



Audit Office of Guyana

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100/IADB: 71/1/2016

29 April 2016

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

Dear Ms. Louis-Grant,

AUDITED FINANCIAL STATEMENTS FOR THE
ROAD IMPROVEMENT AND REHABILITATION PROGRAM
LOAN AGREEMENT No 2215/BL-GY
FOR THE YEAR ENDED 31 DECEMBER 2015

I forward herewith one (1) copy of the audited financial statements for the above-mentioned Program for the year ended 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,


AUDREY BADLEY
AUDIT DIRECTOR (ag)

**AUDITED FINANCIAL STATEMENTS FOR THE
ROAD IMPROVEMENT AND REHABILITATION PROGRAM
LOAN AGREEMENT № 2215/BL-GY**

**FOR THE YEAR ENDED
31 DECEMBER 2015**

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

**AUDITED FINANCIAL STATEMENTS FOR THE
ROAD IMPROVEMENT AND REHABILITATION PROGRAM
LOAN AGREEMENT № 2215/BL-GY
FOR THE YEAR ENDED 31 DECEMBER 2015**

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AG: 24/2016-1

29 April 2016

REPORT OF THE AUDITOR GENERAL ON THE
STATEMENT OF CASH FLOW AND
THE STATEMENT OF CUMULATIVE INVESTMENTS
FOR THE ROAD IMPROVEMENT AND REHABILITATION PROGRAM
LOAN AGREEMENT № 2215/BL-GY
FOR THE YEAR ENDED 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 Road Improvement and Rehabilitation Program, executed by the Ministry of Public Infrastructure, and financed with funds from the Inter-American Development Bank Loan Agreement № 2215/BL-GY for the year ended 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: (International Public Sector Accounting Standards) 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 Road Improvement and Rehabilitation Program, for the year ended 31 December 2015, in accordance with the basis of accounting described in the paragraph above and the accounting policies described in Note 2.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

Ministry of Public Infrastructure

Road Improvement and Rehabilitation Program

IDB Loan # LO 2215/BL-GY

Statement of Cash Flow

For the year ended 31 December 2015

Expressed in US Dollars

	Year Ended 31 December 2015			Year Ended 31 December 2014		
	Inter-American Development Bank	Government of Guyana	Total	Inter-American Development Bank	Government of Guyana	Total
Cash Received						
Cumulative balance as at beginning of the period	3,045,255.46	187,369.40	3,232,624.86	742,990.37	0.00	742,990.37
Activity during the year						
Advance of Fund Disbursement	0.00		0.00	3,241,041.00	0.00	3,241,041.00
Revolving Fund Disbursement/Replenishments	0.00		0.00	0.00	0.00	0.00
Interest received net of charges	-1,230.49		-1,230.49	-2,678.42	0.00	-2,678.42
Exchange loss for the period			0.00	-1,065.19	0.00	-1,065.19
Counterpart Resources			0.00	650.00	187,369.40	188,019.40
Total cash received as at 31 December 2015	3,044,024.97	187,369.40	3,231,394.37	3,980,937.76	187,369.40	4,168,307.16
Activity during the year						
Expense Justification Request No.						
			0.00	220,943.79	0.00	220,943.79
59	277,583.00		277,583.00	153,083.53	0.00	153,083.53
60	329,465.17		329,465.17	188,510.41	0.00	188,510.41
61	904,805.86		904,805.86	187,445.81	0.00	187,445.81
	0.00		0.00	-16.45	0.00	-16.45
Pending Expense Reimbursement Request No. 62	598,812.56		598,812.56	195,563.39	0.00	195,563.39
Payments not yet submitted for justification	249,385.74		249,385.74			
Counterpart Expenditure			0.00	0.00	187,369.40	187,369.40
Charges & Exchange Losses Justified			0.00	-11,749.63	0.00	-11,749.63
Payment made from cheque deposited			0.00	1,901.45	0.00	1,901.45
Total Cash Disbursements as at 31 December 2015	2,360,052.33	0.00	2,360,052.33	935,682.30	187,369.40	1,123,051.70
Available Cash Balance as at 31 December 2015	683,972.64	187,369.40	871,342.04	3,045,255.46	0.00	3,045,255.46

