

**AUDITED FINANCIAL STATEMENTS FOR THE
SUSTAINABLE ENERGY PROGRAM FOR GUYANA
NON-REIMBURSABLE FINANCING AGREEMENT
№ GRT/FM-13897-GY**

**FOR THE PERIOD
12 DECEMBER 2013 TO 31 DECEMBER 2015**

**AUDITORS: AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA**

**AUDITED FINANCIAL STATEMENTS FOR THE
SUSTAINABLE ENERGY PROGRAM FOR GUYANA
LOAN AGREEMENT LO № GRT/FM-13897-GY
FOR THE PERIOD 12 DECEMBER 2013 TO 31 DECEMBER 2015**

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141/IADB: 95/1/2016

29 April 2016

Ms. Paula Louis-Grant
Financial Management Specialist
Inter-American Development Bank
47 High Street
Kingston
Georgetown.

Dear Ms. Louis-Grant,

AUDIT OF THE FINANCIAL STATEMENTS FOR THE
SUSTAINABLE ENERGY PROGRAM FOR GUYANA
NON-REIMBURSABLE FINANCING AGREEMENT № GRT/FM-13897-GY
FOR THE PERIOD 12 DECEMBER 2013 TO 31 DECEMBER 2015

I forward herewith one copy of the audited financial statements of the above-mentioned Program for the period 12 December 2013 to 31 December 2015, together with the Report of the Auditor General and Management Letter thereon.

Should you need any clarification or explanation, please do not hesitate to let me know.

With kind regards.

Yours sincerely,


*T.RODNEY
AUDIT MANAGER (ag.)
OF GUYANA



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AG: 19 /2016-1

29 April 2016

REPORT OF THE AUDITOR GENERAL ON THE
STATEMENT OF CASH FLOW AND
THE STATEMENT OF CUMULATIVE INVESTMENTS
FOR THE SUSTAINABLE ENERGY PROGRAM FOR GUYANA
NON-REIMBURSABLE FINANCING AGREEMENT GRT/FM-13897-GY
FOR THE PERIOD 12 DECEMBER 2013 TO 31 DECEMBER 2015

I have audited the accompanying Financial Statements, which comprise the Statement of Cash Flow, the Statement of Cumulative Investments and a summary of significant accounting policies and other explanatory information for the Sustainable Energy Program for Guyana, executed by the Ministry of Public Infrastructure, and financed with funds from the Inter-American Development Bank Non-Reimbursable Financing Agreement № GRT/FM-13897-GY, and local counterpart funds from the Government of Guyana for the period 12 December 2013 to 31 December 2015. The audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the financial statements

The Program's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS), and for such internal control as management determines is necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the accompanying statements, based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), those of the International Organisation for Supreme Audit Institutions (INTOSAI) and specific requirements of the Inter-American Development Bank (IDB). 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 of material misstatement. An audit includes performing procedures to obtain evidence supporting the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the accounting principles used and significant estimates made by Program management as well as evaluating the overall financial statement presentation. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

As described in Note 2, the Statement of Cash Flow and the Statement of Cumulative Investments were prepared using the cash basis of accounting in accordance with the Cash Basis IPSAS: Financial Reporting under the Cash Basis of Accounting. Cash basis accounting recognises transactions and acts only when the cash (and/or cash equivalent) is received or disbursed by the entity, and not when they give rise to, accrue or originate rights or obligations although there was no cash movement.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the Cash Flow and the Cumulative Investments for the Sustainable Energy Program of Guyana, for the period 12 December 2013 to 31 December 2015 in accordance with the cash basis of accounting and the accounting policies described in Note 2.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.

