

**AUDITED FINANCIAL STATEMENTS OF THE
MARITIME AND ADMINISTRATION DEPARTMENT**

**FOR THE YEAR ENDED
31 DECEMBER 2003**

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

OPINION NO: 80/2014

AUDITED FINANCIAL STATEMENTS OF THE
MARITIME ADMINISTRATION DEPARTMENT
FOR THE YEAR ENDED 31 DECEMBER 2003

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Audit Office of Guyana

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209/SO: 51/2/2014

26 September 2014

Mr. B. Balram
Permanent Secretary
Ministry of Public Works and Communication
Wight's Lane
Georgetown.

Dear Mr. Balram

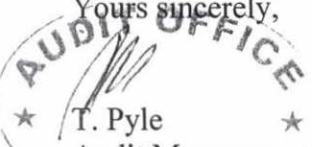
RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE
MARITIME ADMINISTRATION DEPARTMENT
FOR THE YEAR ENDED 31 DECEMBER 2003

We wish to inform you that the audit of the above-mentioned Department has been completed. Accordingly, we are pleased to forward one (1) copy of the audited financial statements, together with the Report of the Auditor General and the Management Letter thereon.

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

With kind regards.

Yours sincerely,


T. Pyle
Audit Manager
For Auditor General



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208/SO: 51/2/2014

26 September 2014

Ms. Claudette Rogers
Director General (ag)
Maritime Administrative Department
Fort Street
Kingston
Georgetown.

Dear Ms. Rogers,

RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE
MARITIME ADMINISTRATION DEPARTMENT
FOR THE YEAR ENDED 31 DECEMBER 2003

We wish to inform you that the audit of the above-mentioned Department 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 the Management Letter thereon.

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

With kind regards.

Yours sincerely,





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AG: 80/2014

26 September 2014

REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE
MARITIME ADMINISTRATION DEPARTMENT
FOR THE YEAR ENDED 31 DECEMBER 2003

I have audited the accompanying financial statements of Maritime Administration Department (MARAD) which comprise the balance sheet as at 31 December 2003, the income and expenditure statement and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the financial statements

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

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by International Federation of Accountants (IFAC), and those issued by 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 about 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 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 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.

Basis for Qualified Opinion

The amount of \$17,484,122 was shown as net fixed assets as at 31 December 2003. However, a Fixed Assets Register was not maintained for the year under review. As a result, the accuracy, completeness and validity shown as Fixed Assets could not be verified.

Qualified Opinion

Except for any adjustments which might have been shown to be necessary as a result of the matter referred to in the proceeding paragraph, in my opinion, the financial statements present fairly, in all material respect, of the financial position of Maritime Administration Department as at 31 December 2003, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.



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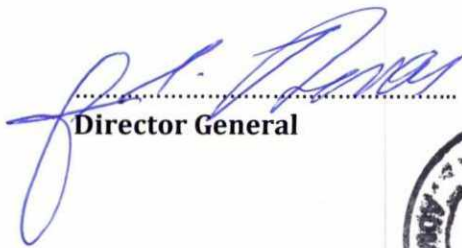
MARITIME ADMINISTRATION DEPARTMENT
INCOME & EXPENDITURE STATEMENT
YEAR ENDING DECEMBER 31, 2003

<u>Income:</u>	<u>Notes</u>	<u>\$</u>
Ports & Harbours Division	3	435,774,361.00
Safety Division	4	26,130,860.00
Quarries Division	5	1,768,020.00
Others	6	562,891.09
Total Income		464,236,132.09
<u>Expenditure:</u>		
<u>Labour</u>	7	
Wages & Salaries	7a	82,382,229.00
Relating Wages & Salaries Allowances	7b	6,556,459.00
Benefits & Other Allowances	7c	4,516,973.00
		93,455,661.00
<u>Other</u>	8	
Office Expenses	8a	21,442,950.00
Services Purchased	8b	2,403,796.00
Vehicles	8c	648,673.00
Others	8d	2,571,759.01
		27,067,178.01
Total Expenditure		120,522,839.01
Net Surplus		343,713,293.08
Subsidy to T&HD		309,013,202.00
Surplus from Operations		<u><u>34,700,091.08</u></u>

