

## Technical Cooperation Abstract

### I. BASIC INFORMATION

Country/Region:	Guyana/CCB
TC Name:	Institutional Strengthening of the Audit Office of Guyana Phase 4
TC Number:	GY-T1111
Team Leader/Members:	Team Leader: Mariko Russell (ICS/CSU); Alternate Team Leader: Francisco Javier Urrea (ICS/CBR), Team members: Melissa Gonzalez (IFD/ICS); Emilie Chapuis (FMP/CGY); Paula Louis-Grant (FMP/CGY); Naveen Jainauth-Umrao (FMP/CGY), Clevern Liddell (CCB/CGY) and TBD (LEG/SGO)
Taxonomy	Client support
Reference Request: (IDB docs #)	<a href="#">IDBDOCS-#39074901</a>
Date of TC Abstract:	September 25, 2014
Beneficiary:	The Cooperative Republic of Guyana through the Audit Office of Guyana (AOG)
Executing Agency and contact name	AOG, Deodat Sharma (Auditor General)
IDB Funding Requested:	US\$488,073.- from SFO Small and Vulnerable Country Fund
Local counterpart funding:	N/A
Disbursement period (which includes execution period):	24 months for execution 30 months for disbursements
Required start date:	January 2015
Types of consultants	Individuals and firms
Prepared by Unit:	IFD/ICS
Unit of Disbursement Responsibility:	CGY
Included in Country Strategy (y/n);	Yes;
TC included in CPD (y/n):	No
GCI-9 Sector Priority:	Yes

### II. OBJECTIVES AND JUSTIFICATION

- 2.1 **The general objective** of this Technical Cooperation (TC) is to continue to support the process of modernization and strengthening of the Audit Office of Guyana (AOG) to stabilize the transition into an independent and more effective national audit office which is in progress, as mandated by the 2001 constitutional amendment to improve public accountability. **Specific objectives** are to: i) enhance the efficiency of its auditing processes; ii) institutionalizing best practices, knowledge and skills for sustainable operations; and iii) raise the institution's visibility to ensure the collaboration from strategically selected stakeholders.
- 2.2 The 2001 constitutional amendment established a mandate for greater institutional autonomy of the AOG, parliamentary oversight, independent budget and direct reporting to the Legislature. This amendment led to the enactment of the Audit Act 2004 (the Act), which made the Audit Office semi-autonomous<sup>1</sup> and places it under the general supervision of the Public Accounts Committee (PAC) of the Parliament. The Act specifies the duties and powers of the Auditor General in relation to central government agencies and other entities in which the State has a controlling interest. The AOG is the Supreme Audit Institution (SAI) of Guyana and a member of the International Organization of Supreme Audit Institutions (INTOSAI)<sup>2</sup> and also of its regional working group, the Caribbean Organization of Supreme Audit Institutions.

<sup>1</sup> Its budget is allocated by the Ministry of Finance, and hence semi-autonomous.

<sup>2</sup> INTOSAI, founded in 1953, with 192 full members and 5 associated members, operates as an umbrella organization for the external government audit community, and is an autonomous, independent and non-political organization. It is a non-governmental organization with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations. It provides an institutionalized framework for supreme audit institutions to promote development and transfer of

- 2.3 The Bank has been collaborating with the AOG since the enactment of the Act through three TC operations, all of which were executed with satisfactory results<sup>3</sup>. The first, approved in 2002<sup>4</sup> helped the AOG set a base for becoming an independent national audit office through modernizing its organization and human resource management and defining new procedures and technical standards. The second TC, which was approved in 2006<sup>5</sup>, supported the AOG to implement its first three year strategic development plan, mainly contributing to improving its organizational and technical aspects. The third and the latest, which was approved in 2011<sup>6</sup>, continued to support the expansion of the AOG's knowledge base by identifying areas for improvement in sustainable human resource development practices, training the staff in different technical areas and equipping its sub-offices in the regions with computer hardware.
- 2.4 Despite the progresses made by the Government of Guyana (GoG) in the area of government audit, there are still limitations if the AOG is to complete its adequate transition into an independent national audit office. The limitations are grouped into the following categories: i) efficacy and efficiency in the audit process is not at the desired level; ii) professional knowledge necessary for its functions are not fully institutionalized or standardized according to international practices; and iii) collaboration needed from stakeholders in performing audits, particularly in the communities in the interior, is not adequately provided. Furthermore, one of the expected outcomes of the Bank's Country Strategy with Guyana 2012-2016 is to increase the AOG's capacity to audit the Bank's sovereign guarantee portfolio. To make further improvements in these key areas, continued strengthening of the institution is essential.