CITIBANK

BOG

586,362.88

97,593.32

683,956.20

16.44

2,723,252.42

500,000.00

3,223,252.42

See Semi Annual Reconciliation

G. Vaughn
Co-ordinator
Works Services Group

MINISTRY OF PUBLIC INFRASTRUCTURE
WORKS SERVICES GROUP
CO-ORDINATOR

B. Balram
Permanent Secretary
Ministry of Public Infrastructure

PERMANENT SECRETARY
MINISTRY OF PUBLIC INFRASTRUCTURE

Ministry of Public Infrastructure
Road Improvement and Rehabilitation Program
IDB Loan # LO 2215/BL-GY
Statement of Cumulative Investments

Expressed in US Dollars

Investment Category		CUMULATIVE TO 31 DECEMBER 2014			CURRENT PERIOD JANUARY - DECEMBER 2015			CUMULATIVE TO 31 DECEMBER 2015		
		IDB	GOG	TOTAL	IDB	GOG	TOTAL	IDB	GOG	TOTAL
01.01.00	Improvement and Rehab. of East & West Canje Roads	9,134,515.50	0.00	9,134,515.50	0.00	0.00	0.00	9,134,515.50	0.00	9,134,515.50
02.00.00	Improvement & Rehab. of Main Roads	3,985,483.87	0.00	3,985,483.87	2,360,052.33	0.00	2,360,052.33	6,345,536.20	0.00	6,345,536.20
02.01.00	Sheriff Street - Mandela Avenue in Georgetown	1,380,173.87	0.00	0.00	0.00	0.00	0.00	1,380,173.87	0.00	1,380,173.87
02.02.00	Access Rd. to the International Airport from EBR.	1,628,171.35	0.00	1,628,171.35	0.00	0.00	0.00	1,628,171.35	0.00	1,628,171.35
02.03.00	Prioritized Interventions on EBR- Providence Cricket Stadium- Diamond/Grove.	977,138.65	0.00	977,138.65	2,360,052.33	0.00	2,360,052.33	3,337,190.98	0.00	3,337,190.98
03.00.00	Contingencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
04.00.00	Implementation Support	1,069,610.29		1,069,610.29	0.00	0.00	0.00	1,069,610.29	0.00	1,069,610.29
05.00.00	Financial Audit	11,749.63	0.00	11,749.63	0.00	0.00	0.00	11,749.63	0.00	11,749.63
	Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Credit Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		14,201,359.29	0.00	14,201,359.29	2,360,052.33	0.00	2,360,052.33	16,561,411.62	0.00	16,561,411.62

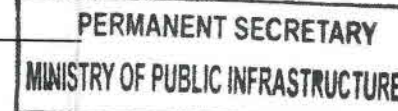
G. Vaughn
Co-ordinator

Works Services Group



B. Balram
Permanent Secretary

Ministry of Public Infrastructure



Ministry of Public Infrastructure

Road Improvement and Rehabilitation Program

IDB Loan # LO 2215/BL-GY

Notes to the cash received and disbursed and the cumulative investments statement

For the year ended 31 December 2015

1 Description of Program

The Government of Guyana entered into Loan Contract LO-2215/BL-GY with the Inter-American Development Bank for a loan of US \$24,800,000 (twenty four million eight hundred United States dollars) to support the Road Improvement and Rehabilitation Program.

The Program entails Improvement and rehabilitation of East and West Canje Roads, Sheriff Street - Mandela Avenue, Access Road to the International Airport from the East Bank Road and prioritized interventions on the East Bank Road between the Providence Cricket Stadium and the Diamond/Grove Urban area.

2 Significant Accounting Principles

Basis of Presentation

The Statement of Cash Flow has been prepared using the cash basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS). Cash basis accounting recognises transactions and acts only when the cash is received or disbursed, and not when they give rise to, accrue or originate rights or obligations although there was no cash movement.

Reporting Currency

The Program's accounting records are maintained in US dollars, in accordance with the IDB's requirements. In order to calculate the equivalent US dollars, the cash received in local currency in a specific commercial bank account, uses the rate of exchange prevailing at the date of the transaction.

3 Available Cash Balance

The available cash balance as of 31 December 2015, in the Program's bank accounts which included earned interest income and exchange rate earnings was:

	Amount US\$
Bank Account - 3626-5617	586,362.88
Bank Account - 0462700440009	97,593.32
Total	<u>683,956.20</u>

As at 31 December 2015 interest income earned and bank charges equated to US\$ 1.66 and US\$ 1,289.89 respectively.

