

**AUDIT OFFICE OF
GUYANA**



**2006 AUDIT
PROCEDURES
MANUAL
VOLUME II**

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VOLUME II

SPECIAL CONSIDERATIONS IN THE AUDIT OF GOVERNMENT ENTITIES

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SPECIAL CONSIDERATIONS RELATING TO THE AUDIT APPROACH FOR PUBLIC ENTITIES AND OTHER ORGANIZATIONS AUDITED BY THE AUDIT OFFICE OF GUYANA.

BACKGROUND

The foregoing chapters and sections of this manual dealt with general principles and procedures in the audit of government entities as a whole. However, some government entities and departments by the nature of their activities and uniqueness in their functions and operations demand that special audit procedures and programmes apply. This is especially so with the volume of laws, regulations that are enacted with increasing regularity, and followed by the relevant government entity. Examples are the Internal Revenue and Customs and Trade Administration. The staff of the Audit Office of Guyana needs to be knowledgeable in the systems, procedures and regulations applicable to these entities to be able to carry out their audit effectively.

The Audit Office of Guyana (AOG) is also required to audit special projects funded by the multi-lateral lending agencies like the Inter-American Development Bank, United Nations Development Programme etc. There are at present seventy (70) such projects being audited by the AOG. Each of these funding agencies have their own set of rules, procedures and guidelines for auditing and the preparation of financial statements, which the Auditor General should follow rigidly.

Some Trade Unions, governed by their own laws and regulations are also audited by the AOG. In summary, under its mandate, the AOG carries out the audit of government ministries and departments, public enterprises, statutory bodies, municipalities, neighbourhood democratic councils, trade unions and special projects.

The following chapters provide information and suggested audit approach and guidelines for each of these categories.

AUDIT OF NEIGHBOURHOOD DEMOCRATIC COUNCILS

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NEIGHBOURHOOD DEMOCRATIC COUNCILS (NDCs)

The Auditor General is empowered to inspect and examine the books and accounts of the local authorities as provided under the Local Authorities Act 28.02 Section 134. Powers of supervision and audit are also include generally in the Fiscal Management and Accountability Act 2003 and the Audit Act Of 2004.

The NDC provides certain services to the community not normally provided in the District Council areas by the Central Government. These include drainage and irrigation, maintenance of roads, drains, bridges etc. The costs of these services are met from rates and taxes levied and approved by the Regional Democratic Council.

The Local Authorities Act gives wide powers to the Minister of Local Government to prescribe appropriate rules and regulations on the running of local authority bodies and the books and records to be kept and the format of such records. Specific records that must be maintained by each NDC are:

Revenue:

- (a) Assessment Registers
- (b) Collectors Cash Books
- (c) Receipt Books
- (d) Revenue Abstract
- (e) Estimates of Revenue

Payments:

- (a) Payment Vouchers
- (b) Expenditure Abstract
- (c) Estimates of Expenditure

Other:

- (a) Debtors Control Account
- (b) Controlled Forms Register
- (c) Inventory
- (d) Reserve Fund Pass Book
- (e) Burial Ground Fees Register
- (f) Register of Safe Contents and Key Holders
- (g) Asset Register

At a recent count of the work programme of the AOG, there were sixty five (65) Neighbourhood Democratic Councils for audit.

The key elements of the Financial Statements required in the audit of the NDC are:

- the balance sheet
- the income and expenditure account
- notes to the financial statements

Based on a Ministerial Order dated 10th October, 2002, the NDC must establish a separate Bank account with an approved commercial bank under the following conditions:

- (a) three signatures for withdrawal above \$100,000
- (b) the three signatures are the Chairman of the NDC, an approved Councillor, and the Regional Executive Officer of the Region or the Permanent Secretary of the Ministry of Local Government
- (c) a withdrawal below \$100,000 require two signatures, being the Chairman of the NDC and an approved Councillor.

BASIS OF ACCOUNTING

For the Income and Expenditure Account, the accrual basis is used and therefore the assessed amounts for rates and taxes are reflected as income.

It should be noted that expenditure, however, is recorded as incurred, i.e, a cash basis.

OBJECTIVES OF THE AUDIT

The main objectives of the audit are to obtain reasonable assurance that:

- (a) the resources of the NDC have been managed in accordance with sound financial, management and accountability procedures,
- (b) the financial statement accounts fairly present the results of operation for the year, and the financial position at that date,
- (c) full values were received for monies expended,
- (d) assets acquired under the control of the NDC were recorded and physically verified, and (e) all revenues are properly accounted for.

AUDIT METHODOLOGY

The audit must be conducted in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements.

In the audit process, therefore, the audit work programme should provide for the verification of:

- Debtors Control account reconciling with the list of debtors as at the end of the financial year
- The Receipts and Payments Account under the three headings of General Fund, Reserve Fund and Grants
- The assessment and collection of rates and taxes-current as well as in arrears-and reconciling back to the debtors listing
- Fixed Assets
- Cash and Bank

- Expenditure incurred

SUMMARY

The staff of the AOG in undertaking the audit of the NDC need to bring to bear his/her experience, skills and knowledge of the audit process.

Audit programmes are attached for the benefit of staff, with the caveat that amendments / additions to the programme may be required as each audit dictates based on the particular circumstances.

NEIGHBOURHOOD DEMOCRATIC COUNCIL

BALANCE SHEET

AS AT 31 DECEMBER

200...	NOTES	200X	
		G\$	G\$
	FIXED ASSETS		
XXXXX	Buildings	XXXXX	
XXXXX	Land	XXXXX	
XXXXX	Furniture and Office Supplies	XXXXX	
XXXXX	Machinery	XXXXX	
XXXXX	Street Lights	XXXXX	
-----		-----	
XXXXX			XXXXX
	CURRENT ASSETS		
XXXXX	Sundry Debtors	XXXXX	
XXXXX	Cash on Hand and at Bank	XXXXX	
-----		-----	
			XXXXX
XXXXX			-----
-----			XXXXX
	FINANCED BY:		
XXXXX	Accumulated fund	XXXXX	
XXXXX	Reserve fund	XXXXX	
XXXXX	Government Contribution	XXXXX	
XXXXX	Revaluation Reserve	XXXXX	
-----		-----	
XXXXX			XXXXX
-----			-----

.....
(Chairman)

.....
(Overseer)

NEIGHBOURHOOD DEMOCRATIC COUNCIL

INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

200...	INCOME	NOTES	G\$	200X	G\$
x	Rates		x		
x	Interest		x		
x	Miscellaneous		x		
x	Interest on reserve fund		x		
x	Grant Income		x		

xx					xx
	EXPENDITURE				
x	Personal emoluments		x		
x	Exp. Specific to NDC		x		
x	Materials and supplies		x		
x	Maintenance of infrastructure		x		
x	Electricity charges		x		
x	Transport and travelling		x		
x	Telephone charges		x		
x	Other services purchased		x		
x	Education and training		x		
x	Others		x		
x	Depreciation		x		
x	Grant expense		x		

					xx
xxx	Net surplus / (Deficit)				----- xxx -----

Certify and correct

.....
(Chairman)

.....
(Overseer)

**THE AUDIT OFFICE OF GUYANA
JOB AUTHORIZATION FORM**

BUSINESS UNIT DIVISION REF JOB REF: DATE:

Name of the organisation:

Nature of the assignment:

Location:

Objectives of the Assignment: To examine the financial statements of the NDC and to carry out tests that are considered necessary to express an opinion on them.

STAFF REQUIREMENTS	AD	AM	AS	A	AA	SAC	AC	ENGINEER	TOTAL
MAN HOURS									
RATE PER HOUR									
TOTAL COST (\$)									

Proposed starting

Proposed completion

Proposed completion

Date:

Date (Field work) :

Date (Reporting) :

Prepared by:.....
Audit Manager

Checked by:.....
Audit Director

Approved by:.....
Auditor General

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NAME OF ORGANISATION:

LOCATION:

NATURE OF ASSIGNMENT:

OBJECTIVES OF ASSIGNMENT: To examine the financial statements of the NDC and to carry out tests that are considered necessary to express an opinion on them.

PROPOSED STARTING: **PROPOSED COMPLETION** **PROPOSED COMPLETION**

DATE: **DATE(FIELD WORK):** **DATE(REPORTING):**

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS								
			AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL
INITIAL AUDIT PLANNING											
1	Meeting with client and assessing the nature and scope of audit work, its environment, etc.										
2	Reviewing matters relating to the previous year's audit which have continuing relevance in the current year.										
3	Assessing the effects of any changes in legislation, accounting practice, etc. which may have affected the preparation of the										
4	Reviewing interim accounts, management accounts, budgets, minutes of meetings, etc.										
5	Identifying critical and / or risk areas.										
PRELIMINARY AUDIT WORK											
6	Identifying key internal control areas, documenting the systems and procedures relating to those areas and carrying out "walk through"										
Balance carried forward											

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS									
			AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	PRELIMINARY AUDIT WORK CONT'D											
	Balance brought forward											
7	Evaluating the internal controls.											
8	Carrying out compliance tests on the controls to be relied upon.											
9	Assessing the results of the evaluation of the internal controls and compliance tests to determine the level of substantive tests to be carried out.											
10	Meeting with management to agree on findings and recommendations.											
11	Issuing of interim management letter.											
	FINAL AUDIT WORK											
12	Carrying out substantive tests on: (a) Income and Expenditure Statements (b) Balance Sheet											
13	Physical verification of inventories, assets, cash etc.											
14	Post balance sheet audit work											
15	Reviewing of financial statements											
16	Evaluating the going concern concept.											
17	Ascertaining the necessity to disclose contingent assets and liabilities											
	Balance carried forward											

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS									
			AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	FINAL AUDIT WORK CONT'D											
	Balance brought forward											
18	Final Meeting with management											
19	Preparing final management letter											
20	Quality assurance review and drafting of opinion											
21	Issuing audit opinion											
	TOTAL											

PREPARED BY
AUDIT MANAGER

CHECKED BY
AUDIT DIRECTOR

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

NDC:

LOCATION:

YEAR-END:

Audit Objective:

- (1) To acquaint one's self with any change in respect of the current years audit.
- (2) To ensure that all cash balances are accurate
- (3) To account for all receipt books and controlled forms whether in use, completely used or not yet used.
- (4) To establish existence, physical condition and custody of assets
- (5) To ensure funds were utilised for the purpose(s) intended
- (6) To account for all investments received purchased
- (7) To obtain assurance of arithmetical and accounting accuracy of records
- (8) To obtain assurance that all amounts collected have paid over to the DDO and records kept there
- (9) To ensure that all ratable properties have been recorded in the assessment register for rates/rent collected
- (10) To ensure all PVs are presented for audit and to obtain assurance that the transactions have been recorded in the books of accounts
- (11) To ensure that the correct balances have been brought forward and that the FS are correctly extracted from the books of accounts.
- (12) To establish efficiency of collection
- (13) To ensure arithmetical accuracy

Audit Procedures:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Initial Audit Planning</u></p> <p>(1) Meeting with client and accessing the nature of audit work, its environment etc</p> <p>(2) Review matters relating to previous year's audit which have continuing relevance in the current year.</p> <p>(3) Assessing the effects of any changes in legislation, accounting practice etc., which may have an effect on the preparation of the financial statements</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

NDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(4) Reviewing interim accounts, management accounts, budgets, minutes of meetings, etc.</p> <p>(5) Document, test and evaluate system and internal controls.</p> <p>(6) Obtain and review a copy of the NDC's Estimates (Budget) for the year.</p> <p>(7) Prepare the audit plan</p>			
<p><u>CASH AND BANK</u></p> <p>(1) Obtain a lead schedule of cash and bank balances and agree prior year balances with prior year working papers.</p> <p><u>Cash-in-hand</u></p> <p>Obtain an analysis of cash-in-hand at year end and perform the following:-</p> <p>a) Count all cash in hand and reconcile with the records in cash book;</p> <p>b) Fill out the cash survey form and obtain officer's signature;</p> <p>c) Ensure cash is stored in a safe or vault;</p> <p>d) Check subsequent deposit of un-banked takings to the bank statement;</p> <p>e) Agree balances to the general ledger;</p> <p>f) Where significant, obtain a cash-in-hand certificate.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

NDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Bank</u></p> <p><u>Bank Reconciliation Test</u></p> <p><i>(1)Obtain reconciliations for all bank accounts (including term deposits) prepared as at the and perform the following:</i></p> <ul style="list-style-type: none"> a) Review the statements to ensure that they have been properly prepared; b) Agree the bank balances on the reconciliations to the bank statement; c) Agree the general ledger balance on the reconciliation to the general ledger; d) Cast the reconciliation; e) Check subsequent presentation of outstanding cheques and clearance of other items to the following month's bank statement, general ledger and reconciliation statement; f) Enquire into and record findings in connection with long outstanding and un-cleared items; g) Ensure that stale-dated cheques are written back or otherwise transferred to a stale-dated cheque account; h) Ensure that the reconciliation statements are duly signed as evidence of preparation and approval; i) Ensure that the reconciliation statement is prepared on a timely basis <p><i>(2)Review all other bank reconciliations for evidence of preparation and approval, agree balances to bank statements and enquire into long outstanding balances.</i></p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

NDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>(3)Cheque Payment Cut-Off</u></p> <p><i>Obtain cheque stubs for all bank accounts for 24 -31 December ... and 1-7 January and perform the following:-</i></p> <ul style="list-style-type: none"> a) Check that cheques were used in sequential order, b) Check postings to the general ledger, c) Ensured that payments were recorded in the relevant period. <p>(4) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of cash and bank balances.</p> <p>(5) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(6) Give a conclusion on cash and bank balances.</p>			
<p><u>CONTROLLED FORMS</u></p> <ul style="list-style-type: none"> (1) Check for all receipt books and all other controlled forms against register of controlled forms; (2) Obtain printer's invoice and verify books and controlled forms received and entries in the register (3) Prepare working to show the controlled forms in use, completed and unused. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

NDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<u>FIXED ASSETS</u>			
Analytical Procedures			
1) Explain movements and investigate any unexpected and unusual relationships between current period, prior year and budgeted amounts.			
2) Review entries in the following general ledger accounts for large or unusual items.			
Detailed Test of Transactions and Balances			
1) Obtain a fixed asset summary as at 31 December and: a) Agree opening balances to the prior year audited working papers; b) Check the arithmetic accuracy of the schedule; c) Agree closing balances to the fixed asset register and the general ledger			
2) Obtain a schedule of additions and for a sample of ... items, perform the following: a) Check that additions are necessary for carrying on operations and have been authorized; b) Agree value and description of asset acquired to supporting documentation. c) Physically inspect the asset. d) For additions inspect the title (Transport, Certificate of Registration or Invoice) to ensure that they are in the name of the NDC; e) Ensure that addition is recorded in the fixed asset register and general ledger correctly.			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

NDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>3) Obtain a schedule of disposals and select a sample of .. items and perform the following:</p> <ul style="list-style-type: none"> a) Agree details to supporting documentation; b) Ensure that sales proceeds have been correctly accounted for; c) Check that profit/loss on disposal has been correctly calculated and recorded in the general ledger; d) Check that disposals have been authorized; e) Check that disposed assets have been removed from the fixed asset register and general ledger. <p>4) For a sample of ... material assets, excluding additions, perform a physical verification exercise.</p> <p>5) For a sample of ... material assets, perform the following:</p> <ul style="list-style-type: none"> a) Test depreciation calculation is in accordance with stated policy; b) Check that no asset is being depreciated by more than cost; c) Agree depreciation to the fixed asset register and the appropriate expense ledgers; <p>6) Note obsolete and/unserviceable items and the dates the items became non-operational.</p> <p>7) Observe security arrangements at the company's place of business and ensure that there is adequate security of fixed assets.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

NDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>8) Check that there is adequate insurance coverage of fixed assets.</p> <p>9) Enquire whether management has carried out an impairment review of assets.</p> <p>10) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of property, plant and equipment balances.</p> <p>11) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>12) Give a Conclusion on property, plant and equipment balances.</p>			
<p><u>SUBVENTIONS</u></p> <p>(1) Verify subventions received from local government and ascertain the utilization of the funds;</p> <p>(2) Prepare contract spread sheets and verify procedures of the awards with the RDC records.</p>			
<p><u>REVENUE</u></p> <p>(1) Select sample of receipts and post to the CCBS and revenue abstract;</p> <p>(2) Cast revenue Collector's Cash Book;</p> <p>(3) Review total collection with the original estimates;</p> <p>(4) Verify reconciliation of revenue abstract with the DDO's records;</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

NDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(5) Obtain receipt for one week immediately before and after year end and perform the following:-</p> <p>a) Ensure that all receipt prior to the year-end and after year end are included in debtors and the general ledger in the relevant period,</p> <p>b) Check sequential order of receipt.</p>			
<p><u>ASSESSMENT REGISTERS</u></p> <p>(1) Post lots from surveyed plans to assessment registers. Carry out checks for one month. If discrepancies observed select another sample.</p> <p>(2) Verify all receipts for one month and trace to Assessment Register</p> <p>(3) Trace receipts to Debtor's Control Account.</p> <p>(4) Trace to receipts to Deposit Slips and Bank Statements.</p> <p>(5) Trace receipts to General Ledger</p> <p>(6) Ensure that the assessment registers are cast and balanced at regular intervals.</p> <p>(7) Obtain debtors' control account and verify totals with the assessment register.</p> <p>(8) Check subsequent collections to receipts after year end.</p> <p>(9) Test interest on rates in arrears</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

NDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>PAYMENTS</u></p> <p>(1) Obtain all the vouchers from the DDO and enquire into missing ones;</p> <p>(2) Obtain a sample of vouchers and examine for completeness accuracy and validity;</p> <p>(3) Post a sample of the vouchers to the cash book and expenditure incurred on a monthly basis;</p> <p>(4) Verify reconciliation of DDO and NDC's abstract note differences.</p> <p><u>FUNDS</u></p> <p>(1) Examine certificates of balances from the bank for reserve funds;</p> <p>(2) Examine certificate of balances from bank/DDO for the general rate fund;</p> <p><u>RECEIPTS AND PAYMENTS ACCOUNTS</u></p> <p>1. <u>Receipts</u></p> <p>(1) Post all closing balances form previous year to current year statements;</p> <p>(2) Post total receipts from revenue abstract to financial statements;</p> <p>(3) Compare receipts collected against amounts collectible as per approved estimates.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

NDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>2. <u>Payments</u></p> <p>(1) Post total amounts head/subheads from expenditure abstract to financial statements;</p> <p>(2) Compare actual expenditure under heads/subheads against amounts provided in approved estimates;</p> <p>(3) Cast and balance financial statements and verify balances with necessary certificates.</p> <p><u>PAYROLL</u></p> <p>(1) Obtain payroll for ... months/weeks and check that:</p> <p> a) Computation of gross pay calculated correctly based on either time records or salary letters. Confirm the rates of pay for 'time' workers to employment files or published information.</p> <p> b) Supporting documents in (a) above contains evidence of proper authorized;</p> <p> c) Statutory deductions were properly calculated;</p> <p> d) Ensure that there is evidence of preparation and approval</p> <p> e) Employee authorization obtained for non-statutory deductions;</p> <p> f) Ensure that there was evidence of collection of salary where cash paid; Payroll totals have been properly posted to the general ledger</p> <p> g) For one of the payrolls selected test the casting;</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

NDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(2) Select a sample of all joiners in the year and:</p> <ul style="list-style-type: none"> a) Ensure that completed application forms sent to the personnel department; b) Upon acceptance, ensure that certificates, police clearance and references obtained where necessary. c) Check that employment contract completed and signed by employee as evidence of accepting; d) Ensure that employee included in next payroll; e) Ensure that deductions made in month of joining. <p>(3) Select a sample of all leavers in the year and:</p> <ul style="list-style-type: none"> a) Check that there is appropriate supporting documentation i.e. a letter of resignation or termination letter; b) Check the remaining payment stated on the official discharge document was correctly calculated and paid over to the employee; c) Ensure that the employees were taken off the payroll from the date of resignation/dismissal. <p>(4) For the sample selected above ensure that:</p> <ul style="list-style-type: none"> a) NIS deductions were remitted before the 15th of the following month; b) PAYE deductions were remitted before the 14th of the following month. <p>(5) For all non-taxable allowances:</p> <ul style="list-style-type: none"> a) Document the type of allowances and staff to whom payments are made b) Select a sample of ... Employees and test justification of allowances paid. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

NDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
(6) Ensure that a Holiday-with-Pay register was maintained by the client.			
(7) Ensure that the employees Annual Return for has been filed with the Guyana Revenue Authority by 28 February			
(8) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.			
(9) Give a conclusion on employment cost recorded in the financial statements as at 31 December			
<u>FINAL AUDIT</u>			
(1) Prepare query sheets			
(2) Summaries and discuss findings.			
(3) Draft management letter and opinion			
(4) Issue management letter and opinion.			

PROGRAM APPROVAL

Approved as to the scope of testing and adequacy of execution.

Senior

Date

Manager

Date

Director

Date

AUDIT OF TRADE UNIONS

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TRADE UNIONS

Trade Unions are governed by the Trade Union Act Chapter 98.03. This Act stipulates how trade unions can be registered and carry out their legitimate business over time. A Registrar of trade unions is empowered to register a trade union.

Under Section 10 of the Act, it is important to note that the Friendly Societies Act and the Companies Act 1991 shall not apply to a trade union.

The primary function of a trade union is to organize and give representation to workers in the related industry and promote the welfare and advancement of their members.

The income of the union is mainly obtained from union dues from members paid either directly or through the employer from approved deductions made from workers' wages/salaries.

Under Section 22, the Treasurer or other officer of the union at the times stipulated should render to the trustees " a just and true account of all moneys received and paid by him since he last rendered the like account, and of the balance remaining in his hands, and all bonds or securities of the union, which account the trustees shall submit to the Director of Audit for audit within fourteen days of its receipt from the treasurer."

The Auditor General (previously named The Director of Audit) has a specific audit responsibility for all trade unions.

A trade union is required to file an annual return with the Registrar showing a general statement of " the receipts, funds, effects, and expenditure " and " show fully its assets and liabilities and receipts and expenditure" during the preceding year-section 35 of the Act.)

The key elements of the financial statements that should meet the requirements stipulated in the audit of a Trade Union are:

- the balance sheet showing all assets and liabilities
- the income and expenditure statement showing all revenues received and operating expenses, and the net surplus or loss
- detailed notes to the financial statements regarding accounting policy, movement of fixed assets, particulars of interest/investment income etc.

On completion of the audit, the Auditor General submits to the authorized officer of the trade union the audited financial statements with the notes thereon together with the audit report. The management letter to the union also accompanies the audit report and in its findings give specific details (as applicable) on income and expenditure, other income from investments, cash and term deposit, and any other matters that need addressing in the management letter based on the circumstances of each case.

BASIS OF ACCOUNTING

For the Income and Expenditure Account, the accrual basis is used.

OBJECTIVES OF THE AUDIT

The main objectives of the audit are to obtain reasonable assurance that:

- (a) the financial statements have been properly prepared, in accordance with applicable law, and properly present the operations and affairs of the Trade Union,
- (b) the resources of the Trade Union have been managed in accordance with sound financial, management and accountability procedures,
- (c) all monies expended and charged to an account have been applied to the purpose or purposes for which they were intended,
- (d) essential records are maintained, and the internal management controls and the rules and procedures established are sufficient to safeguard the control of stores and other public property,
- (e) assets acquired under the control of the Trade Union were recorded and physically verified, and
- (f) all revenues are properly accounted for.

AUDIT METHODOLOGY

The audit must be conducted in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements.

At the planning stage, a Planning Memorandum is normally prepared by the staff of the AOG, reviewed by the Audit Manager and Director and approved by the Auditor General. This memorandum outlines the objectives of the audit, its scope and the assessment of risks, audit procedures and estimated costs of the audit.

In terms of the audit of a trade union and the scope of work, the key areas for verification/attestation from the books and records with special reference to the following:

- union dues receivable
- income from investments/deposits
- significant and recurring expenses e.g. salaries and benefits, pension fund contributions, conferences, travel, office expenses (electricity, telephone, stationary etc.) repairs and maintenance, training, special contributions and donations etc.
- purchase of assets/ investments and physical verification of assets
- Cash and cash equivalents
- Analysis of Accumulated and other special funds

During the audit, and having regard to the audit programme, tests on the internal control system would be carried out to gauge its reliability.

SUMMARY

Some trade unions are very large in terms of membership with appropriate levels of income and expenditure, and some other unions quite small. As with other organizations and sectors, some maintain good records and internal controls, whilst others are below reasonable standards. However, the audit process remains the same; with the staff of the AOG planning and performing the audit using the principles and practices of auditing.

Audit programmes are attached for the benefit of staff, with the caveat that amendments / additions to the programme may be required as each audit dictates based on the particular circumstances.

TRADE UNION
BALANCE SHEET

AS AT 31 DECEMBER

200...	NOTES	200X	G\$	G\$
	FIXED ASSETS			
xxxxx	Depreciable fixed assets			xxxxx
xxxxx	Long term investments			xxxxx
-----				-----
xxxxx				xxxxx
	CURRENT ASSETS			
xxxxx	Sundry debtors		xxxxx	
xxxxx	Account receivable		xxxxx	
xxxxx	Loans & advances		xxxxx	
xxxxx	Subscriptions receivable		xxxxx	
xxxxx	Interest accrued		xxxxx	
xxxxx	Cash & term deposits		xxxxx	
-----			-----	
xxxxx				xxxxx
(xxxxx)	Less: <u>Current liabilities</u>			(xxxxx)
-----				-----
xxxxx	Total assets			xxxxx
-----				-----

Represented by:

xxxxx	Accumulated fund		xxxxx
xxxxx	Solidarity fund		xxxxx
xxxxx	Special research project		xxxxx
-----			-----
xxxxx			xxxxx
-----			-----

.....
(Chairman)

.....
(Overseer)

TRADE UNION

INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

200...	INCOME	NOTES	G\$	200X	G\$
x	Income from Subscriptions		x		
x	Rental of office space		x		
x	Miscellaneous receipts		x		
-----			-----		
xx					xx
	EXPENDITURE				
x	Administrative expense		x		
x	Repairs & maintenance		x		
x	Congress & conferences		x		
x	Industrial training		x		
x	Affiliation dues		x		
x	Death benefit		x		
x	Legal & professional services		x		
x	Depreciation		x		

					xx
-----					-----
x	Balance carried forward				xxx
-----					-----

TRADE UNION
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER

200...		200X
x	Balance brought forward	xxx
	OTHER INCOME	
x	Interest on investments	x
x	SURPLUS FROM OPERATIONS	x
	OTHER RECEIPTS	
x	Fund raising activities	x
x	Special research project	x
		xx
----- xxx -----	Net surplus / (Deficit)	----- xxx -----

Certify and correct

.....
(Chairman)

.....
(Overseer)

**THE AUDIT OFFICE
JOB AUTHORIZATION FORM**

BUSINESS UNIT DIVISION REF JOB REF: DATE:

Name of the organisation:

Nature of the assignment:

Location:

Objectives of the Assignment: To examine the financial statements of the Trade Union and to carry out tests that are considered ncessary to express an opinion on them.

