

**AUDIT OF THE FINANCIAL STATEMENTS OF  
THE GUYANA CIVIL AVIATION AUTHORITY**

**FOR THE YEAR ENDED  
31 DECEMBER 2005**

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

AUDIT OF THE FINANCIAL STATEMENTS OF  
THE GUYANA CIVIL AVIATION AUTHORITY  
FOR THE YEAR ENDING 31 DECEMBER 2005

TABLE OF CONTENTS

	<u>PAGE</u>
1. TRANSMITTAL LETTER	1
2. AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS	2 – 4
3. FINANCIAL STATEMENTS	5 – 13
Balance Sheet	
Income and Expenditure Statement	
4. MANAGEMENT LETTER	14 – 23



## Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

223/CA:2/2010

22 December 2010

Mr. Zulficar Mohamed  
Interim Director General  
Guyana Civil Aviation Authority  
Fairlie House  
96 Duke Street, Kingston  
Georgetown.

Dear Mr. Mohamed,

RE: RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE  
GUYANA CIVIL AVIATION AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2005

We wish to inform you that the audit of the above-mentioned Authority 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*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana*

*Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

224/CA:2/2010

22 December 2010

Mr. Balraj Balram  
Permanent Secretary  
Ministry of Public Works & Communication  
Wight's Lane, Kingston  
Georgetown.

Dear Mr. Balram,

RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE  
GUYANA CIVIL AVIATION AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2005

We wish to inform you that the audit of the above-mentioned Authority has been completed. Accordingly, we are pleased to forward one copy 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*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana*

*Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

AG: 84/2010

22 December 2010

### REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE GUYANA CIVIL AVIATION AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2005

I have audited the accompanying financial statements of the Guyana Civil Aviation Authority which comprised of the balance sheet as at 31 December 2005, and the income and expenditure and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC) and those of the International Organisation of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about 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 and 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 evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Qualified Opinion Arising from Limitation of Scope*

The amount of \$228,298,967 represents income earned for the year under review. It was derived from Fees and Charges from Licenses, Airworthiness Certificates and Contacts Charges from International over flights, domestic movement, arrival and departures of aircrafts. However, an examination of the records revealed that amounts totalling \$215,281,614 were received for the year under review, resulting in a difference of \$13,017,353M. As a result, the figure shown as income was being overstated by this amount.

The amount of \$27,000,000 represents Government Subsidy received for the year under review. However, an examination of the records revealed that amounts totalling \$35,600,000 were received for the period under review, resulting in a difference of \$8,600,000. As a result, the figure shown as income was being understated by this amount.

The amount of \$284,606,418 was shown as fixed assets for the year under review. A Fixed Asset Register was not produced for audit. However, a schedule of assets was presented for audit verification but this did not reflect the category of fixed assets as such it could not be traced to the financial statements. As a result, the completeness, accuracy and validity of the figure shown in the financial statement could not be verified.

Amounts totalling \$99,538,814 was shown as debtors and prepayments for the year under review. However, an examination of the records revealed the amount of \$130,208,126 resulting in a difference of \$30,669,312. As a result, the amounts shown as debtors and prepayments were understated by this amount. As a result, the completeness, accuracy and validity of the figure shown in the financial statement could not be verified.

Except for any adjustments which might have been shown to be necessary as a result of the matters referred to in the preceding paragraphs, in my opinion, the financial statements present fairly in all material respects the financial position of the Guyana Civil Aviation Authority as of 31 December 2005, and the results of its operation and cash flows for the year then ended in conformity with International Financial Reporting Standards.



D. SHARMA  
AUDITOR GENERAL (ag.)

AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA



# **Financial Statement**

**2005**



Guyana Civil Aviation Authority  
Income and Expenditure Account  
For the period ended December 31st 2005