4 Advances and Justifications

Advances Pending Justification

At 31 December 2015 the amount pending justification to the IDB amounted to US\$ 848,198.30 as outlined below:

Date of Payment	Supplier or Contractor Name	Amount US\$
4-May-15	Dipcon	135,659.05
6-Aug-15	GEML/Gaico	62,127.22
14-Sep-15	GBTI/V Dalip	55,779.27
14-Sep-15	GEML/Gaico	74,081.79
16-Oct-15	GEML/Gaico	90,250.61
24-Nov-15	GEML/Gaico	48,177.53
24-Nov-15	GEML/Gaico	132,737.09
14-Dec-15	GEML/Gaico	147,854.04
31-Dec-15	GEML/Gaico	89,727.78
31-Dec-15	Vevakanand Dalip	11,803.92
		848,198.30

5 Revolving Fund

(Reconciliation and Declaration of LMS and actual balance)

IDB - LMS	1,533,623.58
Amount paid not yet submitted	-848,198.30
	685,425.28

Available Balance

Bank Account - 3626-5617	586,362.88
Bank Account - 0462700440009	97,593.32
	683,956.20
Bank Charges	1,289.89
Interest	-1.66
Unpresented Cheque	0.00
	685,244.43

6 Advance of Funds

For the period there were no Advance of funds

7 Local Counterpart funds

The loan agreement does not provide for local counterpart funding.

8 Prior Periods Adjustments

There were no prior period adjustments for 2015

9 Procurement of Goods and Services

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

10 Investment Categories

An analysis of investment categories is as follows:

Particulars	Amount US\$
Improvement and Rehab. of East & West Canje Roads	0.00
Improvement & Rehab. of Main Roads	
Sheriff Street - Mandela Avenue in Georgetown	
Access Rd. to the International Airport from EBR.	
Prioritized Interventions on EBR- Providence Cricket Stadium- Diamond/Grove.	2,360,052.33
Implementation support	0.00
Financial Audit	0.00
Total	<u>2,360,052.33</u>

11 Disbursements Made

During the year ended 31 December 2015 there were five (5) disbursements as follows:

Justification

No.	Request No.	Date Received	Amount Requested	Amount Justified	Amount Recorded
1	58	16-Feb-15	195,563.38	195,563.38	
2	59	26-Mar-15	277,583.00	277,583.00	277,583.00
3	60	16-Apr-15	329,465.17	329,465.17	329,465.17
4	61	09-Sep-15	966,933.08	904,805.86	904,805.86
5	62	07-Dec-15	598,812.56		598,812.56
6					249,385.74
Total Replenishment			2,368,357.19	1,707,417.41	2,360,052.33

Direct Disbursement

There was no Direct Disbursement.

12 Reconciliation between the Statement of Cash Flow and the Statement of Cumulative Investments for the year ended 31 December 2015.

Particulars	Amount US\$		
	IDB	GOG	Total
Statement of Cumulative Investments	2,360,052.33	0.00	2,360,052.33
Statement of Cash Flow	2,360,052.33	0.00	2,360,052.33
Difference	0.00	0.00	0.00

Ministry of Public Infrastructure

Road Improvement and Rehabilitation Program

IDB Loan # LO 2215/BL-GY

Reconciliation of Statement of Cash Flow

& Statement of Cumulative Investments


For the year ended 31 December 2015

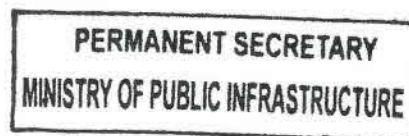
Expressed in US Dollars

Particulars	Inter-American Development Bank	Government of Guyana	Total
Disbursement as per Statement of Cumulative Investments	2,360,052.33	0.00	2,360,052.33
Disbursement as per Statement of Cash Flow	2,360,052.33	0.00	2,360,052.33
Difference	0.00	0.00	0.00


