AUDITED FINANCIAL STATEMENTS OF THE INTEGRITY COMMISSION

FOR THE YEAR ENDED 31 DECEMBER 2018

AUDITORS: THE AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

AUDIT OF THE FINANCIAL STATEMENTS OF THE INTEGRITY COMMISSSION FOR THE YEAR ENDING 31 DECEMBER 2018

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207/OA: 22/2/2022 12 May, 2022

Dr. Amanda Jaisingh
Secretary/Chief Executive Officer
Integrity Commission
Lot 34 King Street
Lacytown, Georgetown.

Dear Dr. Jaisingh,

AUDIT OF THE FINANCIAL STATEMENTS OF THE
INTEGRITY COMMISSION
FOR THE YEAR ENDING 31 DECEMBER 2018

We wish to inform you that the audit of the above-mentioned Commission has been completed. Accordingly, we are pleased to forward two copies of the audited financial statements, together with the Report of the Auditor General and Management Letter thereon.

Should you need any clarification or explanations, please do not hesitate to let us know.

With kind regards.

Yours sincerely,

AUDIT OFFICE OF GUYANA

Dhanraj Persaud
Audit Manager (ag.)
for Auditor General

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AG: 105/2022 12 May 2022

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF THE INTEGRITY COMMISSION ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Opinion

I have audited the accompanying financial statements of the Integrity Commission, which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Integrity Commission as at 31 December 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs), and the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Commission in accordance with the ethical requirements that are relevant to my audit of the financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high-level assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Commission to cease as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

D. SHARMA
AUDITOR GENERAL

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

INTEGRITY COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018	2017 Restated
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	4	6,367,306	254,649
		6,367,306	**254,649**
CURRENT ASSETS			
Prepayments		695,940	301,920
Cash & Cash Equivalents	5	-	-
		695,940	**301,920**
TOTAL ASSETS		**7,063,246**	**556,569**
EQUITY AND LIABILITY			
CURRENT LIABILITY			
Accruals		260,185	**0**
		260,185	**0**
EQUITY			
Government Contribution	6	6,218,822	-
Accumulated Deficit		(839,835.00)	(973,670)
Revaluation	7	148,484	254,649
Suspense Account		1,275,590	1,275,590
		6,803,061	**556,569**
TOTAL EQUITY & LIABILITIES		**7,063,246**	**556,569**

These financial statements were approved for issuance on the.....

OFFICE OF THE INTEGRITY COMMISSION

Amanda Jaisingh
Secretary

Abena Moore
Permanent Secretary

ABENA MOORE
Permanent Secretary
Office Of The President

INTEGRITY COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		$	$
INCOME			
Government Subvention - Current	8	21,000,000	8,008,856
Other Income		279,616	493,180
TOTAL INCOME		**21,279,616**	**8,502,036**
EXPENDITURE			
Administrative Expenses	9	18,197,954	6,707,294
Other Expenses	10	1,900,485	810,119
Utility Charges	11	767,726	229,358
Depreciation		279,616	493,180
TOTAL EXPENDITURE		**21,145,781**	**8,239,951**
Net Surplus/(Deficit) for the Year		**133,835**	**262,085**

INTEGRITY COMMISSION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

2017

	Government Contribution	Accumulated Surplus/Deficit	Revalution Reserve	Suspense Account	Total
	$	$	$	$	$
Balance as at January1, 2017	**11,449**	**(1,235,755)**	**2,233,943**	**-221,973**	787,664
Depreciation	**(11,449)**	-	**(1,979,294)**	**1,497,563**	(493,180)
Net Profit/(Loss)		262,085			262,085
Revaluation of Fixed Assets					-
Suspense Account				-	-
Balance as at December 31, 2017	-	**(973,670)**	**254,649**	**1,275,590**	**556,569**