	Notes	2005 G\$	2004 G\$
<b>Income:</b>			
Licences		2,227,800	419,020
Airworthiness Certificates		9,018,302	3,112,220
Training Institutions		500,000	-
Aircraft Maintenance Organisations		2,250,000	-
AOC's		-	-
International Overflights		148,460,251	35,528,269
International Arrivals and Departures		43,459,982	10,709,010
Domestic Flights		21,532,550	5,946,493
ASR Fees and Fines		361,940	247,835
AIP		-	-
ATM Licence		300,000	-
Other		188,142	-
<b>Total Income</b>		<b>228,298,967</b>	<b>55,962,847</b>
<b>Expenditures</b>			
Wages and salaries		133,671,082	133,296,994
Employment overheads		62,490,292	57,007,079
<b>Employment Costs</b>		<b>196,161,374</b>	<b>190,304,073</b>
<b>Other Costs</b>			
Expenses Specific to the Agency		660,000	567,601
Materials Equipment and Supplies		3,262,444	3,920,097
Fuel and Lubricants		1,940,842	2,321,839
Rental and Maintenance of Buildings		6,284,372	6,184,153
Maintenance of Infrastructure		648,000	512,200
Transport Travel and Postage		5,380,684	15,174,427
Utility Charges		7,151,070	9,248,831
Other Goods and Services Purchased		19,784,932	9,750,838
Other Operating Expenses		664,444	552,079
Training		3,752,984	2,248,320
Contributions To International Organisations		-	-
Depreciation (see schedule)		51,954,134	50,312,074
<b>Total other costs</b>		<b>101,483,906</b>	<b>100,792,459</b>
<b>Total Expenditures</b>		<b>297,645,280</b>	<b>291,096,532</b>
<b>Income Deficit</b>		<b>(69,346,313)</b>	<b>(235,133,685)</b>
<b>Funded By:</b>			
Government Subsidy		27,000,000	208,580,524
<b>Net Surplus (Deficit)</b>		<b>(42,346,313)</b>	<b>(26,553,161)</b>

aip 576,000

Submitted by:

  
Marcia Clarke  
Assistant Accountant (ag)

  
Zulficar Mohamed  
Interim Director General



**Guyana Civil Aviation Authority**  
**Balance Sheet**  
**As at December 2005**

Asset	Notes	2005	2004
Fixed Asset			
Intangibles			
Long Term Investment (Pension Fund to be adjusted )	2		41,459,882
Tangible Assets			
Land & Buildings	3	171,554,404	177,573,857
Plant & Machinery		86,805,548	111,310,123
Fixtures & Fittings		3,652,214	4,570,292
Computer Equipment		3,904,959	3,856,538
Electrical Equipment		2,735,866	3,306,142
Motor Vehicles		13,916,667	14,916,667
Office Furniture		2,022,699	2,433,386
General Equipment		14,061	15,161
Total Fixed Assets		284,606,418	359,442,048
Current Assets			
Stock			
Debtors	4	99,516,814	85,541,732
Prepayments	5	22,000	1,221,649
Bank Balance	6	12,929,893	3,430,373
Cash			
Total Current Assets		112,468,707	90,193,754
Total Assets		397,075,125	449,635,802
Equity and Liabilities			
Financed by			
Accumulated Fund	7	525,411,343	501,050,165
Pension Fund Reserve			41,459,882
Reserves			
Accumulated Surplus/Deficit	8	(137,031,597)	(94,820,895)
Mortgage and Securities etc			
		388,379,746	447,689,152
Current Liabilities			
Account Payables		6,284,900	1,839,972

Accruals	9	2,410,480	
Provision for reconciliation Loss	10	-	106,678
Short Term Loans			

---

	8,695,380	1,946,650
--	-----------	-----------

Total Equity and Liabilities		<u>397,075,126</u>	<u>449,635,802</u>
------------------------------	--	--------------------	--------------------

# Guyana Civil Aviation Authority

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31-Dec-05

	2005	2004
Operating Surplus Before Tax	3,430,373	(96,978)
Adjustment for :		
Receivables		
Revenue	215,083,468	42,709,248
Subventions	27,000,000	208,000,000
Capital Releases	11,502,640	
Refunds	247,252	580,524
Contributions to ICOA Celebrations		
Loan Repayments		1,412,556
Other Revenue	6	
Cash Generated from Operation	257,263,739	252,605,350
Cash Flows from investing activity		
Employment cost	187,596,617	191,759,014
Expenses Specific to the agency	510,000	717,601
Materials Equipment & Supplies	3,133,154	3,609,435
Fuel & Lubricants	1,861,585	2,588,294
Rental & Maint of Building	6,284,372	5,834,153
Maint of Infrastructure	648,000	512,200
Transp Tvl & Postage	5,858,573	15,017,393
Utility Charges	7,413,862	10,761,505
Other Goods & Services	20,001,812	9,835,718
Other Operating Expense	681,360	553,059
Training	3,863,484	2,158,320
Loans & advances		1,857,556
Purchase of Asset	6,481,027	4,077,407
Refund of Capital Releases		
	(244,333,846)	(249,281,655)
Net Increase in Cash & Cash Equivalent	12,929,893	3,323,695
Cash & Cash Equivalents -Jan -written off		106,678
Cash & Cash Equivalents -Dec	12,929,893	3,430,373
Analysis of Cash & Cash Equivalent -Dec 31		
Cash at Bank	12,929,893	3,430,373