MARITIME ADMINISTRATION DEPARTMENT
BALANCE SHEET
AS AT DECEMBER 31, 2003

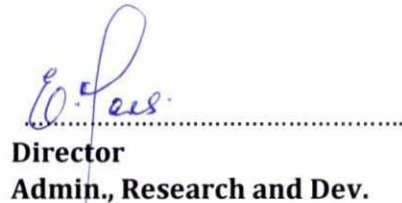
	<u>Notes</u>	
<u>ASSETS</u>		
<u>Fixed Assets:</u>	9	\$
Motor vehicle		9,916,200.00
Fixture & Fittings		2,670,623.00
Office Equipment		3,693,299.00
Vessels		1,204,000.00
Total Fixed Assets		17,484,122.00
<u>Current Assets:</u>	10	\$
Bank	10a	31,857,222.08
Cash	10a	48,075.00
Debtors	10b	310,672.00
Total Current Assets		32,215,969.08
Total Assets		<u>49,700,091.08</u>
<u>Financed by:</u>		
Opening Capital	11	15,000,000.00
Accumulated Surplus	12	34,700,091.08
		<u>49,700,091.08</u>

Certified by:



Director General





Director
Admin., Research and Dev.

Maritime Administration Department
Cash Flow Statement
For the year ended December 31, 2003

	\$
<u>Operating Activities</u>	
Surplus from Operations	34,700,091.08
Increase in Debtors	(310,672.00)
	34,389,419.08
<u>Investing Activities</u>	
Acquisition of Fixed Assets	(17,484,122.00)
Decrease in cash and cash equivalents	<u><u>16,905,297.08</u></u>
<u>Increase in cash and cash equivalents</u>	
Cash Balance as at 01.01.2003	15,000,000.00
Cash Balance as at 31.12.2003	31,905,297.08
	<u><u>16,905,297.08</u></u>

MARITIME ADMINISTRATION DEPARTMENT
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2003

1 *Overview of the Maritime Administration Department*

The Maritime Administration Department (MARAD) is an organisation that was established as a legal entity, separate and apart from T&HD to play a significant role in the improvement and development of the local maritime industry. Its mandate is derived principally from the Guyana Shipping Act of 1998 which empowers the agency to diligently apply quality standards for the effective management and safe and secure operations of ships and ports of Guyana.

The entity's principal operation is to deal with all Maritime Regulations which fall under the purview of the Maritime Safety and the Ports and Harbours Divisions of Guyana, respectively. It became fully operational on January 1, 2003 when the functions of the Maritime Administration were separated from Transport and Harbours Department (T&HD).

While MARAD's Capital Revenue is mainly grants from Central Government its Current Revenue is derived from the collection of fees, fines, charges and royalties as prescribed under the Guyana Shipping Act of 1998 and other laws relating to Marine Affairs and the inland waterways as related to the Department's regulatory responsibilities. In addition, standard administrative policies are applied for charges in the provision of private services and other related activities

2 *Significant Accounting Policies*

a. *Accounting Principle*

The financial statements were compiled in conformity with the Generally Accepted Accounting Principles (GAAP).

b. *Cost Convention*

These accounts have been prepared under the Historical Cost Convention.

c. *Fixed Assets*

Fixed Assets are recorded at cost and depreciated on the Straight Line Method Basis. No depreciation is charged on assets acquired or on additions during the year of acquisition. Assets are depreciated as follows:-

- Fixtures & Fittings - 3 years
- Office Equipment - 3 years
- Vessels - 15 years
- Vehicles - 5 years

3 Income from Ports & Harbours Services: - \$435,774,361.00

This represents the following revenue:

Pilotage Fees	70,137,359.00
Light Dues	106,591,410.00
Tonnage Dues	217,915,448.00
Docking/ Shipping Fees	11,550,228.00
Survey Fees	726,024.00
Official Publications	603,240.00
Miscellaneous	26,388,180.00
Surcharge	80,172.00
Light House	22,300.00
Dredging	1,260,000.00
Rental of Crane	500,000.00
	435,774,361.00

4 Income from Maritime Safety Services: - \$26,130,860.00

This represents the following revenue:

Certificate Fee	147,625.00
Discharge Book	1,123,925.00
Registration	4,595,999.00
Annual Dues	3,570,711.00
Transfer of Ownership	572,600.00
License	12,876,900.00
Inspection	3,243,100.00
	26,130,860.00