MINISTRY OF PUBLIC IN
GRT/FM-13897-GY: SUSTAINABLE ENI
STATEMENT OF C

CASH RECEIVED

Accumulated Cash at the beginning of the period	<u>11</u>
Prior Year Adjustments	
<u>Activity during the year</u>	
Disbursements (Advances)	(Note 5)
Interest Received	
Exchange Gain	
In Kind Contribution (GOG)	(Note 6)
Total cash received	_____

DISBURSEMENTS MADE

Cummulative cash at beginning of the period	
Prior Year Adjustments	
<u>Activity during the year</u>	
Repayments	
Payment for goods and services	(Note 7)
Others	

Total Cash disbursements for the Period	_____
Cummulative cash at end of the period	_____
AVAILABLE CASH AS OF END OF PERIOD	(Note 3) _____

The accompanying notes are an integral part of this statement.



Chief Executive Officer

MINISTRY OF PUBLIC INFRASTRUCTURE
GRT/FM-13897-GY: SUSTAINABLE ENERGY PROGRAM FOR GUYANA

Notes to the Financial Statements

For the period 12 December, 2013 to 31 December, 2015

1 Description of the Project

The Sustainable Energy Program for Guyana, which is a Non- Reimbursable Financing Agreement was signed on December 11, 2013 between the Government of Guyana and the Inter American Development Bank acting as Administrator of the IADB/ Global Environmental Facility Fund. The Program's general objective is to improve institutional capacities of Guyana Power & Light Inc. and the Office of the Prime Minister through training of said institutions' staff and promotion of the use of Renewable Energy Technology (RET's) in the Urban areas and the Hinterland with the aim to (1) implement sustainable business models for Operations and Maintenance of Renewable Energy Projects; (2) increase quality energy access in Guyana; (3) reduce the long-term operational costs of on-grid and off-grid electricity service; and (4) contribute to sector sustainability and reduction of Greenhouse Gases emissions.

In order to achieve the objectives the program will implement the following components

1. Strengthening of the Policy and Institutional Framework to Implement RET's in Guyana

The specific objective of this component is to develop a national renewable energy strategy as an action plan to promote the implementation of RET's under the low carbon development strategy (LCDS), including the revision of existing regulatory framework.

2. Strengthening of the Power Utility Capabilities to improve electricity supply and promote the use of RETs.

The objective of this component is to develop the technical capacity and expertise of professionals from GPL and representatives from Hinterland Communities for the planning, design, installation, O&M of RE projects

3. Contribute to Sector Sustainability with the Implementation of cost effective RETs for on-grid and off-grid Electricity Generation.

The objective of this component is to implement RE pilot projects and demonstrate the technical, social, economic, financial and environmental sustainability of selected on-grid and off-grid RETs, through the implementation of pilot investments, such as wind energy, solar-PV and small hydropower.

The total amount of the financing agreement was US\$6,250,000, of which US\$5,000,000 was awarded as a grant from GEF/ IDB and US\$1,250,000 for administrative support was contributed through in-kind resources from the GOG.

2 Significant Accounting Policies

Basis of presentation

The Statement of Cash Flows and Cumulative Investments have been prepared using the cash basis of accounting, in accordance with the International Public Sector Accounting Standards (IPSAS). Cash basis recognize revenues when the cash is received and expenses when cash has been disbursed. This accounting policy is another comprehensive basis of accounting other than the generally accepted accounting principles, under which transactions should be recorded when they occur and not when they are paid.

6 Local Counterpart Funds

During the period under review, US\$72,549.15 was contributed as in kind Local Counterpart Funding

7 Procurement of Goods and Services

US\$23,862.21

(see Appendix 1 for full details)

All procurement of goods and services were done in accordance with the IDB and National Procurement and Tendering Administration Board rules and regulations that governs procurement.

8 Investment Categories

An Analysis of Investment Categories as follows

	12 December, 2013 to 31 December, 2015
Policy and Institutional Framework	1,694.92
Strengthening of the Power Utility Capabilities	5,533.00
Contribution to Sector Sustainability	-
Project Management	16,634.29
Total	23,862.21

9 Reconciliation between the Statement of Cash Flow and Statement of Cumulative Investment

Please see reconciliation attached

10 Reconciliation by Investment Categories between the Program's records and the IDB's records

Please see reconciliation attached

MINISTRY OF PUBLIC INFRASTRUCTURE
GRT/FM-13897-GY: SUSTAINABLE ENERGY PROGRAM FOR GUYANA

(9) Reconciliation between the Statement of Cash Flow and the Statement of Cumulative Investments
For the Period 12 December 2013 to 31 December 2015