Guyana Civil Aviation Authority

Assets Schedule as at 31 December 2005

Assets	Land and Buildings	Plant and Machinery	Fixtures and fittings	Corporation Equity
Balance as at 1/1/2005	240,778,111	614,375,301	16,464,409	€
Additions		17,219,243	189,000	
Total Assets	240,778,111	631,594,544	16,653,409	€
Dep at 1/1/05	63,204,254	503,065,178	11,894,118	€
Depreciation for year	6,019,453	41,723,817	1,107,077	
Total Depreciation	69,223,707	544,788,995	13,001,195	€
Net Book Value	171,554,404	86,805,549	3,652,214	€

**Note 14**

**Prepayments 2005**

<b><u>Code</u></b>	<b><u>Description</u></b>	<b><u>Amount</u></b>
184	Solutons 2000---Internet Service	6,000
	Solutons 2000---Internet Service	6,000
	E-NetworkInc-- Internet Service	10,000
<b>Total</b>		<b>22,000</b>

## Notes to the Accounts

### Background of the entity

- i. The Guyana Civil Aviation Authority (GCAA) was established on 29th August, 2000 by Act No. 10 of 2000. The Authority is responsible for providing air Navigation, air traffic aeronautical telecommunications and aeronautical meteorology services.
  - ii. The Income and Expenditure account, Cash Flow Statement and Balance Sheet of the Authority have been prepared in accordance with International Financial Reporting Standards, using the Accrual accounting convention, Assets are carried at historical cost (reduced by depreciation-actual and notional) and where historical cost is unavailable the estimated replacement cost have been used,
  - iii. Government subvention/grants have been accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.
  - iv. A professional valuation is still to be done to confirm the relevant values and useful lives of our Navigation Equipment and related assets. Amounts carried in the balance sheet are our best estimates of replacement cost from available market prices (obtained by way of quotes and prices used in similar recent transactions).
  - v. The WGS-84 Geodetic Survey is still an ongoing project; additional Government Assistance/Grants (Capital) are expected for financing of the remaining stages of the project. The grant has been accounted for based on value of the completed portion of the works and the amount of non-refundable disbursements received.
1. Expenses for the Authority is broken down into employment cost and other charges

Employment cost-It is broken down into two headings which are wages and salary (code 101-107) of which 106 represent contracted employees and 107 temporary employees and employment overhead (201-205), 201 represent overtime for employees and 202 incentives, 203 benefits and allowance, 204-for employee and employer NIS and 205 pensions for employees.

Total employment cost amounted to \$196,143,566 for 2005. See breakdown below

Description	Amount \$
Wages and salaries (101-107)	132,817,412
Employment Overhead (201-205)	63,326,154
Total	196,143,566

2. A Pension Scheme was set up for the benefit of the employees of the Authority in 2002. The nature if the scheme is a Defined Benefit scheme and 15% of each

permanent employee's basic salary is contributed by the authority. No contribution is made by employees. Hand-in-Hand insurance company is the Manager of the scheme and three employees of the Authority were nominated as trustees.

3. Assets are depreciated using the straight line depreciated method. (see Schedule attached)
4. Debtors are reflected as \$99,516,814 which shows monies outstanding for Air Navigation charges from Overflight, Arrival and Departure, Domestic flights etc.
5. List of prepayment (expenses paid in advance) are attached for 2005.
6. Bank balances at the end of 2005 shows the total of \$12,929,893 available to cover Expenses. See breakdown:

Bank of Guyana	4,142,285
Republic Bank	8,787,608
Total	12,929,893

7. Accumulated Fund Comprises the value of all assets transferred to the Authority, all capital grants received, total opening balances of Accounts Receivable obtained from CJIA in September and additions.
8. Accumulated Surplus/Deficit