STAFF REQUIREMENTS	AD	AM	AS	A	AA	SAC	AC	ENGINEER	TOTAL
MAN HOURS									
RATE PER HOUR									
TOTAL COST (\$)									

Proposed starting

Proposed completion

Proposed completion

Date:

Date (Field work) :

Date (Reporting) :

Prepared by:.....
Audit Manager

Checked by:.....
Audit Director

Approved by:.....
Auditor General

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NAME OF ORGANISATION:

LOCATION:

NATURE OF ASSIGNMENT:

OBJECTIVES OF ASSIGNMENT:

To examine the financial statements of the Trade Union and to carry out tests that are considered necessary to express an opinion on them.

PROPOSED STARTING:

PROPOSED COMPLETION

PROPOSED COMPLETION

DATE:

DATE(FIELD WORK):

DATE(REPORTING):

NO.	PARTICULARS	ASSIGNMENT	ESTIMATED MAN HOURS									
		PROCEDURES REFERENCE	AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	INITIAL AUDIT PLANNING											
1	Meeting with client and assessing the nature and scope of audit work, its environment, etc.											
2	Reviewing matters relating to the previous year's audit which have continuing relevance in the current year.											
3	Assessing the effects of any changes in legislation, accounting practice, etc. which may have affected the preparation of the financial statements											
4	Reviewing interim accounts, management accounts, budgets, minutes of meetings, etc.											
5	Identifying critical and / or risk areas.											
	PRELIMINARY AUDIT WORK											
6	Identifying key internal control areas, documenting the systems and procedures relating to those areas and carrying out "walk through" tests.											
	Balance carried forward											

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS									
			AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	PRELIMINARY AUDIT WORK CONT'D											
	Balance brought forward											
7	Evaluating the internal controls.											
8	Carrying out compliance tests on the controls to be relied upon.											
9	Assessing the results of the evaluation of the internal controls and compliance tests to determine the level of substantive tests to be carried out.											
10	Meeting with management to agree on findings and recommendations.											
11	Issuing of interim management letter.											
	FINAL AUDIT WORK											
12	Carrying out substantive tests on: (a) Income and Expenditure Statements (b) Balance Sheet											
13	Physical verification of inventories, assets, cash etc.											
14	Post balance sheet audit work											
15	Reviewing of financial statements											
16	Evaluating the going concern concept.											
17	Ascertaining the necessity to disclose contingent assets and liabilities											
	Balance carried forward											

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS									
			AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	FINAL AUDIT WORK CONT'D											
	Balance brought forward											
18	Final Meeting with management											
19	Preparing final management letter											
20	Quality assurance review and drafting of opinion											
21	Issuing audit opinion											
	TOTAL											

PREPARED BY
AUDIT MANAGER

CHECKED BY
AUDIT DIRECTOR

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

TRADE UNION:

LOCATION:

YEAR-END:

Audit Objective:

- (1) To acquaint one's self with any change in respect of the current years audit.
- (2) To ensure that all cash balances are accurate
- (3) To account for all receipt books and controlled forms whether in use, completely used or not yet used.
- (4) To establish existence, physical condition and custody of assets
- (5) To ensure funds were utilised for the purpose(s) intended
- (6) To account for all investments received purchased
- (7) To obtain assurance of arithmetical and accounting accuracy of records
- (8) To ensure all PVs are presented for audit and to obtain assurance that the transactions have been recorded in the books of accounts
- (9) To ensure that the correct balances have been brought forward and that the FS are correctly extracted from the books of accounts.
- (10) To establish efficiency of collection
- (11) To ensure arithmetical accuracy

Audit Procedures:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Initial Audit Planning</u></p> <p>(1) Meeting with client and accessing the nature of audit work, its environment etc</p> <p>(2) Review matters relating to previous year's audit which have continuing relevance in the current year.</p> <p>(3) Assessing the effects of any changes in legislation, accounting practice etc., which may have an effect on the preparation of the financial statements</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

TRADE UNION:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(4) Reviewing interim accounts, management accounts, budgets, minutes of meetings, etc.</p> <p>(5) Document, test and evaluate system and internal controls.</p> <p>(6) Obtain and review a copy of the Trade Union's Estimates (Budget) for the year.</p> <p>(7) Prepare the audit plan</p>			
<p><u>CASH AND BANK</u></p> <p>(1) Obtain a lead schedule of cash and bank balances and agree prior year balances with prior year working papers.</p> <p><u>Cash-in-hand</u></p> <p>Obtain an analysis of cash-in-hand at year end and perform the following:-</p> <p>a) Count all cash in hand and reconcile with the records in cash book;</p> <p>b) Fill out the cash survey form and obtain officer's signature;</p> <p>c) Ensure cash is stored in a safe or vault;</p> <p>d) Check subsequent deposit of un-banked takings to the bank statement;</p> <p>e) Agree balances to the general ledger;</p> <p>f) Where significant, obtain a cash-in-hand certificate.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

TRADE UNION:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Bank</u></p> <p><u>Bank Reconciliation Test</u></p> <p><i>(1) Obtain reconciliations for all bank accounts (including term deposits) prepared as at the ... and perform the following:</i></p> <ul style="list-style-type: none"> a) Review the statements to ensure that they have been properly prepared; b) Agree the bank balances on the reconciliations to the bank statement; c) Agree the general ledger balance on the reconciliation to the general ledger; d) Cast the reconciliation; e) Check subsequent presentation of outstanding cheques and clearance of other items to the following month's bank statement, general ledger and reconciliation statement; f) Enquire into and record findings in connection with long outstanding and un-cleared items; g) Ensure that stale-dated cheques are written back or otherwise transferred to a stale-dated cheque account; h) Ensure that the reconciliation statements are duly signed as evidence of preparation and approval; i) Ensure that the reconciliation statement is prepared on a timely basis <p><i>(2) Review all other bank reconciliations for evidence of preparation and approval, agree balances to bank statements and enquire into long outstanding balances.</i></p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

TRADE UNION:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>(3)Cheque Payment Cut-Off</u></p> <p><i>Obtain cheque stubs for all bank accounts for 24 -31 December ... and 1-7 January and perform the following:-</i></p> <ul style="list-style-type: none"> a) Check that cheques were used in sequential order, b) Check postings to the general ledger, c) Ensured that payments were recorded in the relevant period. <p>(4) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of cash and bank balances.</p> <p>(5) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(6) Give a conclusion on cash and bank balances.</p> <p><u>CONTROLLED FORMS</u></p> <ul style="list-style-type: none"> (1) Check for all receipt books and all other controlled forms against register of controlled forms; (2) Obtain printer's invoice and verify books and controlled forms received and entries in the register (3) Prepare working to show the controlled forms in use, completed and unused. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

TRADE UNION:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<u>FIXED ASSETS</u>			
Analytical Procedures			
1) Explain movements and investigate any unexpected and unusual relationships between current period, prior year and budgeted amounts.			
2) Review entries in the following general ledger accounts for large or unusual items.			
Detailed Test of Transactions and Balances			
1) Obtain a fixed asset summary as at 31 December and:			
a) Agree opening balances to the prior year audited working papers;			
b) Check the arithmetic accuracy of the schedule;			
c) Agree closing balances to the fixed asset register and the general ledger			
2) Obtain a schedule of additions and for a sample of ... items, perform the following:			
a) Check that additions are necessary for carrying on operations and have been authorized;			
b) Agree value and description of asset acquired to supporting documentation.			
c) Physically inspect the asset.			
d) For additions inspect the title (Transport, Certificate of Registration or Invoice) to ensure that they are in the name of the Trade Union;			
e) Ensure that addition is recorded in the fixed asset register and general ledger correctly.			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

TRADE UNION:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>3) Obtain a schedule of disposals and select a sample of .. items and perform the following:</p> <ul style="list-style-type: none"> a) Agree details to supporting documentation; b) Ensure that sales proceeds have been correctly accounted for; c) Check that profit/loss on disposal has been correctly calculated and recorded in the general ledger; d) Check that disposals have been authorized; e) Check that disposed assets have been removed from the fixed asset register and general ledger. <p>4) For a sample of ... material assets, excluding additions, perform a physical verification exercise.</p> <p>5) For a sample of ... material assets, perform the following:</p> <ul style="list-style-type: none"> a) Test depreciation calculation is in accordance with stated policy; b) Check that no asset is being depreciated by more than cost; c) Agree depreciation to the fixed asset register and the appropriate expense ledgers; <p>6) Note obsolete and/unserviceable items and the dates the items became non-operational.</p> <p>7) Observe security arrangements at the company's place of business and ensure that there is adequate security of fixed assets.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

TRADE UNION:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>8) Check that there is adequate insurance coverage of fixed assets.</p> <p>9) Enquire whether management has carried out an impairment review of assets.</p> <p>10) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of property, plant and equipment balances.</p> <p>11) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>12) Give a Conclusion on property, plant and equipment balances.</p>			
<p><u>UNION DUES</u></p> <p>(1) Obtain schedule of union dues received for the year.</p> <p>(2) Select month and choose number of employers.</p> <p>(3) For the employers selected, obtain statement of union dues remitted.</p> <p>(4) Agree amount to receipts.</p> <p>(5) Trace receipts to deposit slips and bank statements.</p> <p>(6) Trace amounts to general ledger.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

TRADE UNION:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>CUT OFF - RECEIPTS</u></p> <p>(1) Obtain receipt for one week immediately before and after year end and perform the following:-</p> <p style="margin-left: 40px;">a) Ensure that all receipt prior to the year-end and after year end are included in debtors and the general ledger in the relevant period,</p> <p style="margin-left: 40px;">b) Check sequential order of receipt.</p> <p><u>RECEIPTS AND PAYMENTS ACCOUNTS</u></p> <p>1. <u>Receipts</u></p> <p style="margin-left: 40px;">(1) Post all closing balances form previous year to current year statements;</p> <p style="margin-left: 40px;">(2) Post total receipts from revenue abstract to financial statements;</p> <p style="margin-left: 40px;">(3) Compare receipts collected against amounts collectible as per approved estimates.</p> <p>2. <u>Payments</u></p> <p style="margin-left: 40px;">(1) Post total amounts head/subheads from expenditure abstract to financial statements;</p> <p style="margin-left: 40px;">(2) Compare actual expenditure under heads/subheads against amounts provided in approved estimates;</p> <p style="margin-left: 40px;">(3) Cast and balance financial statements and verify balances with necessary certificates.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

TRADE UNION:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>PAYROLL</u></p> <p>(1) Obtain payroll for ... months/weeks and check that:</p> <ul style="list-style-type: none"> a) Computation of gross pay calculated correctly based on either time records or salary letters. Confirm the rates of pay for 'time' workers to employment files or published information. b) Supporting documents in (a) above contains evidence of proper authorized; c) Statutory deductions were properly calculated; d) Ensure that there is evidence of preparation and approval e) Employee authorization obtained for non-statutory deductions; f) Ensure that there was evidence of collection of salary where cash paid; Payroll totals have been properly posted to the general ledger g) For one of the payrolls selected test the casting; <p>(2) Select a sample of all joiners in the year and:</p> <ul style="list-style-type: none"> a) Ensure that completed application forms sent to the personnel department; b) Upon acceptance, ensure that certificates, police clearance and references obtained where necessary. c) Check that employment contract completed and signed by employee as evidence of accepting; d) Ensure that employee included in next payroll; e) Ensure that deductions made in month of joining. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

TRADE UNION:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(3) Select a sample of all leavers in the year and:</p> <ul style="list-style-type: none"> a) Check that there is appropriate supporting documentation i.e. a letter of resignation or termination letter; b) Check the remaining payment stated on the official discharge document was correctly calculated and paid over to the employee; c) Ensure that the employees were taken off the payroll from the date of resignation/dismissal. <p>(4) For the sample selected above ensure that:</p> <ul style="list-style-type: none"> a) NIS deductions were remitted before the 15th of the following month; b) PAYE deductions were remitted before the 14th of the following month. <p>(5) For all non-taxable allowances:</p> <ul style="list-style-type: none"> a) Document the type of allowances and staff to whom payments are made b) Select a sample of Employees and test justification of allowances paid. <p>(6) Ensure that a Holiday-with-Pay register was maintained by the client.</p> <p>(7) Ensure that the employees Annual Return for has been filed with the Guyana Revenue Authority by 28 February</p> <p>(8) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(9) Give a conclusion on employment cost recorded in the financial statements as at 31 December</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

TRADE UNION:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>FINAL AUDIT</u></p> <p>(1) Prepare query sheets (2) Summaries and discuss findings. (3) Draft management letter and opinion (4) Issue management letter and opinion.</p>			

PROGRAM APPROVAL

Approved as to the scope of testing and adequacy of execution.

Senior

Date

Manager

Date

Director

Date

AUDIT OF MUNICIPAL AND DISTRICT COUNCILS

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AUDIT
OF
MUNICIPAL AND DISTRICT COUNCILS

MUNICIPAL AND DISTRICT COUNCILS

BACKGROUND

Municipalities and District Councils are governed primarily by the Municipal and District Council Act Chapter 28.01, an Act which governs such entities with regulations and rules covering all aspects of its operations from the collection of revenue, investment, etc., to the records and recording keeping required, and the duties and responsibilities of its principal officers including its Clerk and its Treasurer.

The Minister of Local Government is the minister responsible for governance of these entities. Section 146 (1) of the Act, states that “the Minister may make financial regulations for controlling and managing financial business of councils” Financial regulations include (a) the preparation and keeping of accounts, balance sheets, financial statements and abstracts of accounts, (b) regulation of the procedures for controlling the finances of the council, (c) the purchase of stores and equipment and its safe keeping, (d) the receipt of cash and safe custody, (e) preparation of estimates, (f) expenditure which may be incurred before the approval of the estimates,(g) the procedure for borrowing, (h) advances to local government officers, and (i) the procedure for tendering for contracts.

Section 177(1) of the Act states that “all accounts of a council shall be made up yearly to the end of the financial year to which they relate by the treasurer of the council and shall be made up not later than four months after the end of such year and shall be audited by the auditor as soon as practicable.”

Under the Act (section 178), the auditor i.e Auditor General or his office “shall give the treasurer one month’s notice in writing of the date on which he intends to commence the audit of the accounts of the council.”

The key elements of the financial statements that should meet the requirements stipulated in the audit of a Municipal and District Council is:

- the balance sheet(or Statement of Assets and Liabilities)
- the income and expenditure statement (or Receipts and Payments)
- notes to the financial statements

Under Section 184 (1) (e) (iv), on the conclusion of the audit, the Auditor General is required to certify the expenditure audited and allowed.(A separate report on this is normally submitted with the audit report.)

Under Section 187, within one month of the completion of the audit, or as soon as practicable thereafter, the Auditor General shall report on the accounts audited and send the report to the council and a copy to the Minister.

BASIS OF ACCOUNTING

For the Receipts and Payments Account, the accrual basis is used and therefore the assessed amounts for rates and taxes are reflected as income.

OBJECTIVES OF THE AUDIT

It should be noted also that the Audit Act 2004 under Section 24 empowers the Auditor General as external auditor of the public accounts of Guyana to audit the accounts of all local government bodies. Under this section, the Auditor General shall examine the financial statements and accounts and to obtain reasonable assurance that:-

- (a) the financial statements have been properly prepared and represent fairly the operations of the entity,
- (b) the accounts have been faithfully kept,
- (c) the procedures and internal management processes are sufficient to secure effective control on the assessment, collection and proper allocation of revenues,
- (d) all moneys expended are for the purposes intended,
- (e) essential records are maintained and sufficient to safeguard stores and other public property.

AUDIT METHODOLOGY

The audit must be conducted in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements.

The audit work programme for municipal audits should therefore, provide for verification of the following key areas:

- income from all sources especially general rates, market fees, interest on general rates, and accrued income at year end
- expenditures-payroll, materials and other supplies based on approved authorizations for such expenditures
- payments on priority debts-e.g. outstanding PAYE, NIS etc
- the maintenance of effective internal controls
- safety and security of assets
- procedures for investments
- cash and cash equivalents
- virement procedures where excess expenditure took place

There is a heavy responsibility on the Auditor General- and through him on the staff of the AOG – to carry out efficiently their audit functions as envisaged under the Municipal and District Councils Act 28.01. Where municipal and district councils are concerned, because of inadequate records and record keeping in some cases, after the audit is completed, the audit opinion may vary from an unqualified audit opinion to one where due to significant omissions etc. the Auditor General is unable to form an opinion.

SUMMARY

The staff of the AOG in undertaking the audit of a municipality or council need to bring to bear his/her experience, skills and knowledge of the audit process.

Audit Programmes are attached for the benefit of staff, with the caveat that amendments/ additions to the programme may be required as each audit dictates, based on the particular circumstances.

MUNICIPAL AND DISTRICT COUNCIL

BALANCE SHEET

AS AT 31 DECEMBER

200X		200X
G\$	G\$	G\$
	CAPITAL	
XXXXX	Municipal Capital	XXXXX
XXXXX	Capital Grants	XXXXX
-----		-----
	XXXXX	XXXXX
	RESERVES	
	XXXXX General reserve	XXXXX
	LOAN CAPITAL	
XXXXX	Registered bonds	XXXXX
XXXXX	Sundry capital projects loan	XXXXX
-----		-----
	XXXXX	XXXXX
	-----	-----
	XXXXX	XXXXX
	-----	-----
	Represented by	
	FIXED ASSETS	
XXXXX	Municipal property	XXXXX
XXXXX	Portable water supply scheme	XXXXX
XXXXX	Sewerage system	XXXXX
XXXXX	Water works	XXXXX
XXXXX	Machinery and equipment	XXXXX
XXXXX	Capital work in progress	XXXXX
XXXXX	Furniture & office equipment	XXXXX
XXXXX	Vehicles	XXXXX
-----		-----
	XXXXX Balance carried forward	XXXXX

MUNICIPAL AND DISTRICT COUNCIL

BALANCE SHEET

AS AT 31 DECEMBER

200X	G\$	G\$	200X	G\$	G\$
LONG TERM INVESTMENTS					
	XXXXX	Balance brought forward		XXXXX	
		Sinking Funds			
XXXXX		Sundry investments	XXXXX		
<hr style="border-top: 1px dashed black;"/>					
	XXXXX			XXXXX	
<hr style="border-top: 1px dashed black;"/>					
	XXXXX			XXXXX	
CURRENT ASSETS					
XXXXX		Accumulated outstanding general rates	XXXXX		
XXXXX		Outstanding water rates	XXXXX		
XXXXX		Accumulated outstanding market rates	XXXXX		
XXXXX		Uncollected stores	XXXXX		
XXXXX		Uncollected revenue	XXXXX		
XXXXX		Advance to officers	XXXXX		
XXXXX		Insurance of officers	XXXXX		
XXXXX		Cylinder deposits	XXXXX		
XXXXX		Treasury bills	XXXXX		
XXXXX		Loose tools	XXXXX		
<hr style="border-top: 1px dashed black;"/>					
	XXXXX			XXXXX	
BANK & CASH BALANCES					
XXXXX		Savings Account	XXXXX		
XXXXX		Fixed deposits	XXXXX		
XXXXX		General Reserve	XXXXX		
XXXXX		External payment deposits	XXXXX		
XXXXX		Bank Loan bond - current account	XXXXX		
XXXXX		Bank Special works - current account	XXXXX		
XXXXX		Bank Current account	XXXXX		
XXXXX		Cash on hand	XXXXX		
<hr style="border-top: 1px dashed black;"/>					
	XXXXX			XXXXX	
	XXXXX	Balance carried forward		XXXXX	

MUNICIPAL AND DISTRICT COUNCIL

BALANCE SHEET

AS AT 31 DECEMBER

200X			200X	
G\$	G\$		G\$	G\$
	XXXXX	Balance brought forward		XXXXX
		LESS		
		Current Liabilities		
XXXXX		National insurance	XXXXX	
XXXXX		Gratuity payable	XXXXX	
XXXXX		Pension payable	XXXXX	
XXXXX		Cheque payable	XXXXX	
XXXXX		Unclaimed account	XXXXX	
XXXXX		Unclaimed bonds & interest	XXXXX	
XXXXX		Unclaimed salary & wages	XXXXX	
XXXXX		Unpaid accounts	XXXXX	
XXXXX		Prepaid rates	XXXXX	
XXXXX		Temporary loans	XXXXX	
-----			-----	
	XXXXX			XXXXX
		SUNDRY FUNDS		
XXXXX		Constabulary proficiency award	XXXXX	
XXXXX		General reserve	XXXXX	
XXXXX		Investment funds	XXXXX	
XXXXX		Officers deposits	XXXXX	
XXXXX		School rehabilitation projects	XXXXX	
XXXXX		Sundry	XXXXX	
-----			-----	
	XXXXX			XXXXX
	-----		-----	
	XXXXX			XXXXX
		BANK OVERDRAFT		
XXXXX		Bank	XXXXX	
-----			-----	
	XXXXX			XXXXX
	-----		-----	
.....			
City Treasurer			Town Clerk	

MUNICIPAL AND DISTRICT COUNCIL

SUMMARY OF RECEIPTS AND PAYMENTS

PAYMENTS			RECEIPTS		
200X		200X	200X		200X
x	Liabilities	x	x	Surplus (deficit) December 31, 200...	x
x	Unallocated stores	x	x	Abattoir fees	x
x	Abattoir	x	x	Building application form fee:	x
x	Admin & records	x	x	Car park fees	x
x	Albouystown market	x	x	Cemetery's	x
x	Bourda market	x	x	Compliance & statements	x
x	Cemetery	x	x	Street vending fees	x
x	City Engineer's administration	x	x	Court fees	x
x	City Engineer's building inspection	x	x	Day care services	x
x	Constabulary	x	x	Income, community & allied projects	x
x	Day care services	x	x	Food handlers certificate	x
x	East ruimveldt market	x	x	Fee from hiring vehicle:	x
x	Environmental sanitiation	x	x	Tipping fees	x
x	Food hygiene	x	x	G.S.& W.C.	x
x	General works	x	x	Garden fees	x
x	Health administration	x	x	General rates	x
x	Health education	x	x	Government subvention	x
x	House service	x	x	Income from contract works	x
x	Kitty market	x	x	Social development	x
x	Maternal & child welfare	x	x	Income from store depot	x
x	Mayor's office	x	x	Interest on general rates	x
x	MCS administration	x	x	Interest on investments	x
x	MCS district	x	x	Bank interest	x
x	MCS transportation	x	x	Licence & fees	x
x	Mechanical workshop	x	x	Escheated bail	x
x	Personnel department	x	x	Market fees	x
x	Public parks	x	x	Miscellaneous provisions	x
x	Refuge disposal	x	x	Municipal cleansing services	x
x	Roads & stone depot	x	x	Cold storage	x
x	Rodent & vector control	x	x	Pound fees	x
x	Sanitary convenience & pools	x	x	Plan processing fees	x
x	Sluices & surface drainage	x	x	Market fees (accrued)	x
x	Stabroek market	x	x	Deposit interest (BCM)	x
x	Treasurer's department	x	x	Public health certificate fees	x
x	Overdraft charges	x	x	Public parks & recreation grounds	x
-----		-----	-----		-----
xxx	Balance carried forward	xxx	xxx	Balance carried forward	xxx
-----		-----	-----		-----

MAYOR AND CITY COUNCILLORS OF THE CITY OF GEORGETOWN

SUMMARY OF RECEIPTS AND PAYMENTS

PAYMENTS			RECEIPTS		
200X		200X	200X		200X
xxx	Balance brought forward	xxx	xxx	Balance brought forward	xxx
x	Miscellaneous debit charge	x	x	General rates (prepaid)	x
x	EPD w/h tax & service charge	x	x	Sundry refunds	x
x	Return item charge	x	x	Refund group pension scheme	x
x	Miscellaneous prov. - safe deposit	x	x	Refuge disposal	x
x	Social development	x	x	Rent received	x
x	Excess of receipts over payments	x	x	Sale of obsolete spares	x
x		x	x	EDP interest	x
x		x	x	Accrued general rates	x
x		x	x	Merriman's mal	x
				Excess of payments over receipts	x
-----		-----	-----		-----
xxx		xxx	xxx		xxx
-----		-----	-----		-----

**THE AUDIT OFFICE
JOB AUTHORISATION FORM**

GROUP REF **DIVISION REF** **JOB REF:** **DATE:**

NAME OF ORGANISATION **LOCATION :**

NATURE OF ASSIGNMENT

OBJECTIVES OF ASSIGNMENT

Objectives of the Assignment: To examine the financial statements of the Council and to carry out tests that are considered necessary to express an opinion on them.

STAFF REQUIREMENTS	AD	AM	AS	A	AA	SAC	AC	ENGINEER	TOTAL
MAN HOURS									
RATE PER HOUR									
TOTAL COST (\$)									

Proposed starting Proposed completion Proposed completion

Date: Date (Field work) : Date (Reporting) :

Prepared by:..... Checked by:..... Approved by:.....

Audit Manager Audit Director Auditor General

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NAME OF ORGANISATION:

LOCATION:

NATURE OF ASSIGNMENT:

To examine the financial statements of the Council and to carry out tests that are considered necessary to express an opinion on them.