Expressed in US Dollars

Particulars	IDB	LOCAL	TOTAL
Disbursement as per Statement of Cumulative Investments	23,862.21	72,549.15	96,411.36
Disbursement as per Statement of Cash Flows	23,862.21	72,549.15	96,411.36
Difference	-	-	-



Chief Executive Officer



Accountant

MINISTRY OF PUBLIC INFRASTRUCTURE
GRT/FM-13897-GY: SUSTAINABLE ENERGY PROGRAM FOR GUYANA

(10) Reconciliation by Investment Categories between the Program's records and the IDB's records

For the Period 12 December, 2013 to 31 December, 2015

Expressed in US Dollars

Category of Investment	Amount as per Statement of Investments	Amounts as per LMS	Variance	Reason for Variances
Policy and Institutional Framework	1,694.92	1,694.92	-	
Strengthening of the Power Utility Capabilities	5,533.00	-	5,533.00	Pending justification (see note 4)
Contribution to Sector Sustainability	-	-	-	
Project Management	16,634.29	12,694.81	3,939.48	Pending justification (see note 4)
TOTAL	23,862.21	14,389.73	9,472.48	



Chief Executive Officer



Accountant

MINISTRY OF PUBLIC INFRASTRUCTURE
GRT/FM-13897-GY: SUSTAINABLE ENERGY PROGRAM FOR GUYANA
STATEMENT OF AVAILABLE BALANCE
FOR THE PERIOD 12 DECEMBER 2013 TO 31 DECEMBER,2015

<u>INVESTMENT CATEGORY</u>	<u>ORIGINAL BUDGET</u>			<u>TOTAL EXPENDITURE</u>			<u>AVAILABLE BALANCE</u>		
	<u>IDB</u>	<u>GOG (in-kind)</u>	<u>TOTAL</u>	<u>IDB</u>	<u>GOG (in-kind)</u>	<u>TOTAL</u>	<u>IDB</u>	<u>GOG (in-kind)</u>	<u>TOTAL</u>
<u>Policy and Institutional Framework</u>									
National RE Strategy Developed and Approved		92,500.00	92,500.00			-	-	92,500.00	92,500.00
Legal and Technical Revision of Electricity Framework	100,000.00	100,000.00	200,000.00			-	100,000.00	100,000.00	200,000.00
Public Awareness Campaign	110,000.00		110,000.00	1,694.92		1,694.92	108,305.08	-	108,305.08
			-			-	-	-	-
<u>Strengthening of the Power Utility Capabilities</u>			-			-	-	-	-
Data Collection	140,000.00	200,000.00	340,000.00	5,533.00		5,533.00	134,467.00	200,000.00	334,467.00
Training in RET Systems - Hinterland Communities		200,000.00	200,000.00			-	-	200,000.00	200,000.00
Installation of Demonstration Plant for Bioenergy Production		57,500.00	57,500.00			-	-	57,500.00	57,500.00
<u>Contribution to Sector Sustainability</u>									
Solar PV for Rural Electrification	835,000.00		835,000.00			-	835,000.00	-	835,000.00
Rural Hydro Power Projects	2,000,000.00		2,000,000.00			-	2,000,000.00	-	2,000,000.00
On-Grid RET - Wind Power	800,000.00	100,000.00	900,000.00			-	800,000.00	100,000.00	900,000.00
On-Grid PV Projects	795,000.00		795,000.00			-	795,000.00	-	795,000.00
			-			-	-	-	-
<u>Project Management</u>	220,000.00	500,000.00	720,000.00	16,634.29	72,549.15	89,183.44	203,365.71	427,450.85	630,816.56
TOTAL	5,000,000.00	1,250,000.00	6,250,000.00	23,862.21	72,549.15	96,411.36	4,976,138	1,177,451	6,153,589