Balance at 1/1/2005	(\$94,820,895)
Earned/Incurred for 2005	(\$42,317,380)
Provision for loss	106,678
Balance as at 31/12/2005	(\$137,031,597)

9. See list of accounts payable attached for 2005

Line Item	Amount \$
Employment Costs	1,522,826
Materials Equipment and supplies	900
Fuel and Lubricants	77,757
Utility Charges	263,531
Security Charges	306,900
Other Charges	226,566
Barman Services	12,000
	<b>2,410,480</b>



10. An overpayment of \$106,678 was brought forward from 2002 and 2003. This occurred upon the repayment of unspent balances to the treasury at the end of financial year 2002. This amount was written off in the cashbook in 2004 due to our inability to obtain a refund from the Accountant General.



## *Audit Office of Guyana*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana*

*Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

219/CA: 2/2010

22 December 2010

Mr. Zulficar Mohamed  
Interim Director General  
Guyana Civil Aviation Authority  
Fairlie House  
96 Duke Street, Kingston  
Georgetown.

Dear Mr. Mohamed,

RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE  
GUYANA CIVIL AVIATION AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2005

Following the audit of the financial statements of the Guyana Civil Aviation Authority (GCAA) for the year ending 31 December 2005, the findings hereunder were discussed with the Assistant Accountant (ag) of the Authority and are now forwarded to you for appropriate action.

2. The audit was conducted in accordance with Generally Accepted Auditing Standards, including those of the International Organisation of Supreme Audit Institutions (INTOSAI) and the International Standards on Auditing, issued by the International Federation of Accountants (IFAC). These standards require that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements.

3. The main purpose of the audit was to evaluate the operations of the Authority to ascertain whether:

- (a) The financial statements were properly prepared, in accordance with applicable laws, and properly present the operations and affairs of the Authority;
- (b) The accounts were faithfully and properly kept;
- (c) The rules, procedures and internal management controls were sufficient to secure effective control on the assessment, collection, and proper allocation of revenue;
- (d) All monies expended and charged to the accounts were applied to the purpose or purposes for which they were intended;

- (e) Essential records were maintained, and the internal management controls, rules and procedures established and applied were sufficient to safeguard the control of stores and other property; and
- (f) The Authority applied its resources and carried out its activities economically, efficiently and effectively and, with due regard to ensuring effective internal management control.

## **FINDINGS AND RECOMMENDATIONS**

### **A. Income and Expenditure**

Operating Income: \$228,298,967

4. The amount of \$228.299M represents income earned for the year under review. It was derived from Fees and Charges from Licenses, Airworthiness Certificates and Contacts Charges from International over flights, domestic movement, arrival and departures of aircrafts. However, an examination of the records revealed that amounts totalling \$215.282M were received for the year under review, resulting in a difference of \$13.017M. As a result, the figure shown as income was being overstated by this amount.

*Management's Response:* The Management indicated that checks are being carried out to verify the difference observed.

*Recommendation:* The Audit Office recommends that the Management of the Authority investigate the difference observed with a view of having it cleared.

Government Subsidy: \$27,000,000

5. The amount of \$27M represents Government Subsidy received for the year under review. However, an examination of the records revealed that amounts totalling \$35.6M were received for the period under review, resulting in a difference of \$8.6M. Further checks revealed that the difference represents capital releases for the year under review, however, this amount was not reflected in the financial statements. As a result, the financial statements do not reflect its true position of the amounts received from the Ministry of Public Works and Communication.

*Management's Response:* The Management indicated that checks are being carried out to verify the difference observed.

*Recommendation:* The Audit Office recommends that the Management of the Authority investigate the difference observed with a view of having it cleared.

Expenditure: \$297,645,280

6. The amount of \$297.645M represents operating expenditure for the year under review. However, an examination of the records revealed audited amounts totalling \$231.815M under the following heads whilst the financial statements reflected amounts totalling \$233.065M resulting in differences totalling \$1.250M as shown below:

Expenditure Items	Financial Statements Amount \$	Audited Amount \$	Differences \$
Employment Costs	196,161,374	195,200,482	960,892
Expenses specific to the Agency	660,000	510,000	150,000
Materials Equipment and Supplies	3,262,444	3,133,879	128,565
Transport Travel and Postages	5,380,684	5,410,084	(29,400)
Utility Charges	7,151,070	7,146,713	4,357
Other Goods and Serv. Purchased	19,784,932	19,747,220	37,712
Other Operating Expenses	664,444	666,444	(2,000)
<b>Total</b>	<b>233,064,948</b>	<b>231,814,822</b>	<b>1,250,126</b>

*Management's Response:* The Management indicated that checks are being carried out to verify the difference observed.