OBJECTIVES OF ASSIGNMENT:

PROPOSED STARTING:

PROPOSED COMPLETION

PROPOSED COMPLETION

DATE:

DATE(FIELD WORK):

DATE(REPORTING):

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS								TOTAL	
			AD	AM	AS	A	AA	SAC	AC	ENG		
	INITIAL AUDIT PLANNING											
1	Meeting with client and assessing the nature and scope of audit work, its environment, etc.											
2	Reviewing matters relating to the previous year's audit which have continuing relevance in the current year.											
3	Assessing the effects of any changes in legislation, accounting practice, etc. which may have affected the preparation of the financial statements											
4	Reviewing interim accounts, management accounts, budgets, minutes of meetings, etc.											
5	Identifying critical and / or risk areas.											
	Balance carried forward											

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS									
			AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	Balance brought forward											
	PRELIMINARY AUDIT WORK											
6	Identifying key internal control areas, documenting the systems and procedures relating to those areas and carrying out "walk through" tests											
7	Evaluating the internal controls.											
8	Carrying out compliance tests on the controls to be relied upon.											
9	Assessing the results of the evaluation of the internal controls and compliance tests to determine the level of substantive tests to be carried out.											
10	on findings and recommendations. agree on findings and recommendations.											
11	Issuing of interim management letter.											
	FINAL AUDIT WORK											
12	Carrying out substantive tests on: (a) Income Statement items (b) Balance Sheet items (c) Cash Flow Statement (d) Notes to the Accounts											
13	Physical verification of											
14	Post balance sheet audit work											
15	Reviewing of financial statements											
	Balance carried forward											

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS									
			AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	FINAL AUDIT CONT'D											
	Balance brought forward											
16	Evaluating the going concern concept.											
17	Ascertaining the necessity to disclose contingent assets and											
18	Final Meeting with management											
19	Preparing final management letter											
20	Quality assurance and drafting of opinion											
21	Issuing audit opinion											
	TOTAL											

PREPARED BY
AUDIT MANAGER

CHECKED BY
AUDIT DIRECTOR

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

Audit Objective:

- (1) To acquaint one's self with any change in respect of the current years audit.
- (2) To ensure that all cash balances are accurate
- (3) To account for all receipt books and controlled forms whether in use, completely used or not yet used.
- (4) To establish existence, physical condition and custody of assets
- (5) To ensure funds were utilised for the purpose(s) intended
- (6) To account for all investments received purchased
- (7) To obtain assurance of arithmetical and accounting accuracy of records
- (8) To obtain assurance that all amounts collected have paid over to the DDO and records kept there
- (9) To ensure that all ratable properties have been recorded in the assessment register for rates/rent collected
- (10) To ensure all PVs are presented for audit and to obtain assurance that the transactions have been recorded in the books of accounts
- (11) To ensure that the correct balances have been brought forward and that the FS are correctly extracted from the books of accounts.
- (12) To establish efficiency of collection
- (13) To ensure arithmetical accuracy

Audit Procedures:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Initial Audit Planning</u></p> <p>(1) Meeting with client and accessing the nature of audit work, its environment etc</p> <p>(2) Review matters relating to previous year's audit which have continuing relevance in the current year.</p> <p>(3) Assessing the effects of any changes in legislation, accounting practice etc., which may have an effect on the preparation of the financial statements</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(4) Reviewing interim accounts, management accounts, budgets, minutes of meetings, etc.</p> <p>(5) Document, test and evaluate system and internal controls.</p> <p>(6) Obtain and review a copy of the MDC's Estimates (Budget) for the year.</p> <p>(7) Prepare the audit plan</p>			
<p><u>CASH AND BANK</u></p> <p>(1) Obtain a lead schedule of cash and bank balances and agree prior year balances with prior year working papers.</p> <p><u>Cash-in-hand</u></p> <p>Obtain an analysis of cash-in-hand at year end and perform the following:-</p> <p>a) Count all cash in hand and reconcile with the records in cash book;</p> <p>b) Fill out the cash survey form and obtain officer's signature;</p> <p>c) Ensure cash is stored in a safe or vault;</p> <p>d) Check subsequent deposit of un-banked takings to the bank statement;</p> <p>e) Agree balances to the general ledger;</p> <p>f) Where significant, obtain a cash-in-hand certificate.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Bank</u></p> <p><u>Bank Reconciliation Test</u></p> <p><i>(1) Obtain reconciliations for all bank accounts (including term deposits) prepared as at the and perform the following:</i></p> <ul style="list-style-type: none"> a) Review the statements to ensure that they have been properly prepared; b) Agree the bank balances on the reconciliations to the bank statement; c) Agree the general ledger balance on the reconciliation to the general ledger; d) Cast the reconciliation; e) Check subsequent presentation of outstanding cheques and clearance of other items to the following month's bank statement, general ledger and reconciliation statement; f) Enquire into and record findings in connection with long outstanding and un-cleared items; g) Ensure that stale-dated cheques are written back or otherwise transferred to a stale-dated cheque account; h) Ensure that the reconciliation statements are duly signed as evidence of preparation and approval; i) Ensure that the reconciliation statement is prepared on a timely basis <p><i>(2) Review all other bank reconciliations for evidence of preparation and approval, agree balances to bank statements and enquire into long outstanding balances.</i></p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>(3)Cheque Payment Cut-Off</u></p> <p><i>Obtain cheque stubs for all bank accounts for 24 -31 December ... and 1-7 January and perform the following:-</i></p> <ul style="list-style-type: none"> a) Check that cheques were used in sequential order, b) Check postings to the general ledger, c) Ensured that payments were recorded in the relevant period. <p>(4) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of cash and bank balances.</p> <p>(5) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(6) Give a conclusion on cash and bank balances.</p>			
<p><u>CONTROLLED FORMS</u></p> <ul style="list-style-type: none"> (1) Check for all receipt books and all other controlled forms against register of controlled forms; (2) Obtain printer's invoice and verify books and controlled forms received and entries in the register (3) Prepare working to show the controlled forms in use, completed and unused. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>SUBVENTIONS</u></p> <p>(1) Verify subventions received from local government and ascertain the utilization of the funds;</p> <p>(2) Prepare contract spread sheets and verify procedures of the awards with the MDC records.</p> <p><u>FIXED ASSETS</u></p> <p><u>Analytical Procedures</u></p> <p>1) Explain movements and investigate any unexpected and unusual relationships between current period, prior year and budgeted amounts.</p> <p>2) Review entries in the following general ledger accounts for large or unusual items.</p> <p><u>Detailed Test of Transactions and Balances</u></p> <p>1) Obtain a fixed asset summary as at 31 December and:</p> <p style="margin-left: 20px;">a) Agree opening balances to the prior year audited working papers;</p> <p style="margin-left: 20px;">b) Check the arithmetic accuracy of the schedule;</p> <p style="margin-left: 20px;">c) Agree closing balances to the fixed asset register and the general ledger</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>2) Obtain a schedule of additions and for a sample of ... items, perform the following:</p> <ul style="list-style-type: none"> a) Check that additions are necessary for carrying on operations and have been authorized; b) Agree value and description of asset acquired to supporting documentation. c) Physically inspect the asset. d) For additions inspect the title (Transport, Certificate of Registration or Invoice) to ensure that they are in the name of the NDC; e) Ensure that addition is recorded in the fixed asset register and general ledger correctly. <p>3) Obtain a schedule of disposals and select a sample of .. items and perform the following:</p> <ul style="list-style-type: none"> a) Agree details to supporting documentation; b) Ensure that sales proceeds have been correctly accounted for; c) Check that profit/loss on disposal has been correctly calculated and recorded in the general ledger; d) Check that disposals have been authorized; e) Check that disposed assets have been removed from the fixed asset register and general ledger. <p>4) For a sample of ... material assets, excluding additions, perform a physical verification exercise.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>5) For a sample of ... material assets, perform the following:</p> <ul style="list-style-type: none"> a) Test depreciation calculation is in accordance with stated policy; b) Check that no asset is being depreciated by more than cost; c) Agree depreciation to the fixed asset register and the appropriate expense ledgers; <p>6) Note obsolete and/unserviceable items and the dates the items became non-operational.</p> <p>7) Observe security arrangements at the company's place of business and ensure that there is adequate security of fixed assets.</p> <p>8) Check that there is adequate insurance coverage of fixed assets.</p> <p>9) Enquire whether management has carried out an impairment review of assets.</p> <p>10) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of property, plant and equipment balances.</p> <p>11) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>12) Give a Conclusion on property, plant and equipment balances.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<u>INCOME</u>			
<u>Rates & Taxes</u>			
(1) Obtain schedules of rates and assessed for the year under review; (2) Post a sample of ... month(s) receipts to the cash book, general ledger and rates and taxes ledger(assessment register); (3) Trace receipts to Debtor's Control Account; (4) Trace amounts to deposit slips and bank statements; (5) Trace amounts to the general ledger; (6) Ensure that the assessment registers are cast and balanced at regular intervals; (7) Obtain debtor's control account and verify totals with the assessment register; (8) Check subsequent collections to receipts after year end. (9) Test interest on rates in arrears.			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>PAYMENTS</u></p> <p>(1) For each type of expenditure, select ... or ... transactions and carry out the following;-</p> <ul style="list-style-type: none"> • Vouch the amount and nature of the expense to supporting documentation such as invoices and bills. • Examine vouchers for completeness and accuracy • Ensure that there is proper authorization for the incurring of the expense. • Ensure that the expenses are relevant to the MDC's operations. • Verify the evidence of receipt of goods and services • Post vouchers to cash book / general ledger. • Cast cash book. • Prepare contract spreadsheets where necessary • Count voucher and determine missing vouchers <p>(2) Verify the voted provision with the actual expenditure.</p> <p>(3) For excess expenditure, verify that virements are made to clear all excess expenditure</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>PAYROLL</u></p> <p>(1) Obtain payroll for ... months/weeks and check that:</p> <ul style="list-style-type: none"> a) Computation of gross pay calculated correctly based on either time records or salary letters. Confirm the rates of pay for 'time' workers to employment files or published information. b) Supporting documents in (a) above contains evidence of proper authorized; c) Statutory deductions were properly calculated; d) Ensure that there is evidence of preparation and approval e) Employee authorization obtained for non-statutory deductions; f) Ensure that there was evidence of collection of salary where cash paid; Payroll totals have been properly posted to the general ledger g) For one of the payrolls selected test the casting; <p>(2) Select a sample of all joiners in the year and:</p> <ul style="list-style-type: none"> a) Ensure that completed application forms sent to the personnel department; b) Upon acceptance, ensure that certificates, police clearance and references obtained where necessary. c) Check that employment contract completed and signed by employee as evidence of accepting; d) Ensure that employee included in next payroll; e) Ensure that deductions made in month of joining. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(3) Select a sample of all leavers in the year and:</p> <ul style="list-style-type: none"> a) Check that there is appropriate supporting documentation i.e. a letter of resignation or termination letter; b) Check the remaining payment stated on the official discharge document was correctly calculated and paid over to the employee; c) Ensure that the employees were taken off the payroll from the date of resignation/dismissal. <p>(4) For the sample selected above ensure that:</p> <ul style="list-style-type: none"> a) NIS deductions were remitted before the 15th of the following month; b) PAYE deductions were remitted before the 14th of the following month. <p>(5) For all non-taxable allowances:</p> <ul style="list-style-type: none"> a) Document the type of allowances and staff to whom payments are made b) Select a sample of Employees and test justification of allowances paid. <p>(6) Ensure that a Holiday-with-Pay register was maintained by the client.</p> <p>(7) Ensure that the employees Annual Return for has been filed with the Guyana Revenue Authority by 28 February</p> <p>(8) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(9) Give a conclusion on employment cost recorded in the financial statements as at 31 December</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>DEBTORS</u></p> <p><u>Analytical Procedures</u></p> <p>(1) Obtain a lead schedule of debtors and prepayments and compare with prior year to ensure list appears complete and reasonable; Agree balances to the closing trial balance.</p> <p>(2) Explain movements and investigate any unexpected or unusual relationships between current year, prior year and budgeted amounts.</p> <p>Trade Debtors</p> <p>(1) <u>Debtors Aged Analysis</u></p> <p>Obtain a debtors age analysis as at the end of 31 December and perform the following tests:</p> <ul style="list-style-type: none"> (a) Test mathematical accuracy (b) Investigate large or unusual items (c) Investigate credit balances (d) Ensure that the total of the aged analysis of debtors agrees with the debtors control account in the general ledger. (e) Test accuracy of aging by comparing a sample of individual items to supporting documentation (f) Check subsequent collections to receipts after year end 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(2) <u>Past Due Balance</u></p> <p>For customers balance outstanding for more than 90 days, select a sample ofcustomers and perform the following:</p> <ul style="list-style-type: none"> a) Agree details to invoices and other supporting documents; b) Discuss collectability with client; c) Consider subsequent payments and payments history; d) Examine correspondence with customer, if necessary; e) Ensure adequate provisions set up if necessary. <p>(3) <u>Sundry Debtors</u></p> <p>Obtain a schedule of sundry debtors as at year end and perform the following:-</p> <ul style="list-style-type: none"> a) The total agrees to the general ledger; b) For material items, amounts agree to supporting documentation for a sample of items; c) Payment received post year-end for selected sample. d) For overdue receipts consider whether these should be written off. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(4) <u>Prepayments</u></p> <p>Obtain a schedule of prepayments as at the year-end and Perform the following:-</p> <ul style="list-style-type: none"> a) Agree the total to the general ledger, b) Compare this with the prior year to ensure that list is complete, c) Agree details to supporting documents (e.g. invoices, receipt etc.) for significant pre-payments, d) Check calculation of prepaid amount, e) Pre year-end payments agree to bank statements. <p>(5) <u>Cut-off Test</u></p> <p><u>Receipts</u></p> <p>Obtain receipt for one week immediately before and after year end and perform the following:-</p> <ul style="list-style-type: none"> a) Ensure that all receipt prior to the year-end and after year end are included in debtors and the general ledger in the relevant period, b) Check sequential order of receipt. <p>(6) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of accounts receivables and prepayments balances.</p> <p>(7) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(8) Give a Conclusion on accounts receivable and prepayments balances.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>INVESTMENTS</u></p> <p><u>Analytical Review</u></p> <p>(1) Obtain a schedule of movement on investments showing opening balances, additions, disposals/maturities, revaluations and closing balances. Assess the reasonableness of the movements on the investment portfolio.</p> <p>(2) Verify opening balances using the previous year audited financial statements.</p> <p><u>Additions</u></p> <p>(1) Obtain a list of additions to investments and perform the following:</p> <p style="padding-left: 40px;">(a) Document the details of any new investments acquired during the year including issuer, country of origination, type of investment, pay-dates of the investment, interest/discount rate.</p> <p style="padding-left: 40px;">(b) Agree the cost of the acquisition to issuer documentation and payment documents.</p> <p><u>Disposals</u></p> <p>(1) Obtain a schedule of maturities and disposals and perform the following:</p> <p style="padding-left: 40px;">(a) Test disposals/maturities to original terms of the security or to bank statements.</p> <p style="padding-left: 40px;">(b) In the event of a disposal, check the calculation of the profit/loss on disposal.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Investments held at year end</u></p> <p>(1) For investments held at the year-end, perform the following:</p> <p style="padding-left: 40px;">(a) Agree balances of the financial statements with the schedules of investment.</p> <p style="padding-left: 40px;">(b) Verify certificates with closing balances using the bank confirmation letters and investment register.</p> <p style="padding-left: 40px;">(c) By inspection to post-year end maturities ensure that the investments held at year-end are not impaired.</p> <p>(3) Conclude on investments.</p> <p><u>CREDITORS</u></p> <p><u>Analytical Procedures</u></p> <p>(1) Obtain a lead schedule of Creditors & Accruals as at December 31 with prior year comparatives.</p> <p>(2) Agree prior year numbers to the prior year audit working papers and agree current year numbers to the general ledger.</p> <p>(3) Obtain explanations and investigate any unexpected or unusual relationships between current year, prior year and budgeted amounts for:-</p> <ul style="list-style-type: none"> - accounts payable, - sundry payable, - accruals. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Detailed Testing</u></p> <p>(1) <u>Payables</u></p> <p>Obtain payables listing as at the year end and perform the following tests:-</p> <ul style="list-style-type: none"> (a) test mathematical accuracy; (b) trace amounts to appropriate sources; (c) investigate large or unusual items, (d) test translation of foreign currency, (e) agree balance total to the general ledger, (f) check subsequent payment on a sample basis for large supplier balances. (g) check on authority of credit (h) where necessary obtain confirmations. <p>(2) <u>Sundry Creditors</u></p> <p>Obtain a list of sundry creditors at the year-end and perform the following:-</p> <ul style="list-style-type: none"> (a) Review this for completeness based on prior period list and expectations. (b) Check a sample to supporting documentation and post year-end payment. (c) Test mathematical accuracy, (d) Investigate large or unusual items, (e) Agree balances to the general ledger. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(3) <u>Accruals</u></p> <p>Obtain a list of Accruals at the year-end and perform the following:-</p> <ul style="list-style-type: none"> (a) Review this for completeness based on prior period list and expectations. (b) Verify period of accruals (c) Test mathematical accuracy, (d) Investigate large or unusual items, (e) Check accruals to supporting documentation and post year end payment (g) Agree balances to the general ledger. <p>(4) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of accounts payables and accruals balances.</p> <p>(5) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>6) Give a Conclusion on accounts payable and accrued charges balances.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>LOANS AND ADVANCES</u></p> <p>(1) <u>Detailed Testing- Long Term Debt</u></p> <p>Obtain or prepare a continuity schedule for indebtedness which shows beginning balance, new borrowings, payments and ending balance:</p> <ul style="list-style-type: none"> (a) Agree the beginning balances to the prior year's working paper file; (b) Agree ending balances to the general ledger (c) Vouch new borrowings to supporting documents including bank statements and loan agreements; (d) Vouch principal payments to supporting documentation; (e) Confirm the year-end balance and terms of the debt with the creditor; (f) Assess reasonableness of loans against related interest expense; (g) Perform analytical review procedures on interest expense to ensure amount is reasonable; (h) Verify the current portion of the long term debt and the total payments required in the next five years; (i) Ensure any loan covenants are complied with. Determine the effect of any breaches on the financial statements and the auditor's reports; (j) Ensure long term debt is properly disclosed in the financial statements (for example, maturity dates, terms, security, principal payments in the next five years,etc.) 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(2) <i>Changes in Interest Rates</i> Review the Board Minutes for any changes in the loan rate offered. If changes are identified then</p> <p style="padding-left: 40px;">(a) Check that the interest rate has been changed accordingly and is calculating interest accurately;</p> <p style="padding-left: 40px;">(b) Check the postings are made to the correct general ledger accounts; Loan Control & Interest Payable.</p> <p>(3) Discussion with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(4) Give a conclusion on loans and advances.</p> <p><u>CAPITAL</u></p> <p>(1) Obtain documentation to verify the Municipal Grant and capital Gains.</p> <p>(2) Trace from documentation to general ledger and financial statements.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<u>SURPLUS / DEFICIT</u>			
(1) Test the arithmetical accuracy of the receipts and payments account.			
(2) Agree balances brought forward from the previous year with current year balances.			
(3) Perform analytical procedures and obtain explanations for any large and unusual variations.			
(4) For categories with large and unusual items, obtain a breakdown for the year.			
(5) Review work done on Revenue and relate for consistency and presentation in the income statement.			
(6) Agree surplus in receipts and payments account with that shown in the balance sheet.			
(7) Give a Conclusion on the receipts and payments account.			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MDC:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>FINAL AUDIT</u></p> <p>Obtain trial balance and post entries to the General Ledger and perform the following;</p> <p>(a) Post appropriate debits and credits to the Receipts and Payments Accounts and Balance Sheet,</p> <p>(b) From the audited accounts from previous year bring forward all items into the current year financial statements,</p> <p>(c) Ensure that all adjustments in respect to the previous year's accounts have been made on the current statements. If not, note for comments in the management letter,</p> <p>(d) Prepare query sheets,</p> <p>(e) Draft management letter and opinion,</p> <p>(f) Issue management letter and opinion</p>			

PROGRAM APPROVAL

Approved as to the scope of testing and adequacy of execution.

Senior

Date

Manager

Date

Director

Date

**AUDIT
OF
PROJECTS FUNDED
BY
MULTI-LATERAL AGENCIES**

AUDIT OF PROJECTS FUNDED BY MULTI-LATERAL AGENCIES

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AUDIT OF PROJECTS FUNDED BY MULTI-LATERAL AGENCIES

BACKGROUND

In the audit of projects, the Auditor General is required to conduct such audits according to the rules, procedures and guidelines laid down by the relevant multi-lateral lending agency. Projects that are audited by the AOG include the Inter-American Development Bank (IDB), United National Development Programme (UNDP), United States Agency for International Development (USAID) etc. and together represent a substantial part of the audit programme of the AOG.

IDB RULES

The Inter-American Development Bank (IDB) has laid down its guidelines in several documents-as listed below-that should assist project coordinators, accountants and auditors in the conduct of activities related to such projects and the reporting standards required to produce essential information required.

The key documents are:

- AF100-BANK POLICY-AUDIT
- AF200-PROCUREMENT OF AUDIT SERVICES-BIDDING DOCUMENTS
- AF300-PREPARATION OF FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REQUIREMENTS
- AF400-TERMS OF REFERENCE FOR EXTERNAL AUDITS
- AF500-TERMS OF REFERENCE FOR THE EX-POST REVIEW OF THE PROCUREMENT PROCESS AND SUPPORTING DOCUMENTATION FOR DISBURSEMENT REQUESTS.

It is essential that the staff of the AOG study carefully the rules and procedures contained in these guidelines to carry out their duties as auditors.

Whilst all the documents as published by the IDB are valuable on the subject matter covered, AF100-Bank Policy-Audit and AF300-Preparation of Financial Statements and Independent Audit Requirements are of great significance and should be studied by all staff.

The key elements of the Financial Statements as required under AF300 (as explained in detail below) in the audit of a Project funded by a multi- lateral agency are:

- the statement of cash received and disbursements made.
- the statement of cumulative investments
- notes to the financial statements
- annex to the balance sheet

Apart from the guidelines issued by the IDB as enumerated above, staff of the AOG should also study the LOAN CONTRACT for the particular project signed by the Bank and the borrower/executing agency. This study is essential since the staff should incorporate such audit work in their audit plan as to attest/ verify that the conditions stipulated in the Contract have been fulfilled.

In fact, the Loan Contract normally stipulates that when the AOG as the Supreme Audit Institution (SAI) is responsible for the audit of the project, then the Loan Contract must include a clause stipulating that the borrower or executing agency commits to the Bank to comply with certain conditions as listed in AF100 -2.02 including the procedures for the appointment of independent auditors, the time frame for the submission of the financial statements etc.

BASIS OF ACCOUNTING

For the Statement of Cash Received and Disbursements Made and the Statement of Cummulative Investments, the cash basis of accounting is used.

Revenue is recognized when cash is received and expenses when cash is disbursed.

OBJECTIVES OF THE AUDIT

The overall objective of the external audit is to obtain a professional opinion on the financial and operational information required by the bank, and an evaluation of the system of internal control and the use of project funds.

The specific objectives are to obtain independent auditors' opinion as to:

1. Whether the financial statements of the project and/or the entity fairly present the financial condition of then project/entity, and whether the statements were prepared in accordance with IAS's (as issued by IFAC or INTOSAI standards as relevant), the Bank's external audit requirements (AF100 and AF300), and the terms of reference;
2. The reasonableness of the supplementary financial information;
3. Compliance with the terms and conditions of the Loan Contract and applicable local laws and regulations. The Auditor must evaluate compliance with each specific financial and accounting related contractual clause in the Loan Contract;
4. Compliance by means of an integrated audit of the procurement and disbursement processes with the norms and procedures established in the Contract;
5. Compliance with the operations regulation or credit regulations manual as applicable.

AUDIT METHODOLOGY

The audit must be conducted in accordance with International Standards on Auditing, issued by the International Federation of Accountants (IFAC), INTOSAI and the Inter-American Development Bank's requirements, specifically the Bank Policy on the Audit of Projects and Entities (Document AF-100) and Guidelines for the Preparation of Financial Statements and Independent Audit Requirements(Document AF-300). Those standards require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements.

In the audit process, it is, therefore, very important to conform to the guidelines as explained in detail below:

AF100-Stipulates that the audit must be conducted in accordance with ISA's.

AF300-Preparation of Financial Statements and Independent Audit Requirements gives specific guidance of procedures and systems that must be followed when the AOG becomes responsible for the audits of projects.

AOG should pay particular attention to the format of model independent audit reports reproduced in AF300 which must be followed precisely. As per this guideline, separate auditor's opinion is required for each of the following:

- CASH RECEIVED AND DISBURSEMENTS MADE(AF300-Annex F)
- THE STATEMENT OF CUMULATIVE INVESTMENTS(AF300-Annex F)
- SUPPLEMENTARY FINANCIAL INFORMATION (AF300-AnnexG)
- SYSTEM OF INTERNAL CONTROL
- COMPLIANCE WITH FINANCIAL AND ACCOUNTING (Annex H)
- CONTRACTUAL CLAUSES AND THE PROJECT'S OPERATIONS REGULATIONS (Annex I)

As per AF300, The Financial Statements that are required for audit must be in the format as shown in the Annexes to AF300 as follows:

- STATEMENT OF CASH RECEIVED AND DISBURSEMENTS MADE- Annex A -this statement shows details of cash received from all categories (IDB, Local, Other) and details of disbursements made by category.
- STATEMENT OF CUMULATIVE INVESTMENTS -ANNEX B-this statement shows the investment category as detailed, beginning of the year (cumulative) balances, current year transactions, and cumulative through 12-31-20xx.
- NOTES TO THE FINANCIAL STATEMENTS OF AN ENTITY-ANNEX C-the notes on pages 1-3 of this Annex are illustrative only and all items may not apply. Pages 4-5 of Annex shows model notes to the project financial statements and the list should be considered all inclusive.

- ANNEX TO THE BALANCE SHEET-ANNEX D-the notes contained in this Annex are very specific for balance sheet items e.g. accounts receivable, investments, provisions for pension plans etc, and the notes should be completed in the same order.

IDB rules dictate that the independent auditor's opinion is precisely worded as per the models shown in Annexes F, G, H, and I.

- Annex F- Independent Auditor's Opinion on the Financial Statements-the auditor must express an opinion on the Statement of Cash Received and Disbursements Made and the Cumulative Investments for the relevant program, and verify that the audit was conducted in accordance with ISAs issued by IFAC and IDB's requirements i.e. AF100 and AF300.
- Annex G-Independent auditor's Report on Supplementary Financial Information- inter alia, a specific wording on the purpose of the supplementary financial information must be followed.
- Annex H-Independent Auditor's Report on the System of Internal Control-the model must be followed in every detail as applicable.
- Annex I-Independent Auditor's Report on Compliance with Financial and Accounting Contractual Clauses and the Project's Operation's Regulations-here again the model report is precisely worded and must be followed as applicable.
- Annex J- Independent Auditor's Report on the Integrated Review of the Procurement Process and Disbursement Request submitted to the Bank-in this report, the opinion must be given in- respect to the processes to procure and contract works, goods, and services were performed in accordance with acceptable standards.