2018

	Government Contribution	Accumulated Surplus/Deficit	Revalution Reserve	Suspense Account	Total
	$	$	$	$	$
Balance as at January1, 2018	-	**(973,670)**	**254,649**	**1,275,590**	556,569
Government Contribution	**6,498,438**		**0**		6,498,438
Depreciation/Revaluation Charges	**(279,616)**		**(106,165)**		(385,781)
Net Profit/(Loss)		133,835			133,835
Revaluation of Fixed Assets					-
Suspense Account				-	-
Balance as at December 31, 2018	**6,218,822**	**(839,835)**	**148,484**	**1,275,590**	**6,803,061**

INTEGRITY COMMISSION

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017 Restated
Operating Activities		
(Deficit)/Surplus for the year	133,835	262,085
Adjustments for :		
Disposal	-	-
Depreciation	279,616	493,180
Operating Surplus/(Deficit) before changes in working capital	413,451	755,265
(Increase)/Decrease in Inventories	-	-
(Increase)/Decrease in Prepayments	(394,020)	(278,720)
Increase/(Decrease) in Payables	260,185	-
Increase/(Decrease) in Suspense Account	-	-
Net cashflow generated from Operating Activities	**279,616** -	**476,545**
Investing Activities		
Purchase of Fixed Assets	(6,498,438)	-
Net cashflow generated from Investing Activities	**(6,498,438)**	**-**
Financing Activities		
Government Contribution	6,218,822	(11,449)
Revaluation	-	(481,731)
Net cashflow generated from Financing Activities	**6,218,822**	**(493,180)**
Net increase/(Decrease) in cash & cash equivalents	- -	**(16,635)**
Cash and Cash Equivalents at the beginning of the year	-	16,635
Cash and Cash Equivalents at end of the year	-	-

INTEGRITY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1. Background

The Integrity Commission was established on the 24th September, 1997 and consist of a chairman and no less than two (2) nor more than four (4) other members. The chairman of the Commission shall be a person who is or who was qualified to be a Puisne Judge of the High Court or any other fit and proper person and the other members appearing to the President as having experience and show capacity in law, public administration, social service, finance or accountancy or any other discipline. The chairman and other members are appointed by the President after consultation with the minority Leader and they can either be full time or part time. The names of the chairman and other members upon the establishment of the Commission and any change in membership shall be published in the Gazette and in a daily newspaper. The Commission is also a body corporate.

The vision of the Commission is: "Improved public confidence in the integrity of holders of public office and the mission statement is: "Securing the integrity of persons in public life". The objective of the Commission is to secure the integrity of persons in public life through their compliance with the provisions of the Integrity Commission Act No. 20 of 1997.

The Commission was reconstituted with it members in the month of February, 2018 for a period of three years. At present, the members include a Chairman and two Commissioners. The organization structure was revised in the months of March and June, 2018. The staffing now consists of a Secretary, an Accountant, a Typist Clerk, an Office Assistant and a Cleaner. A motor vehicle (Nissan Juke valued at $3,000,000) was donated by the Guyana Revenue Authority to assist the Commission with its work.

Note 2. Basis of Preparation:

These accounts have been prepared according to the Accrual Concept and follows the International Financial Reporting Standards principles and policies.

Note 3. Significant Accounting Principles & Policies:

Basis of Accounting:

These accounts have been prepared under the historical cost conventions as modified by the revaluations as assets, the assets obtained from the Office of the President were valued at the current market prices as at 1st January, 2000.

Fixed Assets:

Depreciation is provided using fixed percentage on the straight line method at the following rates:-

Furniture & Fixtures	12.5%
Office Equipment	20%
Motor Vehicle	20%

In the year of acquisition depreciation is recorded based on the number of months the asset is in use counting from the month after acquistion.

2017 RESTATED

The 2017 Statement of Financial Position was retated as a result of the incorrect treatment of depreciation on revalued Fixed Asset for the period 2014 to 2017 (the suspense account was debited and the revaluation account was credited with the amount of $1,497,563.)

The 2017 Cashflow Statement was also retated to reflect the increase in prepayments of $278,720.

