

**AUDITED FINANCIAL STATEMENTS FOR THE
ROAD NETWORK UPGRADE AND EXPANSION PROGRAM
LOAN AGREEMENT № 2741/BL-GY**

**FOR THE PERIOD
15 MARCH 2013 TO 31 DECEMBER 2014**

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

**AUDITED FINANCIAL STATEMENTS FOR THE
ROAD NETWORK UPGRADE AND EXPANSION PROGRAM
LOAN AGREEMENT No. 2741/BL-GY
FOR THE PERIOD 15 MARCH 2013 TO 31 DECEMBER 2014**

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AG: 36 /2015-1

29 April 2015

REPORT OF THE AUDITOR GENERAL ON THE
STATEMENT OF CASH FLOW AND
THE STATEMENT OF CUMULATIVE INVESTMENTS
FOR THE ROAD NETWORK UPGRADE AND EXPANSION PROGRAM
LOAN AGREEMENT № 2741/BL-GY
FOR THE PERIOD 15 MARCH 2013 TO 31 DECEMBER 2014

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 Network Upgrade and Expansion Program, executed by the Ministry of Public Works, and financed with funds from the Inter-American Development Bank Loan Agreement № 2741/BL-GY, and local counterpart funds from the Government of Guyana for the period 15 March 2013 to 31 December 2014. 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 Network Upgrade and Expansion Program, for the period 15 March 2013 to 31 December 2014, 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 Works
Road Network Upgrade & Expansion Program
IDB Loan No. LO-2741 /BL-GY
Statement of Cash Flow
For the period 15 March 2013 - 31 December 2014

Expressed in US Dollars

	Period 15 March 2013 - 31 December 2014		
	IDB	GOG	Total
Cash Received			
Cumulative balance as at beginning of period	0.00	0.00	0.00
Activity during the period			
<u>Advance of Fund Disbursement</u>			
Disbursement No. 1	5,810,000.00	0.00	5,810,000.00
Revolving Fund Disbursements/Replenishments			0.00
Charges	-11,548.00	0.00	-11,548.00
Exchange loss for the period	-1,447.20	0.00	-1,447.20
Counterpart Resources	0.00	0.00	0.00
Total cash received as of 31 December 2014	5,797,004.80	0.00	5,797,004.80
Disbursements Made			
Cumulative balance as at beginning of period			
Activity during the period			
<u>Expense Justification Request No.</u>			
Disbursement No. 2	160,312.12	0.00	160,312.12
Pending Expense Disbursement Request No. 3	195,148.21	0.00	195,148.21
Total Cash Disbursements as of 31 December 2014	355,460.33	0.00	355,460.33
Available Cash Balance as of 31 December 2014	5,441,544.47	0.00	5,441,544.47

The accompanying notes are an integral part of the financial statements

		USS
CITI		5,346,360.00
B.O.G	19,656,760.00	95,190.12
		<u>5,441,550.12</u>
Unreconcile Difference		5.65


.....
G. Vaughn
Co-ordinator
Works Services Group

MINISTRY OF PUBLIC WORKS
WORKS SERVICES GROUP
CO-ORDINATOR


.....
B. Balram
Permanent Secretary
Ministry of Public Works
PERMANENT SECRETARY
Ministry of Public Works
Signature: _____

Ministry of Public Works

Road Network Upgrade & Expansion Program

IDB Loan No. LO-2741 /BL-GY

Reconciliation of Statement of Cash Flow

and Statement of Cumulative Investment for the Period 15 March 2013 - 31 December 2014

Expressed in US Dollars

Particulars	American Development Bank	Government of Guyana	Total
Disbursement as per Statement of Cumulative Investments	355,473.30	135,992.57	491,465.87
Disbursements as per Statement of Cash Flow	355,460.33	0.00	355,460.33
Difference	12.97	135,992.57	136,005.54
Reconciliation			
Direct Disbursements	0.00	0.00	0.00
Amount incorrectly Justified twice	10.69	0.00	10.69
Finance cost	0.00	135,992.57	135,992.57
Total	10.69	135,992.57	136,003.26
<i>Difference</i>	2.28	0.00	2.28