 Chief Executive Officer


 Accountant

MINISTRY OF PUBLIC INFRASTRUCTURE
GRT/FM-13897-GY: SUSTAINABLE ENERGY PROGRAM FOR GUYANA
BUDGET INVESTMENT AGAINST ACTUAL INVESTMENT
FOR THE PERIOD 12 DECEMBER 2013 TO 31 DECEMBER, 2015

INVESTMENT CATEGORY	CURRENT BUDGET			EXPENDITURE FOR THE PERIOD			BALANCE ON BUDGET			PERCENTAGE COMPLETED		
	IDB	GOG (in-kind)	TOTAL	IDB	GOG (in-kind)	TOTAL	IDB	GOG (in-kind)	TOTAL	IDB	GOG (in-kind)	TOTAL
<u>Policy and Institutional Framework</u>												
National RE Strategy Developed and Approved	-		-	-		-	-	-	-			
Legal and Technical Revision of Electricity Framework	-		-	-		-	-	-	-			
Public Awareness Campaign	35,000.00		35,000.00	1,694.92		1,694.92	33,305.08	-	33,305.08	4.8%	-	4.8%
			-			-			-			
<u>Strengthening of the Power Utility Capabilities</u>												
Data Collection	140,000.00		140,000.00	5,533.00		5,533.00	134,467.00	-	134,467.00	3.95%	-	3.95%
Training in RET Systems - Hinterland Communities							-	-	-			
Installation of Demonstration Plant for Bioenergy Production							-	-	-			
							-	-	-			
<u>Contribution to Sector Sustainability</u>												
Solar PV for Rural Electrification	222,000.00		222,000.00				222,000.00	-	222,000.00	0%	-	0%
Rural Hydro Power Projects	-		-	-		-	-	-	-			
On-Grid RET - Wind Power	-		-	-		-	-	-	-			
On-Grid PV Projects	-		-	-		-	-	-	-			
			-	-		-	-	-	-			
Project Management	25,000.00		25,000.00	16,634.29	72,549.15	89,183.44	8,365.71	(72,549.15)	(64,183.44)	66.54%	-	66.54%
TOTAL	422,000.00	-	422,000.00	23,862.21	72,549.15	96,411.36	398,137.79	(72,549.15)	325,588.64			


 Chief Executive Officer


 Accountant



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AG: 19/2016-2

29 April 2016

REPORT OF THE AUDITOR GENERAL
ON THE SYSTEM OF INTERNAL CONTROL FOR THE
SUSTAINABLE ENERGY PROGRAM FOR GUYANA
NON-REIMBURSABLE FINANCING AGREEMENT № GRT/FM-13897-GY
FOR THE PERIOD 12 DECEMBER 2013 TO 31 DECEMBER 2015

I have audited the accompanying Statement of Cash Flow for the period 12 December 2013 to 31 December 2015 and the Statement of Cumulative Investments as of 31 December 2015 for the Sustainable Energy Program for Guyana financed by the Inter-American Development Bank under Financing Agreement № GRT/FM-13897-GY, and by local contributions from the Government of Guyana, executed by the Ministry of Public Infrastructure, and have issued my report thereon dated 29 April 2016. The audit was conducted in accordance with the Audit Act 2004.

The Management of the Sustainable Energy Program for Guyana is responsible for establishing and maintaining a system of internal control sufficient to mitigate the risk of financial information misstatements and safeguard the assets of the project, including construction works and other procured goods. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of system of internal control policies and procedures. The objectives of a system of internal control are to provide management with reasonable, but not absolute, assurance that assets are protected against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorisation and in accordance with the terms of the contract, and transactions are recorded properly to permit the preparation of fair and true financial statements. Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedure may deteriorate.

In planning and performing my audit of the Program's financial statements for the period 12 December 2013 to 31 December 2015, I obtained an understanding of the system of internal control, and I assessed control risk in order to determine the auditing procedures for the purpose of expressing an opinion on the Program's financial statements and not to express an opinion on the effectiveness of the system of internal control. Accordingly, I do not express such an opinion.

