

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

**FOR THE YEAR ENDED
31 DECEMBER 2005**

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

OPINION NO. : 48/2017

AUDITED FINANCIAL STATEMENTS OF THE
MARITIME ADMINISTRATION DEPARTMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

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Audit Office of Guyana

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

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

131/SL: 38/2/2017

15 June 2017

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

Dear Ms. Rogers,

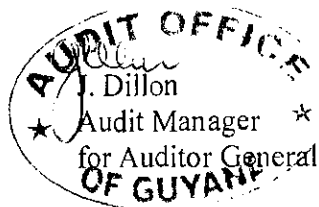
AUDIT OF THE FINANCIAL STATEMENTS OF THE
MARITIME ADMINISTRATION DEPARTMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

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

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

With kind regards.

Yours sincerely,





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132/SL: 38 /2/2017

15 June 2017

Mr. Kenneth Jordan
Permanent Secretary
Ministry of Public Infrastructure
Wight's Lane
Georgetown.

Dear Mr. Jordan

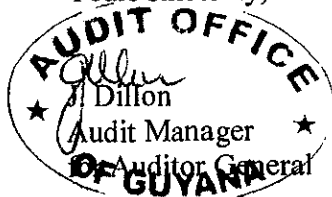
AUDIT OF THE FINANCIAL STATEMENTS OF THE
MARITIME ADMINISTRATION DEPARTMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

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

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

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AG: 48/2017

15 June 2017

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE MARITIME ADMINISTRATION DEPARTMENT FOR THE YEAR ENDED 31 DECEMBER 2005

I have audited the accompanying financial statements of the Maritime Administration Department (MARAD), which comprise the statement of financial position as at 31 December 2005, and the statement of income, the statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

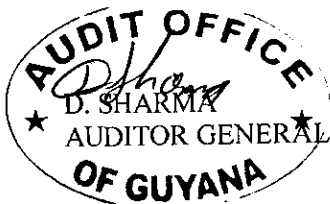
The amount of \$1,143,800,786 shown as Subsidy - Transport and Harbour Department (TH&D). Included in this figure is the amount of \$395,800,000 representing Subsidy to Transport and Harbour Department (TH&D) for the year under review. However, there were no supporting documents seen for the amount of \$11,100,000. As a result, the completeness, accuracy and validity of the amount shown as Subsidy to T&HD could not be verified.

The amount of \$588,689,605 was shown as income for the year under review. However, receipt books to substantiate the amount received were not produced for audit examination. As a result, the completeness, accuracy and validity of the amount of \$588,689,605 shown as income could not be verified.

The payment vouchers forms utilized by the Department were not designed for the signatures of the persons preparing it, as a result, it could not be easily determined whether they were proper segregation of duties exercised. In addition, although the payment vouchers were provided with a space for the signature of the officer approving the voucher, this was not done. As a result, it could not be determined as to whether proper internal controls were observed during the preparation of the payment vouchers.

Opinion

In my opinion, except for the effects of the matters referred to in the Basis for Qualified Opinion paragraphs, the financial statements give a true and fair view, in all material respects, the financial position of the Maritime Administration Department as at 31 December 2004, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

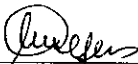


AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

MARITIME ADMINISTRATION DEPARTMENT
Statement of Financial Position
As at December 31, 2005

	Notes	2005 G\$	2004 G\$
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property, plant & equipment etc	3	27,267,308	17,987,763
Total non-current assets		27,267,308	17,987,763
<u>Current assets</u>			
Transport & Harbours Department	4	1,143,800,786	748,000,786
Other receivables & prepayment	5	2,604,709	12,400
Cash and cash equivalents	6	7,586,258	7,236,509
Total current assets		1,153,991,753	755,249,695
Total Assets		1,181,259,061	773,237,457
<u>EQUITY</u>			
<u>Capital & reserves</u>			
Accumulated surplus		1,175,775,007	768,936,018
		1,175,775,007	768,936,018
<u>Current liabilities</u>			
Accruals	7	5,484,054	4,301,439
Total current liabilities		5,484,054	4,301,439
Total equity & liabilities		1,181,259,061	773,237,457

These financial statements were approved by the Board of Directors for issue on 6 June, 2017