G. Vaughn

Co-ordinator

Works Services Group

B. Balram

Permanent Secretary

Ministry of Public Works

PERMANENT SECRETARY
Ministry of Public Works
Signature: _____

WORKS SERVICES GROUP
CO-ORDINATOR

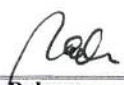
Ministry of Public Works
Road Network Upgrade & Expansion Program
IDB Loan No. LO-2741/BL-GY
Statement of Cumulative Investment for the Period 15 March 2013 - 31 December 2014

Expressed in US dollars

INVESTMENT COMPONENTS		Current Period 15 March 2013 - 31 December 2014		
		IDB	GOG	Total
01.00.00	Civil Works	0.00	0.00	0.00
01.01.00	Civil Works - Sheriff Street - Mandela Avenue Road	0.00	0.00	0.00
01.02.00	Other Civil Works Projects	0.00	0.00	0.00
02.00.00	Studies	216,745.00	0.00	216,745.00
03.00.00	Sustainable Urban Transport and Road Safety	0.00	0.00	0.00
03.01.00	Urban Transport	0.00	0.00	0.00
03.02.00	Road Safety Diagnostic and Action Plan	0.00	0.00	0.00
03.03.00	Road Safety Awareness Campaign	0.00	0.00	0.00
04.00.00	Implementation support and Institutional Strengthening	138,728.30	0.00	138,728.30
04.01.00	Implementation Support - Construction Supervision	0.00	0.00	0.00
04.02.00	Implementation Support - Institutional Strengthening	138,728.30	0.00	138,728.30
05.00.00	Routine Maintenance Management System	0.00	0.00	0.00
06.00.00	Audit, Monitoring and Evaluation	0.00	0.00	0.00
	Interest	0.00	30,522.40	30,522.40
	Credit Fees	0.00	105,470.17	105,470.17
		355,473.30	135,992.57	491,465.87
	Percentage	2%	7%	2%


G. Vaughn
 Co-ordinator
 Works Services Group

MINISTRY OF PUBLIC WORKS
WORKS SERVICES GROUP
CO-ORDINATOR


B. Batram
 Financial Secretary
 Ministry of Public Works
 Signature: _____

Ministry of Public Works

Road Network Upgrade & Expansion Program

IDB Loan No. LO-2741/BL-GY

Notes to the Cash Flow and the Cumulative Investments Statements

1 Description of Project

The Government of Guyana entered into Loan Contract LO – 2741-BL/GY with the Inter-American Development Bank for a loan of US \$69,200,000 to enhance mobility and safety by reducing vehicle operating cost travel times and road fatalities.

The specific objectives of the Program are to: (i) rehabilitate, improve, expand and construct roads, streets, sidewalks and bikeways; (ii) improve the road safety; (iii) strengthen the institutional capacity of the Executing Agency; and (iv) provide for the maintenance of the roads.

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 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 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 for cash paid in local currency, a rate of exchange prevailing at the date of the transaction from the central bank is used.

3 Available Cash Balance

The available cash balance as of 31 December 2014, in the Program's bank accounts which included earned interest income and exchange rate earnings was:

		<u>Amount, US\$</u>
Bank Account	Citibank Account - 1901 - 2 - 80133	5,346,360.00
Bank Account	Bank of Guyana Account - 0162700440012	<u>95,190.12</u>
Total		<u>5,441,550.12</u>

During the period, bank charges equated to US\$ 11,548.00.

4 Advances Pending Justification

As at 31 December 2014 the amount pending justification to the IDB amounted to US\$ 195,148.21.

5 Advances and Justifications

Advance of Funds

For the period there was one (1) Advance of funds as follows:

Request No.	Date Received	Amount Requested
1	18-Dec-13	5,810,000.00
		<u>5,810,000.00</u>

6 Advance of Fund .

(Reconciliation and Declaration of LMS and actual balance)

IDB - LMS	5,649,687.88
Amount paid not yet submitted	<u>195,148.21</u>
	<u>5,454,539.67</u>
Available Balance	
Citibank Account - 1901 - 2 - 80133	5,346,360.00
Bank of Guyana Account - 0162700440012	<u>95,190.12</u>
	<u>5,441,550.12</u>
Bank charges	11,548.00
Exchange Loss	<u>1,447.20</u>
	<u>5,454,545.32</u>
Unreconcile difference	<u><u>-5.65</u></u>

7 Local Counterpart funds

The Government of Guyana has committed to contribute a sum of US\$ 3,000,000.00. As at 31 December 2014 no contributions were made.