I noted certain matters that are described in my management letter referenced № 73/IADB: 95/1/2016 dated 29 April 2016, involving the system of internal control and its operation that I consider to be reportable conditions under International Standards of Auditing. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the system of internal control that, in my judgment, could adversely affect the ability of the Sustainable Energy Program for Guyana to record, process, summarize, and report financial data consistent with assertions of management in the statement of Cash Flow and the Statement of Cumulative Investments.

A material weakness is a reportable condition in which the design or operation of one or more of the specific elements of the system of internal control does not reduce to a relatively low level the risk that significant errors or irregularities in amounts that would be material in relation to the Program's financial statements may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions.



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73/IADB: 95/1/2016

29 April 2016

Mr. Horace Williams
Program Manager
Office of the Prime Minister
Wight's Lane
Kingston
Georgetown.

Dear Mr. Williams,

AUDIT OF THE FINANCIAL STATEMENTS FOR THE
SUSTAINABLE ENERGY PROGRAM FOR GUYANA
NON-REIMBURSABLE FINANCING AGREEMENT No GRT/FM-13897-GY
FOR THE PERIOD 12 DECEMBER 2013 TO 31 DECEMBER 2015

The financial statements for the Sustainable Energy Program for Guyana for the period 12 December 2013 to 31 December 2015 have been audited and accordingly, the Auditor General has reported thereon. The audit was conducted in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), the International Organisation of Supreme Audit Institutions (INTOSAI) and specific requirements of the Inter-American Bank (IDB).

2. The audit planning and execution took into account the internal control structure which was utilised in the preparation of the financial statements in order to determine the auditing procedures and to assess whether it formed a reliable basis for expressing an opinion. This consideration was however, not directed at providing assurance of the internal accounting control structure. Nonetheless, no matters involving the internal accounting control structure and its operations were considered to be material weaknesses in accordance with the standards referred to above.
3. This report highlights the findings and recommendations relating to the existing systems and procedures noted during the period under review.

Section I

Finding

4. On 11 December 2013, the Government of Guyana (GoG) and the Inter-American Development Bank (IDB) signed a non-reimbursable financing agreement to improve institutional capacities of Guyana Power and Light Incorporated (GPL) and the Office of the Prime Minister (OPM), through training of staff and promotion of the use of Renewable Energy Technology in urban and hinterland areas. The IDB agreed to provide a contribution of US\$5M and the GoG the sum of US\$1.250M for additional resources in kind for the completion and uninterrupted execution of the Program. The total estimated cost of the Program was stated as US\$6.250M and completion date for all transactions under the Program was stated as sixty six months from the entry into force of the Agreement.

Finding

5. Chapter III, Article 3.01 of the Non-Reimbursable Financing Agreement sets out the Conditions Prior to First Disbursement, which were met and approved by the IDB on 10 June 2014. Further, it must be noted that the first disbursement was released to the Program on 22 October 2014.

Finding

6. On 22 October 2014, the Program received a first disbursement of US\$15,000. However, the first expenditure of the Program was incurred on 29 January 2015, and it was unclear as to the reasons for the delay.

Effect

The delay in the timely execution of activities under the Program could result in the Program not achieving its stated objectives and an overrun of the life of the Program.

Management's Response

The US\$15,000 was to be used for the conduct of surveys of schools in the hinterland, as indicated by the Ministry of Education, which were without access to electricity. The surveys were planned to commence in November 2014 but, during that time, the GoG assigned the 6,000 Solar Home Systems Program to the HECI. This Program was for the distribution of Solar PV systems to 6,000 households in hinterland communities. To complete the Program within the timeline mandated by Government, all of HECI's human resources had to be utilized for the various activities. As a result, the surveys had to be rescheduled.

Please note, however, that the 6,000 Solar Home Systems Program has contributed to the expected outcome for rural electrification in the Sustainable Energy Program for Guyana.

Recommendation

The Audit Office recommends that the Management of the Program implement systems to monitor the human resources assigned to the Program, effectively in order to achieve the objectives of the Program in a timely manner.