5 Income from Quarries Services: - \$1,768,020.00

This represents the following revenue:

Moorage & Wharfage	1,768,020.00
Rental of space	-
	1,768,020.00

6 Other Income: - \$562,891.09

This is made up as follows:

Interest	549,925.09
Surplus	7,966.00
Return Impress (P&H)	5,000.00
	562,891.09

7 Labour Expenditure: - \$93,455,661.00

a. Wages & Salaries Expenditure: - \$82,382,229.00

i. Wages & Salaries: - \$62,447,444.00

Comprised as follows:

Wages	10,431,514.00
Salaries	51,195,708.00
Stipend	92,588.00
Gratuity	727,634.00
	62,447,444.00

ii. Deductions: - \$19,934,785.00

Comprised as follows:

PAYE	13,906,369.00
NIS MANS	2,518,782.00
TWU	-
W&O	3,000.00
GT Court	48,400.00
AT&GCU	1,790,000.00
GPSCU	871,580.00
S/club	208,650.00
Insurance	588,004.00
	19,934,785.00
	82,382,229.00

b. Relating Wages & Salaries Allowances Expenditures: - \$6,556,459.00

i. Subsistence: - \$6,355,699.00

Comprised as follows:

Harbours	5,119,181.00
Safety	1,057,693.00
Quarries	178,825.00
	6,355,699.00

ii. Travelling & Entertainment: -

200,760.00
6,556,459.00

c. Benefits & Other Allowances Expenditure: - \$4,516,973.00

Comprised as follows:

NIS Department	3,778,473.00
Training	738,500.00
	4,516,973.00

8 Other Expenditure: - \$27,067,178.01

a. Office Expenses: - \$21,442,950.00

Comprised as follows:

Ports & Harbours	7,771,389.00
Secretariat	10,238,538.00
Transportation - P&H	418,340.00
Transportation -Sect	150,260.00
Boat Hire	2,755,463.00
Newspapers - Stabroek News	81,200.00
Newspapers - Chronicle News	27,760.00
Impress - P&H	-
Impress - Sect	-
	21,442,950.00

b. Services Purchased:- \$2,403,796.00

Comprised as follows:

GT&T	1,897,859.00
GPL	505,937.00
	2,403,796.00

c. Vehicles:- \$648,673.00

PGG 3801	384,494.00
PHH 5812	93,509.00
PHH 9924	25,440.00
PHH 9925	145,230.00
	648,673.00

d. Others: - \$2,571,759.01

Comprised as follows:

Bank Charges	67,050.00
Withholding Tax	109,985.01
Donations	560,424.00
CPSC Contribution	1,792,000.00
IMTA Membership Fee Contribution	42,300.00
	2,571,759.01

9 Fixed Assets: - \$17,484,122.00

As per attached Appendix 1 (Re: Fixed Asset Register), Fixed Assets comprise of the following groups:

Motor vehicle	9,916,200.00
Fixture & Fittings	2,670,623.00
Office Equipment	3,693,299.00
Vessels	1,204,000.00
	17,484,122.00

10 Current Assets: - \$32,215,969.08

a. Cash on Hand and at Bank: - \$32,215,969.08

This amount represents balances between expenditure and income in the general ledger. This amount comprises of the following:

NBIC Current Account	31,857,222.08
Cash in Hand	48,075.00
	31,905,297.08

b. Debtors: - \$310,672.00

The debtors comprise mainly of outstanding payments for advances and loans as follows:

Canawaima	11,572.00
Advance on Subsistence	10,000.00
Salary Advances	49,100.00
Loans	240,000.00
	310,672.00

11 Opening Capital:- \$15,000,000.00

As at January 1, 2003	15,000,000.00
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12 Accumulated Suplus: - \$34,700,091.08

Accumulated Surplus	343,713,293.08
Less: Subsidy to T&HD	(309,013,202.00)
As at December 31, 2003	34,700,091.08