8 Prior Periods Adjustments

There were no adjustments.

9 Procurement of Goods and Services

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

10 Investment Categories

Amount, US\$

Civil Works	-
Studies	216,745.00
Sustainable Urban Transport and Road Safety	0.00
Implementation Support and Institutional Strengthening	138,728.30
Routine Maintenance Management System	0.00
Audit, Monitoring and Evaluation	<u>0.00</u>
Total	<u><u>355,473.30</u></u>

11 Disbursements Made

To date there were two (2) disbursements, as follows:

Advance of Funds

No.	Request No.	Date Received	Amount Requested	Amount Disbursed	Amount Recorded
1	1	18-Dec-13	5,810,000.00	5,810,000.00	5,810,000.00
Sub Total			5,810,000.00	5,810,000.00	5,810,000.00

Justification of Advance of Funds

No.	Request No.	Date	Justified	Amount Requested	Amount Disbursed	Amount Recorded
1	2	4-Dec-14		160,312.12	160,312.12	160,312.12
				160,312.12	160,312.12	160,312.12

12 Reconciliation between the Statement of Cash Flow and the Statement of Cumulative Investments for the period ending 31 December 2014

Particulars	Amount. US\$		
	IDB	GOG	Total
Statement of Cumulative Investments	355,473.30	135,992.57	491,465.87
Statement of Cash Flow	355,460.33	0.00	355,460.33
Difference	12.97	135,992.57	136,005.54
Reconciliation of difference			
Amount incorrectly Justified twice	10.69	0.00	10.69
Finance Cost	0.00	135,992.57	135,992.57
Total	10.69	135,992.57	136,003.26

Ministry of Public Works
Road Network Upgrade & Expansion Program
IDB Loan No. LO-2741/BL-GY
Reconciliation of Statement of Investment to IDB LMS 1 Executive Financial Summary
For the Period 15 March 2013 - 31 December 2014

Expressed in US dollars

Investment Component	Name	Expenditure	Expenditure	Difference	Unjustified	Remarks
		Statement of Investment	IDB LMS Statement	Financial vs IDB LMS		
01.00.00	Civil Works	0.00	0.00	0.00		
01.01.00	Civil Works - Sheriff Street - Mandela Avenue Road	0.00	0.00	0.00		
01.02.00	Other Civil Works Projects	0.00	0.00	0.00		
02.00.00	Studies	216,745.00	99,385.00	-117,360.00	117,360.00	Amount paid from Advance of Fund pending justification.
03.00.00	Sustainable Urban Transport and Road Safety					
03.01.00	Urban Transport	0.00	0.00	0.00		
03.02.00	Road Safety Diagnostic and Action Plan	0.00	0.00	0.00		
03.03.00	Road Safety Awareness Campaign	0.00	0.00	0.00		
04.00.00	Implementation support and Institutional Strengthening	138,728.30	60,927.12	-77,801.18	77,788.21	Amount paid from Advance of Fund pending justification.
04.01.00	Implementation Support - Construction Supervision	0.00	0.00	0.00	0.00	
04.02.00	Implementation Support - Institutional Strengthening	138,728.30	60,927.12	-77,801.18	77,788.21	
05.00.00	Routine Maintenance Management System	0.00	0.00	0.00		
06.00.00	Audit, Monitoring and Evaluation	0.00	0.00	0.00		Amount paid from Advance of Fund pending justification.
Total		355,473.30	160,312.12	-195,161.18	195,148.21	

G. V. Angbar
 Co-ordinator
 Works Services Group

MINISTRY OF PUBLIC WORKS
WORKS SERVICES GROUP
CO-ORDINATOR

B. Balram
 Permanent Secretary
 Ministry of Public Works
 Ministry of Public Works

Signature: _____



RECONCILIATION OF BANK RESOURCES

NAME OF EXECUTING AGENCY: **Work Services Group**
 Loan Contract or Technical Cooperation Agreement number: **2741/BL-GY**
 Request number:
 Date: **31-Dec-14**