INTEGRITY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 4. Property, Plant & Equipment

Description	Motor Vehicle	Furniture & Fixtures	Office Equipment	Total
		$	$	$
Costs as at 01 January, 2018	**0**	**457,900**	**2,182,041**	2,639,941
Revaluation		0	0	0
Additions	3,000,000	1,754,380	1,744,058	6,498,438
Disposal		0	0	0
Cost as at 31 December, 2018	**3,000,000**	**2,212,280**	**3,926,099**	**9,138,379**
Accumulated Depreciation as 1 January, 2018	**0**	**228,952**	**2,156,340**	2,385,292
Depreciation charge for the year	150,000	42,754	86,862	279,616
Charges to revaluation for the year		57,238	48,927	106,165
Disposal		0	0	0
Accumulated Depreciation as 31 December, 2018	**150,000**	**328,944**	**2,292,129**	2,771,073
Carrying Amount as at 31 December, 2017	**0**	**1,983,328**	**1,769,759**	**3,753,087**
Carrying Amount as at 31 December, 2018	**2,850,000**	**1,883,336**	**1,633,970**	**6,367,306**

NOTE 5. CASH & CASH EQUIVALENTS

Description	2018 $	2017 $
Cash in Hand	0	0
Cash in Bank	0	0
Closing balance	**0**	**0**

NOTE 6. GOVERNMENT CONTRIBUTION

Description	2018 $	2017 $
Opening balance	-	11,449
Received for the year	6,500,000	-
Refund to unspent balance to OP	(1,562)	-
Deferred Income	(279,616)	(11,449)
Closing balance	**6,218,822**	**0**

NOTE 7. REVALUATION

Description	2018 $	2017 Restated $
Opening balance	254,649	2,233,943
Charges to Revaluation	(106,165)	(1,979,294)
Closing balance	**148,484**	**254,649**

NOTE 8. GOVERNMENT SUBVENTION:

The Commission received a total of $24,500,000 from the Government of Guyana: $3,500,000 was Capital release and $21,000,000 was Current release. For the period January to March 2018 , salaries and other expenses totaling $1,569,838 were prepared and paid by the Office of the Prime Minister. The remaining current release of $19,430,162 and Capital Release of $3,500,000 was received directly from the Office of the Prime Minister for the period April to December 2018.

The Commission utilises the IAS 20 Accounting for Government Grant for calculation of Government's Contributions.

NOTE 9. ADMINISTRATIVE EXPENSES

Description	2018 $	2017 $
Employment Costs	8,745,945	6,406,625
Stationery and Office Supplies	3,298,042	197,804
Fuel & Lubricants	58,000	0
Maintenance of Building	1,953,893	0
Janitorial and Cleaning Supplies	265,491	0
Local Traveling and Subsistence	160,740	11,000
Overseas Conferences	474,036	0
Postage	291,200	0
Maintenance of Vehicles	186,210	0
Security Charges	1,656,237	0
Maintenance of Office Equipment	565,536	38,560
Extermination Services	276,077	32,165
Refreshment and Meals	266,547	21,140
Total	**18,197,954**	**6,707,294**

NOTE 10. OTHER EXPENSES

Description	2018 $	2017 $
Miscellaneous	1,877,485	34,704
Bank charges	23,000	8,970
Refund of unspent balance to OP	0	766,445
Total	**1,900,485**	**810,119**

NOTE 11. UTILITY CHARGES

Description	2018 $	2017 $
Electricity	258,545	0
Telephone	486,140	229,358
Water	23,041	0
Total	**767,726**	**229,358**

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206/OA: 22/2/2022 12 May, 2022

Dr. Amanda Jaisingh
Secretary/Chief Executive Officer
Integrity Commission
34 King Street
Lacytown, Georgetown.

Dear Dr. Jaisingh,

AUDIT OF THE FINANCIAL STATEMENTS OF
THE INTEGRITY COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2018

The audit of the financial statements of the Integrity Commission for the year ended 31 December 2018 has been completed. The findings hereunder are now referred to you for appropriate action.

2. The audit was conducted in accordance with the International Standards on Auditing issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs), and the Audit Act 2004. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

3. The main purpose of the audit was to express an opinion on the financial statements, and evaluate the operations of the Commission to ascertain whether:

(i) The financial statements have been properly prepared in accordance with applicable law, and properly present the operations and affairs of the Commission.