 Ms C. Rogers
 Director General
 Maritime Affairs


 Mr K. Jordan
 Permanent Secretary
 Ministry of Public Infrastructure

The accompanying notes form an integral part of these financial statements

MARITIME ADMINISTRATION DEPARTMENT
Statement of Comprehensive Income
For the year ended December 31, 2005

	Notes	2005 G\$	2004 G\$
Income	8	<u>588,640,676</u>	<u>550,089,813</u>
		588,640,676	550,089,813
Less:			
Operational	9	165,709,754	137,789,837
Administrative	10	15,562,054	20,158,727
Financial charges	11	<u>578,809</u>	<u>17,620</u>
		181,850,617	157,966,184
Gross surplus		406,790,059	392,123,629
Add: Other Income	12	<u>48,929</u>	<u>17,233,653</u>
		406,838,988	409,357,281
Less:			
Withholding tax		-	51,629
Net surplus for the year		<u>406,838,988</u>	<u>409,305,652</u>
Accumulated surplus at January 1		768,936,018	358,713,293
Prior year adjustment		-	917,073
Accumulated surplus at December 31		<u><u>1,175,775,007</u></u>	<u><u>768,936,018</u></u>

The accompanying notes form an integral part of these financial statements

MARITIME ADMINISTRATION DEPARTMENT
Statement of Changes in Equity
For the year ended December 31, 2005

	Accumulated Surplus	Total
Balance as at December 31, 2003	358,713,293	358,713,293
Net Surplus for the year	409,305,652	409,305,652
Prior year adjustment	917,073	917,073
Balance as at December 31, 2004	<u>768,936,018</u>	<u>768,936,018</u>
Net Surplus for the year	406,838,988	406,838,988
Balance as at December 31, 2005	<u><u>1,175,775,007</u></u>	<u><u>1,175,775,007</u></u>

The accompanying notes form an integral part of these financial statements

MARITIME ADMINISTRATION DEPARTMENT
Statement of Cash Flows
For the year ended December 31, 2005

	2005	2004
	G\$	G\$
Cash flows from operating activities		
Net surplus for the year	406,838,988	409,305,652
Prior year adjustment	-	917,073
Depreciation	3,966,278	3,036,304
Operating surplus before changes in working capital	410,805,266	413,259,030
Changes in working capital		
(Increase)/decrease in Transport & Harbours Department	(395,800,000)	(438,987,584)
(Increase)/decrease in trade and other receivables	(2,592,309)	298,272
Increase/(decrease) in accruals	1,182,615	4,301,439
Net changes in working capital	(397,209,694)	(434,387,873)
Cash generated from operations	13,595,572	(21,128,843)
Net cash flow from operating activities	13,595,572	(21,128,843)
Cash flows from investing activities		
Property, plant & equipment - acquisitions	(13,245,823)	(3,539,945)
Net cash flows from investing activities	(13,245,823)	(3,539,945)
Net Increase/(Decrease) in cash & cash equivalent	349,749	(24,668,788)
Cash & cash equivalents at January 01,	7,236,509	31,905,297
Cash & cash equivalents at December 31,	7,586,258	7,236,509
Cash & cash equivalents as shown in the statement of financial position		
Cash & cash equivalent	7,586,258	7,236,509
Total	7,586,258	7,236,509

The accompanying notes form an integral part of these financial statements

MARITIME ADMINISTRATION DEPARTMENT

Notes to the Financial Statements

For the year ended December 31, 2005

1 Incorporation and principal activity

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

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

Background information

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

2 Significant accounting policies

(a) Basis of preparation

These financial statements have been prepared under the historical cost convention and no account has been taken of inflation. The accounting policies conform with International Financial Reporting Standards (IFRS).

(b) Adoption of new and revised International Financial Reporting Standards (IFRSs)

During the year the International Accounting Standard Board issued new standards, made amendments to existing standards, and new interpretations were issued. Management have determined that none of the new standards, amendments, and interpretation issued are expected to have any significant impact on the company's accounting policies.

(c) Income Recognition

Income is dealt with in these financial statements on the cash basis.

(d) Expense Recognition

Expenses are recognised on the accrual basis.

MARITIME ADMINISTRATION DEPARTMENT

Notes to the Financial Statements

For the year ended December 31, 2005

(e) Reporting Currency

These financial statements are stated in Guyana dollars. Foreign currency transactions during the year are translated at the exchange rates prevailing at the date of the transaction. At the end of the reporting period, assets and liabilities denominated in foreign currencies are translated into Guyana dollars at the exchange rates ruling at that date. Gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income for the period.