I	AVAILABLE BALANCE OF THE REVOLVING FUND OR ADVANCES (2)	5,441,558.12
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Detail	Amount	Exchange Rate	Amount in Project Currency
Available balance in the project currency account as of: 31 December-2014 Bank: Bank of America Account No.:1901 - 2 - 80133			5,346,360.00
Available balance in the local currency account as of: 31-December-2014 Bank:Bank of Guyana Account No.: 0162700440012	19,656,760.00	206.50	95,190.12

II	EXPENSES OR PAYMENTS PENDING JUSTIFICATION (3)	
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Expenses or payments pending justification in this request	195,148.21	a
Expenses or payments pending justification and not included in this request as per the project accounting records	-	

III	TOTAL OF REVOLVING FUND OR ADVANCES PENDING JUSTIFICATION (I+II)	5,636,698.33
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IV	BALANCE OF THE REVOLVING FUND OR ADVANCES AS PER IDB ACCOUNTING (LMS 1 REPOS)	5,649,687.88	b
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Percentage justified 3% a/b

V	DIFFERENCES (IV-III) (4)	12,989.55
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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.


 G. Vaughn Co ordinator

**MINISTRY OF PUBLIC WORKS
 WORKS SERVICES GROUP
 CO.ORDINATOR**

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 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.

Road Network Upgrade and Expansion Program

Interest Earned and Bank Charges for the period 15-March 2013 - 31 December 2014

Interest Earned	2013	2014	Total
Months			
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
TOTAL	0.00	0.00	0.00

Bank Charges	2013	2014	Total
Months			
JANUARY		297.89	297.89
FEBRUARY		1,070.11	1,070.11
MARCH		1,020.00	1,020.00
APRIL		1,019.89	1,019.89
MAY		1,028.68	1,028.68
JUNE		1,019.45	1,019.45
JULY		1,019.35	1,019.35
AUGUST		1,024.42	1,024.42
SEPTEMBER		1,008.38	1,008.38
OCTOBER		1,008.27	1,008.27
NOVEMBER		1,012.65	1,012.65
DECEMBER		1,018.91	1,018.91
TOTAL	0.00	11,548.00	11,548.00

Interest	0.00	0.00	0.00
Bank charges	0.00	11,548.00	11,548.00
Net Interest	0.00	-11,548.00	-11,548.00

Ministry of Public Works
Road Network Upgrade & Expansion Program
IDB Loan No. LO-2741 /BL-GY
Disbursements for the period 15 March 2013 -31 December 2014

To date there were two (2) disbursements, as follows:

Advance of Funds

No.	Request No.	Date Received	Amount Requested	Amount Disbursed	Amount Recorded
1	1	18-Dec-13	5,810,000.00	5,810,000.00	5,810,000.00
Sub Total			5,810,000.00	5,810,000.00	5,810,000.00

Justification of Advance of Funds

No.	Request No.	Date Justified	Amount Requested	Amount Disbursed	Amount Recorded
1	2	4-Dec-14	160,312.12	160,312.12	160,312.12
			160,312.12	160,312.12	160,312.12
			5,970,312.12	5,970,312.12	5,970,312.12

Ministry of Public Works
Road Network Upgrade & Expansion Program
IDB Loan No. LO-2741 /BL-GY
Budgeted Investment against Actual Investment for the Period 15 March 2013 - 31 December 2014