SUMMARY

In summary, the auditor should take note of the following points when carrying out an audit of a project funded (or partly funded) by the IDB:

1. The audit must conform to the stated Bank policy on the audit of projects and guidelines for the preparation of financial statements-AF100 and AF300.
2. The audit must be conducted in accordance with the International Standards on Auditing (ISA's) as issued by IFAC.
3. The auditor should study carefully the Loan Contract and in particular those clauses requiring audit verification for completion, and the work papers should provide the evidence of such verification, as for example, counter-part funding by the borrower/executing agency.
4. The auditor should also study carefully the Procurement Process and Supporting Documentation for Disbursement Requested (Guideline AF-500) so that relevant audit report as contained in Annex J of AF300 is properly addressed.

For the assistance of auditors, audit work programmes for the audit of IDB funded projects are attached to this section. Auditors should note that amendments/ additions may be necessary based on the particular circumstances of each case.

**SPECIMEN
INDEPENDENT AUDITOR'S OPINION**

To: _____
Program: _____

We have audited the accompanying Statement of Cash Received and Disbursements Made and the Statement of Cumulative Investments for Program _____, executed by _____, and financed with funds from Inter-American Development Bank (IDB) Loan Contact No. _____ and local counterpart funds from the Government of _____ as of and for the year ended December 31, 20XX. These statements are the responsibility of an opinion on the accompanying statements, based on our audits.

We conducted our audits in accordance with International Standards on Auditing, issued by the International Federation of Accountants (IFAC), and the Inter-American Development Bank's requirements, specifically the *Bank Policy on the Audit of Projects and Entities* (Document AF-100) and *Guidelines for the Preparation of Financial Statements and Independent Audit Requirements* (Document AF-300). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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. We believe that our audits provide a reasonable basis for our opinion.

As described in Note _____, the Statement of Cash Received and Disbursements Made and the Statement of Cumulative Investments were prepared using the cash basis of accounting, which is an other comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash received and disbursements made and the cumulative investments for Program _____, as of and for the year ended December 31, 20XX, in accordance with the basis of accounting described in Note _____ and the terms of IDB Loan Contract No. _____.

Signature: _____

Date: _____

_____, Republic of _____

**SPECIMEN
INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTARY FINANCIAL INFORMATION**

To: _____
Program: _____

We have audited the Statement of Cash Received and Disbursements Made as of December 31, 20XX, and the Statement of Cumulative Investments for the year ended December 31, 20XX, for Program (or Project) _____, entered into by the Republic of _____ and the Inter-America Development Bank, executed by _____, and have issued our report thereon dated _____, 20XX.

We conducted our audits in accordance with International Standards on Auditing, issued by the International Federation of Accountants (IFAC), and the Inter-America Development Bank's requirements, specifically the *Bank Policy on the Audit of Projects and Entities* (Document AF-100) and *Guidelines for the Preparation of Financial Statements and Independent Audit Requirements* (Document AF-300). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

We conducted our audits for the purpose of expressing an opinion on the Statement of Cash Received and Disbursements Made and the Statement of Cumulative Investments of Program _____ taken as a whole. The accompanying supplementary financial information is presented for the purpose of additional analysis and should not be considered necessary to the presentation of the basic financial statements. This information has been subjected to the audit procedures applied to the basic financial statements and, in our opinion, is fairly presented, in all material respects, when taken as a whole with the basic financial statements.

...(and, in our opinion, except for the limitations mentioned in our report on the basic financial statements, is fairly presented, in all material respects, when taken as a whole with the basic financial statements.)

Signature: _____

Date: _____

_____, Republic of _____

**SPECIMEN
INDEPENDENT AUDITOR'S REPORT ON THE
SYSTEM OF INTERNAL CONTROL**

To: _____
Program; _____

We have audited the Statement of Cash Received and Disbursement Made of December 31, 20XX and the Statement of Cumulative Investments for the year ended December 31, 20XX for Program (or Project) _____, entered into by the Republic of _____ and the Inter-America Development Bank, executed by _____, and have issued our report thereon dated _____, 20XX.

We conducted our audits in accordance with International Standards on Auditing, issued by the International Federation of Accountants (IFAC), and the Inter-America Development Bank's requirements, specifically the *Bank Policy on the Audit of Projects and Entities* (Documents AF-100) and *Guidelines for the Preparation of Financial Statements and Independent Audit Requirements* (Documents AF-300). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Program's financial statements are free of material misstatements.

The management of _____ of Program _____ is responsible for establishing and maintaining a system of internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control system policies and procedures. The objectives of a system of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the contract; and transactions are recorded properly to permit the preparation of the Statement of Cash Received and Disbursements Made and the Statement of Cumulative Investments, in conformity with the basis of accounting described in Note _____ to the 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 procedures may deteriorate.

ANNEX H

In planning and performing our audit of the program’s financial statements for the year ended December 31, 20XX, we obtained an understanding of the system of internal control. With respect to the system of internal control, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the project’s financial statements and not to provide an opinion on the system of internal control. Accordingly, we do not express such an opinion.

We noted certain matters involving the system of internal control and its operation that we consider to be reportable conditions under International Standards on Auditing. These Are described on pages _____ to _____. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the system of internal control that, in our judgment, could adversely affect the ability of program _____ to record, process, summarize, and report financial data consistent with the assertions of management in the Statement of Cash Received and Disbursements Made and the 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 errors or irregularities in amounts that would be material in relation to the program’s financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the system of internal control would not necessarily disclose all matters in the system of internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as define above. However, we noted no matters involving the system of internal control and its operation mentioned on pages _____ to _____ that we considered to be material weakness as defined above.

However, we noted certain matters involving the system of internal control and its operation that we have reported to the management of _____ of the program in a separate letter dated _____, which is attached to this report.

Signature: _____

Date: _____

_____, Republic of _____

**SPECIMEN
INDEPENDENT AUDITOR’S REPORT ON
COMPLIANCE WITH FINANCIAL AND ACCOUNTING CONTRACTUAL
CLAUSES AND THE PROJECT’S OPERATION’S REGULATIONS**

To: _____
Program: _____

We have audited the Statement of Cash Received and Disbursements Made as of December 31, 20XX and the Statement of Cumulative Investments for the year ended December 31, 20XX, for Program (or Project) _____, entered into by the Republic of _____ and the Inter-American Development Bank, executed by _____, and have issued our report thereon dated _____, 20XX.

In relation to our audit, we determined compliance with the financial and accounting contractual clauses and articles within the Special Conditions and General Conditions of Loan Contract No. _____, and compliance with the applicable provisions of the Program’s Operation’s Regulations, as of December 31, 20XX. We have examined the Special Conditions described in Chapter _____, Clause Nos. _____ in Chapter _____ of the General Conditions, Article Nos. _____, and the provisions established in the Program’s Operation’s Regulations described in Chapter _____ Nos. _____.

We conducted our audit in accordance with International Standards on Auditing and the requirements of the Inter-American Development Bank. Those standards require that we plan and perform the audit to obtain reasonable assurance that _____ has complied with the pertinent loan contractual clauses, applicable laws and regulations, and the provisions contained in the Program’s Operation’s Regulations. The audit also includes examining, on a test basis, the appropriate evidence. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, for the year ended December 31, 20XX, _____ complied, in all material respects, with the financial and accounting contractual clauses of the Loan Contract for Program _____ No. _____ and with applicable laws and regulations and the Operation’s Regulations for the Program.

(In our opinion, except for clause _____, as indicated in chapter _____ on compliance with financial and accounting Program clauses, we were not aware of any instances or acts of noncompliance that occurred or any violations on the part of the Executing Agency with respect to such financial and accounting clauses and provisions.)

Signature: _____

Date: _____

_____, Republic of _____

SPECIMEN
INDEPENDENT AUDITOR'S REPORT ON THE INTEGRATED
REVIEW OF THE PROCUREMENT PROCESS AND DISBURSEMENT
REQUESTS SUBMITTED TO THE BANK

To: _____
Program; _____

We have audited the Statement of Cash Received and Disbursement Made of December 31, 20XX and the Statement of Cumulative Investments for the year ended December 31, 20XX for Program (or Project) _____, entered into by the Republic of _____ and the Inter-America Development Bank, executed by _____, and have issued our report thereon dated _____, 20XX. In relation to our audit, we examined the disbursement requests and the processes to procure and contract goods, works, and consulting services, performed by the Executing Agency for the year ended December 31, 20XX. Our audit included verifying the reasonableness of such and the validity and eligibility of the expenditures submitted by means of the disbursement justifications for that period.

We conducted our audits in accordance with International Standards on Auditing, issued by the International Federation of Accountants (IFAC), and the Inter-America Development Bank's requirements, specifically the *Bank Policy on the Audit of Projects and Entities* (Documents AF-100) and *Guidelines for the Preparation of Financial Statements and Independent Audit Requirements* (Documents AF-300). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the executing agency has complied with the provisions of Loan Contract No. _____. The audit also included examining, on a test basis, evidence supporting the processes of selecting and contracting goods, works, and services, and the amounts and disclosures in the disbursement requests submitted and that form a part of the Statement of Cash Received and Disbursements Made and the Statement of Cumulative Investments for the period examined.

In our opinion, the processes to procure and contract works, goods, and services were performed in accordance with the applicable standards, and the documentation supporting the expenditures made that correspond to the disbursement requests for the period under examination were fairly presented and represented valid and eligible expenses to the Program.

ANNEX J

(In our opinion, except for the processes to procure and contract goods, works, and services and/or the expenses related to an amount of US\$ _____ on disbursement request No._____, as explained in the accompanying notes in Chapter No._____, the procurement and contracting processes are adequate and in accordance with the applicable standards, and the documentation supporting the disbursement requests were found to be fairly presented and represented valid and eligible Program expenses.)

Signature:_____

Date:_____

_____, Republic of _____

PROJECTS FUNDED BY MULTI-LATERAL AGENCIES
STATEMENT OF CASH RECEIVED AND DISBURSEMENTS MADE
FOR THE YEAR ENDED 31 DECEMBER 200..

NOTES	IDB	LOCAL GOVERNMENT Counterpart US \$	OTHER CONTRIBUTION Other US\$	TOTAL
CASH RECEIVED :				
Cumulative balance as at Dec. 31, 200...	x	x	x	xx
Revolving Fund Balance as at Dec. 31, 200....	x	x	x	xx
Interest as of Dec. 31, 200....	x	x	x	xx
Activity during the year :				
6 Revolving fund Established	x	x	x	xx
9 Replenishment of the Revolving Fund	x	x	x	xx
Direct Payment :				
Disbursement	x	x	x	xx
Financial Charges	x	x	x	xx
9 Reimbursement of Expenditure	x	x	x	xx
Interest Received (less bank charges)	x	x	x	xx
Counterpart Contributions	x	x	x	xx
Total Cash Received as of Dec.31, 200...	----- xx	----- xx	----- xx	----- xxx
DISBURSEMENTS MADE				
Cumulative balance as at Dec. 31, 200...	x	x	x	xx
Activity during the year :				
9 Disbursements Justification No.	x	x	x	xx
Direct Payment No.	x	x	x	xx
Disbursement				
11 Financial Charges	x	x	x	xx
Expense Reimbursement No.	x	x	x	xx
5 Pending Disbursement Justification No.	x	x	x	xx
Pending Disbursement of Expenditure No.	x	x	x	xx
Inspection & Supervision	x	x	x	xx
Interest	x	x	x	xx
Expenditure from Interest	x	x	x	xx
Counterpart Expenditure	x	x	x	xx
Total Cash Disbursements as of Dec.31, 200...	----- xx	----- xx	----- xx	----- xxx

PROJECTS FUNDED BY MULTI-LATERAL AGENCIES
STATEMENT OF CASH RECEIVED AND DISBURSEMENTS MADE
FOR THE YEAR ENDED 31 DECEMBER 200..

AVAILABLE CASH BALANCE

As at Dec. 31, 200...	XXXX	XXXX	XXXX	XXXX
	=====	=====	=====	=====

.....
PROJECT MANAGER

.....
PERMANENT SECRETARY

**AGREEMENT BETWEEN THE CO-OPERATIVE REPUBLIC OF GUYANA
AND THE INTER-AMERICAN DEVELOPMENT BANK
PROJECTS FUNDED BY MULTILATERAL AGENCIES
LOAN # XXXX SF/GY
CUMMULATIVE STATEMENT OF INVESTMENT
FOR THE PERIOD ENDED 31 DECEMBER 200X**

INVESTMENTCATEGORIES	CUMMULATIVE EXPENDITURE AS AT 31 DECEMBER 200X				CURRENT YEAR				PRIOR YEAR ADJUSTMENT	CUMMULATIVE EXPENDITURE AS AT 31 DECEMBER 200X			
	IDB	COUNTERPART	GOG	TOTAL	IDB	COUNTERPART	GOG	TOTAL		IDB	COUNTERPART	GOG	TOTAL
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$		US\$	US\$	US\$	US\$
1. School Performace					XXX			XXX		XXX		XXXX	
1.1 Curriculum Development					XX			XX		XX		XXX	
1.2 Innovative Technologies					XX			XX		XX		XXX	
1.3 Teacher Presentation & In-Service Traning					XX			XX		XX		XXX	
1.4 Student Assessment & Testing					XX			XX		XX		XXX	
2. Organisational & Human Resource Development					XXX			XXX		XXX		XXXX	
2.1 Educational Management Information System													
2.2 Human Resources Development					XX			XX		XX		XXX	
2.3 Institutional Strengthening													
3. Infrastructure		XXX		XXX	XXX	XXX	XXX	XXX		XXX	XXX	XXX	XXXX
3.1 New Schools		XX		XX	XX	XX	XX	XX			XX	XX	XXX
3.2 Rehabilitation, Extension, Upgrading(existing).		XX		XX	XX	XX	XX	XX			XX	XX	XXX
Sub-total carry forward		XXX		XXXX	XXX	XXX	XXX	XXXX		XXX	XXX	XXX	XXXX

**AGREEMENT BETWEEN THE CO-OPERATIVE REPUBLIC OF GUYANA
AND THE INTER-AMERICAN DEVELOPMENT BANK
PROJECTS FUNDED BY MULTILATERAL AGENCIES
LOAN # XXXX SF/GY
CUMMULATIVE STATEMENT OF INVESTMENT
FOR THE PERIOD ENDED 31 DECEMBER 200X**

INVESTMENT CATEGORIES	CUMMULATIVE EXPENDITURE AS AT 31 DECEMBER 200X				CURRENT YEAR				PRIOR YEAR ADJUSTMENT	CUMMULATIVE EXPENDITURE AS AT 31 DECEMBER 200X					
	IDB US\$	COUNTERPART US\$	GOG US\$	TOTAL US\$	IDB US\$	COUNTERPART US\$	GOG US\$	TOTAL US\$		IDB US\$	COUNTERPART US\$	GOG US\$	TOTAL US\$		
Sub-total brought forward		XXX		XXXX	XXX	XXX		XXXX				XXX	XXX	XXX	XXXX
4. Programme Co-ordination			XXX		XXX		XXX		(XXXX)			XXX		XXX	XXXX
4.1 Monitoring & Evaluation					XX		XX					XX			
4.2 Project Implementation Unit			XX		XX		XX		(XX)			XX		XX	XXX
5. Unallocated Costs															
5.1 Unallocated Costs															
87. Financial & Supervision Costs					XXX	XXX		XXX				XXX	XXX		XXXX
87.1 Interest					XX	XX		XX				XX	XX		XXX
87.2 Commitment Fees															
87.3 IDB Supervision Costs					XX			XX				XX			XXX
Total Expenditure		XXXX	XXX	XXXXXX	XXX	XXXX		XXXXXX	(XXX)			XXX	XXXX		XXXXXX

.....
PROJECT MANAGER

.....
PERMANENT SECRETARY

**THE AUDIT OFFICE
JOB AUTHORIZATION FORM**

BUSINESS UNIT DIVISION REF JOB REF: DATE:

Name of the organisation:

Nature of the assignment:

Objectives of the Assignment: To enable the Auditor General to express a professional opinion with respect to the financial and operational information required by the bank, the evaluation of the internal control system, and the utilisation of project resources in accordance with the terms and conditions of the contract.

STAFF REQUIREMENTS	AG	AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL
MAN HOURS										
RATE PER HOUR										
TOTAL COST (\$)										

Proposed starting Proposed completion (field work) Proposed completion (reporting)

Date: Date : Date :

Prepared by:..... Checked by:..... Approved by:.....
Audit Manager Audit Director Auditor General

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NAME OF ORGANISATION:

LOCATION:

NATURE OF ASSIGNMENT:

OBJECTIVE(S) OF ASSIGNMENT To enable the Auditor General to express a professional opinion with respect to the financial and operational information required by the bank, the evaluation of the internal control system, and the utilisation of project resources in accordance with the terms and conditions of the contract.

PROPOSED STARTING: **PROPOSED COMPLETION** **PROPOSED COMPLETION**

DATE: **DATE(FIELD WORK):** **DATE(REPORTING):**

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS										
			AG	AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	INITIAL AUDIT PLANNING												
1	Meeting with client and assessing the nature and scope of audit work, its environment, etc.												
2	Reviewing matters relating to the previous year's audit which have continuing relevance.												
3	Assessing the effects of any changes in legislation, accounting practice, etc. which may have an effect on the preparation of the financial statements.												
4	Reviewing interim accounts, management accounts, budgets, minutes of board meetings, etc.												
5	Identifying critical and / or risk areas, accounts balances etc.												
	Balance carried forward												

**THE AUDIT OFFICE OF GUYANA
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NO.	PARTICULARS	ASSIGNMENT	ESTIMATED MAN HOURS										
		PROCEDURES REFERENCE	AG	AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	PRELIMINARY AUDIT WORK												
	Balance brought forward												
6	Identifying key internal control areas, documenting the systems and procedures relating to those areas and carrying out "walk through" tests.												
7	Evaluating the internal controls.												
8	Carrying out compliance test.												
9	Assessing the results of the evaluation of the internal controls and compliance tests to determine the level of substantive tests to be carried out.												
10	Meeting with management to agree on findings and recommendations.												
11	Issuing of interim management letter.												
	FINAL AUDIT WORK												
12	Carrying out substantive tests on:												
(a)	Statement of cash received & disbursements made.												
(b)	Category register												
(c)	Tender board records												
(d)	Contract documents, drawings consultants' reports, payment vouchers.												
(e)	Statement of cumulative Inv.												
(f)	Supplementary information												
(g)	Internal controls, procurement process												
	Balance carried forward												

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NO.	PARTICULARS	ASSIGNMENT	ESTIMATED MAN HOURS										
		PROCEDURES REFERENCE	AG	AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	Balance brought forward												
13	Physical verification of works undertaken during the period												
14	Reviewing of the Financial Statements												
15	Discussion of Engineers findings / reports with clients' engineers / consultants.												
16	Discuss/ clarify final queries for inclusion in Management Letter												
17	Final meeting with management												
18	Prepare final management letter												
19	Issuing audit opinion												
	TOTAL												

PREPARED BY
AUDIT MANAGER

CHECKED BY
AUDIT DIRECTOR

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MULTI-LATERAL AGENCY:

LOCATION:

YEAR-END:

Audit Objective:

- (1) To acquaint one's self with any change in respect of the current years audit.
- (2) To determine the audit approach and prepare a comprehensive audit plan.
- (3) To verify the implementation of recommendations to assess the risk and errors and to identify significant audit areas.
- (4) To verify compliance with relevant clauses.
- (5) To verify procurement procedures are adhered to.
- (6) To ensure that all cash balances are accurate
- (7) To ensure that all amounts stated as cash received and disbursements made are correct and to verify completeness, accuracy and validity of these amounts
- (8) To ensure that all amounts shown as invested in the financial statements are accurate and correctly classified.
- (9) To account for all receipt books and controlled forms whether in use, completely used or not yet used
- (10) To establish existence, physical condition and custody of assets
- (11) To ensure funds were utilised for the purpose(s) intended
- (12) To obtain assurance of arithmetical and accounting accuracy of records
- (13) To ensure all PVs are presented for audit and to obtain assurance that the transactions have been recorded in the books of accounts
- (14) To ensure that the correct balances have been brought forward and that the FS are correctly extracted from the books of accounts.

Audit Procedures:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>INITIAL AUDIT PLANNING</u></p> <p>(1) Review Loan Agreement and verify financial statements submitted by Executing Agencies are complete.</p> <p>(2) Meeting with client and accessing the nature of audit work, its environment etc</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

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LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(3) Collect information with respect to permanent file, e.g.,</p> <p style="padding-left: 20px;">(a) Organisation chart (b) Key management client (c) Request of schedules</p> <p>(4) Obtain and review previous year financial statements and other matters relating to previous year's audit which have continuing relevance in the current year.</p> <p>(5) Assessing the effects of any changes in legislation, accounting practice etc., which may have an effect on the preparation of the financial statements</p>			
<p><u>ANALYTICAL REVIEW, RISK ASSESSMENT AND PRELIMINARY AUDIT WORK</u></p>			
<p>(1) Complete control environment questionnaire</p> <p>(2) Obtain and review previous year management letter.</p> <p>(3) Reviewing interim accounts, management accounts, budgets, minutes of meetings, etc.</p> <p>(4) Obtain copies of minutes of all meetings and make relevant extracts pertinent to the audit</p> <p>(5) Note key factors affecting client's performance.</p> <p>(6) Ascertain areas which give rise to problems in prior period and expects to give rise again in the current period.</p>			

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PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(7) Ascertain where a considerable degree of judgement is involved.</p> <p>(8) Ascertain areas where there are difficulties in obtaining audit evidence or applying audit procedures.</p> <p>(9) Make preliminary assessment of materiality level in relation to:</p> <p style="padding-left: 20px;">(a) financial statements as a whole</p> <p style="padding-left: 20px;">(b) individual line items</p> <p>(10) Identify any factors considered in establishing preliminary materiality and reason for any changes from previous year.</p> <p>(11) Document system and document basic controls or update where necessary.</p> <p>(12) Perform walk- through tests to confirm documented system is correct.</p> <p>(12) Evaluate controls.</p> <p>(13) Obtain and review a copy of the Estimates (Budget) for the year.</p> <p>(14) Prepare the audit plan</p>			

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MULTI-LATERAL AGENCY:

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YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>COMPLIANCE TESTING</u></p> <p><u>FINANCIAL AND ACCOUNTING CONTRACTUAL CLAUSES AND PROJECT OPERATIONS REGULATIONS</u></p> <p>(A) <u>Loan Agreement</u></p> <p>(1) Obtain loan agreement and check for compliance and financial clauses. Verify compliance with these general and special clauses as follows;</p> <ul style="list-style-type: none"> (a) Currency and use of funds (b) Conditions concerning prices and acquisitions (c) Maintenance of works (d) Contracting of consultants, professionals and experts (e) Records, inspection and reports (f) Rate of exchange (g) Revolving fund (h) Prices and public tender (i) Use of goods (j) Additional resources (k) Internal controls and records (l) Reports and financial statements <p>(2) Obtain project operations manual and verify compliance with laid down procedures.</p> <p>(B) <u>Procurement Process</u></p> <p>(1) Ascertain the procurement process and verify whether purchases made within the agreement stipulated, complies with the necessary procedures.</p>			

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MULTI-LATERAL AGENCY:

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PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(C) <u>Cash Received</u></p> <p>(1) Ensure that all disbursements/replenishments requests are accounted for with:</p> <p style="padding-left: 40px;">(a) disbursement requests made (b) IDB statement (c) credit advice</p> <p>(2) Ensure all amounts deposited were done so promptly and were independently checked and so evidenced. Verify to:</p> <p style="padding-left: 40px;">(a) cash book (b) bank statement</p> <p>(3) Assess if proper procedures and segregation were in place to safeguard against any risks.</p> <p>(4) Ensure all deposits were made to the correct bank account approved by the Ministry of Finance and Management of the Project.</p> <p>(5) Ensure promptly monthly reconciliations carried out for all bank accounts.</p>			

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<p>(D) <u>Disbursements</u></p> <p>(1) Obtain all foreign disbursements records and examine. Verify all application for disbursements by the Projects.</p> <p>(2) Review expenditure to determine whether transaction was valid and allowable under loan agreements.</p> <p>(3) Ensure proper authorization, i.e , preparation and approval and supporting documents of expenditure existed.</p> <p>(4) Ensure records were properly kept and adequately secured, accessible only by authorized personnel.</p> <p>(5) Ensure original invoices existed to support payment vouchers and payments were not duplicated.</p> <p>(6) Prepare spreadsheets where applicable and check for compliance with tender procedures.</p> <p>(E) <u>Statement of Investment</u></p> <p>For all amounts invested ensure:</p> <p>(1) Proper authorization and supporting documents of expenditure existed.</p> <p>(2) Records were properly kept</p> <p>(3) Segregation of duties for preparation, checking, approving and custody existed.</p> <p>(4) Expenditures authorised were within the limits approved by management and other authorities.</p>			

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MULTI-LATERAL AGENCY:

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YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>DETAILED TESTING</u></p> <p><u>CASH RECEIVED AND DISBURSEMENTS MADE</u></p> <p><u>Cash Received</u></p> <p>(1) Verify all opening balances using the previous year audited financial statements and recheck to bank account where necessary.</p> <p>(2) Test mathematical accuracy of relevant schedules and agree to the financial statements and subsidiary records.</p> <p>(3) Verify all replenishments received are accurately recorded in cash book and bank statements.</p> <p>(4) Ensure all other receipts are properly accounted for and recorded.</p> <p>(5) Ensure all amounts posted to the correct columns for credit fund.</p> <p>(6) Review classification and description</p> <p>(7) Review accounting principles for appropriateness and consistency</p> <p>(8) Vouch and review disclosures</p>			

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YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Disbursements</u></p> <p>(1) Prepare an analysis of disbursements made and verify with the statements from IDB.</p> <p>(2) Ensure that currency conversion is done using the official rate at Bank of Guyana at the date of payment.</p> <p>(3) Post all local and direct payments to the category register, cash book and general ledger.</p> <p>(4) Check balance sheet to ensure all interest received are accounted for in cash book and reflected on balance sheet.</p> <p>(5) Verify bank charges against bank statements.</p> <p>(6) Obtain disbursement request file and for 5 immediately before year end and after year end, perform the following:</p> <p style="padding-left: 40px;">(a) Check sequential order of disbursements</p> <p style="padding-left: 40px;">(b) Check amounts pending justification</p> <p style="padding-left: 40px;">(c) Verify propriety of such amounts.</p>			