G. Vaughn
Co-ordinator
Works Services Group




B. Balram
Permanent Secretary
Ministry of Public Infrastructure



Ministry of Public Infrastructure

Road Improvement and Rehabilitation Program

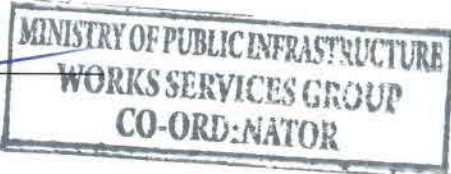
IDB Loan # LO 2215/BL-GY

Reconciliation of Statement of Cumulative Investments to LMS

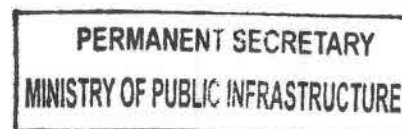
For the year ended 31 December 2015

	INVESTMENT CATEGORY	Expenditure Statement of Investments	Expenditure IDB LMS Statement	Difference Financial vs IDB LMS	Committed	Unjustified	Exchange Difference	Remarks
01.01.00	Improvement and Rehab. of East & West Canje Roads	9,134,515.50	9,134,515.25	0.25				
02.00.00	Improvement & Rehab. of Main Roads	6,345,536.20	5,497,338.03	848,198.17		848,198.30		
02.01.00	Sheriff Street - Mandela Avenue in Georgetown	1,380,173.87						
02.02.00	Access Rd. to the International Airport from EBR.	1,628,171.35						
02.03.00	Prioritized Interventions on EBR- Providence Cricket Stadium-Diamond/Grove.	3,337,190.98						
03.00.00	Contingencies	0.00		0.00				
04.00.00	Implementation Support	1,069,610.29	1,069,488.84	-121.45				
05.00.00	Financial Audit	11,749.63	11,749.63	0.00				
89.00.00	Revolving Fund	0.00		0.00				
	Total	16,561,411.62	15,713,091.75	848,076.97		848,198.30		

G. Vaughn
Co-ordinator
Works Services Group



B. Balram
Permanent Secretary
Ministry of Public Infrastructure



**RECONCILIATION OF BANK RESOURCES**

NAME OF EXECUTING AGENCY:

Work Services Group

Loan Contract or Technical Cooperation Agreement number:

2215/BL-GY

Request Number:

Date:

31-Dec-15

I	AVAILABLE BALANCE OF THE REVOLVING FUND OR ADVANCES (2)	683,956.20
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Detail	Amount	Exchange Rate	Amount in Project Currency
Available balance in the project currency account as of: 31 December.-2015 Bank: CITIBANK Account No.:3626 5617	586,362.88		586,362.88
Available balance in the local currency account as of: 31 December-2015 Bank: Bank of Guyana Account No.: 0162700440009	20,153,021.00	206.50	97,593.32

II	EXPENSES OR PAYMENTS PENDING JUSTIFICATION /3	848,198.30
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Expenses or payments pending justification in this request		a
Expenses or payments pending justification and not included in this request as per the project accounting records	848,198.30	

III	TOTAL OF REVOLVING FUND OR ADVANCES PENDING JUSTIFICATION (I+II)	1,532,154.50
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IV	BALANCE OF THE REVOLVING FUND OR ADVANCES AS PER IDB ACCOUNTING (LMS 1 REPORT)	1,533,623.58	b
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Percentage justified

0%


a/b

V	DIFFERENCES (IV-III) /4	1,469.08
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VI	IDENTIFICATION OF DIFFERENCES /4	
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Detail	Amount	Exchange Rate	Total Amount in Project Currency
Exchange differences			
Other differences			

We hereby certify that: a) the expenses specified in number II were made for the purposes set forth in the Contract/Agreement; and b) the documentation supporting the expenses made with resources from the Revolving Fund or Advances and pending justification is available for IDB inspection.


B. Balram - Permanent Secretary**PERMANENT SECRETARY**
MINISTRY OF PUBLIC INFRASTRUCTURE**Notes:**

- 1) Is the current account exclusively used for the Revolving Fund or Advances? YES
- 2) Attach a copy of bank account statements for the accounts in which the resources from the Revolving Fund or Advances are deposited, their corresponding reconciliations, and the available balance of the Local Counterpart, if using the same current account as the Revolving Fund or Advances.
- 3) Attach a list of expenses or payments made with resources from the Revolving Fund or Advances and pending justification.
- 4) In the event of a difference, attach a reconciliation and the relevant explanation.

LO - 2215/BL-GY - Road Improvement and Rehabilitation Program
Reconciliation of Difference as per Semi- Annual Report
For year ended 31 December 2015

	Difference		1,469.08
	<u>Net Interest</u>		
LESS:	Interest Earned	1.66	
	Bank Charges	<u>1,470.73</u>	<u>-1,469.07</u>
	Unreconciled Difference		<u>0.01</u>

Ministry of Public Infrastructure

Road Improvement and Rehabilitation Program

IDB Loan # LO 2215/BL-GY

Disbursements

For the year ended 31 December 2015

Expressed in US Dollars

To date there were five(5) disbursements, as follows:

Justification

No.	Request No.	Date Received	Amount Requested	Amount Justified	Amount Recorded
1	58	16-Feb-15	195,563.38	195,563.38	
2	59	26-Mar-15	277,583.00	277,583.00	277,583.00
3	60	16-Apr-15	329,465.17	329,465.17	329,465.17
4	61	09-Sep-15	966,933.08	904,805.86	904,805.86
5	62	07-Dec-15	598,812.56		598,812.56
6					249,385.74
Total Replenishment			2,368,357.19	1,707,417.41	2,360,052.33

ROAD IMPROVEMENT AND REHABILITATION PROGRAM
IDB LOAN NO. 2215/BL-GY
STATEMENT OF AVAILABLE BALANCE AS AT 31 December 2015

	INVESTMENT CATEGORY	BUDGET			CUMULATIVE TO 31 DECEMBER 2014			CURRENT PERIOD 2015			CUMULATIVE TO 31 DECEMBER 2015			AVAILABLE BALANCE		
		IDB	GOG	TOTAL	IDB	GOG	TOTAL	IDB	GOG	TOTAL	IDB	GOG	TOTAL	IDB	GOG	TOTAL
01.01.00	Improvement and Rehab. of East & West Canje Roads	11,000,000		11,000,000	9,134,515.50	0.00	9,134,515.50	0.00		0.00	9,134,515.50	0.00	9,134,515.50	1,865,484.50	0.00	1,865,484.50
02.00.00	Improvement & Rehab. of Main Roads	10,300,000		10,300,000	3,985,483.87	0.00	3,985,483.87	2,360,052.33	0.00	2,360,052.33	6,345,536.20	0.00	6,345,536.20	3,954,463.80	0.00	3,954,463.80
02.01.00	Sheriff Street - Mandela Avenue in Georgetown	1,380,174		1,380,174	1,380,173.87		1,380,173.87	0.00		0.00	1,380,173.87		1,380,173.87	0.00		0.00
02.02.00	Access Rd. to the International Airport from EBR.	2,000,000		2,000,000	1,628,171.35		1,628,171.35	0.00		0.00	1,628,171.35		1,628,171.35	371,828.65	0.00	371,828.65
02.03.00	Prioritized Interventions on EBR- Providence Cricket Stadium- Diamond/Grove.	6,919,826		6,919,826	977,138.65		977,138.65	2,360,052.33		2,360,052.33	3,337,190.98	0.00	3,337,190.98	3,582,635.15	0.00	3,582,635.15
03.00.00	Contingencies	2,000,000		2,000,000	0.00	0.00	0.00			0.00	0.00	0.00	0.00	2,000,000.00	0.00	2,000,000.00
04.00.00	Implementation Support	1,400,000		1,400,000	1,069,610.29	0.00	1,069,610.29	0.00		0.00	1,069,610.29	0.00	1,069,610.29	330,389.71	0.00	330,389.71
05.00.00	Financial Audit	100,000		100,000	11,749.63	0.00	11,749.63	0.00		0.00	11,749.63	0.00	11,749.63	88,250.37	0.00	88,250.37
	Total	24,800,000	0	24,800,000	14,201,359.29	0.00	14,201,359.29	2,360,052.33	0.00	2,360,052.33	16,561,411.62	0.00	16,561,411.62	8,238,588.38	0.00	8,238,588.38
	Percent	100%	0%	100%	57%	0%	57%	10%	0%	10%	67%	0%	67%	33%	0%	33%