INVESTMENT COMPONENTS	Current Budget			Expenditure for the period			Balance on Budget			Percentage Completed		
	IDB	GOG	Total	IDB	GOG	Total	IDB	GOG	Total	IDB	GOG	Total
01.00.00 Civil Works	3,071,146.24	0.00	3,071,146.24	0.00	0.00	0.00	3,071,146.24	0.00	3,071,146.24	0.00%	0.00%	0.00%
01.01.00 Civil Works - Sheriff Street - Mandela Avenue Road	3,071,146.24	0.00	3,071,146.24	0.00	0.00	0.00	3,071,146.24	0.00	3,071,146.24	0.00%	0.00%	0.00%
01.02.00 Other Civil Works Projects	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00%	0.00%
02.00.00 Studies	241,545.89	0.00	241,545.89	216,745.00	0.00	216,745.00	24,800.89	0.00	24,800.89	89.73%	0.00%	89.73%
03.00.00 Sustainable Urban Transport and Road Safety	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00%	0.00%
03.01.00 Urban Transport	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00%	0.00%
03.02.00 Road Safety Diagnostic and Action Plan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00%	0.00%
03.03.00 Road Safety Awareness Campaign	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00%	0.00%
04.00.00 Implementation Support and Institutional Strengthening	24,154.59	0.00	24,154.59	138,728.30	0.00	138,728.30	(114,573.71)	0.00	(114,573.71)	574.34%	0.00%	574.34%
04.01.00 Implementation Support - Construction Supervision	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00%	0.00%
04.02.00 Implementation Support - Institutional Strengthening	24,154.59	0.00	24,154.59	138,728.30	0.00	138,728.30	(114,573.71)	0.00	(114,573.71)	574.34%	0.00%	574.34%
05.00.00 Routine Maintenance Management System	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00%	0.00%
06.00.00 Audit, Monitoring and Evaluation	48,309.18	0.00	48,309.18	0.00	0.00	0.00	48,309.18	0.00	48,309.18	0.00%	0.00%	0.00%
Interest				0.00	30,522.40	30,522.40						
Credit Fees				0.00	105,470.17	105,470.17						
	3,385,155.90	0.00	3,385,155.90	355,473.30	135,992.57	491,465.87	3,029,682.60	0.00	3,029,682.60			

G. Vaughn
Co-ordinator
Works Services Group

MINISTRY OF PUBLIC WORKS
WORKS SERVICES GROUP
CO-ORDINATOR

B. Batram
Permanent Secretary
Ministry of Public Works

PERMANENT SECRETARY
Ministry of Public Works
Signature:

Ministry of Public Works
Road Network Upgrade and Expansion Program
IDB Loan No. LO-2741/BL-GY

Statement of Available Balance for the period 15-March 2013 - 31 December 2014

INVESTMENT CATEGORY	BUDGET			CURRENT PERIOD AS AT 31 DECEMBER 2014			AVAILABLE BALANCE		
	IDB	GOG	TOTAL	IDB	GOG	TOTAL	IDB	GOG	TOTAL
01.00.00 Civil Works	58,000,000	0	58,000,000	0.00	0.00	0.00	58,000,000.00	0.00	58,000,000.00
01.01.00 Civil Works - Sheriff Street - Mandela Avenue Road	24,000,000	0	24,000,000	0.00	0.00	0.00	24,000,000.00	0.00	24,000,000.00
01.02.00 Other Civil Works Projects	34,000,000	0	34,000,000	0.00	0.00	0.00	34,000,000.00	0.00	34,000,000.00
02.00.00 Studies	1,700,000	0	1,700,000	216,745.00	0.00	216,745.00	1,483,255.00	0.00	1,483,255.00
03.00.00 Sustainable Urban Transport and Road Safety	1,500,000	0	1,500,000	0.00	0.00	0.00	1,500,000.00	0.00	1,500,000.00
03.01.00 Urban Transport	800,000	0	800,000	0.00	0.00	0.00	800,000.00	0.00	800,000.00
03.02.00 Road Safety Diagnostic and Action Plan	250,000	0	250,000	0.00	0.00	0.00	250,000.00	0.00	250,000.00
03.03.00 Road Safety Awareness Campaign	450,000	0	450,000	0.00	0.00	0.00	450,000.00	0.00	450,000.00
04.00.00 Implementation support and Institutional Strengthening	4,800,000	0	4,800,000	138,728.30	0.00	138,728.30	4,661,271.70	0.00	4,661,271.70
04.01.00 Implementation Support - Construction Supervision	4,300,000	0	4,300,000	0.00	0.00	0.00	4,300,000.00	0.00	4,300,000.00
04.02.00 Implementation Support - Institutional Strengthening	500,000	0	500,000	138,728.30	0.00	138,728.30	361,271.70	0.00	361,271.70
05.00.00 Routine Maintenance Management System	0	3,000,000	3,000,000	0.00	0.00	0.00	0.00	3,000,000.00	3,000,000.00
06.00.00 Audit, Monitoring and Evaluation	200,000	0	200,000	0.00	0.00	0.00	200,000.00	0.00	200,000.00
Interest				0.00	30,522.40	30,522.40			
Credit Fees				0.00	105,470.17	105,470.17			
Total	66,200,000	3,000,000	69,200,000	355,473.30	135,992.57	491,465.87	65,844,526.70	0.00	68,844,526.70
Percent	95.66%	4.34%	100.00%	0.54%	4.53%	0.71%	99.46%	0.00%	99.49%