Maritime Administration Department
Fixed Asset Register As At 31/12/2003

Date Acquired	Category	Description	Dept.	Cost (\$)
31-Jan-03	Office Equipment	1-Dell Optiplex GX260D with 17" anti-glare screen, Power ware UPS and Hewlett Packard Printer	Sect	342,005.00
18-Feb-03	Office Equipment	1 - Workstation - DL067, 1 - CD Holder, 1 - dust cover, 1 - 15" anti-glare screen, 1 - mouse pad, 1 - airdust blowoff, 12 - blank CDs, 1 - Surge Arrest, 1 - APC UPS and 10 - Diskettes	Sect	81,420.00
3-Mar-03	Office Equipment	1 - Hewlett Packard 5550C Deskjet Printer	Sect	43,100.00
3-Mar-03	Office Equipment	1 - Dell Optiplex Small Desktop with 17" anti-glare screen, Powerware UPS, Mouse pad and Mitsumi PS/2 Mouse	Harbours	306,478.00
13-Mar-03	Fixtures & Fittings	3 - El Socorro Center tables and 1 - Semi-sectional suite	Sect	57,298.00
19-Mar-03	Fixtures & Fittings	1 - 4 Drawer filing cabinet	Sect	48,000.00
2-Apr-03	Fixtures & Fittings	Vertical curtains, cupboard to enclose safe, feature phones with accessories, name plates and white board	Sect	2,317,765.00
9-May-03	Fixtures & Fittings	1 - Easel	Sect	18,000.00
12-May-03	Vessel	1 - Fibre Boat	Harbours	1,104,000.00
13-May-03	Vessel	1 - Bataeux	Harbours	100,000.00
23-Jun-03	Office Equipment	1 - Camera with flash	Sect	40,000.00
16-Jul-03	Office Equipment	1 - Facit Typewriter	Sect	97,200.00
23-Jul-03	Office Equipment	3 - Honda water pumps with accessories	Harbours	173,000.00
29-Jul-03	Fixtures & Fittings	3 - Esmatic Dispensers, 1 - 19" Sharp Colour TV, 1 - Panasonic VCR, 1 - Panasonic Cordless Phone, 1 - Cougar tape and 1 - 13" Coloured TV	Harbours	229,560.00
30-Jul-03	Office Equipment	1 - Dell Dimension 4600 Series, 1 - HP 5550C Deskjet Colour Printer and 1 - Powerware UPS	Sect	389,750.00
30-Jul-03	Office Equipment	3 - Dell Optiplex GX260D Small Desktop, 1 - HP Scanjet 7450c Professional Series Flatbed Scanner and 3 - Powerware UPS	Sect	1,056,618.00

<u>Date Acquired</u>	<u>Category</u>	<u>Description</u>	<u>Dept.</u>	<u>Cost (\$)</u>
9-Sep-03	Office Equipment	2 - Dell Optiplex GX270D Small Desktop, 5 - 17" anti-glare screen, Powerware UPS	Sect	566,187.00
16-Sep-03	Vehicles	1 - Blue Honda CRV (ENG.#K20A41905130; CH# JHLRD 5880 2 C 20 - 4253)	Harbours	4,958,100.00
22-Sep-03	Vehicles	1 - Gold Honda CRV (ENG. 3 K20A41900601; CH.# JHLRD 588 02 C 2003 - 63)	Safety	4,958,100.00
30-Oct-03	Office Equipment	1 - Dell Optiplex GX270D Small Desktop with Dell M782 Colour Monitor	Sect.	349,081.00
30-Oct-03	Office Equipment	1 - HP 6122 Deskjet Printer	Harbours	
12-Dec-03	Office Equipment	1 - Dell Optiplex GX270T Mini-Tower with Dell 17" M782 Flat CRT Colour Monitor	Sect	248,460.00
				17,484,122.00



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268/SO: 15/2/2014

26 September 2014

Ms. Claudette Rogers
Director General (ag.)
Maritime Administrative Department
Fort Street
Kingston
Georgetown.

Dear Ms. Rogers,

RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE
MARITIME ADMINISTRATION DEPARTMENT
FOR THE YEAR ENDED 31 DECEMBER 2003

Please be informed that the audit of the financial statements of the Maritime Administrative Department for the year ended 31 December 2003 has been completed and the findings hereunder 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 express an opinion on the financial statements and to evaluate the operations of the Department to ascertain whether:

- (a) The financial statements have been properly prepared, in accordance with applicable laws, and properly present the operations and affairs of the Department;
- (b) The accounts have been faithfully and properly kept;
- (c) The rules, procedures and internal management controls are sufficient to secure effective control on the assessment, collection, and proper allocation of revenue;

- (d) All monies expended and charged to an account have been applied to the purpose or purposes for which they were intended; and
- (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 public property.