G. Vaughn
Co-ordinator
Works Services Group

MINISTRY OF PUBLIC INFRASTRUCTURE
WORKS SERVICES GROUP
CO-ORDINATOR


B. Balram
Permanent Secretary
Ministry of Public Infrastructure

PERMANENT SECRETARY
MINISTRY OF PUBLIC INFRASTRUCTURE

Ministry of Public Infrastructure

Road Improvement and Rehabilitation Program

IDB Loan No. LO 2215/BL-GY

Budgeted & Actual Expenditure

For the year ended 31 December 2015

Expressed in US Dollars

	INVESTMENT CATEGORY	CURRENT BUDGET 2015			CURRENT EXPENDITURE 2015			BALANCE ON 2015 BUDGET		
		IDB	GOG	TOTAL	IDB	GOG	TOTAL	IDB	GOG	TOTAL
01.01.00	Improvement and Rehab. of East & West Canje Roads	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
02.00.00	Improvement & Rehab. of Main Roads	2,332,571.43		2,332,571.43	2,360,052.33	0.00	2,360,052.33	-27,480.90	0.00	-27,480.90
02.01.00	Sheriff Street - Mandela Avenue in Georgetown	0.00		0.00	0.00	0.00	0.00	0.00		0.00
02.02.00	Access Rd. to the International Airport from EBR.	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
02.03.00	Prioritized Interventions on EBR- Providence Cricket Stadium-Diamond/Grove.	2,332,571.43		2,332,571.43	2,360,052.33	0.00	2,360,052.33	-27,480.90	0.00	-27,480.90
03.00.00	Contingencies			0.00	0.00	0.00	0.00	0.00	0.00	0.00
04.00.00	Implementation Support			0.00	0.00	0.00	0.00	0.00	0.00	0.00
05.00.00	Financial Audit			0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Interest				0.00	0.00	0.00			
	Credit Fees				0.00	0.00	0.00			
	Total	2,332,571.43	0	2,332,571.43	2,360,052.33	0.00	2,360,052.33	-27,480.90	0.00	-27,480.90
	Percent	1.00			101%		101%	-1%		-1%

G.Vaughn
Co-ordinator
Works Services Group

MINISTRY OF PUBLIC INFRASTRUCTURE
WORKS SERVICES GROUP
CO-ORDINATOR

PERMANENT SECRETARY
MINISTRY OF PUBLIC INFRASTRUCTURE

B. Balram
Permanent Secretary
Ministry of Public Infrastructure

Road Improvement and Rehabilitation Program

IDB Loan # LO 2215/BL-GY

Interest and Charges

For the period 01 Nov, 2014 to 31 Dec, 2015

Interest Earned			
Months	2014	2015	Total
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER	1.66		
TOTAL	1.66	0.00	1.66

Bank Charges			
Months	2014	2015	Total
JANUARY		151.40	151.40
FEBRUARY		29.47	29.47
MARCH		42.38	42.38
APRIL		34.48	34.48
MAY		71.25	71.25
JUNE		71.78	71.78
JULY		70.25	70.25
AUGUST		139.31	139.31
SEPTEMBER		145.64	145.64
OCTOBER		148.03	148.03
NOVEMBER	26.75	145.66	172.41
DECEMBER	213.49	180.84	394.33
TOTAL	240.24	1,230.49	1,470.73

Period Ending 31/12/2014			
Bank charges	240.24	1,230.49	1,470.73
Interest	1.66	0.00	1.66
TOTAL NET INTEREST	-238.58	-1,230.49	-1,469.07



Audit Office of Guyana

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AG: 24/2016-2

29 April 2016

REPORT OF THE AUDITOR GENERAL
ON THE SYSTEM OF INTERNAL CONTROL FOR THE
ROAD IMPROVEMENT AND REHABILITATION PROGRAM
LOAN AGREEMENT № 2215/BL-GY
FOR THE YEAR ENDED 31 DECEMBER 2015

I have audited the accompanying Statement of Cash Flow for the year ended 31 December 2015 and the Statement of Cumulative Investments as of 31 December 2015 for the Road Improvement and Rehabilitation Program financed by the Inter-American Development Bank under Loan Agreement № 2215/BL-GY, 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 Road Improvement and Rehabilitation Program 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 year ended 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 № 154/IADB: 71/1/2016 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 Road Improvement and Rehabilitation Program to record, process, summarize, and report financial data consistent with assertions of management in the Statement of Cash Flow and 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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154/IADB: 71/1/2016

29 April 2016

Mr. Balraj Balram
Permanent Secretary
Ministry of Public Infrastructure
Wight's Lane
Kingston.

Dear Mr. Balram,

AUDITED FINANCIAL STATEMENTS FOR THE
ROAD IMPROVEMENT AND REHABILITATION PROGRAM
LOAN AGREEMENT No 2215/BL-GY
FOR THE YEAR ENDED 31 DECEMBER 2015

The financial statements for the Road Improvement and Rehabilitation Program for the year ended 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) and the International Organization of Supreme Audit Institutions (INTOSAI) and specific requirements of the Inter-American Development Bank (IDB).

2. The audit planning and execution took into account the internal control structure which was utilized 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 is comprised of three sections. Section I highlights the findings and recommendations relating to the existing systems and procedures noted in the current year. The findings arising from the physical verification of the works undertaken during the period under review will be forwarded in a separate report. Section II shows prior year recommendations which have not been implemented while Section III highlights prior year recommendations which have been implemented by the Program.