G. Vaughn
Co-ordinator
Works Services Group

MINISTRY OF PUBLIC WORKS
WORKS SERVICES GROUP
CO-ORDINATOR

B. Balram
Permanent Secretary
Ministry of Public Works

PERMANENT SECRETARY
Ministry of Public Works



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AG: 36/2015-2

29 April 2015

REPORT OF THE AUDITOR GENERAL
ON THE SYSTEM OF INTERNAL CONTROL FOR THE
ROAD NETWORK UPGRADE AND EXPANSION PROGRAM
LOAN AGREEMENT № 2741/BL-GY
FOR THE PERIOD 15 MARCH 2013 TO 31 DECEMBER 2014

I have audited the accompanying Statement of Cash Flow and the Statement of Cumulative Investments for the period 15 March 2013 to 31 December 2014 for the Road Improvement and Rehabilitation Program financed by the Inter-American Development Bank (IDB) under Loan Agreement № 2741/BL-GY and by local contributions from the Government of Guyana, executed by the Ministry of Public Works, and have issued my report thereon dated 29 April 2015. The audit was conducted in accordance with the Audit Act 2004.

The Management of the Road Network Upgrade and Expansion Program is responsible for establishing and maintaining a system of internal control sufficient to mitigate the risk of financial 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 15 March 2013 to 31 December 2014, 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 № 92/IADB: 85/2015 dated 29 April 2015, 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 Network Upgrade and Expansion 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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92/IADB: 85/2015

29 April 2015

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

Dear Mr. Balram,

AUDITED FINANCIAL STATEMENTS FOR THE
ROAD NETWORK UPGRADE AND EXPANSION PROGRAM
LOAN AGREEMENT No 2741/BL-GY
FOR THE PERIOD 15 MARCH 2013 TO 31 DECEMBER 2014

The financial statements for the Road Network Upgrade and Expansion Program for the period 15 March 2013 to 31 December 2014 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 one section which draws attention to the findings and recommendations relating to the existing systems and procedures noted in the current period.

Section I

Finding

4. On the 15 March 2013, the Government of Guyana (GoG) and the Inter-American Development Bank (IDB) signed an agreement whereby the IDB agreed to provide a loan of US\$66.2M and the Government of Guyana (GOG) a contribution of US\$3M to finance the execution of a road network upgrade and expansion program. The aim of the Program is to enhance mobility and safety by reducing vehicle operating costs, travel times and road fatalities. The completion date for all activities under the Program was stated as five (5) years from the effective date of the agreement.

Finding

5. According to the Estimates of Expenditure for 2013, the sum of US\$1.455M or G\$300M was allocated for (a) design, upgrading and construction of selected main roads throughout Guyana (b) upgrading of road from Rupert Craig Highway to East Bank Public Road Junction at Houston (c) studies and (d) road safety. However, management did not provide a budget and an Annual Operations Plan for the period 15 March 2013 to 31 December 2013. During this period, amounts totalling US\$25,960 were expended on travelling, meals and accommodation for five officers attending training courses in Israel and the United States of America.