(f) Non - Current Assets

Property, plant & equipment.

Property, plant & equipment are stated at historical cost less accumulated depreciation. Depreciation is charged from the month of acquisition and is provided on the straight line basis at rates sufficient to write off the assets over their estimated useful lives. The rates used are as follows:

Furniture & fittings	10%
Office equipment	15%
Motor vehicles	20%

(g) Impairment of tangible assets

At each reporting date, management reviews the carrying amounts of the tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the management estimates the carrying amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(h) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments. These are readily convertible to known amounts of cash, with maturity dates of three (3) months or less.

MARITIME ADMINISTRATION DEPARTMENT**Notes to the Financial Statements****For the year ended December 31, 2005****(i) Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(j) Provisions

Provisions are recognised when the Administration has a present obligation (legal or constructive) as a result of a past event, if it is probable that the Administration will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

3 Property, plant and equipment

	Motor Vehicle G\$	Fixture & Fittings G\$	Office Equipment G\$	Vessels G\$	Total G\$
Costs					
January 01,	9,916,200	2,887,833	5,864,034	2,356,000	21,024,067
Additions	10,140,138	1,447,049	1,658,636	-	13,245,823
At December 31,	<u>20,056,338</u>	<u>4,334,882</u>	<u>7,522,670</u>	<u>2,356,000</u>	<u>34,269,890</u>
Accumulated Depreciation					
January 01,	1,983,240	276,976	776,088	-	3,036,304
Charges for the year	2,593,252	362,430	1,010,596	-	3,966,278
At December 31,	<u>4,576,492</u>	<u>639,406</u>	<u>1,786,684</u>	<u>-</u>	<u>7,002,582</u>
Net Book Value					
At December 31, 2004	<u>7,932,960</u>	<u>2,610,857</u>	<u>5,087,946</u>	<u>2,356,000</u>	<u>17,987,763</u>
At December 31, 2005	<u>15,479,847</u>	<u>3,695,476</u>	<u>5,735,986</u>	<u>2,356,000</u>	<u>27,267,308</u>

MARITIME ADMINISTRATION DEPARTMENT

Notes to the Financial Statements

For the year ended December 31, 2005

4 Subsidy to Transport & Harbours Department

This balance concern amounts paid as subsidy to the Transport & Harbours Department in the years 2003 to 2005 respectively. The administration was registered as a legal entity, separate from Transport and Harbours Department (T&HD). As a result this amount will be repayable to the Administration.

0

5 Other receivables & prepayment

The balance shown as trade and other receivables comprised as follows:

	2005 G\$	2004 G\$
Car loan	-	-
Prepayments/others	2,604,709	12,400
	<u>2,604,709</u>	<u>12,400</u>

6 Cash & cash equivalents

Cash and cash equivalent are comprised of cash on hand and cash at bank as follow:

Cash on hand	77,119	-
Cash-at-Bank	7,509,139	7,236,509
	<u>7,586,258</u>	<u>7,236,509</u>

7 Accruals

This balance represents the value of expenses incurred which remain unpaid at the year end.

8 Income by segment

Ports & Harbours	520,994,064	506,258,163
Safety services	67,646,612	38,624,710
Quarries services	-	5,206,940
	<u>588,640,676</u>	<u>550,089,813</u>

9 Operating expenses

Employment cost		139,513,234	121,093,195
Port & Harbours	(i)	21,719,236	15,884,539
Safety services	(ii)	4,172,274	812,103
Quarries services	(iii)	305,010	-
		<u>165,709,754</u>	<u>137,789,837</u>

MARITIME ADMINISTRATION DEPARTMENT
Notes to the Financial Statements
For the year ended December 31, 2005