### III. DESCRIPTION OF ACTIVITIES/COMPONENTS AND BUDGET

- 3.1 The TC proposes to achieve the objectives through the following activities:
- 3.2 **Component I – Improving efficiency through enhanced information technology.** The objective of this component is to improve AOG's operational efficacy and efficiency through the use of applied information technology for audit business, with a special emphasis on reducing document retrieval time, and eliminating stored paper that creates a fire hazard. To achieve this objective, the following activities will be carried out: i) the development of audit management software which will cover the entire audit process, including: planning, execution, review, and reporting; and ii) commence a transition from the paper-based archive system to an electronic records management system; and iii) provide the staff with the capacities to properly utilize the integrated audit management system.
- 3.3 **Component II – Institutionalizing and standardizing knowledge and skills.** The objective of this component is to strengthen technical capacities of the staff of the AOG in the specific areas identified, including compliance with the international standards. To achieve this objective, the following activities will be carried out: i) training of all levels of staff in the use of standardized audit language with the aim of producing higher quality reports; ii) training of the Forensic Audit Unit staff in fraud detection and investigation; iii) training in information technology audits; iv) capacity building in the area of performance audits; v) training in procurement audit; vi) conduct gap analysis between current practices and those in compliance with International Standards of Supreme Audit Institutions (ISSAIs), and take actions to resolve areas of non-compliance.

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knowledge, improve government auditing worldwide and enhance professional capacities, standing and influence of member SAIs in their respective countries.

<sup>3</sup> The third phase is still at the final stage of its execution and yet to be evaluated; however, the Bank's recent meeting with the AOG (September 2014) indicated satisfactory performance of the project.

<sup>4</sup> ATN/SF-8184-GY "Institutional Strengthening of the Office of the Auditor General"

<sup>5</sup> ATN/SF-10200-GY, "Support for the Implementation of the Strategic Plan of the Audit Office"

<sup>6</sup> ATN/OC-12979-GY, "Institutional Strengthening of the Audit Office of Guyana Phase 3"

- 3.4 **Component III – Improvement of the AOG’s engagement with stakeholders.** The objective of this component is to raise awareness about the roles and functions of the AOG among some strategically selected stakeholders so that necessary collaboration will be provided to the work AOG performs. Emphasis will be placed on promoting proper understanding among the stakeholders about the value of audit work for the country as a whole. Targeted stakeholders include communities in the interior, non-profit organizations, private sector associations and the media. To achieve this objective, the following activities will be carried out: outreach workshops will be designed and held to raise awareness about the work performed by the AOG and what is expected from the stakeholders. In the design and implementation of the workshops, representatives of the AOG, relevant government agencies and civil society organizations (including local communities) will participate.
- 3.5 The project is expected to be implemented over a 24-month period. The indicative budget of the TC is shown in the table below:

Component	Component objective	Budget for item US\$
Comp. I.	Improving efficiency through enhanced information technology.	US\$300,000
Comp. II.	Institutionalizing and standardizing knowledge and skills	US\$87,000
Component III.	Improvement of the AOG’s engagement with stakeholders.	US\$39,000
Evaluation, audit, contingencies		US\$30,073
Administration costs		US\$32,000
<b>Total Cost</b>		<b>US\$488,073</b>

#### IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 4.1 The AOG will be the executing agency (EA) of this TC. AOG has the capacities and experiences necessary for the execution of the project, having worked as the EA of the previous phases of the modernization of the Audit Office with satisfactory results. For this purpose, a Project Execution Unit (PEU) of the phase 3 TC will continue to function for this operation. The PEU will be under the direct supervision of the Auditor General of the country and comprises of the staff of the AOG. In order to assure smooth execution of the project, the PEU will be responsible for the communication with the Bank, hiring of consultants and procurement of goods and services. As condition prior to the first disbursement of the TC, the Government of Guyana will provide the Bank with evidence that a PEU has been established and the personnel that comprise the PEU has been assigned.

#### V. RISKS

- 5.1 In Guyana not all goods and services required for the execution of the project are readily available due to the limited number of suppliers, which can lead to delays in the procurement process. To mitigate this risk, the PEU will start its procurement process with sufficient lead time for each procurement process. Furthermore, historically pre-election time<sup>7</sup> is characterized by delays in usual activities of public agencies due to additional activities added to the staff workload. To mitigate this risk the PEU and Bank will remain in close communication so that submission of necessary documents and granting of the Bank’s non-objection can be processed in an expedited manner.

#### VI. EXCEPTIONS TO BANK POLICY

- 6.1 No exceptions to Bank policy are envisioned.

<sup>7</sup> Guyana’s next general election is scheduled for 2016, which makes the majority of the execution period of this TC pre-election.

**VII. ENVIRONMENTAL AND SOCIAL STRATEGY**

- 7.1 According to the Environment and Safeguards Compliance Policy (OP-703), the TC has been classified as category C. No potential negative environmental and/or social impacts of the TC were identified and therefore no mitigation strategy is required to address any impact. See [IDBDOCS-#39074945](#) and [IDBDOCS-#39074943](#).