Finding

7. The planned expenditure in accordance with the Annual Operations Plan presented for the year 2015 was reflected as US\$0.422M or 8.44% of the total Program cost. It must be noted that the Other Contribution in-kind was not reflected in the Annual Operations Plan. A scrutiny of the Statement of Cash Flow revealed that amounts totaling US\$96,411.36 were expended as follows:-

Description	Amount Expended Statement of Cash Flow US\$	Total G\$
<i>Component I:</i> Consultancy for developing strategy for Public Awareness	1,694.92	350,000
<i>Component II:</i> Consultancy for selection of sites for wind data collection	5,533.00	1,142,565
<i>Component IV:</i> Advertisements in media	10,125.68	2,090,952
Airfare & advances for trips to various regions	5,410.18	1,117,205
Fixed assets	1,070.70	221,100
Bank Charges	27.73	5,725
<i>Other Contribution (in-kind):</i> Salaries	72,549.15	14,981,399
Total	96,411.36	19,908,946

Management's Response

At the time of preparing the Annual Operations Plan it would have been difficult to determine beforehand the dollar value of any in-kind contribution.

Recommendation

The Audit Office recommends that management of the Program submit for audit examination, an approved revised Annual Operations Plan.

Finding

8. A contract for consultancy services was awarded by the National Procurement and Tender Administration Board (NPTAB) in August 2015 in the sum of US\$8,474. This contract required the consultant to present an Inception Report, Draft Strategy for Public Awareness Campaign and Submission of the final version of all documents. As at 31 December 2015, the consultant was paid an amount of US\$1,695 for services rendered. According to the contract, the completion date for the consultancy was 11 November 2015. A new completion date of 29 February 2016 was approved after an extension of time was granted by the Executing Agency and the IDB upon a written request from the consultant. It should be noted that no reason was stated for the extension of time. At the time of reporting in April 2016, the Program presented for audit scrutiny, only the Inception Report dated 11 February 2016. Additionally, the contractual agreement does not address penalties associated with default by the consultant.

Effect

The activities of the Program were delayed due to the consultant not fulfilling all contractual obligations.

Management's Response

The consultant was ill during the period and could not complete the tasks in time. As a result, she submitted a request for an extension which was granted.

Recommendation

The Audit Office recommends that management of the Program put systems in place to properly monitor the execution of all contracts.

Finding

9. In relation to the amount expended on consultancy services for the selection of sites for wind data collection and analysis, a contract in the sum of US\$55,330 was awarded in October 2015 by the NPTAB. According to the contract, the completion date for all reports is stated as 13 December 2016. An advance payment of 10% equivalent to US\$5,533 was made to the consultant as per contractual obligation. At the time of reporting in April 2016 a second report was submitted by the consultant and is awaiting approval by the IDB.

Finding

10. The sum of US\$10,126 was expended for advertisements in four national publications; seven advertisements during the period 15 July to 18 October 2015 for the procurement of consultancy services and thirty-six advertisements during the period 15 July to 30 September 2015 for the supply of wind measuring equipment. Documentation in support of the payments made was presented for audit examination and the amounts were properly brought to account in the records of the Program.

Finding

11. Included in the amount of US\$5,410 were five advances totalling US\$4,297 paid to three officers to conduct nine surveys for the assessment of the energy needs of secondary schools in Regions No. 1, 7 and 9. The advances were properly cleared by way of receipts presented for payments for subsistence, accommodation and transportation. However, it was observed that an advances register with pertinent information such as date of advance, advance number, amount, and payee, approved by, date cleared, and refunds, was not kept by the Program.

Effect

There was a lack of internal control with regards to the management of advances paid to employees.

Management's Response

When an advance is requested by a staff, a document is prepared by that person detailing the following:

- Name of staff
- Description of the activity for which an advance is requested for
- Length of time required to complete the activity
- Detailed amount of the advance

The document is signed prepared by the person requesting the advance, checked by the accountant and approved by the CEO. In addition, each party will include the date at the time of signing the document.