	2005	2004
	G\$	G\$
(i) Port & Harbours		
Rental vessels	1,874,451	3,705,015
Office expenses	4,146,210	3,315,724
R&M of building	4,451,969	2,067,161
R&M of vessels	5,640,769	3,104,423
Transportation	1,127,284	708,199
R&M of vehicle	522,290	306,880
Cleaning & sanitation	991,478	466,679
Telephone & internet	371,533	168,518
R&M of equipment		42,500
Security		16,200
Depreciation	2,593,252	1,983,240
	<u>21,719,236</u>	<u>15,884,539</u>
(ii) Safety services		
Stationery & office expense	1,034,404	363,634
Telephone & internet	293,116	58,254
Travelling & entertainment	174,504	196,470
R&M of vehicles	197,550	193,745
R&M of equipment	18,200	-
Secuirty	2,405,700	
Cleaning & sanitation	4,350	
Training	44,450	
	<u>4,172,274</u>	<u>812,103</u>
(iii) Quarries services		
R&M building	1,440	-
R&M equipment	30,000	-
Office expenses	155,970	-
Travelling & entertainment	117,600	-
	<u>305,010</u>	<u>-</u>

MARITIME ADMINISTRATION DEPARTMENT

Notes to the Financial Statements

For the year ended December 31, 2005

	2005 G\$	2004 G\$
10 Administrative		
Office expenses	2,993,813	3,251,111
Overseas travelling & accommodation	811,025	2,894,181
Security	-	1,091,444
Travelling & entertainment	1,541,496	1,949,168
Training	1,038,705	501,666
Advertisement	40,000	276,040
R&M of equipment	241,474	216,500
Donation	140,000	486,650
Electricity	1,425,825	1,842,570
Legal & professional fees	2,160,500	2,186,675
R&M vehicles	818,391	1,057,264
Telephone & internet	2,059,483	2,480,577
R&M building	268,435	246,029
Cleaning & sanitation	106,659	315,116
Security	543,222	-
Suspenses	-	310,672
Depreciation	1,373,026	1,053,064
	<u>15,562,054</u>	<u>20,158,727</u>
11 Financial charge		
Bank charges	<u>578,809</u>	<u>17,620</u>
12 Other Income		
Amount is made up as follows:		
Interest	48,929	258,147
Other income	-	16,975,506
	<u>48,929</u>	<u>17,233,653</u>
13 List of Key Personnel 2005		
Name	Designation	Amount \$
Ivor English	Director General	369,526
Claudette Rogers	Deputy Director General	306,611
Taig Kalicharran	Director Ports & Harbours	271,159
Earnestine Mars	Director Administration Res & Develop	271,159
Stephen Thomas	Director Maritime Safety	271,159
Suriypaul Makardajh	Superintendent of Survey (Ag)	148,384
Volton Skeet	Harbour Master (Ag)	148,977
		<u>1,786,975</u>



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257/SO: 38/2/2017

15 June 2017

Ms. Claudette Rogers
Director Manager
Maritime Administration Department
Fort Street
Kingston
Georgetown.

Dear Ms. Rogers,

AUDIT OF THE FINANCIAL STATEMENTS OF THE MARITIME ADMINISTRATION DEPARTMENT FOR THE YEAR ENDED 31 DECEMBER 2005

The audit of the financial statements of the Maritime Administration Department for the year ending 31 December 2005 has been completed. The findings hereunder were discussed with your accounting personnel and are now forwarded to you for appropriate action.

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

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

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

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

FINDINGS AND RECOMMENDATIONS

A. Statement of Financial Position

Non- Current Asset: \$27,267,308

4. The amount of \$27.267M represents Non-Current Assets for the year under review. The Fixed Asset Register presented was not properly maintained since pertinent information such as the asset number and status (serviceable or unserviceable) was not recorded. A physical verification of the assets could not be conducted since assets were not properly marked as contrary to Section 28 of the Stores Regulations of 1993 and could not be identified by the Department.

Recommendation: The Audit Office recommends that Management of the Department take the necessary steps to ensure that the Fixed Assets Register is properly maintained and all assets are properly marked to readily identify them as property of the Department. NCA

Management's Response: An Asset register was introduced in the year 2015. However management is in the process of sourcing a coding machine and will commence the making of the assets by the 1 April 2017.

5. In addition, it was observed that a Sectional and Master Inventory was not maintained by the Department contrary to Section 24 of the Stores Regulation of 1993. As a result, there was non-compliance with the Stores Regulations.

Recommendation: The Audit Office recommends that Management of the Department take steps to ensure that there is compliance with the Stores Regulations. 1 <

Management's Response: A Sectional and Master inventory will be put in place by 1 April 2017.