Section I

Finding

4. On the 21 March 2010, Government of Guyana (GoG) and the Inter-American Development Bank (IDB) signed an agreement where the IDB agreed to provide a loan of US\$24.8M to support the Road Improvement and Rehabilitation Program. The aim of the Program is to support the GoG's effort to improve and rehabilitate the East and West Canje Roads, the Sheriff Street-Mandela Avenue, Access Road to the International Airport from the East Bank and prioritized interventions on the East Bank Road between the Providence Cricket Stadium and the Diamond/Grove Urban Area. The period of final disbursement of the resources was scheduled to expire five years from the effective date of the agreement. At the time of expiration, the Program had expended the sum of US\$16.561M or 66.78% of the loan resources. The activities under the Program continued beyond the final date of disbursement and there was no evidence that approval was granted to extend the activities beyond 20 March 2015. Therefore, an amount of US\$2.360M expended during the period 21 March 2015 to 31 December 2015 is deemed as unauthorised expenditure.

Management's Response

The agreement under review was extended to 21 March, 2017 by the Inter-American Development Bank (IDB). The no objection was issued to the Ministry of Finance and we are awaiting a copy.

Recommendation

The Audit Office recommends that management of the Program submit a copy of the extension for audit examination.

Finding

5. An examination of the 2015 Annual Operations Plan revealed that the estimated budgetary requirement from the resources of the loan was reflected as US\$4.950M under the expenditure categories of Improvement and Rehabilitation of Main Roads and Implementation Support. However, the budgeted allocation of US\$2.333M as reflected in the Estimates of Expenditure was allocated only under the category of Improvement and Rehabilitation of Main Roads. Amounts totalling US\$2.360M were expended as follows:-

Description	Amount US\$
Concrete drains – Lot 1 – B	1,306,675
Concrete drains – Lot 1 – C	669,573
Concrete drains – Lot 1 - A	135,659
Relocation of aerial lines and poles	171,119
Cleaning of highway ditch	50,980
Installation of water distribution main	26,046
Total	2,360,052

Management's Response

The 2015 Budgeted Estimates differ from the Annual Operations Plan as a result of the final amount allocated to the Ministry.

Finding

6. Three contracts totalling US\$2.258M were awarded for the construction of reinforced concrete drains from Providence to Prospect on the East Bank Demerara. In relation to works undertaken under Lot 1 – B, the contract was awarded on 3 March 2015 in the sum of US\$1.388M. The works which commenced on 24 March 2015 were expected to be completed on 20 September 2015, that is, 180 days from the notice of commencement. The works remained incomplete at this date and there was no evidence that approval was granted to continue the works beyond 20 September 2015. As at 31 December 2015, amounts totalling US\$1.307M were paid to the contractor. Subsequent to the issuance of the first management letter, IDB's no objection to extend the duration of the contract to 16 December 2015 was provided for audit examination on 26 April 2016.

Management's Response

IDB's no objection to Draft Addendum 1 for the extension of the concrete drains contract to December 16, 2015 has been submitted to the National Procurement and Tender Administration Board for approval.

Recommendation

The Audit Office recommends that management of the Program provide the necessary approval for audit scrutiny.

Finding

7. As it relates to the works undertaken under Lot 1 – C, a contract was awarded on 3 March 2015 in the sum of US\$735,037. The works which commenced on 2 April 2015 were expected to be completed on 29 September 2015, that is, 180 days from the notice of commencement. The contractor was paid amounts totalling US\$669,573 for works completed.

Finding

8. A contract was awarded on 4 April 2015 in the sum of US\$699,922 to the lone responsive bidder for the works undertaken under Lot 1 – A. The works which commenced on 28 April 2015 were expected to be completed on 27 July 2015, that is, 90 days from the notice of commencement. The contractor was paid a mobilisation advance of US\$135,659 on 4 May 2015. At the time of reporting in April 2016, the works remained incomplete and there was no evidence that approval was granted to extend the works beyond 27 July 2015.

Management's Response

The contract for Lot 1 A was terminated following an amicable settlement between the Project and the contractor.

Finding

9. In February 2014, a contract in the sum of US\$207,944 was awarded for the relocation of aerial cables and poles along the East Bank Demerara Public Road between Providence and Diamond. There was an approved variation of US\$342,238 which increased the contract sum to US\$550,182. The works comprising of three Lots, commenced on 6 March 2014 and were scheduled to be completed in August 2014. However, the contractor failed to achieve this deadline and approval was granted in December 2014 for the works to be completed in February 2015. According to the records of the Program, amounts totalling US\$378,560 were paid to the contractor as at 31 December 2014. Physical verification of the works in March 2015 revealed that works under Lots 2 and 3 were complete while works were ongoing under Lot 1. At the time of the verification, no further extensions of time were granted to the contractor. In 2015, sums totalling US\$171,119 were paid to the contractor which increased payments under the contract to US\$549,679.