Finding

6. In keeping with the Annual Operations Plan for the year 2014, the Program planned to expend a total of US\$7M for the year, with US\$6M from the proceeds of the loan and the remaining US\$1M from GoG's contributions. A scrutiny of the Estimates of Expenditure revealed that only the sum of US\$2.415M or G\$500M was allocated from the IDB's contribution for (a) upgrading of road from Rupert Craig Highway to Public Road Junction at Houston (b) studies, design, upgrading and construction of East Bank Berbice, Canals Nos 1 and 2, West Bank Demerara and Grove to Timehri roads and (c) road safety. This resulted in a difference of US\$4.585M between the planned expenditure and the amount approved in the Estimates of Expenditure.

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

As at 31 December 2014, the contracts for construction works that were budgeted for during the period under review were not yet awarded.

Finding

7. For the period under review, that is 15 March 2013 to 31 December 2014, a sum of US\$3.385M or G\$700M was allocated to the Program. The table below shows how the amount was further allocated under the various components and the amounts expended according to the financial statements.

Component	Description	Amount Allocated US\$	Amount Expended US\$	Variance US\$
01.00.00	Civil Works	3,071,146	0	3,071,146
02.00.00	Studies	241,546	216,745	24,801
04.00.00	Implementation Support & Institutional Strengthening	24,155	138,728	(114,573)
06.00.00	Audit, Monitoring & Evaluation	48,309	0	48,309
Total		3,385,156	355,473	3,029,683

Finding

8. As can be noted, only the sum of US\$355,473 of the amount allocated was expended for the period. Further, no expenditure was incurred under the component of Civil Works although the sum of US\$3.071M was allocated for upgrading of road from Rupert Craig Highway to Public Road Junction at Houston. In addition, total expenditure under investment component Implementation Support and Institutional Strengthening exceeded the amount budgeted by US\$114,573 and a revised budget was not produced for audit examination.

Finding

9. Two contracts were awarded in 2014 to the same contractor for consultancy and design services, under the component Studies. The first contract was awarded in the sum of US\$586,800 for such services to the West Bank Demerara & Canal Polders Roads Design Project. The contract which commenced on 27 May 2014 had a stated duration of twenty-four weeks, and was expected to be completed by 15 September 2014. The contractor was paid an amount of US\$117,360 which represents 20% of the contract sum, in keeping with the terms of the contract. At the time of audit in February 2015, the contract had expired and the works remained incomplete.

Finding

10. The second contract was awarded in the sum of US\$397,450 for services to the East Bank Berbice Road Design Project. The contract which commenced on 27 May 2014 had a stated duration of sixteen weeks, and was scheduled to be completed on 11 November 2014. The contractor was paid an amount of US\$99,385 or 25% of the contract sum in keeping with the terms of the contract. At the time of audit in February 2015, the contract had expired and the works remained incomplete.

Management's Response

In response to Findings № 9 and 10, the two contracts that were awarded for Studies to the East Bank Berbice and Canals Polders Road Design are currently being reviewed and the Bank's no objection would be sought for an extension before payments are made.

Finding

11. Included in the sum of US\$138,728 reflected under the component of Implementation Support and Institutional Strengthening were sums totalling US\$124,728 expended on airfares, meals and accommodation for officers attached to the Work Services Group who attended workshops and training programmes held outside of Guyana. Evidence was seen where the Program received the IDB's no objection to incur the expenditure and the amounts were properly brought to account in the records of the Program.

Finding

12. A contract in the sum of US\$28,000 was awarded to a consultant on 7 November 2014 to provide Project Management Institute's Project Management Professional (PMP) Certificate Examination Support to the Work Services Group. The award which received the IDB's no objection to use single source selection of the consultant was not approved by the National Procurement and Tender Administration Board, in keeping with the requirements of the Procurement Act. According to the terms of the contract, the consultant was required to perform the services for the duration of eight working days between 10 November 2014 and 1 March 2015. As at 31 December 2014, the contractor received an amount of US\$14,000 or 50% of the contract sum. At the time of reporting on the 13 April 2015, the services were incomplete since the two simulation and final examinations were still to be administered. On receipt of the report, management responded by stating that the examinations were subsequently completed. However, documentation in this regard was not submitted for audit examination.

Finding

13. During the period under review, the sum of US\$ 135,993 was paid as interest and credit fees on the loan. This amount was met from the Government of Guyana's contribution of US\$3M to the Program. The amounts were properly brought to account in the records of the Program.

General

14. 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.)