(ii) The accounts have been faithfully and properly kept.

(iii) The rules, procedures, and internal management controls are sufficient to secure effective control on the assessment, collection, and proper allocation of revenue.

(iv) All monies expended and charged to an account have been applied to the purpose or purposes for which they were intended.

(v) Essential records were maintained, and the internal management controls and rules and procedures established and applied were sufficient to safeguard the control of stores and other property.

FINDINGS AND RECOMMENDATIONS

A. STATEMENT OF FINANCIAL POSITION

Non-Current Assets: $6,367,306

Property, Plant and Equipment: $6,367,306

4. An examination of the fixed assets register revealed that forty assets purchased during 2005-2013 were fully depreciated and carried nil values, as listed in *Appendix I.* However, these assets were in working condition, and being used by the Commission. As such, the correct value of the Commission's assets was not reported in keeping with International Accounting Standard (IAS) 16 – Property, Plant and Equipment. Moreover, the assets should be revalued, so that the carrying amounts do not differ materially from its fair value at the reporting date.

Management's Response: Management will take action to have the assets revalued by a certified Valuation Officer as soon as possible.

Recommendation: The Audit Office recommends that Management take action forthwith to ensure the Commission comply with IAS 16.

5. There were instances where multiple assets of a similar nature had the same identification number. As a result, we could not determine whether there was proper accountability for all assets owned/controlled by the Commission.

Management's Response: Management will take the necessary steps to correctly mark the assets.

Recommendation: The Audit Office recommends that Management resolve this issue urgently, so that the Commission can properly account for all its assets.

Equity and Liabilities: $7,063,246

Suspense Account: $1,275,590

6. A sum of $1,275,590 was reported as Suspense Account as at 31 December 2018. It was reported that the account was opened and reported on due to improper record keeping, irregularities and misappropriation of funds prior to the year 2008, as well as improper treatment of accounting entries thereafter. As a result, the amounts reported as Suspense Account over the years have varied. This matter was previously reported, and the Commission had stated that it will take action to resolve the issue.

Management's Response: The Commission has written to the Finance Secretary with an intent to resolve the matter expeditiously.

Recommendation: The Audit Office recommends that Management pursue a quick resolution to this matter.

General

7. The Audit Office wishes to express its gratitude for the co-operation given to its officers during the course of the audit.

With kind regards.

Yours sincerely,

Mr. Dhanraj Persaud
Audit Manager (ag.)
for Auditor General

Apendix 1

No	Description	Quantity	Payment Date	Location	Asset Identification #
1	Backup Battery	1	2009	Computer Room	ICBB002
2	External Harddrive	1	2009	C.E.O Office	ICEHD001
3	Refridgerator	1	2009	C.E.O Office	ICF002
4	Water Dispenser	1	2009	General Office	ICWD001
5	Printer	1	2009	C.E.O Office	ICP002
6	750 VA Backup Battery	1	2010	General Office	ICBB005
7	Stabilizer (4000 watt)	1	2010	Computer Room	ICS001
8	Binding Machine	1	2010	General Office	ICBM001
9	Photocopier	1	2010	Computer Room	ICCDC002
10	Scanner	1	2010	Computer Room	ICCS001
11	Printer	1	2010	Computer Room	ICP005
12	External Harddrive	1	2010	Computer Room	ICEHD002
13	Fax Machine	1	2010	C.E.O Office	ICFM001
14	Water Pump	1	2010	Exterior of the Commission	ICP001
15	Computer System	1	2008	C.E.O Office	ICC002
16	Computer System	1	2009	General Office	ICC003
17	Printer	1	2010	General Office	ICP004
18	Backup Battery	1	2010	General Office	ICBB003
19	Backup Battery	1	2010	General Office	ICBB004
20	Security Cameras	1 Set	13/06/2013	Exterior & Interior of the Commission	ICSCS001
21	Paper Trimmer	1	20/08/2013	General Office	ICPT001