When the advance is cleared, the staff is required to prepare a detail spreadsheet giving full details of the expenditure and attaching the receipts to support same. The document is submitted to the accountant for scrutiny and signature and then approved by the CEO. Any funds returned are deposited on a timely basis into the Program's bank account.

In addition, the accountant keeps an electronic file of all the transactions.

In light of the above, Management feels that all internal controls are enforced as it relates to advances taken by staff. However, the recommendation of the auditor in this regard will be implemented.

Recommendation

The Audit Office recommends that the management of the Program implement an advance register to record all details of advances given to the staff of the Program.

Finding

12. During the period under review, a Hewlett Packard laptop computer and an external hard drive, valued at US\$906 and US\$165 respectively were purchased under the investment category, Program Management. The items were properly accounted for in the asset register and a physical verification exercise conducted revealed that they were marked with an asset identification number as the property of the Program.

Finding

13. The sum of US\$28 was expended for bank charges under the investment category Program Management. This amount represents the purchase of two cheque books and one deposit book. The books were numbered by the Accountant with an internal control number. However, a controlled forms register was not maintained by the Program.

Effect

Details of all controlled forms were not reflected in the records of the Program.

Management's Response

The Program has only two cheque books and one deposit book as verified by the auditors. These books are numbered for control purposes. The books are at all times locked in a cabinet for which only the Accountant and the CEO have the keys. However, the auditor's recommendation for a controlled form register will be implemented.

Recommendation

The Audit Office recommends that the management of the Program introduce and maintain a controlled forms register to record all cheques and deposits books.

Finding

14. In accordance with Section 2.02, of the Special Conditions to the Non-Reimbursable Financing Agreement, a Program Manager, Procurement Specialist, Financial Specialist, Electrical Engineer, and a Social-Environment Specialist were selected for the Program Implementation Unit (PIU). These officers, who were assigned by the Ministry to the Program, received the IDB's no objection and salaries totalling US\$72,549 were paid for the period under review. The expenditure was met from the GoG's in kind contribution to the Program. However, evidence to substantiate the amount paid as salaries to the officers was not provided for audit examination.

Effect

It could not be ascertained whether the amount paid to the officers were approved by the competent authority.

Management's Response

Staff that were already employed by the HECI and the then Ministry of Public Works were assigned to the Program. The salaries and other benefits of the Program's team were continued to be paid by the GoG and not by the Program. The salaries of the Program's team are used as Government's in-kind contribution to the Program.

Recommendation

The Audit Office recommends that the management of the Program present evidence to validate payments made to the officers.

Finding

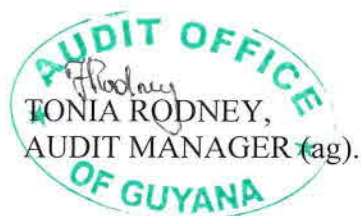
15. During the period under review, the Program received disbursements totalling US\$63,306.87 from the IDB. The Statement of Cumulative Investments reflected expenditure in the sum of US\$23,862.21. However, an amount of US\$14,389.73 was shown as expenditure on the LMS summary, resulting in a difference of US\$9,472.48. This difference represents expenses which are pending justification. As at 31 December 2015, the total cash available was reflected as US\$39,444.66 on the Statement of Cash Flow, while the LMS summary showed a balance of US\$48,917.14.

General

16. The Audit Office wishes to express its gratitude for the co-operation given to its officers during the course of the audit. In keeping with the Audit Office's policy, a reply is expected within thirty (30) days of receipt of this management letter.

With best regards.

Yours sincerely,

The stamp is circular with a green border. The words "AUDIT OFFICE" are written in a semi-circle at the top, and "OF GUYANA" is written in a semi-circle at the bottom. In the center, there is a handwritten signature in black ink that appears to read "T. Rodney". Below the signature, the text "TONIA RODNEY," and "AUDIT MANAGER (ag)." is printed in black capital letters.

TONIA RODNEY,
AUDIT MANAGER (ag).