Management's Response

This finding is duly noted; however works were completed and certified prior to final payment.

Finding

10. A contract was awarded on 16 December 2014 in the sum of US\$56,695 for the cleaning of highway ditch from Providence to Diamond. The works, which commenced on 12 March 2015, were scheduled to be completed on 12 June 2015. The contractor was paid sums totalling US\$50,980 during the period 13 May 2015 to 30 December 2015. There was no evidence that approval was granted to extend the life of the contract beyond 12 June 2015.

Finding

11. The Ministry of Public Works and the Guyana Water Inc. signed a Memorandum of Understanding (MOU) in September 2012 for the relocation of water mains along the East Bank Demerara Public Road, Providence to Diamond. According to the MOU, the contract price of US\$685,435 represented the relocation of water mains in Lots 1 to 3, the supply of materials and the supervision of construction works. The MOU also stated that the agreement would be in effect until the works are deemed completed. According to the records of the Program, the contractor was paid amounts totalling US\$598,579 at the end of 2014. Physical verification conducted in March 2015 revealed that the works under Lots 2 and 3 were complete while relocation works under Lot 1 remained incomplete due to delays encountered with construction of roads under the East Bank Demerara Four Lane Extension Project. During the period under review, amounts totalling US\$26,046 were paid to the contractor which increased the payments under the contract to US\$624,625.

Finding

12. A contract was awarded in 2011 for the sum of US\$3.039M to enable the construction of a New Access Road to Timahri International Airport. The works under the contract were scheduled to be completed on 29 June 2012. The contractor failed to achieve this deadline and the works continued beyond this date. However, no approved extensions to facilitate the completion of the outstanding works were produced for audit examination. As at 31 December 2014, amounts totalling US\$2.835M were paid to the contractor from funds provided by the GoG and this amount was reflected on the financial statements. During the period under review, sums totalling US\$171,668 were paid by the GoG but this amount along with accumulate payments of US\$2.835M were not reflected on the financial statements since the GoG did not commit an amount towards the activities of the Program.

Management's Response

The Loan № 2215 BL-GY has no provision for local counterpart as such IDB advised not to include in financials.

Finding

13. As stated above, the GoG did not commit an amount towards the activities of the Program. During the period under review, amounts totalling US\$267,671 were paid as Interest and Credit Fees by the GoG. The amounts paid were supported by adequate documentation. However, the amount was not reflected on the financial statements.

Effect

The amount expended according to the financial statements was understated for the year.

Management's Response

Credit fees are paid by Ministry of Finance. Loan № 2215/BL-GY has no provision for local counterpart as such IDB advises not to include in financials.

Finding

14. According to the records of the Program, 10 payments totalling US\$848,198 are pending justification by the IDB. An analysis of the payments revealed that seven of the payments for amounts totalling US\$598,813 were made during the period 4 May 2015 to 24 November 2015. It is unclear as to the reason for the delay in justifying the payments.

Section II

Finding

15. My previous reports highlighted the fact that vehicle PKK 931 first owned by the contractor responsible for supervising the rehabilitation of the East and West Canje Roads, was transferred to the Ministry of Public Works on 1 December 2010. Since a valuation report of the said vehicle was not produced for audit examination, it could not be ascertained whether the value of the vehicle was equivalent to US\$35,000. The reports also stated that Citizens Bank Guyana Inc. had a lien on the vehicle which was mortgaged to the Bank on 10 September 2008. It was recommended that Management determine from the Bank, the status of the vehicle, with a view to recovering all amounts overpaid to the contractor. At the time of reporting in April 2016, the position remained the same.

Effect

It still could not be determined whether value was received for the amount expended to acquire vehicle PKK 931.

Management's Response

This finding is duly noted by management of the Program.

Section III

Finding

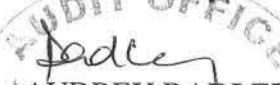
16. My previous report recommended that the practical completion certificate for the rehabilitation of the East and West Canje Roads be presented for audit examination since the works were completed and the contractor was paid amounts totalling US\$9.133M, from a revised contract sum of US\$9.512M. At the time of reporting in April 2016, the certificate was presented for audit examination.

General

17. 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 on receipt of this management letter.

With best regards.

Yours sincerely,


★ AUDREY BADLEY
AUDIT DIRECTOR (ag)

(Circular stamp: AUDIT OFFICE OF GUYANA)