6. An amount of \$220,356 was seen on the Fixed Asset Register for the purchase of three printers. However, an examination of the invoice revealed that the three printers valued \$105,000 resulting in a difference of \$115,356. As a result, the Fixed Assets Register was overstated by the said amount.

Recommendation: The Audit Office recommends that Management of the department investigate the difference and make the necessary adjustment to the relevant records

Management's Response: A verification of same was done and the sum on the invoice corresponds with information on Asset register. NCA

Audit Follow Up: The document produced was produced and verified. However, there was no evidence that the adjustment was made in the Fixed Assets Register.

7. An amount of \$1.659M was seen on the Financial Statement as Office Equipment while an amount of \$1.554M was seen on the Fixed Asset Register resulting in a difference of \$105,000.

Recommendation: The Audit Office recommends that Management of the department investigate and make the necessary adjustment to the relevant records

NCP

Management's Response: Please see attached document No. 1

Audit Follow Up: The attached document does not resolve the observation made.

8. Two vehicles valued at \$10.140M were purchased for the year under review. However, Tender Board approvals were not seen for the purchases. As a result, it could not be determined whether the purchases were made from the most competitive supplier. (See Appendix I).

Recommendation: The Audit Office recommends that Management of the Department take the necessary steps to ensure locate the approvals and provide same for audit examination.

NCP

Management's Response: The Tender Board system was not in place at the time when the vehicles were purchased.

Subsidy – Transport and Harbours Department: \$1,143,800,786

9. The amount of \$1,143,800,786 was shown as Subsidy - Transport and Harbour Department (TH&D). Included in this figure is the amount of \$395,800,000 representing Subsidy to Transport and Harbour Department (TH&D) for the year under review. However, there were no supporting documents seen for the amount of \$11.100M. As a result, the completeness, accuracy and validity of the amount shown as Subsidy to T&HD could not be verified. (See Appendix II)

Recommendation: The Audit Office recommends that Management of the Department locate the supporting documentations and produce same for audit examination.

CA

Management's Response: This will be completed upon receipt of the outstanding Bank statement.

Cash and Bank: \$7,586,258

10. The amount of \$7.586M represents the reconciled balances of Cash at Bank for two bank accounts held at Republic Bank and cash on hand as at 31 December 2005. An examination of the bank reconciliation statements for December 2005 revealed the following observations:

- (a) An amount of \$9.137M represents the reconciled balances of the two bank accounts, however, the Financial Statement reflected an amount of \$7.586M resulting in a difference of \$1.551M. As a result, the amount in the financial statements was understated by the said amount.

Recommendation: The Audit Office recommends that the Management of the Department investigates the difference with a view of having it cleared. CA

Management's Response: Please see attached list of unpresented cheques to clear the difference.

Audit Follow Up: Your response is noted, however, according to the bank reconciliation statements unpresented cheques represents \$765,398 and not the amount of \$1.551M as stated on your response.

- (b) Bank Confirmation letters were not presented. However, bank schedules and bank statement were obtained to verify the closing balances.

Recommendation: The Audit Office recommends that the Management of the Department follow up with the bank for the submission of the bank confirmation letter. CA

Management's Response: A request for bank confirmation letter was sent to the bank, when received a copy will be forward to your office.

- (c) Bank reconciliation statements were not signed 'Prepared By' and 'Approved By', as a result, it could not be determined as to whether proper segregation of duties were exercised when the statements were prepared.

Recommendation: The Audit Office recommends that the Management of the Department ensure that bank reconciliation statements are signed as to ensure proper segregation of duties. T

Management's Response: This system was introduced from the year 2013.

- (d) Bank Statement for Account No. 654-381-3 for the period 15 to 28 February 2005 was not presented.

Recommendation: The Audit Office recommends that the Management of the Department locate and present the relevant bank statements for audit examination. CA

Management's Response: A letter was sent to the bank requesting copies of same, when received a copy will be forwarded to your office.

B. Statement of Comprehensive Income

Income: \$588,689,605

11. The amount of \$588.690M represents income received for the year under review. An examination of the related records revealed the difference of \$13.363M was observed under two categories of income as detailed below:

Description	Section	Financial Statement \$	Income Breakdown \$	Difference \$
0103-Tonnage Dues	Port & Harbour	260,209,504	250,209,504	10,000,000
0210-Others	Safety	37,436,875	34,073,479	3,363,396
Total		297,646,379	284,282,983	13,363,396

Recommendation: The Audit Office recommends that the Management of the Department investigate the difference with a view of having it cleared. J

Management's Response: The difference in income was due to missing revenue slips which may have been misplaced during relocating from another building

12. In addition, receipt books were not presented for audit scrutiny. As a result, the validity and accountability of revenue collected could not be verified for the year under review.