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<p><u>CASH AND BANK</u></p> <p>(1) Obtain a lead schedule of cash and bank balances and agree prior year balances with prior year working papers.</p> <p><u>Cash-in-hand</u></p> <p>Obtain an analysis of cash-in-hand at year end and perform the following:-</p> <ul style="list-style-type: none"> a) Count all cash in hand and reconcile with the records in cash book; b) Fill out the cash survey form and obtain officer's signature; c) Ensure cash is stored in a safe or vault; d) Check subsequent deposit of un-banked takings to the bank statement; e) Agree balances to the general ledger; f) Where significant, obtain a cash-in-hand certificate. <p><u>Bank</u></p> <p><u>Bank Reconciliation Test</u></p> <p><i>(1) Obtain reconciliations for all bank accounts (including term deposits) prepared as at the and perform the following:</i></p> <ul style="list-style-type: none"> a) Review the statements to ensure that they have been properly prepared; b) Agree the bank balances on the reconciliations to the bank statement and other project records and LMS statement; c) Agree the general ledger balance on the reconciliation to the general ledger; d) Cast the reconciliation; e) Check subsequent presentation of outstanding cheques and clearance of 			

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<p>other items to the following month's bank statement, general ledger and reconciliation statement;</p> <p>f) Enquire into and record findings in connection with long outstanding and un-cleared items;</p> <p>g) Ensure that stale-dated cheques are written back or otherwise transferred to a stale-dated cheque account;</p> <p>h) Ensure that the reconciliation statements are duly signed as evidence of preparation and approval;</p> <p>i) Ensure that the reconciliation statement is prepared on a timely basis</p> <p>(2) Review all other bank reconciliations for evidence of preparation and approval, agree balances to bank statements and enquire into long outstanding balances.</p> <p><u>(3) Cheque Payment Cut-Off</u></p> <p><i>Obtain cheque stubs for all bank accounts for 24 -31 December ... and 1-7 January and perform the following:-</i></p> <p>(a) Check that cheques were used in sequential order,</p> <p>(b) Check postings to the general ledger,</p> <p>(c) Ensured that payments were recorded in the relevant period.</p> <p>(4) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of cash and bank balances.</p> <p>(5) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p>			

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<p>(6) Give a conclusion on cash and bank balances.</p> <p><u>STATEMENT OF INVESTMENT</u></p> <p>Obtain budget of programme and compare with statement of investment and accumulated investment and perform the following;</p> <p>(a) Verify the mathematical accuracy of schedules and any computations</p> <p>(b) Prepare an analysis of expenditure occurred from register during the year and examine all related documents to ;</p> <ul style="list-style-type: none"> • Vouch the amount and nature of the expense to supporting documentation such as invoices and bills. • Examine vouchers for completeness and accuracy • Ensure that there is proper authorization for the incurring of the expense. • Ensure that the expenses are relevant to the Project's operations. • Verify the evidence of receipt of goods and services • Post local and direct payments to category register/cash book and general ledger. • Cast each category of expenditure and post total from category register to final statements. • Prepare contract spreadsheets where necessary 			

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<ul style="list-style-type: none"> • Count voucher and determine missing vouchers (c) Perform analytical review for major expenditure (d) Review classification and description of activities (e) Investigate any differences and obtain explanations (f) Verify the reconciliation of the statement of investments with cash received and disbursements made (g) Obtain LMS and verify interest charged with that on the statement of investments. (h) Obtain letter of credit fees from Accountant General and verify with amounts in the statement of investments. (i) Check loan agreement for amounts specified and verify with LMS and Statement of Investments. <p><u>SUPPLEMENTARY FINANCIAL INFORMATION</u></p> <p><u>COUNTERPART CONTRIBUTION</u></p> <ul style="list-style-type: none"> (1) Verify all counterpart funding (releases) received from the Ministry are properly recorded and check: <ul style="list-style-type: none"> • Amount approved by bank, • Amount invested • Obtain explanations for any differences in amount approved and invested. • Test exchange rates at which amounts are recorded. • Post to cash book, bank statements and general ledger 			

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<p><u>REVOLVING FUND</u></p> <p>(1) Obtain bank statements and test check deposits credited to the Revolving Fund.</p> <p><u>BUDGETARY BALANCES</u></p> <p>Obtain a copy of the budget from the loan agreement and compare with statement of accumulated investment and perform the following:</p> <p>(a) Verify that there is no excess expenditure or ensure that there is an approved revised budget to facilitate expenditure.</p> <p>(b) Investigate any expenditure in excess of budgeted and approved amounts and obtain explanations.</p> <p><u>BUDGET FORECAST VS ACTUAL EXPENDITURE</u></p> <p>Obtain a copy of budget forecast for project and review and perform the following:</p> <p>(a) Compare budget forecast with accumulated investment to date</p> <p>(b) Note any variance and obtain explanations.</p> <p><u>DISBURSEMENT REQUESTS</u></p> <p>Verify all disbursement requests by type of transaction.e.g.Revolving fund, disbursement of payments, direct payments.</p>			

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<p><u>CLOSURE OF PROJECT</u></p> <p>(1) If the Project has closed, perform the following:</p> <ul style="list-style-type: none"> (a) Obtain a copy of the financial report submitted to at the closure of the Project. (b) Note any unspent balances of fund and enquire whether this has been refunded at the close of the Project (c) Enquire into the position of the assets acquired during the life of the Project and whether there are any future plans of it being vested in the name of the Government. <p><u>CONTROLLED FORMS</u></p> <ul style="list-style-type: none"> (1) Check for all receipt books and all other controlled forms against register of controlled forms; (2) Obtain printer's invoice and verify books and controlled forms received and entries in the register (3) Prepare working to show the controlled forms in use, completed and unused. 			

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<u>FIXED ASSETS</u>			
Analytical Procedures			
1) Explain movements and investigate any unexpected and unusual relationships between current period, prior year and budgeted amounts.			
2) Review entries in the following general ledger accounts for large or unusual items.			
Detailed Test of Transactions and Balances			
1) Obtain a fixed asset summary as at 31 December and: a) Agree opening balances to the prior year audited working papers; b) Check the arithmetic accuracy of the schedule; c) Agree closing balances to the fixed asset register and the general ledger			
2) Obtain a schedule of additions and for a sample of ... items, perform the following: a) Check that additions are necessary for carrying on operations and have been authorized; b) Agree value and description of asset acquired to supporting documentation. c) Physically inspect the asset. d) For additions inspect the title (Transport, Certificate of Registration or Invoice) to ensure that they are in the name of the NDC; e) Ensure that addition is recorded in the fixed asset register and general ledger correctly.			

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<p>3) Obtain a schedule of disposals and select a sample of .. items and perform the following:</p> <ul style="list-style-type: none"> a) Agree details to supporting documentation; b) Ensure that sales proceeds have been correctly accounted for; c) Check that profit/loss on disposal has been correctly calculated and recorded in the general ledger; d) Check that disposals have been authorized; e) Check that disposed assets have been removed from the fixed asset register and general ledger. <p>4) For a sample of ... material assets, excluding additions, perform a physical verification exercise.</p> <p>5) For a sample of ... material assets, perform the following:</p> <ul style="list-style-type: none"> a) Test depreciation calculation is in accordance with stated policy; b) Check that no asset is being depreciated by more than cost; c) Agree depreciation to the fixed asset register and the appropriate expense ledgers; <p>6) Note obsolete and/unserviceable items and the dates the items became non-operational.</p> <p>7) Observe security arrangements at the company's place of business and ensure that there is adequate security of fixed assets.</p>			

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<p>8) Check that there is adequate insurance coverage of fixed assets.</p> <p>9) Enquire whether management has carried out an impairment review of assets.</p> <p>10) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of property, plant and equipment balances.</p> <p>11) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>12) Give a Conclusion on property, plant and equipment balances.</p>			
<p><u>PAYROLL</u></p> <p>(1) Obtain payroll for ... months/weeks and check that:</p> <ul style="list-style-type: none"> a) A contract was signed; b) Computation of gross pay calculated correctly based on either time records or salary letters. Confirm the rates of pay for 'time' workers to employment files or published information. c) Supporting documents in (a) above contains evidence of proper authorized; d) Statutory deductions were properly calculated; e) Ensure that there is evidence of preparation and approval f) Employee authorization obtained for non-statutory deductions; g) Ensure that there was evidence of collection of salary where cash paid; Payroll totals have been properly posted to the general ledger 			

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<p>h) For one of the payrolls selected test the casting;</p> <p>i) Check to salaries register</p> <p>(2) Select a sample of all joiners in the year and:</p> <p>a) Ensure that completed application forms sent to the personnel department;</p> <p>b) Upon acceptance, ensure that certificates, police clearance and references obtained where necessary.</p> <p>c) Check that employment contract completed and signed by employee as evidence of accepting;</p> <p>d) Ensure that employee included in next payroll;</p> <p>e) Ensure that deductions made in month of joining.</p> <p>(3) Select a sample of all leavers in the year and:</p> <p>a) Check that there is appropriate supporting documentation i.e. a letter of resignation or termination letter;</p> <p>b) Check the remaining payment stated on the official discharge document was correctly calculated and paid over to the employee;</p> <p>c) Ensure that the employees were taken off the payroll from the date of resignation/dismissal.</p> <p>(4) For the sample selected above ensure that:</p> <p>a) NIS deductions were remitted before the 15th of the following month;</p> <p>b) PAYE deductions were remitted before the 14th of the following month.</p>			

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<p>(5) For all non-taxable allowances:</p> <p style="padding-left: 40px;">a) Document the type of allowances and staff to whom payments are made</p> <p style="padding-left: 40px;">b) Select a sample of Employees and test justification of allowances paid.</p> <p>(6) Ensure that a Holiday-with-Pay register was maintained by the client.</p> <p>(7) Ensure that the employees Annual Return for has been filed with the Guyana Revenue Authority by 28 February</p> <p>(8) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(9) Give a conclusion on employment cost recorded in the financial statements as at 31 December</p>			

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LOCATION:

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PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<u>FINAL AUDIT</u> (1) Prepare query sheets (2) Summaries and discuss findings. (3) Draft management letter and opinion (4) Issue management letter and opinion.			

PROGRAM APPROVAL

Approved as to the scope of testing and adequacy of execution.

_____	_____
Senior	Date
_____	_____
Manager	Date
_____	_____
Director	Date

**AUDIT
OF
MINISTRIES / DEPARTMENTS**

MINISTRIES AND DEPARTMENTS

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MINISTRIES/DEPARTMENTS/REGIONS

BACKGROUND

Ministries/Regions being part of the Central Government carry out their functions with funds approved by Parliament. This approval is obtained after the Minister of Finance had presented his appropriations Bill in respect of the forthcoming fiscal year- as part of the annual budget proposal- detailing the appropriation of public moneys for all current expenditures, including entitlement payments, and all capital expenditures to be made to each budget agency. Under the Fiscal Management and Accountability Act 2003, “a budget agency means a public entity for which one or more appropriations are made and which is named in the schedule.” The schedule of budget agencies attached to the Act lists the Office of the President, all Ministries, Guyana Defence Force, Supreme Court, all Regions, Office of the Auditor General etc.

The Fiscal Management and Accountability Act 2003 dealt exhaustively with the Minister’s overall responsibility for the fiscal management and accountability for public funds spending, and the procedures and guidelines for budget preparation, budget appropriation and approval, collection, custody and use of public funds.

Section 11 (1) of the Act states:

“Each head of a budget agency shall manage the affairs of that budget agency in a manner that promotes the proper use of public resources for which that Head of a budget agency is responsible, and, in particular, shall-

- (a) implement appropriate processes and procedures to prevent the incidence of fraud, embezzlement or misappropriation of public moneys for which the Head of a budget agency is responsible;
- (b) maintain an effective internal audit capability within the budget agency;
- (c) pursue collection of each debt for which a budget agency is responsible;
- (d) identify and assign clear responsibilities for (i) coordinating the preparation of budget submission to the Ministry of Finance,(ii) the budgeting and financial management systems including the management of drawing rights and procession of payment orders, (iii) maintaining the financial management information system, (iv) operating specific bank accounts approved by the Minister, (v) security and accounting of all cash and other financial assets held on the premises and (vi) maintaining financial accounts and registers as required by the Minister, the Regulations, the Finance Circulars or the management of the budget agency.”

Section 11 (2) made it mandatory for the budget agency to provide information to the Ministry of Finance as follows: “The Head of a budget agency shall provide to the Finance Secretary any information that is requested concerning the affairs of the budget agency for which that Head of the budget agency has responsibility.”

In addition to the clear functions and responsibilities as provided under the Fiscal Management and Accountability Act 2003 with respect to the Ministry of Finance and each Ministry (or budget agency), the Audit Act 2004 spelt out definitively the functions of the Auditor General under section 4(1) as follows:

“The Auditor General shall be the external auditor of the public accounts of Guyana and, in the discharge of his functions, shall have complete discretion in examining and reporting on the receipt, disbursement, and control of public moneys and on the economy, efficiency and effectiveness in the use of such moneys.”

The staff of the AOG carries out their audit of budget agencies against the mandates given under these key legislations.

For the budget agencies (or ministries/ regions etc.) that do not carry out functions that require specialized audit treatment-like Internal Revenue and Customs Administration- the audit process is relatively straightforward, and centers around the audit of Employment Costs and Other Charges. As a first step therefore, the auditor should verify that budget spending is based on the approved estimates of expenditures for revenue and capital. All of the budget agencies have a common chart of accounts, simplifying the audit process across all budget agencies.

“Employment Costs” include code categories for each of the following :administrative, senior technical, other technical and crafted skills, clerical and office support, semi-skilled operatives and unskilled, contracted employees, temporary employees, other direct labour costs, benefits and allowances, national insurance, and as applicable, revision of wages and salaries.

“Other Charges” cover all other expenses of the approved appropriation and include, for example, drugs and medical supplies, field materials and supplies, office materials and supplies, fuel and lubricants, maintenance of buildings, local travel and subsistence etc. Authority Limits sheets and contract spreadsheets are used in carrying out the audit of these.

Before the audit is started, the AOG should have received from the budget agency

- the final statement of current expenditure for the fiscal year just ended
- the final statement of capital expenditure
- statement of receipts and disbursements

The final statement of current expenditure (current appropriation account) would show each head of expenditure making up Employment Expenditure and Other Charges and analyzed as follows:

- A Approved Allotment
- B Allotment Transfer (Virement)
- C Supplementary Allotment
- D Total Revised Allotment
- E Outstanding Contingency Fund Advances
- F Total Funds Available
- G Approved Drawing Rights
- H Total Expenditure
- I Under the Total Funds Available
- J Under the Approved Drawing Rights

Capital Expenditure is also presented in the same format. An example of a Capital Appropriation Account relating to one budget agency is attached. Details will be different in each particular case.

The Statement of Receipts and Disbursements shows approved estimates, amount actually collected, amount paid over to the consolidated fund, amount due to the consolidated fund and over and under estimated. An example relating to one budget agency is attached. Details will be different in each particular case.

BASIS OF ACCOUNTING

For the appropriation accounts, the cash basis of accounting is used.

OBJECTIVES OF THE AUDIT

The main objectives of the audit are to obtain reasonable assurance that:

- (a) the resources of the budget agency-ministry/department/region have been managed with sound financial, management and accountability procedures,
- (b) the financial statements fairly present the results of the agency for the fiscal year, and the financial position at that date,
- (c) full values were received for monies expended,
- (d) capital assets acquired by the agency were received, recorded and physically verified, and
- (e) all revenues were properly accounted for

AUDIT METHODOLOGY

The audit must be conducted in accordance with generally accepted auditing standards, including those of INTOSAI. These standards require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

Based on the audit principles and procedures outlined in this Manual, the staff of AOG should conduct the audit of these statements of the budget agency using the appropriate work programs (assignment procedures) for the audit of Employment Costs and Other Charges.

SUMMARY

The staff of the AOG in undertaking the audit of a budget agency need to bring to bear his/her experience, skills and knowledge of the audit process.

Audit programmes are attached for the benefit of staff, with the caveat that amendments/ additions to the programme may be required based on the particular circumstances.

MINISTRY / DEPARTMENT
PROGRAMME XXX MINISTRY ADMINISTRATION
CURRENT APPROPRIATION ACCOUNT
FOR THE FISCAL YEAR ENDED 31 DECEMBER 20XX

Acct. Code	Description	Approved	Allotment		Total	Outstanding	Approved		Under the	Under the	
		Allotment (Allotment1)	Transfer (Virement)	Supplementary Allotment	Revised Allotment	Fund Advances	Total Funds Available	Drawing Rights (Allotment2)	Total Expenditure	Total Funds Available	Drawing Rights
		A	B	C	D=A+B+C	E	F=D+E	G	H	I=F-H	J=G-H
TOTAL APPROPRIATION EXPENDITURE											
610 Appropriated Employment Expenditure											
6111	Administrative	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6113	Other Technical and Craft Skilled	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6114	Clerical and Office Support	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6115	Semi-Skilled Operatives and Unskilled	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6116	Contracted Employees	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6117	Temporary Employees	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6131	Other Direct Labour Costs	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6133	Benefits and Allowances	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6134	National Insurance	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6141	Revision of Wages and Salaries	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
620 Other Charges											
6221	Drugs and Medical Supplies	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6222	Field Materials and Supplies	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6223	Office Materials and Supplies	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6224	Print and Non-Print Materials	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6231	Fuel and Lubricants	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6242	Maintenance of Buildings	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6243	Janitorial and Cleaning Supplies	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6255	Maintenance of Other Infrastructure	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6261	Local Travel and Subsistence	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6263	Postage, Telex and Cablegrams	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6264	Vehicle Spares and Maintenance	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6271	Telephone Charges	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6272	Electricity Charges	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6273	Water Charges	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6281	Security Services	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6282	Equipment Maintenance	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx

MINISTRY / DEPARTMENT
PROGRAMME XXX MINISTRY ADMINISTRATION
CURRENT APPROPRIATION ACCOUNT
FOR THE FISCAL YEAR ENDED 31 DECEMBER 20XX

Acct. Code	Description	Approved	Allotment	Outstanding		Approved		Under the		Under the	
		Allotment (Allotment1)	Transfer (Virement)	Supplementary Allotment	Total Revised Allotment	Contingency Fund Advances	Total Funds Available	Drawing Rights (Allotment2)	Total Expenditure	Total Funds Available	Approved Drawing Rights
		A	B	C	D=A+B+C	E	F=D+E	G	H	I=F-H	J=G-H
TOTAL APPROPRIATION EXPENDITURE		xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
620 Other Charges		xxxx	xx	-	xx	-	xxxx	xxxx	xxxx	xxx	xxx
6283	Cleaning and Extermination Services	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6284	Other	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6291	National and Other Events	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6293	Refreshment and Meals	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6294	Other	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6302	Training (including Scholarships)	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6311	Rates and Taxes	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
6321	Subsidies & Contributions to Local Orgs	xxx	-	xxx	xx	-	xxx	xxx	xxx	xx	xx
6322	Subsidies & Contributions to Int'l Orgs	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx

Head of Budget Agency

MINISTRY / DEPARTMENT
PROGRAMME 000
CAPITAL APPROPRIATION ACCOUNT
FOR THE FISCAL YEAR ENDED 31 DECEMBER 20XX

Acct. Code	Description	Approved Allotment (Allotment1)	Allotment Transfer (Virement)	Supplementary Allotment C	Total Revised Allotment D=A+B+C	Outstanding Contingency Fund Advances E	Total Funds Available F=D+E	Approved Drawing Rights (Allotment2) G	Total Expenditure H	Under the Total Funds Available I=F-H	Under the Approved Drawing Rights J=G-H
		A	B	C	D=A+B+C	E	F=D+E	G	H	I=F-H	J=G-H
TOTAL APPROPRIATION EXPENDITURE		XXXXXXXX	XXXXXXXX		XXXXXXXX		XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX
12022 Buildings											
1202200	Buildings	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
17008 Rural Support Project											
1700807	Technical Support/Socio Economic Studies	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
19004 Basic Needs Trust Fund - 5											
1900400	Basic Needs Trust Fund - 5	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
19019 Towns Development											
1901900	Towns Development	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
25023 Equipment											
2502300	Equipment	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
26012 Statistical Bureau											
2601200	Statistical Bureau	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
44004 Instiitutional Strengthening - Equipment											
4400400	Institutional Strengthening - Equipment	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
44005 Student Loan Fund											
4400500	Student Loan Fund	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx

MINISTRY / DEPARTMENT
PROGRAMME 000
CAPITAL APPROPRIATION ACCOUNT
FOR THE FISCAL YEAR ENDED 31 DECEMBER 20XX

Acct. Code	Description	Approved Allotment (Allotment1) A	Allotment Transfer (Virement) B	Supplementary Allotment C	Total Revised Allotment D=A+B+C	Outstanding Contingency Fund Advances E	Total Funds Available F=D+E	Approved Drawing Rights (Allotment2) G	Total Expenditure H	Under the Total Funds Available I=F-H	Under the Approved Drawing Rights J=G-H
TOTAL APPROPRIATION EXPENDITURE		XXXXXXXX	XXXXXXXX	-	XXXXXXXX	-	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX
44007 Poverty Programme											
4400700	Poverty Programme	XXX	XX	-	XX	-	XXX	XXX	XXX	XX	XX
44013 Institutional Stregthening											
4401300	Institutional Strenthening	XXX	XX	-	XX	-	XXX	XXX	XXX	XX	XX
44014 Public Sector Investment											
4401400	Public Sector Investment	XXX	XX	-	XX	-	XXX	XXX	XXX	XX	XX
44015 Fiscal & Fin Mgmt Program											
4401502	Investment Component	XXX	XX	-	XX	-	XXX	XXX	XXX	XX	XX
44017 Carib Court of Justice											
4401700	Caribbean Court of Justice	XXX	XX	-	XX	-	XXX	XXX	XXX	XX	XX
45003 C.D.B											
4500300	C.D.B	XXX	XX	-	XX	-	XXX	XXX	XXX	XX	XX
45005 Inter American Investment Corp.											
4500500	Inter American Investment Corp.	XXX	XX	-	XX	-	XXX	XXX	XXX	XX	XX
45006 I.A.D.B											
4500600	I.A.D.B	XXX	XX	-	XX	-	XXX	XXX	XXX	XX	XX

MINISTRY / DEPARTMENT

PROGRAMME 000

CAPITAL APPROPRIATION ACCOUNT

FOR THE FISCAL YEAR ENDED 31 DECEMBER 20XX

Acct. Code	Description	Approved	Allotment	Supplementary Allotment	Total	Outstanding	Total Funds Available	Approved	Total Expenditure	Under the	Under the
		Allotment	Transfer		Revised	Contingency		Drawing		Total Funds	Approved
		(Allotment1)	(Virement)		Allotment	Fund		Rights		Available	Drawing Rights
		A	B	C	D=A+B+C	E	F=D+E	G	H	I=F-H	J=G-H
TOTAL APPROPRIATION EXPENDITURE		xxxxxxx	xxxxxxx	-	xxxxxxx	-	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx
45007 NGO/ Private Sector/ Support Programme											
4500700	NGO/ Private Sector/ Support Programme	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
45008 Guyana Revenue Authority											
4500800	Guyana Revenue Authority	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
45009 Guyana Sugar Corporation											
4500900	Guyana Sugar Corporation	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
45010 Loan to Public Corporation											
4501000	Loan to Public Corporation	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
45011 Youth Initiative Programme											
4501100	Youth Initiative Programme	xxx	xx	-	xx	-	xxx	xxx	xxx	xx	xx
45013 Linden Economic Advancement Programme											
4501300	Linden Economic Advancement Programme	xxx	-	xxx	xx	-	xxx	xxx	xxx	xx	xx

Head of Budget Agency

MINISTRY / DEPARTMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS (CURRENT)
FOR THE FISCAL YEAR ENDED 31 DECEMBER 200X

SUB HEAD HEAD	DESCRIPTION	APPROVED ESTIMATES	AMOUNT COLLECTED	AMOUNT PAID INTO CONSOLIDATED FUND	AMOUNT DUE TO CONSOLIDATED FUND	UNDER THE ESTIMATED	OVER THE ESTIMATED
III	STAMP DUTIES						
	2 Cheques	xxx	xxx	xxx	-	-	xxx
	7 Other revenue stamps	xxx	xxx	xxx	-	-	xxx
	8 Miscellaneous	xxx	xxx	xxx	-	xxx	-
IV	OTHER TAX REVENUE						
	1 Auction duty	-	xxx	xxx	-	-	xxx
	3 Sugar levy	xxx	xxx	xxx	-	-	xxx
	4 Rice Levy (a)	xxx	xxx	xxx	-	-	xxx
	5 Rice Levy (b)	xxx	xxx	xxx	-	xxx	-
XI	FEES, FINES, ETC.						
	40 Data processing service	-	-	-	-	-	-
	41 Cambio - application fees	-	xxx	xxx	-	-	xxx
	42 Cambio- licence fees	-	-	-	-	-	-
	45 Bank licence fees	-	-	-	-	-	-
XII	INTEREST						
	1 Student loans						
	4 Loan- state enterprise						
	5 Other loans and advances						
	Sub-total	----- XXXX -----	----- XXXX -----	----- XXXX -----	----- XXXX -----	----- XXXX -----	----- XXXX -----

MINISTRY / DEPARTMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS (CURRENT)
FOR THE FISCAL YEAR ENDED 31 DECEMBER 200X

SUB HEAD HEAD	DESCRIPTION	APPROVED ESTIMATES	AMOUNT COLLECTED	AMOUNT PAID INTO CONSOLIDATED FUND	AMOUNT DUE TO CONSOLIDATED FUND	UNDER THE ESTIMATED	OVER THE ESTIMATED
XV	DIVIDENDS AND TRANSFERS						
	1 Dividends from Financial Public Enterprises	xxx	xxx	xxx	-	xxx	-
	2 Dividends from Non-Financial Public Enterprises (NEPES)	xxx	xxx	xxx	-	xxx	-
	3 Special transfers from NEPES	xxx	xxx	xxx	-	xxx	-
	4 Dividends from equity holdings	-	xxx	xxx	-	-	xxx
	5 Bank of Guyana profits	-	-	-	-	-	-
XVI	MISCELLANEOUS RECEIPTS						
	12 Sundries	xxx	xxx	xxx	-	-	xxx
	14 Pension contributions of seconded officers	-	xxx	xxx	-	-	xxx
	16 Pension contribution of legislators.	xxx	xxx	xxx	-	-	xxx
	Total	----- XXXX =====	----- XXXX =====	----- XXXX =====	----- XXXX =====	----- XXXX =====	----- XXXX =====

.....
Deputy Secretary to the Treasury
Ministry/Department

SUMMARY OF AUTHORITY LIMITS

DIVISION / PROGRAMME _____

SUBHEAD _____

Authorizing Agency	Limits	Remarks
Head of Budget Agency (Region, Ministry/Department) except for Ministries of Public Works and Agriculture)	Below \$250,000 Below \$600,000 Below \$400,000	Goods and Services Construction Consultancy Services
Regional Tender Board	\$250,000 - \$6M \$600,000 - \$9M \$400,000 – \$500,000	Goods and Services Construction Consultancy Services
Ministerial/Departmental Tender Board	\$250,000 – \$600,000 \$600,000 - \$1M \$400,000 – \$500,000	Goods and Services Construction Consultancy Services
Head of Budget Agency Ministry of Public Works and Communications	Below \$1M \$1M – \$4M \$1M - \$8M \$1M – \$3M	Goods and Services Construction Consultancy Services Goods and Services Construction Consultancy Services
Head of Budget Agency Ministry of Agriculture	Below \$1M \$1M – \$4M \$1M – \$8M \$1M - \$3M	Goods and Services Construction Consultancy Services Goods and Services Construction Consultancy Services

REGIONAL TENDER BOARD LIMITS

Limits	Remarks	Authority
Below \$250,000 Below \$600,000 Below \$400,000	Goods and Services Construction Consultancy Services	Head of Budget Agency (with the responsibility of acquiring quotations if necessary)
\$250,000 - \$6M \$600,000 - \$9M \$400,000 – \$500,000	Goods and Services Construction Consultancy Services	Regional Tender Board
Exceeding \$6M Exceeding \$9M Exceeding \$500,000	Goods and Services Construction Consultancy Services	National Procurement Board

**MINISTRIES/DEPARTMENTS TENDER BOARD (EXCEPT MINISTRY
OF PUBLIC WORKS AND AGRICULTURE)**

Limits	Remarks	Authority
Below \$250,000 Below \$600,000 Below \$400,000	Goods and Services Construction Consultancy Services	Head of Budget Agency (with the responsibility of acquiring quotations if necessary)
\$250,000 – \$600,000 \$600,000 - \$1M \$400,000 – \$500,000	Goods and Services Construction Consultancy Services	Ministerial Tender Board
Exceeding \$600,000 Exceeding \$1M Exceeding \$500,000	Goods and Services Construction Consultancy Services	National Procurement Board

MINISTRY OF AGRICULTURE/WORKS

Limits	Remarks	Authority
Below \$1M	Goods and Services Construction Consultancy Services	Head of Budget Agency (with the responsibility of acquiring quotations if necessary)
\$1M – \$4M \$1M – \$8M \$1M - \$3M	Goods and Services Construction Consultancy Services	Ministry of Agriculture Tender Board
Exceeding \$4M Exceeding \$8M Exceeding \$3M	Goods and Services Construction Consultancy Services	National Procurement Board

**MINISTRIES / DEPARTMENTS
JOB AUTHORISATION FORM**

GROUP REF **DIVISION REF** **JOB REF:** **DATE:**

NAME OF ORGANISATION **LOCATION :**

NATURE OF ASSIGNMENT

OBJECTIVES OF ASSIGNMENT

Objectives of the Assignment: To examine the appropriation accounts of the Ministry / Dept. and to carry out tests that are considered necessary to express an opinion on them.