*Recommendation:* The Audit Office recommends that the Management of the Authority investigate the difference observed with a view of having it cleared.

7. The amount of \$1,221,649 was shown as prepaid expenses in 2004 for Wages and Salaries, Expenses Specific to Agency and Drugs and Medical Supplies which were accounted for in 2005. However, supporting documentations to support these payments were not presented for audit examination. In addition, the financial statements for the year ended 31<sup>st</sup> December 2004 did not reflect any prepayments. As a result, the accuracy, completeness and validity of the amount expended could not be verified.

*Management's Response:* The Management explained that the vouchers regarding prepaid expenses were entered in the votes ledger of which the ledger and vouchers were presented for audit. A listing of prepaid expenses can be submitted for audit.

*Recommendation:* The Audit Office recognizes that the Management's response does not support the finding and recommends that the Management of the Authority take the necessary steps to ensure that all prepaid expenses are properly accounted for and reflected in the financial statements.

8. Twelve payment vouchers totalling \$26,015,264 were not presented for audit. As a result it could not be easily determined whether all payments were made for the purposes intended and whether they were properly authorized. See Appendix I.

*Management's Response:* The Management explained that steps are being taken to locate the vouchers and have them available for audit.

*Recommendation:* The Audit Office recommends that the Management of the Authority put systems in place to ensure that payment vouchers are properly secured so that they are readily available for audit.

9. An examination of the Votes Ledger for the year under review did not reflect any accruals or prepayments as reported in the details of current expenditure. As a result, the balances reflected in the Votes Ledger were not the same as those reflected in the financial statements. See Appendix II for details.

*Management's Response:* The Management acknowledged this shortcoming and indicated that checks will be made regarding accruals and prepayments reported in order to reflect information accordingly in the financial statement.

*Recommendation:* The Audit Office recommends that the Management of the Authority put measures in place to ensure that all accruals and prepayments are reflected in the Votes Ledger so as to reflect the true position of expenditures at all times.

10. Thirty five payment vouchers totalling \$8.361M were expended on transportation cost, but were however charged to Line Item 184 – Other Goods & Services Purchased instead of Line Item 165 – Transport Travel & Postage resulting in the amount being misallocated. See Appendix III.

*Management's Response:* The Management explained that it was charged under Line Item 184 since it was contracted service for provision of staff transportation as against transportation cost incurred by officers in the performance of their official duties.

*Recommendation:* The Audit Office recommends that the Management of the Authority carefully assess the allocation of this expenditure as to where it should be charged so as to reflect the true position of Transport, Travel and Postages.

## **B. Balance Sheet**

Fixed Assets: \$284,606,419

11. The amount of \$284.606M was shown as fixed assets for the year under review. A Fixed Asset Register was not produced for audit. However, a schedule of assets was presented for audit verification but this did not reflect the category of fixed assets as such it could not be traced to the financial statements. As a result, the completeness, accuracy and validity of the figure shown in the financial statement could not be verified.

*Management's Response:* The Management explained that a Schedule of Fixed Assets was located and presented for audit. As a result of the 2004 audit an asset register for items purchased is now maintained with effect from 2009.

*Recommendation:* The Audit Office recommends that the Management of the Authority ensures that the Fixed Assets Register put in place is properly maintained to reflect all pertinent information.

12. Amounts totalling \$18,578,387 were expended on the acquisitions of assets for the year under review, but could not be verified due to poor record keeping since the location of the assets could not be identified. Further, not all the assets were marked but those marked were done with the letters 'GCCA', but they were not identified categorically according to the different types of assets.

*Management's Response:* The Management explained that a system will be put in place with effect from 2010 to mark the assets purchased by category. Also, assurance was given that the asset register will indicate the location of the assets along with a number for ease of reference.

*Recommendation:* The Audit Office recommends that the Management of the Authority put measures in place to ensure that all assets belonging to the Authority are properly marked to identify as property of the Authority.