Recommendation: The Audit Office recommends that the Management of the Department locate the receipt books and present same for audit examination. J L

Management's Response: Management was unable to locate the receipt books, which may have been misplaced during relocating from another building.

Expenditure: \$181,850,617

Employment Cost: \$139,513,234

13. The amount of \$139.513M represents Wages and Salaries, Related Wages and Salaries Allowance, and Benefits and Other Allowances. An examination of a sample of related records revealed that employees' National Insurance Scheme (NIS) and Pay as You Earn (PAYE) was incorrectly calculated. As a result, employees' salaries were over/under paid. (See Appendix III and IV). Exp

Recommendation: The Audit Office recommends that the Management of the Department put steps in place to ensure that all calculations are done accurately.

Management's Response: Steps are put in place to ensure that all calculations are done correctly.

14. In addition, it was observed that advances were issued to staff. However, an Advances Register was not maintained. As a result, the details of issuance and repayments of advance could not be determined.

Recommendation: The Audit Office recommends that the Management of the Department introduce and maintain an Advance Register so as to monitor the issuance and repayments of advances. Exp

Management's Response: An Advance register was introduced from the year 2012.

Donation: \$140,000

15. For the year under review, it was observed that the Department did not maintained a Donation/ Gift Register contrary to Section 34 of the Stores Regulations 1993.

Recommendation: The Audit Office recommends that the Management of the Department put systems in place to ensure compliance of the Stores Regulations 1993.

Management's Response: A donation gift register was introduced from 15 March 2017.

16. Further, a donation schedule was presented for audit examination. However, the schedule reflected an amount of \$140,000 and the general ledger showed an amount of \$168,000 resulting in a difference of \$28,000.

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

Management's Response: Please find attached a schedule with reconciliation for the difference.

Fuel and Lubricant: \$170,000

17. An amount of \$170,000 represents fuel and lubricant for the year under review. The Department has under its control six vehicles. However, log books were not presented for audit examination contrary to Section 29 of Stores Regulations 1993. As a result, it could not be determined as to whether proper controls were in place for the use of the Department's vehicles. (See Appendix V).

Recommendation: The Audit Office recommends that the Management of the Department maintained and present log books for audit examination.

Management's Response: Logs books were implemented for the drivers in the year 2014.

Ports and Infrastructure: \$6,487,938

18. An amount of \$6.488M represents contracts issued for the year under review for Ports and Infrastructure. However, it was observed that a contract register was not maintained. As a result, the number of contracts issued for the year under review could not be determined.

Recommendation: The Audit Office recommends that Management of the Department take the necessary steps to ensure that the Department implement and maintain a Contract Register to reflect all contracts issued and to monitor their payments.

Management's Response: A Contract Register will be introduced from 15 March 2017

19. An examination of a sample of payment vouchers was done and the following observations were made:

- (a) The payment vouchers were not designed for the signatures of the persons preparing it, as a result, it could not be easily determined whether they were proper segregation of duties exercised. In addition, although the payment vouchers were provided with a space for the signature of the officer approving the voucher, this was not done.

Recommendation: The Audit Office recommends that Management of the Department take the necessary steps to ensure that the vouchers are signed off by the relevant officers.

Management's Response: Proper segregation of duties with regard to the person writing and approving of vouchers commenced from the year, 2008.

- (b) Further, a voucher number book was not maintained for the year under review, as a result, it could not be easily determined whether all the payment vouchers were produced for audit examination.

Recommendation: The Audit Office recommends that Management of the Department take the necessary steps to ensure that the a voucher numbering system is implemented and maintained

Management's Response: All Vouchers are numbered when they are filed from the year 2008.

C. Other Matters

20. A Controlled Forms Register which is required by Section 46 of Stores Regulation 1993 to record all receipts and cheques received for the year under review was not presented for audit. In addition, the invoice for cheque books received from the bank was not produced. As a result, it could not be easily determined whether all the cheque books received for the year under review were accounted for.