STAFF REQUIREMENTS	AD	AM	AS	A	AA	SAC	AC	ENGINEER	TOTAL
MAN HOURS									
RATE PER HOUR									
TOTAL COST (\$)									

Proposed starting Proposed completion Proposed completion

Date: Date (Field work) : Date (Reporting) :

Prepared by:..... Checked by:..... Approved by:.....

Audit Manager **Audit Director** **Auditor General**

**MINISTRIES / DEPARTMENTS
ASSIGNMENT PLAN**

NAME OF ORGANISATION:

LOCATION:

NATURE OF ASSIGNMENT:

To examine the appropriation accounts of the Ministries / Depts. and to carry out tests that are considered necessary to express an opinion on them.

OBJECTIVES OF ASSIGNMENT:

PROPOSED STARTING:

PROPOSED COMPLETION

PROPOSED COMPLETION

DATE:

DATE(FIELD WORK):

DATE(REPORTING):

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS									
			AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	INITIAL AUDIT PLANNING											
1	Meeting with client and assessing the nature and scope of audit work, its environment, etc.											
2	Reviewing matters relating to the previous year's audit which have continuing relevance in the current year.											
3	Assessing the effects of any changes in legislation, etc. which may have affected the preparation of the appropriation accounts.											
4	Reviewing budgets.											
5	Identifying critical and / or risk areas.											
	Balance carried forward											

**MINISTRIES / DEPARTMENTS
ASSIGNMENT PLAN**

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS									
			AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	Balance brought forward											
	PRELIMINARY AUDIT WORK											
6	Identifying key internal control areas, documenting the systems and procedures relating to those areas and carrying out "walk through" tests											
7	Evaluating the internal controls.											
8	Carrying out compliance tests on the controls to be relied upon.											
9	Assessing the results of the evaluation of the internal controls and compliance tests to determine the level of substantive tests to be carried out.											
10	and recommendations. agree on findings and recommendations.											
11	Issuing of interim management letter.											
	FINAL AUDIT WORK											
12	Carrying out substantive tests on: (a) Current Appropriation Accounts (b) Capital Appropriation Accounts											
13	Physical verification of capital items purchase											
14	Post balance sheet audit work											
15	Reviewing of appropriation accounts											
	Balance carried forward											

**MINISTRIES / DEPARTMENTS
ASSIGNMENT PLAN**

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS									
			AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	FINAL AUDIT CONT'D											
	Balance brought forward											
16	Ascertaining the necessity to disclose contingent assets and liabilities											
17	Final Meeting with management											
18	Preparing final management letter											
19	Quality assurance and drafting of opinion											
	TOTAL											

PREPARED BY
AUDIT MANAGER

CHECKED BY
AUDIT DIRECTOR

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MINISTRY / DEPT:

LOCATION:

YEAR-END:

Audit Objective:

- (1) To acquaint one's self with any change in respect of the current years audit.
- (2) To ensure payroll is properly prepared and approved, deductions remitted on a timely basis, joiners processed correctly, appropriate controls exist over leavers and ensure payment of salary properly controlled and documented.
- (3) To ensure that all PV's are presented for audit and to obtain assurance that the transactions have been recorded in the books of accounts.
- (4) To ensure funds are utilised for the purpose(s) intended.
- (5) To ensure that all cash balances are accurate
- (6) To account for all receipt books and controlled forms whether in use, completely used or not yet used.
- (7) To establish efficiency of collection.
- (8) To ensure that capital expenditure made according to relevant limits and authorization.
- (9) To establish existence, physical condition and custody of assets
- (10) To obtain assurance of arithmetical and accounting accuracy of records
- (11) To ensure that the correct balances have been brought forward and that the FS are correctly extracted from the books of accounts.

Audit Procedures:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Initial Audit Planning</u></p> <p>(1) Meeting with client and accessing the nature of audit work, its environment etc</p> <p>(2) Review matters relating to previous year's audit which have continuing relevance in the current year.</p> <p>(3) Assessing the effects of any changes in legislation, accounting practice etc., which may have an effect on the preparation of the financial statements</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MINISTRY / DEPT:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(4) Reviewing budgets, minutes of meetings, etc.</p> <p>(5) Document, test and evaluate system and internal controls.</p> <p>(6) Obtain a review a copy of the Ministry / Department Estimates (Budget) for the period.</p> <p>(7) Prepare the audit plan.</p>			
<p><u>PAYROLL</u></p> <p>(1) Obtain a lead schedule of total expenditure under each line item with prior year comparatives.</p> <p>(2) Prepare an analysis of employees under each line item to determine number of employees.</p> <p>(3) Prepare an analysis of refunds of salaries and verify same as follows;</p> <ul style="list-style-type: none"> • Ensure credit in the IFMAS Report: • Post receipts to unpaid salaries register. • Ensure unpaid salaries in the same amount as reflected in the analysis prepared. <p>(4) Prepare a comparison of the actual staff with the authorized staff as provided in the National Estimates.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MINISTRY / DEPT:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(5) Obtain payroll for ... months and check that:</p> <ul style="list-style-type: none"> a) Computation of gross pay calculated correctly based on either time records or salary letters. Confirm the rates of pay for 'time' workers to employment files or published information. b) Supporting documents in (a) above contains evidence of proper authorized; c) Statutory deductions were properly calculated; d) Ensure approval is received for all overtime paid; e) Ensure that there is evidence of preparation and approval f) Employee authorization obtained for non-statutory deductions; g) Ensure that there was evidence of collection of salary where cash paid; Payroll totals have been properly posted to the general ledger h) Match to PV and post to the IFMAS reports, salaries register and verify acknowledgement of the payees. Post all line items on the PV's for the verification of line items 203, 204,210. i) For one of the payrolls selected test the casting; j) Ensure that the salaries register are cast and balanced. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MINISTRY / DEPT:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(6) Select a sample of all joiners in the year and:</p> <ul style="list-style-type: none"> a) Ensure that completed application forms sent to the personnel department; b) Upon acceptance, ensure that certificates, police clearance and references obtained where necessary. c) Check that employment contract completed and signed by employee as evidence of accepting; d) Ensure that employee included in next payroll; e) Ensure that deductions made in month of joining. <p>(7) Select a sample of all leavers in the year and:</p> <ul style="list-style-type: none"> a) Check that there is appropriate supporting documentation i.e. a letter of resignation or termination letter; b) Check the remaining payment stated on the official discharge document was correctly calculated and paid over to the employee; c) Ensure that the employees were taken off the payroll from the date of resignation/dismissal. <p>(8) Perform a comparison of 6 months paysheets and note changes and verify with the Diary of Paychanges.</p> <p>(9) For the sample selected above ensure that:</p> <ul style="list-style-type: none"> a) NIS deductions were remitted before the 15th of the following month; b) PAYE deductions were remitted before the 14th of the following month. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

MINISTRY / DEPT:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(10) For benefits and allowances:</p> <ul style="list-style-type: none"> a) Obtain a list of employees that are entitled to motorcar, bicycle etc. allowance. b) Prepare an analysis of this line item showing the various allowances. c) Ensure that mileages claimed are within the limit of the approved limit. d) Prepare an analysis showing the total amount earned by each employee showing Allowance and mileages separately. e) Post a sample of vouchers to the IFMAS reports and travelling register. <p>(11) For all non-taxable allowances:</p> <ul style="list-style-type: none"> a) Document the type of allowances and staff to whom payments are made b) Select a sample of Employees and test justification of allowances paid. <p>(12) Ensure that a Holiday-with-Pay register was maintained by the client.</p> <p>(13) Ensure that the employees Annual Return for has been filed with the Guyana Revenue Authority by 28 February</p> <p>(14) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(15) Give a conclusion on employment cost recorded in the financial statements as at 31 December</p>			

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AUDIT WORK PROGRAM**

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YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Material, Equipment and Supplies</u></p> <p>(1) Select a sample of vouchers and post to IFMAS reports.</p> <p>(2) Prepare a spreadsheet for the vouchers and examined same for completeness and accuracy.</p> <p>(3) Prepare a sample of items on the vouchers and verify in the stock records to ensure that same are received and properly brought to account.</p> <p>(4) Prepare an analysis of the IFMAS reports.</p> <p>(5) Prepare an analysis of the purchases according to the limits of the tender board.</p> <p>(6) List items of capital nature purchased under this line item that should have been bought under Capital expenditure.</p> <p><u>Fuel & Lubricants</u></p> <p>(1) Obtain a list of vehicles under the control of the Ministry.</p> <p>(2) Obtain log books for all vehicles, note missing ones.</p> <p>(3) Select a sample of vouchers and post to IFMAS reports and prepare spreadsheet for the examination.</p> <p>(4) Obtain 100% of the vouchers and prepare fuel consumption as per vehicle for the year.</p>			

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PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(5) Prepare and analysis of payments according to fuel purchased, lubricants etc.</p> <p><u>Rental of Buildings</u></p> <p>(1) Obtain a list of all building rented and their purposes.</p> <p>(2) Examine the lease agreement for conformity with payments.</p> <p>(3) Select a sample of vouchers and post to IFMAS reports and prepare spreadsheet for the examination.</p> <p><u>Maintenance of Buildings</u></p> <p>(4) Prepare contract spreadsheets according to tender board limits.</p> <p>(5) Prepare an analysis of IFMAS reports.</p> <p>(6) Select a sample of vouchers and post to IFMAS reports and expense register and prepare spreadsheet for the examination.</p> <p>(7) Examine Contracts with the contract register, to ensure that the payments are made in accordance with the register and examine TB minutes.</p> <p>(8) Select a sample of contracts for physical verification.</p>			

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PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Transport Travel and Postages</u></p> <p>(1) Prepare an analysis of expenditure.</p> <p>(2) Select a sample of vouchers and post to IFMAS reports and expense register and prepare spreadsheet for the examination and ensure that payments are made in accordance with the stipulated rates.</p> <p>(3) Obtain all approvals of overseas travelling for conferences etc. Select a sample of vouchers and post to IFMAS reports and expense register and prepare spreadsheet for the examination.</p> <p>(4) Prepare an analysis of spares purchased and trace to stock records to ensure that items were properly brought to account.</p> <p>(5) Prepare an analysis of repairs to vehicles showing details of vehicle #s and amount expended for the current year for the said vehicle.</p>			
<p><u>Utility Charges</u></p> <p><u>Electricity</u></p> <p>(1) Obtain all vouchers and post to IFMAS reports and expense register and prepare spreadsheet for the examination.</p> <p>(2) Obtain a list of all meters under the control of Ministry and their location.</p> <p>(3) Prepare an analysis of expenditure for each meter for the year.</p>			

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PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(4) Compare the totals as per electricity register and the IFMAS reports to ensure that they reflect the same balance.</p> <p><u>Telephone Charges</u></p> <p>(1) Obtain all vouchers and post to IFMAS reports and expense register and prepare spreadsheet for the examination;</p> <p>(2) Obtain a list of all telephones under the control of the Ministry and their location, and note telephones opened to Overseas calls;</p> <p>(3) Investigate all overseas calls and ensure the proper maintenance of a register for overseas calls;</p> <p>(4) Ascertain all refunds of private overseas calls and verify in IFMAS reports;</p> <p>(5) Prepare an analysis of expenditure for each telephone for the year.</p> <p>(6) Compare the totals as per telephone charges and the IFMAS reports to ensure that they reflect the same balance. Note Differences.</p>			

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PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Water Charges</u></p> <p>(1) Obtain all vouchers and post to IFMAS reports and expense register and prepare spreadsheet for the examination.</p> <p>(2) Obtain a list of all meters under the control of the Ministry and their location.</p> <p>(3) Prepare an analysis of expenditure for each meter for the year.</p> <p>(4) Compare the totals as per water charges register and the IFMAS reports to ensure that they reflect the same balance.</p>			
<p><u>Other Goods and Services Purchased</u></p> <p>(1) Prepare an analysis of all payments made to security.</p> <p>(2) Obtain contract agreement between the security and Ministry and examined.</p> <p>(3) Select a sample of vouchers and post to IFMAS reports and expense register and prepare spreadsheet for the examination.</p> <p>(4) Prepare an analysis of the other expenditure.</p> <p>(5) Prepare an analysis of payments according to tender board limits in respect of contracts and supplies and examine TB minutes.</p> <p>(6) Examine contracts with the contract register, to ensure that the payments are made in accordance with the register.</p>			

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PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Other Operating Expense</u></p> <p>(1) Prepare an analysis of IFMAS reports.</p> <p>(2) Select a sample of vouchers and post to IFMAS reports and expense register and prepare spreadsheet for the examination.</p> <p>(3) Examine contracts (if any) with the contract register, to ensure that the payments are made in accordance with the register.</p> <p>(4) Prepare an analysis of payments according to tender board limits in respect of contracts and supplies.</p> <p><u>Education, Subvention and Training</u></p> <p>(1) Obtain approval for training etc.</p> <p>(2) Prepare an analysis of IFMAS reports.</p> <p>(3) Select a sample of vouchers and post to IFMAS reports and expense register and prepare spreadsheet for the examination.</p>			

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PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Contrib. to Local and Int'l Organisations</u></p> <p>(1) Prepare an analysis of payments made to various organizations (Local and International).</p> <p>(2) Verify contributions with the National estimates.</p> <p>(3) Select all the vouchers and post to IFMAS reports and expense register and prepare spreadsheet for the examination.</p> <p>(4) Verify acknowledgement receipts received for contributions.</p> <p><u>Examination of IFMAS reports</u></p> <p>(1) Ensure that the voted provisions are reflected in the Reports.</p> <p>(2) Verify all releases and post to the IFMAS reports.</p> <p>(3) Verify balances on releases.</p>			

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PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Warrants Received/ Issued</u></p> <p>(1) Prepare a spreadsheet showing all warrants received/issued.</p> <p>(2) For warrants received: Examine vouchers to ensure that;</p> <ul style="list-style-type: none"> • Money was expended for the purpose intended; • Post PVs to IFMAS reports; • Verify that financial return are issued to the agency that sent the warrant; • Ensure that unspent balances are refunded to the agency of included in the ministry's unspent balance and paid over to the Accountant General Dept. <p>(3) Examine advances:</p> <ul style="list-style-type: none"> • Post all advances to the advances register; • Ensure advances are cleared promptly; • List all outstanding imprest as at 31 December; <p>(4) Verify and note details of retirement of imprest at the end of the year.</p>			

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PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>CASH AND BANK</u></p> <p>(1) Obtain a lead schedule of cash and bank balances and agree prior year balances with prior year working papers.</p> <p><u>Cash-in-hand</u></p> <p>Obtain an analysis of cash-in-hand at year end and perform the following:-</p> <ul style="list-style-type: none"> a) Count all cash in hand and reconcile with the records in cash book; b) Fill out the cash survey form and obtain officer's signature; c) Ensure cash is stored in a safe or vault; d) Check subsequent deposit of un-banked takings to the bank statement; e) Agree balances to the general ledger; f) Where significant, obtain a cash-in-hand certificate. 			

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<p><u>Bank</u></p> <p><u>Bank Reconciliation Test</u></p> <p><i>(1) Obtain reconciliations for all bank accounts (including term deposits) prepared as at the and perform the following:</i></p> <ul style="list-style-type: none"> a) Review the statements to ensure that they have been properly prepared; b) Agree the bank balances on the reconciliations to the bank statement; c) Agree the general ledger balance on the reconciliation to the general ledger; d) Cast the reconciliation; e) Check subsequent presentation of outstanding cheques and clearance of other items to the following month's bank statement, general ledger and reconciliation statement; f) Enquire into and record findings in connection with long outstanding and un-cleared items; g) Ensure that stale-dated cheques are written back or otherwise transferred to a stale-dated cheque account; h) Ensure that the reconciliation statements are duly signed as evidence of preparation and approval; i) Ensure that the reconciliation statement is prepared on a timely basis <p><i>(2) Review all other bank reconciliations for evidence of preparation and approval, agree balances to bank statements and enquire into long outstanding balances.</i></p>			

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<p><u>(3)Cheque Payment Cut-Off</u></p> <p><i>Obtain cheque stubs for all bank accounts for 24 -31 December ... and 1-7 January and perform the following:-</i></p> <ul style="list-style-type: none"> a) Check that cheques were used in sequential order, b) Check postings to the general ledger, c) Ensured that payments were recorded in the relevant period. <p>(4) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of cash and bank balances.</p> <p>(5) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(6) Give a conclusion on cash and bank balances.</p> <p><u>CONTROLLED FORMS</u></p> <p>(1) Check for all receipt books and all other controlled forms against register of controlled forms;</p> <p>(2) Obtain printer's invoice and verify books and controlled forms received and entries in the register</p> <p>(3) Prepare working to show the controlled forms in use, completed and unused.</p>			

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<u>REVENUE</u>			
(1) Obtain and list all receipt books, used, in use and unused.			
(2) Post receipts to collectors' expense register statement			
(3) Trace receipts to deposit slips and bank statements			
(4) Trace amounts to general ledger.			
(5) Cast and balance the collectors' expense register statement.			
(6) Examine the collectors's expense register statement for proper maintenance, and supervisory checks.			
(7) Post totals to the summary expense register.			
(8) Prepare analysis showing revenue collected and paid over to the consolidated fund.			
(9) Compare to estimates according to National Budget.			
(10) Verify acknowledgement receipt form Accountant General for revenue paid over.			
(11) Obtain receipt for one week immediately before and after year end and perform the following:-			
a) Ensure that all receipt prior to the year-end and after year end are included in debtors and the general ledger in the relevant period,			

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<p>b) Check sequential order of receipt.</p> <p><u>Deposits</u></p> <p>(1) Obtain deposits ledger and post receipts and PVs to same.</p> <p>(2) Examine payments to ensure that the monies deposited were expended for the purpose collected for.</p> <p>(3) Obtain balances held on deposits as at 31 December.</p> <p><u>Stores</u></p> <p>(1) Obtain all store records namely Goods received book, immediate use book, ISRs and RTPs.</p> <p>(2) Select a sample of ISRs and RTPs and post to stock ledgers.</p> <p>(3) Perform stock count on items in the stores.</p> <p>(4) Examine all stores records for proper maintenance.</p> <p>(5) Check on the maintenance of bin cards and compare with the stock ledgers.</p> <p>(6) Examine the stores to ensure that it items are stored properly to facilitate easy verification.</p>			

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<p><u>Inventory</u></p> <p>(1) Obtain master inventory and compare with sectional inventories.</p> <p>(2) Select a sample of inventories and perform physical checks. Verify that items/ property is marked to easily identify them as property of the government.</p> <p><u>Missing Vouchers</u></p> <p>(1) Count all vouchers and note missing ones according to employment cost and other charges.</p> <p><u>CAPITAL</u></p> <p><u>Initial Audit Planning</u></p> <p>(1) Document system of invitation of tenders, receipt custody, opening, and approving of bids, drawing up of contracts, independent valuation of works/services/supplies/consultancy to be done on behalf of tender board, comparison with bids, recording of minutes, signing of contracts etc. for each tender board and the making of payments.</p> <p>(2) Confirm system to walk through tests.</p> <p>(3) Evaluate system of control.</p>			

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<p><u>For all sub heads</u></p> <p>(1) Obtain 100% expense vouchers and post to IFMAS reports, and contract register.</p> <p>(2) Prepare contract spreadsheets according to authority limits and ensure that all contract are properly approved by the related TB; Examine tender board records such as minutes, bids (if necessary), evaluation reports, cabinet decisions etc.</p> <p>(3) Prepare voucher verification sheets and examine the vouchers accordingly;</p> <p>(4) Verify proper allocation of expenditure completeness , accuracy and validity of all payments made;</p> <p>(5) Prepare analysis of all expenditure under each subhead and ensure the compliance with the project profile of subhead;</p> <p>(6) Test check total contract sum with actual paid, investigate differences for over payments/ variations and enquire into reasons;</p> <p>(7) Ensure that all payments are certified work satisfactory competed by the relevant personnel;</p> <p>(8) Prepare physical verification list of contracts to be carried out by the engineer's department;</p>			

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<p><u>FIXED ASSETS</u></p> <p><u>Analytical Procedures</u></p> <p>1) Explain movements and investigate any unexpected and unusual relationships between current period, prior year and budgeted amounts.</p> <p>2) Review entries in the following general ledger accounts for large or unusual items.</p> <p><u>Detailed Test of Transactions and Balances</u></p> <p>1) Obtain a fixed asset summary as at 31 December and:</p> <p style="margin-left: 20px;">a) Agree opening balances to the prior year audited working papers;</p> <p style="margin-left: 20px;">b) Check the arithmetic accuracy of the schedule;</p> <p style="margin-left: 20px;">c) Agree closing balances to the fixed asset register and the general ledger</p> <p>2) Obtain a schedule of additions and for a sample of ... items, perform the following:</p> <p style="margin-left: 20px;">a) Check that additions are necessary for carrying on operations and have been authorized;</p> <p style="margin-left: 20px;">b) Agree value and description of asset acquired to supporting documentation.</p> <p style="margin-left: 20px;">c) Physically inspect the asset.</p> <p style="margin-left: 20px;">d) Ensure assets are marked as property of the entity in compliance with the PSM's circular.</p> <p style="margin-left: 20px;">e) For additions inspect the title (Transport, Certificate of Registration or Invoice) to ensure that they are in the name of the entity;</p> <p style="margin-left: 20px;">f) Ensure compliance with the capital project profile.</p>			

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<p>g) Ensure that addition is recorded in the fixed asset register and general ledger correctly.</p> <p>3) Obtain a schedule of disposals and select a sample of .. items and perform the following:</p> <p>a) Agree details to supporting documentation;</p> <p>b) Ensure that sales proceeds have been correctly accounted for;</p> <p>c) Check that profit/loss on disposal has been correctly calculated and recorded in the general ledger;</p> <p>d) Check that disposals have been authorized;</p> <p>e) Check that disposed assets have been removed from the fixed asset register and general ledger.</p> <p>4) For a sample of ... material assets, excluding additions, perform a physical verification exercise.</p> <p>5) For a sample of ... material assets, perform the following:</p> <p>a) Test depreciation calculation is in accordance with stated policy;</p> <p>b) Check that no asset is being depreciated by more than cost;</p> <p>c) Agree depreciation to the fixed asset register and the appropriate expense ledgers;</p> <p>6) Note obsolete and/unserviceable items and the dates the items became non-operational.</p>			

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<p>7) Observe security arrangements at the company's place of business and ensure that there is adequate security of fixed assets.</p> <p>8) Check that there is adequate insurance coverage of fixed assets.</p> <p>9) Enquire whether management has carried out an impairment review of assets.</p> <p>10) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of property, plant and equipment balances.</p> <p>11) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>12) Give a Conclusion on property, plant and equipment balances.</p>			

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<p><u>Capital Funds released to Agencies under the Ministry</u></p> <p>In relation to subheads for agencies under the Ministry:-</p> <ol style="list-style-type: none"> 1. Determine from the Ministry's IFMAS reports amounts released to the various agencies; 2. Visit the sites and examine the expenditure for compliance with the project profile; 3. Prepare contract spreadsheets and examine TB minutes if necessary; 4. Perform physical verification of works carried and assets purchased. 5. Ensure that unspent balances of release are refunded investigate and obtain reasons; 6. Prepare query sheet onsite and obtain agency's agreement/disagreements of all queries; <p>In relation to foreign founded projects:</p> <ol style="list-style-type: none"> 1. Obtain audited financial statements and reconcile with IFMAS reports (specific funds) 2. Prepare an analysis of the expenditure inclusive of contract and spreadsheets etc. 			