13. The rates and method used for calculating the depreciation charges were not clear. The accuracy of the depreciation charges for year under review and consistent application of the depreciation rates and method could not be verified. However, the depreciation charges for acquisitions during the year was calculated using the straight line method and on a pro rate basis. Audit checks revealed that the charges for the acquisitions were understated by \$331,559. As a result, fixed assets were overstated by this amount.

14. As a result, the completeness, accuracy and validity of the figures shown in the financial statement could not be verified

*Management's Response:* The Management acknowledged this shortcoming and indicated that a method of accounting for depreciation will have to be instituted.

*Recommendation:* The Audit Office recommends that the Management of the Authority refers to International Accounting Standard (IAS) 16 for guidance on the method of accounting for depreciation.

Debtors and Prepayments: \$99,538,814

15. Amounts totalling \$99.539M was shown as debtors and prepayments for the year under review. However, an examination of the records revealed amounts totalling \$130.208M resulting in a difference of \$30.669M. As a result, the amounts shown as debtors and prepayments were understated by this amount.

*Management's Response:* The Management indicated that checks will be made regarding the differences identified and reconcile information between the debtor's register and individual balances.

*Recommendation:* The Audit Office recommends that the Management of the Authority take the necessary steps to investigate the differences observed between the Debtors' Ledger and individual balances with a view to having them cleared.

16. Further, other than the receivables register no other records, schedules or analysis was presented for audit scrutiny. An examination of the register revealed a significant amount of the debts were long overdue and there is no indication of these being pursued and recovered in a timely manner. It was also noted that the receivables register was not updated on a timely basis, statements are not sent on a regular and frequent basis, a debtor's age analysis was not done and no reconciliation between the receivables control account and individual account was carried out. As a result, it would appear that there was little or no action being taken to ensure that outstanding debts are properly monitored so as to have them cleared promptly.

*Management's Response:* The Management explained that actions are taken to ensure outstanding debts are recovered by way of telephone calls, emails and sending statement of account to customers for those we are in receipt of contact information. In addition, preparation of a debtor's age analysis is in process. Some of the debtors came over as balances from Cheddi Jagan International Airport Corporation of which payments are still outstanding to date.

*Recommendation:* The Audit Office recommends that the Management of the Authority aggressively follow up with outstanding debtors so as to recover long outstanding debts

### C. 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 this Office's policy, a reply is expected within thirty (30) days of the receipt of this management letter.

Yours sincerely,



Appendix I

Instances where payment vouchers were not presented for audit

<b>Voucher #</b>	<b>Amount \$</b>
320	4,881,943
576	4,000
829	291,225
847	1,323,758
848	4,174,537
849	489,482
850	3,296,603
851	1,011,868
853	1,306,099
855	843,988
858	7,688,031
859	703,730
<b>Total</b>	<b>26,015,264</b>



Appendix II

Instances where the Votes Ledger did not reflect any accruals or prepayments  
as reported in the details of current expenditure

Line Item	Balances as per		Difference
	Votes Ledger	Financial Statements	
203 – Benefits and Allowances	20,725,440	22,248,266	-1,522,826
124 – Print and non print	1,054,191	1,055,091	-900
131 - Fuel and Lubricants	1,861,585	1,939,342	77,757
171 – Telephone Charges	3,593,659	3,620,410	-26,751
172 – Electricity Charges	3,763,715	3,484,772	278,943
173 – Water Charges	50,688	45,888	4,800
181 – Security Charges	5,608,160	5,196,500	411,660
182 – Equipment Maintenance	1,847,513	1,981,613	-134,100
183 – Cleaning Extermination Services	526,462	547,878	-21,416
184 – Other	11,993,179	12,043,941	-50,762
193 – Refreshment and Meals	300,233	302,233	-2,000
Total	51,324,825	52,465,934	-985,595

**Appendix III**

**Transportation Services incorrectly charged to 'Other goods & Services' (184)  
instead of 'Travel, Transport & Postage' (164) for ANS**