FINDINGS AND RECOMMENDATIONS

A. Income and Expenditure Statement

Income: \$464,236,132

4. The amount of \$464.236M was recorded as income for the year under review. However, it was observed that the income received were not deposited promptly, instead it was being utilized for the day to day operations of the Department. This is not in keeping with existing regulations which states that all income received must be banked intact.

Recommendation: The Audit Office recommends that the Management of the Department desist from this practice and introduce and maintain a petty cash system for any such expenditure.

Management's Response: The Petty Cash system was formally introduced in the year 2007.

Expenditure: \$120,522,839

5. The amount of \$120.523M represents expenditure incurred as at 31 December 2003. An examination of a sample of payment vouchers was done and the following unsatisfactory features were observed:

- (a) The payment vouchers were not designed for the signatures of the persons preparing it, as a result, it could not be easily determined whether they were proper segregation of duties exercised. In addition, although the payment vouchers were provided with a space for the signature of the officer approving the voucher, this was not done.
- (b) Five instances totalling \$809,572 were observed where supporting documents were not attached to the payment vouchers. As a result, it could not be easily determined whether values were received for monies expended. See Appendix.
- (c) Further, a voucher number book was not maintained for the year under review, as a result it could not be easily determined whether all the payment vouchers were produced for audit examination.

Recommendation: The Audit Office recommends that the Management of the Department institute measures to ensure that:

- i. Payment vouchers are properly prepared, approved, completed and acknowledged so as to verify that all payments are authenticated;
- ii. All supporting documents are attached to substantiate payments made.
- iii. A Voucher Numbering Book is introduced and maintained.

Management's Response: Management explained that (a) this only occurs with petty cash voucher originating from the Harbours Division, same will be immediately corrected, (b) supporting document is attached, (d) no written supporting documents were attached but same were approved for the activities, and (e) will be introduced immediately

6. The amount of \$21,442,950 was expended under Office Material and Supplies. Included in this amount is a payment of \$150,000 on 18 February 2003 which was expended for the purchase of computers and accessories. However, these items were not capitalised and recorded as fixed assets for the year under review.

Recommendation: The Audit Office recommends that the Management of the Department capitalise all fixed assets and introduce a fixed asset register as required by financial regulations.

Management's Response: No response received for this shortcoming.

B. Balance Sheet

Cash on Hand and Bank: \$31,905,297

7. Included in the above amount of \$31.905M shown as Cash on Hand and Bank is the amount of \$48,075 representing Cash on hand as at 31 December 2003. However, a certified statement representing this amount was not presented.

Recommendation: The Audit Office recommends that the Management of the Department submit a certified statement to represent this amount.

Management's Response: On December 31, 2003 NBIC cheque no. 0860028585 that was deposited was cancelled, since the date was omitted. However, same was deposited on January 8, 2004.

8. Your response does not address the observation made.

C. Other Matters

9. A Controlled Forms Register which recorded all receipts and cheques received for the year under review was presented for audit. However, the invoice for cheque books received from the bank was not produced. As a result, it could not be easily determined whether all the cheque books received for the year under review were accounted for.

Recommendation: The Audit Office recommends that the Management of the Department locate and submit the invoices to assist in the verification of actual number of cheque books received from the bank.

Management's Response: The bank did not supply invoice for the cheque books received. The Order Form states 'to supply the following cheque books and debit the account'. However, there is a list of all cheque books received, cheque payments and statements which should facilitate the review.

E. General

10. 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,


T. Pyle
★Audit Manager
For Auditor General


Appendix

Supporting documents not attached

Date	PV#	Name of Payee	Particulars	Amount \$
2003.04.04	53	Quarries	Subsistence for the month	103,574
2003.05.28	160	Maranatha Press	Payments for adv. on 50,000 letter heads	237,188
2003.06.27	184	I. English	Exp. Attached for workshop to Antigua	264,810
2003.09.11	95	W.Thomas	Expenses for ISPS seminars	196,000
2003.10.29	6	L.Williams	To assist in transportation for Sept 03	8,000
Total				809,572