Recommendation: The Audit Office recommends that the Management of the Department located and submitted the invoices to assist in the verification of cheque books received from the bank.

Management's Response: A log book is maintained with records of all receipt and cheque books from the year 2013.

D. General

21. The Audit Office wishes to express its gratitude for the co-operation given to its officers during the course of the audit. In keeping with this Office's policy, a reply is expected within thirty (30) days of the receipt of this management letter.

Yours sincerely,



Appendix I

Instance where there were no Tender Board Approval.

Date	Description	Amount \$
14/10/2005	Nissan X- Trail	5,440,138
15/08/2005	Rav 4x4	4,700,000
Total		10,140,138

Appendix II

Supporting document not seen for Subsidy to T&HD

Date	PV#	Payee	Details	Amount \$
31/12/2005		T&H Department		11,100,000
Total				11,100,100

Appendix III

Incorrect Calculation for NIS deduction

Name of Officer	Designation	Gross Salary \$	NIS as Per Paysheet \$	NIS Audit Calculation \$	Difference \$
D Christopher	Secretary	37,127	1,931	1,729	202
L. Chinian		50,100	2,605	2,293	312
C . Goddette	Clerk II	32,781	1,705	1,258	447
J. Bacchus	Driver	44,657	670	2,322	(1,652)
J. James	Secretary	30,463	1,584	1382	202
A. De Abreu	Senior Technician	22,972	1,792	1,090	702
Y. Morris	Clerk II	29,561	1551	1,258	293
Total					304

Appendix IV

Incorrect calculation for PAYE deduction

Name of Officer	Designation	Gross Salary \$	PAYE as per Paysheet \$	PAYE Audit Calculation \$	Difference \$
C. Pearson	Light House Attendant	25,119	1,024	1,706	(682)
Clay Roberts	Ordinary Seaman	23,739	746	1,246	(500)
L . Henry	Ordinary Seaman	23,204	641	1,068	(427)
R. Hutson	Ordinary Seaman	23,739	749	1,246	(497)

Name of Officer	Designation	Gross Salary \$	PAYE as per Paysheet \$	PAYE Audit Calculation \$	Difference \$
R. Peroune	Ordinary Seaman	23,739	747	1,246	(499)
J. Robertson	Ordinary Seaman	23,739	746	1,246	(500)
R. Sampson	Engine Room Attendant	23,204	639	1,068	(429)
E. Williams	Engine Room Attendant	23,204	640	1,068	(428)
K. Fraser	Engine Room Attendant	23,204	639	1,068	(429)
A. Lewis	Ordinary Seaman	23,739	556	1,068	(512)
E. Harris	Show Chief Engineer	33,010	3,113	4,337	(1,224)
D. Christophe	Secretary	37127	4,484	5,709	(1,225)
L. Chinian		50100	8,804	10,033	(1,229)
C. Goddette	Clerk II	32,781	3,037	4,260	(1,223)
M. Benjamine	Clerk II	24,194	839	1,398	(559)
O. Persaud	Watchman	23,204	1,207	1,068	563
R. Kissoon	Watchman	25,362	1,319	1,787	468
D. Williams	Watchman	23,204	1,207	1,068	(139)
V. James	Watchman	23,204	1,207	1,068	(139)
W. Jordon	Watchman	23,204	1,207	1,068	139
J. Bijadar	Watchman	23,204	1,207	1,068	568
A. Bin	Watchman	38,219	1,987	6,073	(4,086)
J. Bacchus	Driver	44,657	6,990	8,219	(1,229)
J. James	Secretary	30,463	2,265	3,487	(1,222)
A. De Abreu	Clerk II	22,972	-	991	(991)
Y. Morris	Clerk II	29,561	2,053	3,187	(1,134)
M. Lyte	Office Assistant	23,744	-	1,248	(1,248)
A. Hings	Clerk II	2,3204	642	1,068	(426)
S. Dyal	Security Guard	25,694	839	1,898	(1,059)
Total					(20,298)

Appendix V

Log books not presented for Audit Scrutiny

Nos.	Description	Vehicles Nos.
1	Blue Honda CRV	PHH 9924
2	Gold Honda CRV	PHH 9925
3	Toyota Land Cruiser	PGG 3801
4	Rav 4x4	PHH 5812
5	Rav 4x4	PJJ 8212
6	Nissan X Trail	PJJ 8268