<b>Date</b>	<b>RV #</b>	<b>Payee</b>	<b>Particulars</b>	<b>Amount \$</b>
2005.04.26	40	Samuel Stevens	Transportation services for Jan, 05 (G/Town - Timehri - G/Town)	511,500
2005.04.26	63	S. Sahadeo	Transportation services for Jan, 05 (G/Town - Timehri - G/Town)	100,700
2005.04.26	70	Samuel Stevens	Transportation service for Feb 1-15, 05 (G/Town - Timehri - G/Town)	247,500
2005.04.26	106	Samuel Stevens	Transportation services form 16-28 Feb, 05 (G/Town - Timehri - G/Town)	214,500
2005.04.26	107	S. Sahadeo	Transportation services for Feb, 05 (G/Town - Timehri - G/Town)	91,100
2005.04.26	149	Samuel Stevens	Transportation service for March, 05 (G/Town - Timehri - G/Town)	511,500
2005.04.26	165	S. Sahadeo	Transportation service for March, 05 (G/Town - Timehri - G/Town)	100,700
2005.05.07	250	Samuel Stevens	Transportation service for April, 05 (G/Town - Timehri - G/Town)	495,000
2005.05.09	262	Lakeram N Kumar	Transportation service for April, 05 (G/Town - Timehri - G/Town)	104,500
2005.05.11	271	S. Sahadeo	Transportation service for April, 05 (G/Town - Timehri - G/Town)	97,500
2005.06.02	312	Samuel Stevens	Transportation service for May, 05 (G/Town - Timehri - G/Town)	511,500
2005.06.03	316	S. Sahadeo	Transportation service for May, 05 (G/Town - Timehri - G/Town)	100,700
2005.06.14	343	Lakeram N Kumar	Transportation service for May, 05 (G/Town - Timehri - G/Town)	104,500
2005.07.06	397	Samuel Stevens	Transportation service for June, 05 (G/Town - Timehri - G/Town)	495,000
2005.07.08	403	S. Sahadeo	Transportation service for June, 05 (G/Town - Timehri - G/Town)	97,500
2005.07.08	404	Lakeram N Kumar	Transportation service for June, 05 (G/Town - Timehri - G/Town)	121,000
2005.07.29	468	Lakeram N Kumar	Transportation service for July, 05 (G/Town - Timehri - G/Town)	82,500
2005.08.05	479	Samuel Stevens	Transportation service for July, 05 (G/Town - Timehri - G/Town)	517,000
2005.08.05	482	S. Sahadeo	Transportation service for July, 05 (G/Town - Timehri - G/Town)	105,700
2005.09.05	582	S. Sahadeo	Transportation service for Aug, 05 (G/Town - Timehri - G/Town)	100,700
2005.09.05	585	Samuel Stevens	Transportation service for Aug, 05 (G/Town - Timehri - G/Town)	511,500
2005.09.07	588	Lakeram N Kumar	Transportation service for Aug, 05 (G/Town - Timehri - G/Town)	121,000
2005.10.03	675	A Ramsook	Transportation cost for 5 trips from Georgetown to Timehri	15,000

2005.10.03	676	Samuel Stevens	Transportation service for Sept, 05 (G/Town - Timehri - G/Town)	495,000
2005.10.03	677	Lakeram N Kumar	Transportation service for Sept, 05 (G/Town - Timehri - G/Town)	121,000
2005.10.17	716	S. Sahadeo	Transportation service for Sept, 05 (G/Town - Timehri - G/Town)	86,300
2005.11.03	754	Lakeram N Kumar	Transportation service for Oct, 05 (G/Town - Timehri- G/Town)	136,500
2005.11.03	755	Samuel Stevens	Transportation service for Oct, 05 (G/Town - Timehri - G/Town)	604,500
2005.12.01	828	Samuel Stevens	Transportation service for Nov, 05 (G/Town- Timehri- G/Town)	585,000
2005.12.05	830	Lakeram N Kumar	Transportation service for Nov, 05 (G/Town - Timehri- G/Town) one trip per day.	136,500
2005.12.06	835	S. Sahadeo	Transportation service for Oct, 05 (G/Town -Timehri- G/Town)	34,300
2005.12.16	867	S. Sahadeo	Transportation service for Nov, 05 (G/Town - Timehri - G/Town - Timehri)	18,300
2005.12.22	873	Samuel Stevens	Transportation service for Dec, 05 (G/Town - Timehri- G/Town)	604,500
2005.12.23	882	Lakeram N Kumar	Transportation service for Dec, 05 (G/Town - Timehri- G/Town)	123,500
2005.12.22	885	S. Sahadeo	Transportation service for Dec, 05 (G/Town - Timehri- G/Town)	57,600
<b>Total</b>	<b>35</b>			<b>8,361,100</b>