC PLAN OF THE AUDIT OFFICE
(GY-T1030)

COMPONENTS	2007 (USD)		2008 (USD)		2009 (USD)		Totals (USD)	
	IDB	GOG	IDB	GOG	IDB	GOG	IDB	GOG
1. Enhancing professional audit practices and standards								
Recruit Performance Auditing, Forensic Auditing and Quality Assurance Consultants	75,000						75,000	0
Consultancy and training on Performance Auditing	10,000		5,000		5,000		20,000	0
Consultancy and Training on Forensic Auditing	10,000		5,000		5,000		20,000	0
Consultancy on Quality Review and training	10,000						10,000	0
Prepare and update performance, forensic and general audit manuals, procedures and documentation.	25,000		12,500		12,500		50,000	0
Sub-total	130,000		22,500		22,500		175,000	0
2. Improving critical support systems to enhance operational effectiveness								
Consultancy - Diagnostic Study and Infrastructural Development of the Registry	20,000						20,000	0
Implementation of Records Management System	5,000		5,000				10,000	0
Procurement of Equipment (computer hardware, digital cameras and data center equipment and related software), and improve communication between Head Office and Sub-offices	27,350		32,220		28,930		88,500	0
Procurement of new/updated Software Suites (Messaging and collaboration, financial, auditing)	7,500		5,000		7,500		20,000	0
Maintenance of Equipment		7,500		9,000		11,000	0	27,500
Consultancy - Set up Finance and Accounting Unit and formulate reporting methods and formats to PAC	25,000						25,000	0
Sub-total	84,850	7,500	42,220	9,000	36,430	11,000	163,500	27,500
3. Institutionalizing best practices and skill transfer for sustainability								
Training	8,000		10,000		11,000		29,000	0
Training Courses and generic training material in the interest of institutional capacity building	5,000		10,000		5,000		20,000	0
Distance learning activities and Capacity Building Projects			10,000		5,000		15,000	0
Institutional support from other SAI's, INTOSAI, CAROSAI, IDI, etc., through training, technical assistance and other developmental activities.	10,000		10,000		10,000		30,000	0
Computerized financial accounting training	5,000		2,500		2,500		10,000	0
Distance learning activities and Capacity Building Projects	10,000		5,000		5,000		20,000	0
Sub-total	38,000		47,500		38,500		124,000	0
4. Creating stakeholder awareness of constructive oversight role of the AOG								
Public awareness sessions with stakeholders.	5,000						5,000	0
Undertake Workshops/Information Sessions	5,000		5,000		2,500		12,500	0
Publication of information brochure			5,000				5,000	0
Sub-total	10,000	0	10,000	0	2,500	0	22,500	0
Project Execution Unit (Administrative Costs)	15,000	10,800	15,000	10,800	15,000	10,900	45,000	32,500
Evaluation (includes 7500 for per reviewer in charge of quality control study)					20,000		20,000	0
Audit					15,000		15,000	0
Contingencies					35,000		35,000	0
TOTALS	277,850	18,300	137,220	19,800	184,930	21,900	600,000	60,000

SEMIANNUAL PROGRESS INDICATORS

End of First Semester	End of Second Semester:
1. Consultants have been contracted for the establishment of the following Units: (i) Value for Money Audits; (ii) Forensic Audit; (iii) Quality control Unit.	1. Manuals for Value for Money Audits, Forensic Audits and Quality control have been drafted.
2. Diagnostic Work for the Registry has been contracted.	2. Decisions are made in relation to the plan to modernize the Registry. The plan is based on the diagnostic study.
3. Consultancy for setting up the Finance and Accounts Division contracted.	3. New methods and formats for reporting to the PAC adopted by the AOG.
4. At least one workshop with PAC and other stakeholders has been developed.	4. Distance learning activities initiated. (At least two on line courses are taken in area of auditing information systems)

End of Third Semester	End of Fourth Semester:
1. Quality control Unit, Audit for Money Unit and Forensic Unit have initiated their operations.	1. The staff necessary for full operation of the Quality Control Unit, Audit for Money Unit and Forensic Unit has been hired.
2. Implementation of the Records Management System has been initiated.	2. Records Management System in full operation.
3. At least one agreement for technical support with a foreign SAI or an international specialized institution has been signed.	3. (i) Two audits on value for money are completed applying the new methodologies. (ii) At least 10 audits are subject to quality control evaluations following the new procedures and methodologies.
4. Training in Valued for Money Audits, Forensic Audits and Quality Control initiated.	4. Mechanism for parliamentary oversight completely designed.
5. At least one workshop for stakeholders was delivered.	5. FINAM Pilots are operational as reported by the Business Analysts.