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<p><u>Final Audit - Capital</u></p> <ul style="list-style-type: none"> • Obtain all physical verification reports from the engineer's department; • Prepare query sheets for each subhead; • Obtain explanations/agreements /disagreements from the agencies. • Draft report and discuss with client; • Incorporate explanations and finalize draft report. <p><u>FINAL AUDIT – OVERALL</u></p> <p>(1) Prepare query sheets for all line items according to the Programmes;</p> <p>(2) Discuss queries and obtain explanations;</p> <p>(3) Prepare draft management letter and issue to client for a response.</p>			

PROGRAM APPROVAL

Approved as to the scope of testing and adequacy of execution.

Senior

Date

Manager

Date

Director

Date

**AUDIT
OF
STATUTORY BODIES**

STATUTORY BODIES

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STATUTORY BODIES

BACKGROUND

As classified by the AOG, there are at present 50 statutory bodies that are audited by the staff of the AOG.

A statutory body is defined as “a public entity that has been established by law”. Each statutory body will therefore be governed by its own Act of Parliament with its own rules and regulations as stipulated in its Act. It follows therefore that in the audit of each such body, the staff of the AOG must take account of, and be knowledgeable with the governing Act and the rules and procedures for regulating its operations, duties and responsibilities of its key officers, and the maintenance of essential records and record keeping to record faithfully all transactions and for the safeguarding of all assets owned by the statutory body. As a general rule, under the relevant Act governing each statutory body, the subject Minister is empowered to make subsidiary legislation as may be necessary for the administration of the Act.

The Fiscal Management and Accountability Act 2003 also deals extensively with the obligations and responsibilities of statutory bodies and in particular as regards the approval of estimates of revenues and expenditures, and the submission of annual reports. Section 79 (1) states:

“A statutory body shall, prior to the commencement of each fiscal year established for that statutory body or if no fiscal year has been established, prior to the commencement of each calendar year, submit to the appropriate Minister for approval-

- (a) estimates of the revenue and the current and capital expenditures for the fiscal or calendar year,
- (b) the financing activities that the statutory body intends to undertake during the fiscal or calendar year; and
- (c) a statement of the short-term debt and long-term debt obligations of the statutory body.”

Section 80 states that not later than four months after the end of the fiscal year, each statutory body shall submit an annual report to the concerned Minister, who in consultation with the Minister of Finance determine the format of the annual report. The annual report shall include a statement of assets and liabilities at the end of the fiscal year, a statement of revenue and expenditure for the fiscal year, and a report prepared by the Auditor General on the annual financial statements of the statutory body.

It is not possible in this manual to deal with each of the fifty statutory bodies that are audited by the AOG. It is felt, however, that it would be useful for the guidance of the staff of the AOG to review in some detail one of the statutory bodies since the principles guiding the audit process would be the same for all.

The statutory body selected is the Demerara Harbour Bridge Corporation. This Corporation is governed by the Demerara Harbour Bridge Corporation Act No.2 of 2003 effective from 30th April 2003, and the concerned minister is the Minister of Works and Transport.

Under section 4 (2) of the Act, “the functions of the Corporation are:

- (a) to collect the tolls prescribed for every vehicle for its passage on the Bridge;
- (b) to collect the marine tolls for ocean going vessels, trawlers, and coastal vehicles for their passage through the Bridge;
- (c) to collect all fees, dues or other moneys payable to the Corporation under any regulations made under the Roads Act;
- (d) to carry on all other activities the carrying on of which appears to be requisite, advantageous or convenient for or in connection with the discharge of its functions.”

The Act stipulates that the General Manager of the Corporation “shall be responsible for implementing the decisions of the Board and the efficient discharge of the functions of the Corporation”(section 5 (2)). Under the First Schedule of the Act, “the General Manager shall be responsible for directing :

- (i) the overall planning, implementation and internal evaluation of the projects, programmes and activities of the Corporation;
- (ii) the financial activities of the Corporation including the co-ordination of the flow and use of the funds by the Corporation;”

The Act therefore places a heavy responsibility on the General Manager for the efficient running of the Corporation. Other officers (e.g. the Accountant) are not directly named in the Act.

The operations of the harbour bridge may include special projects during periods of the fiscal year(s) under which the GOG and also donor agencies e.g European Union, grant funds for special works. The accounting for this- normally provided for in the loan or grant contract- must be separate and the record keeping and format of the reports for such projects to follow the applicable guidelines and rules of the donor agency.

In the audit of the financial statements of a statutory body, the key documents are:

- the balance sheet (or statement of assets and liabilities)
- the income and expenditure statement
- cash flow statement
- notes and analyses of balances as necessary

OBJECTIVES OF THE AUDIT

The main objectives of the audit are to obtain reasonable assurance that:

- (a) The resources of the Corporation have been managed in accordance with sound financial, management and accountability procedures,
- (b) The financial statements have been properly prepared, in accordance with applicable law and fairly presents the results of operation for the period under review and the financial position at that date.
- (c) all monies expended and charged to an account have been applied to the purpose or purposes for which they were intended in accordance with all applicable laws, regulations and financial instructions,
- (d) essential records are maintained, and the internal management controls and the rules and procedures established are sufficient to safeguard the control of stores and other public property,
- (e) assets acquired under the control of the Corporation were recorded and physically verified,
- (f) all stores have been properly recorded, physically exists and have been adequately safeguarded and,
- (f) all revenues are have been properly assessed, collected, brought to account and deposited in a timely manner in accordance with all applicable laws, regulations and financial instructions.

AUDIT METHODOLOGY

The audit must be conducted in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements.

The work programme for a statutory body will vary from entity to entity and has to be tailored for each case-the size and complexity of its activities, the quality of its record keeping, the level of internal controls, the competence of its officers and employees are all factors that should be taken into account when planning and completing the work programme.

The key areas for verification should include:

- revenues from all sources especially the main sources of income(in the case of the Demerara Harbour Bridge(DBH) vehicular traffic, marine tolls, and rentals of equipment)
- expenditures (for DHB.payroll, materials and supplies for maintenance works, and traffic management etc.)
- the effectiveness of the system of internal control
- adequate records and security for fixed assets including development works specially funded(asset registers etc.)
- inventories
- cash and bank balances
- Long –term liabilities (e.g. due to donor agencies etc.)

SUMMARY

The staff of the AOG, in undertaking the audit of a statutory body, needs to apply their collective skills and knowledge in the audit process. Bear in mind that an audit programme must be tailored to meet the needs of a statutory body based on an evaluation of the quality of its internal control system, the accuracy of its record keeping, effectiveness of its management etc.

An audit programme is attached for the benefit of staff, with the caveat as usual that amendments/ additions to the programme may be required as each audit dictates, based on the circumstances of each case.

STATUTORY BODIES

BALANCE SHEET

AS AT 31 DECEMBER

200...	NOTES	200X	G\$
	FIXED ASSETS		
xxxxx	Rehab/Developmental Works (Local)	xxxxx	
xxxxx	Maintenance Works (Local)	xxxxx	
xxxxx	Development Works (Specific)	xxxxx	
xxxxx	Furniture & Fittings	xxxxx	
xxxxx	Vehicles	xxxxx	
-----	Equipment & Machinery	-----	
xxxxx	Office Equipment / Others		xxxxx
	CURRENT ASSETS		
xxxxx	Stock	xxxxx	
xxxxx	Debtors	xxxxx	
-----	Bank	-----	
	Cash in Hand		xxxxx

xxxxx			xxxxx
-----			-----
	FINANCED BY:		
xxxxx	European Union Contribution	xxxxx	
xxxxx	Government of Guyana Contribution	xxxxx	
xxxxx	Accumulated Surplus	xxxxx	
-----			-----
xxxxx			xxxxx
-----			-----

.....
GENERAL MANAGER
DHBC

.....
ACCOUNTANT
DHBC

STATUTORY BODIES

INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

200...	REVENUE	NOTES	G\$	200X	G\$
x	Vehicular		x		
x	Marine Toll		x		
x	Sale of Disposable Materials		x		
x	Refund for Damages		x		
x	Truck Scale		x		
-----	Sale of Tender Documents		-----		
xx	Other Income				xx
	Rental of Equipment				
	Public Convenience				
	 EXPENDITURE				
x	Traffic Management Services		x		
x	Structural Maintenance Services		x		
x	Electro/Mechanical Services		x		
x	Security Services		x		
x	Salaries & Admin Costs		x		
x	Dredge Operations Services		x		
			-----		xx
-----	Surplus /(Deficit) for the year				----- xxx
-----					-----

**THE AUDIT OFFICE
JOB AUTHORISATION FORM**

GROUP REF **DIVISION REF** **JOB REF:** **DATE:**

NAME OF ORGANISATION **LOCATION :**

NATURE OF ASSIGNMENT

OBJECTIVES OF ASSIGNMENT

Objectives of the Assignment: To examine the financial statements of the Corporation and to carry out tests that are considered necessary to express an opinion on them.

STAFF REQUIREMENTS	AD	AM	AS	A	AA	SAC	AC	ENGINEER	TOTAL
MAN HOURS									
RATE PER HOUR									
TOTAL COST (\$)									

Proposed starting Proposed completion Proposed completion

Date: Date (Field work) : Date (Reporting) :

Prepared by:..... Checked by:..... Approved by:.....
Audit Manager **Audit Director** **Auditor General**

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NAME OF ORGANISATION:

LOCATION:

NATURE OF ASSIGNMENT:

To examine the financial statements of the Corporation and to carry out tests that are considered necessary to express an opinion on them.

OBJECTIVES OF ASSIGNMENT:

PROPOSED STARTING:

PROPOSED COMPLETION

PROPOSED COMPLETION

DATE:

DATE(FIELD WORK):

DATE(REPORTING):

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS								TOTAL	
			AD	AM	AS	A	AA	SAC	AC	ENG		
	INITIAL AUDIT PLANNING											
1	Meeting with client and assessing the nature and scope of audit work, its environment, etc.											
2	Reviewing matters relating to the previous year's audit which have continuing relevance in the current year.											
3	Assessing the effects of any changes in legislation, accounting practice, etc. which may have affected the preparation of the financial statements											
4	Reviewing interim accounts, management accounts, budgets, minutes of meetings, etc.											
5	Identifying critical and / or risk areas.											
	Balance carried forward											

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS									
			AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	Balance brought forward											
	PRELIMINARY AUDIT WORK											
6	Identifying key internal control areas, documenting the systems and procedures relating to those areas and carrying out "walk through" tests											
7	Evaluating the internal controls.											
8	Carrying out compliance tests on the controls to be relied upon.											
9	Assessing the results of the evaluation of the internal controls and compliance tests to determine the level of substantive tests to be carried out.											
10	on findings and recommendations. agree on findings and recommendations.											
11	Issuing of interim management letter.											
	FINAL AUDIT WORK											
12	Carrying out substantive tests on: (a) Income Statement items (b) Balance Sheet items (c) Cash Flow Statement (d) Notes to the Accounts											
13	Physical verification of assets,etc											
14	Post balance sheet audit work											
15	Reviewing of financial statements											
	Balance carried forward											

**THE AUDIT OFFICE OF GUYANA
ASSIGNMENT PLAN**

NO.	PARTICULARS	ASSIGNMENT PROCEDURES REFERENCE	ESTIMATED MAN HOURS									
			AD	AM	AS	A	AA	SAC	AC	ENG	TOTAL	
	FINAL AUDIT CONT'D											
	Balance brought forward											
16	Evaluating the going concern concept.											
17	Ascertaining the necessity to disclose contingent assets and											
18	Final Meeting with management											
19	Preparing final management letter											
20	Quality assurance and drafting of opinion											
21	Issuing audit opinion											
	TOTAL											

PREPARED BY
AUDIT MANAGER

CHECKED BY
AUDIT DIRECTOR

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

Audit Objective:

- (1) To acquaint one's self with any change in respect of the current years audit.
- (2) To ensure that all cash balances are accurate
- (3) To account for all receipt books and controlled forms whether in use, completely used or not yet used.
- (4) To establish existence, physical condition and custody of assets
- (5) To ensure payroll was properly prepared and approved and deductions paid over in timely manner.
- (6) To ensure debtor balances are authentic, collectable, adequate following up is done and there is adequate cut off.
- (7) To ensure all liabilities exist and are supported by independent evidence.
- (8) To ensure stocks are stated at the lower of cost and net realizable value and there are effective controls over the issue and receipt of stocks.
- (9) To ensure funds were utilised for the purpose(s) intended
- (10) To obtain assurance of the completeness of revenue.
- (11) To ensure all PVs are presented for audit and to obtain assurance that the transactions have been recorded in the books of accounts
- (12) To ensure that the correct balances have been brought forward and that the FS are correctly extracted from the books of accounts.
- (13) To ensure arithmetical accuracy

Audit Procedures:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Initial Audit Planning</u></p> <p>(1) Meeting with client and accessing the nature of audit work, its environment etc</p> <p>(2) Review matters relating to previous year's audit which have continuing relevance in the current year.</p> <p>(3) Assessing the effects of any changes in legislation, accounting practice etc., which may have an effect on the preparation of the financial statements</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(4) Reviewing interim accounts, management accounts, budgets, minutes of meetings, etc.</p> <p>(5) Document, test and evaluate system and internal controls.</p> <p>(6) Obtain and review a copy of the Corporation's Estimates (Budget) for the year.</p> <p>(7) Prepare the audit plan</p>			
<p><u>CASH AND BANK</u></p> <p>(1) Obtain a lead schedule of cash and bank balances and agree prior year balances with prior year working papers.</p> <p><u>Cash-in-hand</u></p> <p>Obtain an analysis of cash-in-hand at year end and perform the following:-</p> <p>a) Count all cash in hand and reconcile with the records in cash book;</p> <p>b) Fill out the cash survey form and obtain officer's signature;</p> <p>c) Ensure cash is stored in a safe or vault;</p> <p>d) Check subsequent deposit of un-banked takings to the bank statement;</p> <p>e) Agree balances to the general ledger;</p> <p>f) Where significant, obtain a cash-in-hand certificate.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>Bank</u></p> <p><u>Bank Reconciliation Test</u></p> <p><i>(1) Obtain reconciliations for all bank accounts (including term deposits) prepared as at the and perform the following:</i></p> <ul style="list-style-type: none"> a) Review the statements to ensure that they have been properly prepared; b) Agree the bank balances on the reconciliations to the bank statement; c) Agree the general ledger balance on the reconciliation to the general ledger; d) Cast the reconciliation; e) Check subsequent presentation of outstanding cheques and clearance of other items to the following month's bank statement, general ledger and reconciliation statement; f) Enquire into and record findings in connection with long outstanding and un-cleared items; g) Ensure that stale-dated cheques are written back or otherwise transferred to a stale-dated cheque account; h) Ensure that the reconciliation statements are duly signed as evidence of preparation and approval; i) Ensure that the reconciliation statement is prepared on a timely basis <p><i>(2) Review all other bank reconciliations for evidence of preparation and approval, agree balances to bank statements and enquire into long outstanding balances.</i></p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>(3)Cheque Payment Cut-Off</u></p> <p><i>Obtain cheque stubs for all bank accounts for 24 -31 December ... and 1-7 January and perform the following:-</i></p> <ul style="list-style-type: none"> a) Check that cheques were used in sequential order, b) Check postings to the general ledger, c) Ensured that payments were recorded in the relevant period. <p>(4) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of cash and bank balances.</p> <p>(5) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(6) Give a conclusion on cash and bank balances.</p>			
<p><u>CONTROLLED FORMS</u></p> <ul style="list-style-type: none"> (1) Check for all receipt books and all other controlled forms against register of controlled forms; (2) Obtain printer's invoice and verify books and controlled forms received and entries in the register (3) Prepare working to show the controlled forms in use, completed and unused. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>SUBVENTIONS</u></p> <p>(1) Verify subventions received from local government and ascertain the utilization of the funds;</p> <p>(2) Prepare contract spread sheets and verify procedures of the awards with the Corporation's records.</p> <p><u>FIXED ASSETS</u></p> <p><u>Analytical Procedures</u></p> <p>1) Explain movements and investigate any unexpected and unusual relationships between current period, prior year and budgeted amounts.</p> <p>2) Review entries in the following general ledger accounts for large or unusual items.</p> <p><u>Detailed Test of Transactions and Balances</u></p> <p>1) Obtain a fixed asset summary as at 31 December and:</p> <p style="margin-left: 20px;">a) Agree opening balances to the prior year audited working papers;</p> <p style="margin-left: 20px;">b) Check the arithmetic accuracy of the schedule;</p> <p style="margin-left: 20px;">c) Agree closing balances to the fixed asset register and the general ledger</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>2) Obtain a schedule of additions and for a sample of ... items, perform the following:</p> <ul style="list-style-type: none"> a) Check that additions are necessary for carrying on operations and have been authorized; b) Agree value and description of asset acquired to supporting documentation. c) Physically inspect the asset. d) For additions inspect the title (Transport, Certificate of Registration or Invoice) to ensure that they are in the name of the Corporation; e) Ensure that addition is recorded in the fixed asset register and general ledger correctly. <p>3) Obtain a schedule of disposals and select a sample of .. items and perform the following:</p> <ul style="list-style-type: none"> a) Agree details to supporting documentation; b) Ensure that sales proceeds have been correctly accounted for; c) Check that profit/loss on disposal has been correctly calculated and recorded in the general ledger; d) Check that disposals have been authorized; e) Check that disposed assets have been removed from the fixed asset register and general ledger. <p>4) For a sample of ... material assets, excluding additions, perform a physical verification exercise.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>5) For a sample of ... material assets, perform the following:</p> <ul style="list-style-type: none"> a) Test depreciation calculation is in accordance with stated policy; b) Check that no asset is being depreciated by more than cost; c) Agree depreciation to the fixed asset register and the appropriate expense ledgers; <p>6) Note obsolete and/unserviceable items and the dates the items became non-operational.</p> <p>7) Observe security arrangements at the company's place of business and ensure that there is adequate security of fixed assets.</p> <p>8) Check that there is adequate insurance coverage of fixed assets.</p> <p>9) Enquire whether management has carried out an impairment review of assets.</p> <p>10) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of property, plant and equipment balances.</p> <p>11) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>12) Give a Conclusion on property, plant and equipment balances.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>PAYROLL</u></p> <p>(1) Obtain payroll for ... months/weeks and check that:</p> <ul style="list-style-type: none"> a) Computation of gross pay calculated correctly based on either time records or salary letters. Confirm the rates of pay for 'time' workers to employment files or published information. b) Supporting documents in (a) above contains evidence of proper authorized; c) Statutory deductions were properly calculated; d) Ensure that there is evidence of preparation and approval e) Employee authorization obtained for non-statutory deductions; f) Ensure that there was evidence of collection of salary where cash paid; Payroll totals have been properly posted to the general ledger g) For one of the payrolls selected test the casting; <p>(2) Select a sample of all joiners in the year and:</p> <ul style="list-style-type: none"> a) Ensure that completed application forms sent to the personnel department; b) Upon acceptance, ensure that certificates, police clearance and references obtained where necessary. c) Check that employment contract completed and signed by employee as evidence of accepting; d) Ensure that employee included in next payroll; e) Ensure that deductions made in month of joining. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(3) Select a sample of all leavers in the year and:</p> <ul style="list-style-type: none"> a) Check that there is appropriate supporting documentation i.e. a letter of resignation or termination letter; b) Check the remaining payment stated on the official discharge document was correctly calculated and paid over to the employee; c) Ensure that the employees were taken off the payroll from the date of resignation/dismissal. <p>(4) For the sample selected above ensure that:</p> <ul style="list-style-type: none"> a) NIS deductions were remitted before the 15th of the following month; b) PAYE deductions were remitted before the 14th of the following month. <p>(5) For all non-taxable allowances:</p> <ul style="list-style-type: none"> a) Document the type of allowances and staff to whom payments are made b) Select a sample of Employees and test justification of allowances paid. <p>(6) Ensure that a Holiday-with-Pay register was maintained by the client.</p> <p>(7) Ensure that the employees Annual Return for has been filed with the Guyana Revenue Authority by 28 February</p> <p>(8) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(9) Give a conclusion on employment cost recorded in the financial statements as at 31 December</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>DEBTORS</u></p> <p><u>Analytical Procedures</u></p> <p>(1) Obtain a lead schedule of debtors and prepayments and compare with prior year to ensure list appears complete and reasonable; Agree balances to the closing trial balance.</p> <p>(2) Explain movements and investigate any unexpected or unusual relationships between current year, prior year and budgeted amounts.</p> <p>Trade Debtors</p> <p>(1) <u>Debtors Aged Analysis</u></p> <p>Obtain a debtors age analysis as at the end of 31 December and perform the following tests:</p> <ul style="list-style-type: none"> (a) Test mathematical accuracy (b) Investigate large or unusual items (c) Investigate credit balances (d) Ensure that the total of the aged analysis of debtors agrees with the debtors control account in the general ledger. (e) Test accuracy of aging by comparing a sample of individual items to supporting documentation (f) Check subsequent collections to receipts after year end 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(2) <u>Past Due Balance</u></p> <p>For customers balance outstanding for more than 90 days, select a sample ofcustomers and perform the following:</p> <ul style="list-style-type: none"> a) Agree details to invoices and other supporting documents; b) Discuss collectability with client; c) Consider subsequent payments and payments history; d) Examine correspondence with customer, if necessary; e) Ensure adequate provisions set up if necessary. <p>(3) <u>Sundry Debtors</u></p> <p>Obtain a schedule of sundry debtors as at year end and perform the following:-</p> <ul style="list-style-type: none"> a) The total agrees to the general ledger; b) For material items, amounts agree to supporting documentation for a sample of items; c) Payment received post year-end for selected sample. d) For overdue receipts consider whether these should be written off. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(4) <u>Prepayments</u></p> <p>Obtain a schedule of prepayments as at the year-end and Perform the following:-</p> <ul style="list-style-type: none"> a) Agree the total to the general ledger, b) Compare this with the prior year to ensure that list is complete, c) Agree details to supporting documents (e.g. invoices, receipt etc.) for significant pre-payments, d) Check calculation of prepaid amount, e) Pre year-end payments agree to bank statements. <p>(5) <u>Cut-off Test</u></p> <p><u>Receipts</u></p> <p>Obtain receipt for one week immediately before and after year end and perform the following:-</p> <ul style="list-style-type: none"> a) Ensure that all receipt prior to the year-end and after year end are included in debtors and the general ledger in the relevant period, b) Check sequential order of receipt. <p>(6) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of accounts receivables and prepayments balances.</p> <p>(7) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>(8) Give a Conclusion on accounts receivable and prepayments balances.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>CREDITORS</u></p> <p><u>Analytical Procedures</u></p> <p>(1) Obtain a lead schedule of Creditors & Accruals as at December 31 with prior year comparatives.</p> <p>(2) Agree prior year numbers to the prior year audit working papers and agree current year numbers to the general ledger.</p> <p>(3) Obtain explanations and investigate any unexpected or unusual relationships between current year, prior year and budgeted amounts for:-</p> <ul style="list-style-type: none"> - accounts payable, - sundry payable, - accruals. <p><u>Detailed Testing</u></p> <p>(1) <u>Payables</u></p> <p>Obtain payables listing as at the year end and perform the following tests:-</p> <ul style="list-style-type: none"> (a) test mathematical accuracy; (b) trace amounts to appropriate sources; (c) investigate large or unusual items, (d) test translation of foreign currency, (e) agree balance total to the general ledger, (f) check subsequent payment on a sample basis for large supplier balances. (g) check on authority of credit (h) where necessary obtain confirmations. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(2) <u>Sundry Creditors</u></p> <p>Obtain a list of sundry creditors at the year-end and perform the following:-</p> <ul style="list-style-type: none"> (a) Review this for completeness based on prior period list and expectations. (b) Check a sample to supporting documentation and post year-end payment. (c) Test mathematical accuracy, (d) Investigate large or unusual items, (e) Agree balances to the general ledger. <p>(3) <u>Accruals</u></p> <p>Obtain a list of Accruals at the year-end and perform the following:-</p> <ul style="list-style-type: none"> (a) Review this for completeness based on prior period list and expectations. (b) Verify period of accruals (c) Test mathematical accuracy, (d) Investigate large or unusual items, (e) Check accruals to supporting documentation and post year end payment (g) Agree balances to the general ledger. <p>(4) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of accounts payables and accruals balances.</p> <p>(5) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.</p> <p>6) Give a Conclusion on accounts payable and accrued charges balances.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>STOCK COUNT</u></p> <p><u>Planning</u></p> <p>(1) Update, through enquiry, your understanding of the control and accounting systems surrounding stocks. Document any changes in the permanent file.</p> <p><u>Detailed Testing –Final</u></p> <p>(1) <u>Stock- take</u></p> <p>Attend the physical stock count and observe the client’s counting procedures at several location using the following guidelines:</p> <p>Before:</p> <ul style="list-style-type: none"> • Obtain an understanding of the business operations and nature of stocks from review of prior year audit papers and discussion with Manager. • Determine whether the stock-count is done on a continuous, partial or full count. If it is a continuous or partial count, obtain from the client, the schedule of all stock counts. • Ensure that the questionnaire is completed. Review and document any weaknesses identified by the stock-count. Significant areas to review include <ul style="list-style-type: none"> a) Adequacy of control over stocks belonging to third parties. b) Competence of staff who determines if stocks are obsolete. c) Competence of counters and checkers. d) Whether factory stops production. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>Where procedures are not considered adequate, this should be communicated to the Manager prior to the commencement of the stock-take.</p> <ul style="list-style-type: none"> • Prior to commencement of the stock-take: <ul style="list-style-type: none"> a) Tour the locations for familiarization purposes. b) Prepare control sheet of all departments and sections of stocks to ensure that there is adequate observation . c) Ensure that the client’s staff are aware of relevant cut-off procedures. d) Determine locations and values of inventory (by location) held off-site by third parties, including consignment goods, and observe or confirm counts, as required. e) Prepare working papers with following heading to record details of work carried out: <ul style="list-style-type: none"> - sheet number - location - part no. - description - unit - quantity counted - quantity as per records - reason for difference and resolution. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>During:</p> <ul style="list-style-type: none"> • Observe and ascertain that count teams: <ul style="list-style-type: none"> a) Follow inventory instructions, recording accurately all required information such as descriptions, quantities, locations, obsolete or slow-moving stock. b) Properly account for inventory held off-site. c) Properly deal with physical movements of inventory. d) Compare counts with the perpetual inventory listings, if applicable. • Recount inventory items on a test basis, compare with client's count, description, and other data, and: <ul style="list-style-type: none"> a) Record test details on work sheets prepared. b) Record selected items for subsequent follow-up c) Make note of seemingly excessive, obsolete and slow-moving stock. • Using completed count sheets, recount a selection of items already noted and detail results on work sheets prepared. • Tour depot areas upon completion of counts and note any inventory that has not been counted. • Record details of : <ul style="list-style-type: none"> - last 5 goods received notes - last 5 stock transfer notes - last 5 sales invoices - last 5 delivery notes 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>Prepare report on stock count,</p> <p>After:</p> <ul style="list-style-type: none"> • Obtain a detailed physical inventory listing showing variances and: <ol style="list-style-type: none"> a) Test mathematical accuracy; b) Investigate large and unusual items. c) Agree items test counted accurately included. d) Check cut-off against details of goods received notes, stock transfer notes and delivery notes collected during count e) Confirm action taken for slow-moving, obsolete or damaged inventory. f) For selected items trace to physical inventory count sheet. g) Enquire and investigate any variances arising and notify Manager of these. <p>(2) Discuss with management the recommendations for improvement and summaries these for inclusion in the Internal Control Report.</p> <p>(3) Give a Conclusion on Inventories balances</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>STOCK VALUATION</u></p> <p><u>Planning</u></p> <p>(1) Update, through enquiry, your understanding of the control and accounting systems surrounding stocks. Document any changes in the permanent file.</p> <p><u>Analytical Procedures</u></p> <p>(1) Obtain a lead schedule showing stocks by type, with prior year comparatives. Agree current year balances to general ledger and the prior year balances to the prior year audited accounts.</p> <p>(2) Obtain explanations for any material movements by comparing between the current and prior years:</p> <ul style="list-style-type: none"> a) Inventory quantities and amounts by product; b) Inventory obsolescence. <p>(3) Review physical inventory adjustments and investigate large or unusual items.</p> <p><u>Detailed Testing – Final</u></p> <p>(1) Obtain the stock valuation summary as at 31 December 200X and check:-</p> <ul style="list-style-type: none"> - The mathematical accuracy, - Investigate large or unusual items, - Agree to the general ledger. 			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(2) <u>Stock Valuation Test</u></p> <p>Obtain the stock valuation report and agree the valuation at the year-end by performing the following on a sample of material items:-</p> <ul style="list-style-type: none"> a) Agreeing quantity to audited stock count sheets; b) Agreeing cost to supporting invoices and costing sheet c) Ensure that stocks are stated at lower of cost and net realizable value <p>(3) Obtain a slow-moving or obsolete stock report and:-</p> <ul style="list-style-type: none"> a) Ensure that items identified by the auditor during the stock-take as slow-moving or obsolete have been included; b) Test mathematical accuracy; c) Discuss with management procedures and reasonableness of assumptions used in determining allowance. <p>(4) <u>Charge or Lien On Inventories</u></p> <ul style="list-style-type: none"> a) Inspect bank confirmation letter, b) Discuss with Accountant/Management whether inventories are subject to charges or lien. <p>(5) <u>Insurance Coverage</u></p> <p>Based on work carried out on insurance coverage ensure that there are adequate coverage for inventories (raw materials, spares and finished products).</p> <p>(6) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of inventories balances.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
(7) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report. (8) Give a Conclusion on Inventories balances			
<p><u>INCOME</u></p> (1) Document the system of income (2) Perform walk through tests. (3) Evaluate the system. (4) Obtain a lead schedule of all income, with prior period comparatives. (5) Perform analytical procedures on the material categories of income. (6) Select sample of receipts and post to the Cash Book. (7) Trace receipts to deposit slips and bank statement. (8) Post total revenue from cash book to general ledger. (9) Review total collection with original estimates. (10) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of income balances. (11) Discuss with management the recommendations for improvement and summarise these for inclusion in the Internal Control Report.			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p>(12) Give a conclusion on income</p> <p><u>PAYMENTS</u></p> <p>(1) For each type of expenditure, select ... or ... transactions and carry out the following;-</p> <ul style="list-style-type: none"> • Vouch the amount and nature of the expense to supporting documentation such as invoices and bills. • Examine vouchers for completeness and accuracy • Ensure that there is proper authorization for the incurring of the expense. • Check to ensure that vouchers were stamped paid. • Ensure that the expenses are relevant to the Corporation's operations. • Verify the evidence of receipt of goods and services • Post vouchers to cash book, voucher register and general ledger. • Cast cash book. • Prepare contract spreadsheets where necessary • Count voucher and determine missing vouchers <p>(2) Ensure expenditure is within budget.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>FINANCED BY</u></p> <p>(1) Agree opening balances on reserves to previous period audited closing balance.</p> <p>(2) Obtain documentation to verify the accuracy of the equity contributions and trace to general ledger.</p> <p>(3) Agree figures on the lead schedule to the financial statements ensuring that there is adequate disclosure of retained earnings balances.</p> <p>(4) Give a conclusion.</p> <p><u>SURPLUS / DEFICIT</u></p> <p>(1) Test the arithmetical accuracy of the income and expenditure account.</p> <p>(2) Agree balances brought forward from the previous year with current year balances.</p> <p>(1) Perform analytical procedures and obtain explanations for any large and unusual variations.</p> <p>(2) For categories with large and unusual items, obtain a breakdown for the year.</p> <p>(3) Review work done on Revenue and relate for consistency and presentation in the income statement.</p> <p>(4) Agree surplus / deficit in income and expenditure account with that shown in the balance sheet.</p> <p>(5) Give a Conclusion on the income and expenditure account.</p>			

**THE AUDIT OFFICE OF GUYANA
AUDIT WORK PROGRAM**

STATUTORY BODIES:

LOCATION:

YEAR-END:

PROCEDURES	Objective achieved	Schedule reference	Work Done By/Date
<p><u>FINAL AUDIT</u></p> <p>Obtain trial balance and post entries to the General Ledger and perform the following;</p> <p>(a) Post appropriate debits and credits to the Income and Expenditure Account and Balance Sheet,</p> <p>(b) From the audited accounts from previous year bring forward all items into the current year financial statements,</p> <p>(c) Ensure that all adjustments in respect to the previous year's accounts have been made on the current statements. If not, note for comments in the management letter,</p> <p>(d) Prepare query sheets,</p> <p>(e) Draft management letter and opinion,</p> <p>(f) Issue management letter and opinion</p>			

PROGRAM APPROVAL

Approved as to the scope of testing and adequacy of execution.

_____	_____
Senior	Date
_____	_____
Manager	Date
_____	_____
Director	Date

**CONTRACTING
TECHNICAL EXPERTS
AND
CHARTERED ACCOUNTANTS
IN PUBLIC PRACTICE**

CONTRACTING TECHNICAL EXPERTS AND CHARTERED ACCOUNTANTS IN PUBLIC PRACTICE

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CONTRACTING TECHNICAL EXPERTS AND CHARTERED ACCOUNTANTS IN PUBLIC PRACTICE

BACKGROUND

The Auditor General under the Constitution and by various Acts of Parliament has a responsibility to audit and report on the accounts of all government entities and organizations including all ministries, municipalities, national democratic councils, statutory bodies, public enterprises and trade unions in addition to many special projects where loans/ grants are funded by donor agencies and the government of Guyana.

In carrying out this function, the Auditor General can be assisted by technical experts and chartered accountants in public practice as provided in the Audit Act of 2004.

Section 18 of this Act states:

“ In the discharge of his functions, the Auditor General may engage the services of technical experts and chartered accountants in public practice to serve on a contract basis for limited audit engagements including those required as part of agreements with international organizations.”

GUIDELINES

The guidelines for the contracting of such persons are specified under section 19 and should “follow the rules, policies, and Procedures Manual to:

- (a) recruit and determine the terms of employment and remuneration ;
- (b) in selecting from among the applicants, receive recommendation from a committee comprising the Finance Secretary, the Governor of the Central Bank, the Commissioner General of the Guyana Authority, a representative of the Institute of Chartered Accountants of Guyana (who is not in public practice) and the Head of the Management Studies at the University of Guyana;
- (c) award the contract;
- (d) determine the manner in which the required work shall be completed;
- (e) approve the audit plan and audit procedures (scope and methodology) for the assignment;
- (f) review the work papers, reports, and the opinion (in the case of a financial audit) prepared by the contractor; and
- (g) request additional work if he deems it necessary to satisfy the terms of the contract”.

It follows then that technical experts and chartered accountants contracted shall be required to follow auditing standards approved by the Auditor General-section 20 of the Act.

There are also two import caveats as laid down in sections 21 and 22. Section 21 limits the chartered accountant to carry out an audit for the same entity to six consecutive years.

Section 22 provides that a chartered accountant contracted to carry out audit services to an entity shall not provide tax or accounting or management consulting services to that entity.

SELECTION PROCESS

Based on the above statutory guidelines, the Auditor General at the beginning of each year or such other time as determined by the Auditor, the Auditor General draws up a list of statutory bodies, public corporations and other bodies that he requires chartered accountants to carry out the audits.

The Auditor General shall invite applications in at least two newspapers so that interested chartered accountants in public practice can apply. Chartered accountants applying would be required to give details (in appropriate questionnaires) of their experience, office equipment available, number and category of professional staff, etc. This will enable the committee to evaluate the chartered accountants' capacity and professional competence to carry out the contract The charge out rates for each category of staff (from senior partner to Junior 1) must also be given by the chartered accountants firm when supplying the other data.

Once the selection has been made, the Auditor General would write the accounting firm, and invite the firm to submit a work plan and audit procedures (scope and methodology) for the entity to be audited for approval by the Auditor General. The audit fees would also be agreed by the Auditor General.

At the completion of the audit, the firm of chartered accountants will submit all work papers and reports for review. If not satisfied with some aspect of work carried out by the firm, the Auditor General may require that additional work in that area be carried out. The firm of chartered accountants is required to follow the auditing standards approved by the Auditor General in addition to generally accepted auditing standards.

After the audit is completed, the firm of chartered accountants would issue its audit report.

The Auditor General would also issue a separate report, and in this report he would normally endorse the findings and opinion of the firm of chartered accountants.

Specimens of the communication letters and correspondence between the AOG and the firm and the standard questionnaires that are completed by the firm before and on completion of the audit, are herein attached.

CONCLUSION

In the case of audit work contracted out to firms of Chartered Accountants (and other experts as necessary), the staff of the AOG should carry out their review of work papers and other supporting documentation supplied by the firm of the Chartered Accountant with the same zeal and intuition bringing their skills, experience and knowledge to bear. This will ensure that any omissions or inadequate attestation work are addressed adequately and if necessary additional work carried out by the firm of Chartered Accountant before the audit opinion is finally approved by the Auditor General.

22 May 200X

108/AG: 77/2006/66

Mr. XXXXX
Address

Dear Mr. XXX,

RE.PROCEDURES FOR THE EXECUTION OF AUDITS
CONTRACTED TO CHARTERED ACCOUNTANTS

As you are aware, according to section 18 of the Audit Act No 5 of 2004, dated 28 April 2004, the Auditor General may engage the services of Chartered Accountants in public practice to serve on a contract basis for limited audit engagements. In this regard, I now write to reiterate the procedures you are required to follow in the execution of audits contracted to you.

1. Award of Audit

- 1.1 Based on your proposal for the auditing of certain entities advertised and the recommendations of the Committee, appointed under the Audit Act 2004, the Auditor General would review the recommendations and inform you of his decision whether to retain the services of your firm for the audit of any of the advertised entities for which you submitted a proposal.
- 1.2 The Auditor General will also inform the Auditee of this award and notify them that you will be contacting them in order to prepare your audit plan.

2. Audit Plan

- 2.1 Before commencing the audit you are required to review the Auditee's systems of accounting in operation to the extent considered necessary in order to obtain the relevant information to prepare a detailed audit plan for each audit for review by and agreement with the Auditor General. This plan shall include:
 - (i) The proposed materiality level;
 - (ii) Problem/risk areas and matters requiring particular attention, including audit matters outstanding from the previous year's accounts and the remedial action taken or proposed;
 - (iii) The scope of the examination, and the audit approach for each account area;

- (iv) The sampling methods to be adopted;
 - (v) Liaison with, and extent of reliance on, internal audit;
 - (vi) Statement of staff allocation and responsibilities;
 - (vii) An audit budget in man-hours by grade, showing the hours budgeted for each of the following elements:
 - (a) Preliminary Audit Work
 - (b) Preparation of Audit Plan
 - (c) Fieldwork – Interim
 - (d) Fieldwork – Final
 - (e) Audit Completion
 - (f) Management and Review
 - (g) Fee, Travel and Administrative arrangements
 - (viii) A timetable for the progress of the work to ensure completion, review by the Audit Office, and certification within statutory or annual report publication deadlines.
- 2.2 Any subsequent significant changes proposed to the plan must be discussed with the Auditor General before implementation.
3. Fees
- 3.1 Before commencing the audit your fee proposal for the execution of the audit must be submitted and agreed in advance with the Auditor General.
- 3.2 In addition, the fees for the audits of any subsequent year of accounts reflecting increases in hours budgeted for each grade of staff will only be allowed to the extent that new or changed systems or risks to the Auditee’s financial system require additional audit effort.
- 3.3 The hourly chargeout rates to be applied to the budgeted man-hours in computing your fee proposal must be those which were contained in your proposal submitted for consideration. Increases in the hourly chargeout rates during the course of the audit will not be accepted, except where they could be justified to the Auditor General satisfaction.
- 3.4 Fees will only be paid at the following intervals:
- (i) after the audit plan is agreed;
 - (ii) after the interim audit has been completed;
 - (iii) after the final audit has been completed; and
 - (iv) after the relevant financial statements have been certified.

- 3.5 Invoices should be sent directly to the Auditor General for forwarding to the Auditee.
- 3.6 No further costs will be payable without the prior written approval of the Auditor General and no invoices will be considered before the plan has been approved.
4. Communication Requirements
- 4.1 All written communication between yourself and the Auditee concerning the audit must be copied to the Auditor General.
5. Scope of the Audit
- 5.1 Ultimate responsibility for certification of the accounts will remain with the Auditor General. It will be your responsibility to carry out, on the Auditor General's behalf and to his satisfaction, the audit of the entity contracted to be audited by your firm.
- 5.2 You are not responsible for the preparation of the financial statements nor the maintenance of the accounting records. Where in the execution of your work you detect irregularities or fraud you are required to report this immediately to the Auditor General and other appropriate authorities.
- 5.3 In accordance with Section 22 of the Audit Act you "shall not provide tax or accounting advice or management consulting services to any entity with respect to which you are contracted by the Auditor General to provide audit services".
6. Completion of Audit
- 6.1 After completion of the audit examination you are required to produce a draft management letter detailing points arising from the audit, for agreement by the Auditor General. This management letter will be sent by the Auditor General to the Auditee for their comments. You may also draft audit letters for agreement with the Auditor General at any time during the audit.
- 6.2 You will report to the Auditor General any material weakness observed in the Auditee's Company.
- 6.3 After full review and completion of the audit activities you will prepare your own audit opinion which the Auditor General will review along with the working papers prepared by your firm. The Auditor General will then issue his own opinion.

7. Confidentiality and Disclosure of Information

7.1 With respect to audit of the entity contracted to be audited by your firm you are required to comply with Section 35(1) of the Audit Act which states that “No person shall, without the written consent of the Auditor General, publish or disclose information obtained in the course of an audit to any person other than in the course of his duties or when lawfully required to do so by a court”.

8. Ownership of Working Papers

8.1 All working papers relating to the audits will remain the property of the Auditor General, but for the duration of the contract will be retained by you. The Audit Office shall have the right of access to these at any time.

Yours sincerely,

.....
AUDITOR GENERAL (ag.)

15 August 200X

191/PC: 28/2

Mr. XXXXXXXX
Address

Dear Sir,

**AUDIT OF THE ACCOUNTS OF THE
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
FOR THE YEAR ENDED 31 DECEMBER 200X**

1. I am writing to confirm our acceptance of your proposal for carrying out the above audit on behalf of the Auditor General. I describe below the general terms of the contract between us, and should be grateful for your agreement in writing that these are acceptable to XXXXXXXXXXXX.
2. **SCOPE OF THE AUDIT**
 - 2.1 Ultimate responsibility for certification of the accounts will remain with the Auditor General, who is the responsible auditor under section 4 (1) of the Audit Act 2004. It will be XXXXXXXXXXXX responsibility to carry out, on the Auditor's General's behalf and to his satisfaction, the audit of the XXXXXXXXXXXX and to ensure compliance with governing authorities, determination made and conditions laid down by the Government.
 - 2.2 As determined by Section 23 of the Audit Act 2004, Chartered Accountants engaged under Section 18-23 of that Act shall have like powers as vested in the Auditor General for the purposes of examining and auditing accounts under Section 24,31 and 32 of the Act 2004.
 - 2.3 XXXXXXXXXXXX is not responsible for the preparation of the financial statements nor for the maintenance of the accounting records.

2.4 The responsibility for the prevention and detection of irregularities and fraud rests with management of the XXXXXXXXX . Unless specifically requested, XXXXXXXX are not required to search for fraud and therefore their work will not be relied upon to disclose all such matters. Where the normal work of XXXXXXXX discloses such matters, these must be reported immediately to the Auditor General and other appropriate authorities.

3. **OBJECTIVES**

3.1 The overall objective of XXXXXXXXXXXX work will be to obtain sufficient, relevant and reliable audit evidence to enable them to form an opinion as to present fairly the XXXXXXXXX state of affairs for the year ended 31 December 200X and of the transactions and cash flows for the year then ended, and whether those accounts comply with the provisions of the appropriate governing statutes, determinations made and conditions laid down by Government.

3.2 To meet this objective, XXXXXXXX will, inter alia, seek assurance that

- The form and content of the accounts comply with the appropriate government and professional accounting requirements and principles;
- The figures in the accounts are properly and fairly stated;
- The funds have been applied to the services and for the purposes intended by Parliament, where applicable;
- The transactions are in accordance with Parliamentary authority, statute and other regulations where applicable.

3.3 In arriving at their opinion XXXXXXXX will consider the following major points and report specifically on any aspects with which they are not satisfied:

- Whether the XXXXXXXXX kept proper accounting records
- Whether XXXXXXXXX accounts are in agreement with the accounting records;
- Whether XXXXXXXX obtained all the information and explanation, which they consider necessary for the purpose of their audit.

4. **AUDIT METHODS**

4.1 XXXXXXXXXXXX audit will be conducted in accordance with the Audit Office's auditing standards, and other standards, which are generally acceptable in Guyana and will include:

- A review of the systems of accounting in operation at the XXXXXXXXX to the extent they consider necessary in order to plan undertake the audit efficiently;

- Making such tests as they consider necessary for the purposes of their audit. The tests will include;
 - An examination of the day to day transactions carried out by XXXXXXXX
 - Verification of their assets and liabilities.
- 4.2 The nature and extent of the tests carried out will vary according to XXXXXX assessment of XXXXXXXX systems but will cover all material aspects of their business.
- 4.3 As part of their normal audit procedures, XXXXXXXX will request XXXXXXXX to provide formal written representations concerning certain information and explanation they have received from XXXXXXXX.
- 4.4 Before commencing audit examination XXXXXXXX will prepare an annual plan for each audit for review by and agreement with the Auditor General. This will include:
- The proposed materiality level;
 - Problem /risk areas and matters requiring particular attention, including audit matters outstanding from the previous year's accounts and the remedial action taken or proposed;
 - The scope of the examination, and the audit approach for each account area;
 - The sampling methods to be adopted;
 - Local audit proposals;
 - Liaison with, and extent of reliance on, internal audit; Statement of staff allocation and responsibilities;
 - An audit budget in man-hours by grade, showing the hours budgeted for each of the seven elements of the audit listed at Appendix A of this letter;
 - A timetable for progressing the work to ensure completion, review by the Auditor Office, and certification within statutory or annual report publication deadlines.

5. **COMMUNICATION REQUIREMENTS**

- 5.1 Communication between XXXXXXXX and Government Departments concerning the audit of XXXXXXXX will be copied to the Audit Office. Any contact between the XXXXXXXX audit team and any XXXXXX personnel who may be advising or assisting the Government in connection with XXXXXX, the Divestment Programme or other matters affecting the conduct of the audit of XXXXXXXX will be reported as soon as possible and in full to the Auditor General.

- 5.2 After completion of their annual audit examination XXXXXX will produce a draft management letter to be sent detailing points arising from the audit, for agreement by the Auditor General. XXXXX may also draft audit letters for agreement with the Auditor General at any time during the audit.
- 5.3 XXXXX will report to the Auditor General any material weakness observed in XXXXX and which they think should be drawn to the Auditor General's attention.
- 5.4 After full review and audit completion activities XXXXX will prepare their own audit opinion (see Appendix B) which the Auditor General will review along with working papers prepared by XXXXX. The Auditor General will then sign his own audit opinion having relied on the work and opinion of XXXXX.

6. **FEES**

- 6.1 As quoted in your proposal, your fees for the audit will be one million, thousand (\$ 1,000,000) dollars, excluding government tax on services.
- 6.2 No further costs will payable without prior written approval of the Auditor General. The fees for the audits of any subsequent accounts will be agreed in advance with the Auditor General. Increases in hours budgeted for each grade of staff will be allowed only to the extent that new changed systems or risks to XXXXX financial system deserve additional audit effort. Increases in hourly chargeout rates will, during the course of the audit not be accepted by the Auditor General, except where it could be justified to his satisfaction.
- 6.3 Invoices should be sent directly to the Auditor General quoting the reference number at the head of this letter.

7. **ADDITIONAL CONSULTANCY WORK**

- 7.1 XXXXX will not be allowed to perform any accounting, taxation or consultancy work on behalf of XXXXX during the period of this agreement. XXXXX must ensure that there is no risk of impairing audit independence during the period of this and any other agreement with the Auditor General.

8. **OWNERSHIP OF WORKING PAPERS**

- 8.1 All working papers relating to the audits will remain the property of the Auditor General, but for the duration of the contract will be retained by XXXXXX. The Office of the Auditor General shall have the right of access to these at any time. XXXXX may retain such copies of the working papers, as they require.

9. **COPYRIGHT AND CONFIDENTIALITY**

9.1 The copyright of any letters sent or reports made in connection with the audits will be vested in the Auditor General. All information provided by the Auditor General or otherwise obtained during the course of the contract work must be treated in strict confidence.

9.2 XXXXX will comply with section 35 (1) of the Audit Act 2004 and will not without the written consent of the Auditor General, publish or disclose information obtained in the course of the audit to any person other than in the course of his duties or when lawfully required to do so by a court.

10. **TERMS OF THE CONTRACT AND TERMINATION**

10.1 The contract will be for a one year period, however, the Auditor General reserve the right to terminate this contract at any time if circumstances so dictate. In such an event, payment will be made on a quantum merit basis for actually done.

Yours sincerely,

.....
AUDITOR GENERAL (ag.)

We agree with the term and conditions, as set out above.

.....
Chartered Accountant

QUESTIONNAIRE TO BE COMPLETED BY CHARTERED ACCOUNTANT

**1. NAME OF CHARTERED ACCOUNTANT
OR FIRM OF CHARTERED ACCOUNTANT**

XXXXXXXXXXXXXXXXXXXX

2. BUSINESS ADDRESS

XXXXXXXXXXXXXXXXXXXX

3. TELEPHONE NUMBERS

XXX-XXXX
XXX-XXXX

FAX NUMBER

XXX-XXXX

4. NAME OF PARTNER

XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX

PROFESSIONAL DESIGNATION

Chartered Accountant /Management Consultants
Chartered Accountant

5. Please give the following information in relation to your current staffing or that of your firm.

DESIGNATION	NO. OF STAFF	LEVEL OF TRAINING			
		PROFESSIONAL	DEGREE OR EQUIVALENT	DIPLOMA OR EQUIVALENT	HIGH SCHOOL
Audit Manager					
Audit Senior					
Asst. Senior					
Junior II					
Junior I					
Supporting Staff					
TOTAL					

6. **How long have you, or how long has your firm been in practice?**
7. **Were there any changes in the name of your firm since it was first established? If so, please give reasons for such changes.**
8. **Do you, or does your firm, have any experience in the auditing of statutory bodies, public corporation and other bodies referred to in Section 18-23 of the Act? If so, list the major audit undertaken.**

9. **List the major bodies other than the aforesaid audited by you or your firm over the past three years –**

NAME OF ENTITY

YEAR OF ACCOUNT

10. **Do you, or does your firm, have regional audit offices in Guyana? If so, please give details.**
11. **What equipment do you, or does your firm, have in support of your operation?**

Details of computer programs in use:

12. **What auditing standards have been adopted by you or your firm?**
13. **Do you have access to specialized services such as management advisory and legal services? If so, give details.**
14. **Do you have a programme of continuing professional education for yourself and the staff of your firm? If so, please specify the nature of such programme and the average number of hours per annum for each grade of staff.**
15. **Do you have a system of internal quality control? If so, please specify.**
16. **What programme do you have for an external quality control review?**

- 17. Are you, or is your firm, prepared not to render accounting services for accounts of that corporation or body?**
- 18. Indicate the charge-out rates used by you or your firm for computing audit fees.**
- 19. Do you have any objections to the Office of the Auditor General reviewing your audit plans and list of audit procedures, if you are awarded a contract for services for the audit of statutory bodies, public corporations or other bodies?**
- 20. Do you have any objections to the Office of the Auditor General reviewing your work papers, report and opinion at the close of the examination and audit? Would you be willing to undertake additional work to the satisfaction of the Auditor General?**
- 21. Any other comments.**