

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

**FOR THE YEAR ENDED
31 DECEMBER 2003**

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

**AUDITED FINANCIAL STATEMENTS OF THE
GUYANA CIVIL AVIATION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2003**

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Office of the Auditor General

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

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

195/CA:2/2005

20 October 2005

Mr. Chabenannan Ramphul
Director General
Guyana Civil Aviation Authority
82 Premnaranjan Place
Prashad Nagar
Georgetown

Dear Mr. Ramphul,

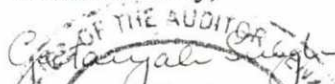
**RE: AUDIT OF THE FINANCIAL STATEMENTS OF
GUYANA CIVIL AVIATION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2003**

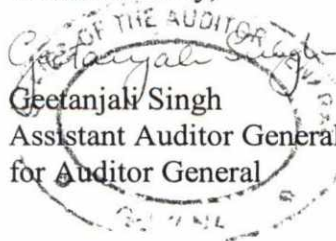
We wish to inform you that the audit of the above-mentioned Authority has been completed. Accordingly, we are pleased to forward two(2) copies of the audited financial statements, together with the Report of the Auditor General and the Management Letter thereon.

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

With kind regards.

Yours sincerely,


Geetanjali Singh
Assistant Auditor General
for Auditor General





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194/CA:2/2005

20 October 2005

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

Dear Mr. Balram,

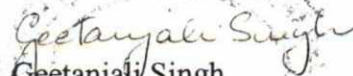
**RE: AUDIT OF THE FINANCIAL STATEMENTS OF
GUYANA CIVIL AVIATION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2003**

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

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

With kind regards.

Yours sincerely,


Geetanjali Singh
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AG:82/2005

20 October 2005

**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE
GUYANA CIVIL AVIATION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2003**

I have audited the attached financial statements of the Guyana Civil Aviation Authority for the year ended 31 December 2003 as set out on pages 4 to 11.

Respective Responsibilities of Management and Auditors

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, is the responsibility of the Management of the Guyana Civil Aviation Authority. My responsibility is to express an independent opinion on the statements based on these assertions and to report that opinion.

Basis of Opinion

I conducted my audit in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Disclaimer of Opinion Arising from Fundamental Uncertainty

The total expenditure reported for the year was \$254.554M. However, this sum was understated by an unknown amount, which would have represented the depreciation charges which were not computed and charged to the income and expenditure statement. In addition, included in the total expenditure were amounts expended on the purchase of fixed assets which were not capitalised and reflected in the balance sheet.

Further, the financial statements presented for audit did not include a balance sheet to ensure full and complete financial reporting.

Because of the significance of the matters referred to in the preceding paragraphs, I am unable to form an opinion whether the financial statements present fairly, in all material respects the state of affairs of the Guyana Civil Aviation Authority as at 31 December 2003, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.


D. SHARMA
AUDITOR GENERAL (ag).

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA



GUYANA CIVIL AVIATION AUTHORITY

INCOME AND EXPENDITURE STATEMENT FOR THE PERIOD

JANUARY 1st TO DECEMBER 31st 2003

	Notes	2003	Aug-Dec 2002
INCOME & OTHER RECEIPTS			
<i>Subvention received</i>		220,537,000	131,956,151
<i>Min of Finance-- 271</i>	1	5,402,417	4,562,413
<i>Contributions for Aviation symposium</i>	2	305,000	0
<i>Refund for Damages</i>		0	480,775
<i>Reimbursement of Subscription</i>		0	32,650
Total Receipts		226,244,417	137,031,989
EXPENDITURE			
Employment Cost			
<i>Wages and Salaries</i>	3	121,651,951	79,874,920
<i>Employment Overheads</i>		51,734,492	0
Total Employment Cost		173,386,443	79,874,920
Other Charges			
<i>Expenses specific to Agency</i>	4	2,880,106	19,016,848
<i>Material Equipment & Supplies</i>		3,371,641	4,843,778
<i>Fuel & Lubricants</i>		1,671,098	921,877
<i>Rental & Maintenance of Buildings</i>	5	6,644,489	3,242,077
<i>Maintenance of Infrastructure</i>		580,860	594,200
<i>Transport Travel & Postage</i>		15,079,924	6,144,410
<i>Utility Charges</i>		8,179,777	2,661,479
<i>Other goods & services purchased</i>	6	12,910,542	7,018,954
<i>Other Operating Expenses</i>		997,141	754,852
<i>Training</i>		2,628,376	2,543,415
<i>Contribution to Int Organizations</i>		26,223,660	1,177,000
Total Other Charges		81,167,614	48,918,890
Total Current Expenditure		254,554,057	128,793,810
Amount repaid to treasury (Min of Wks)		0	3,158,391
Total Funds Payable		254,554,057	131,952,201
CASH SURPLUS/DEFICIT		-28,309,640	5,079,788

Prepared by..... *Almas* Date..... *10/19*

checked by..... *[Signature]* Date..... *[Signature]*

Guyana Civil Aviation Authority**Cashflow Statement****For the period ended 31st December 2003**

	2003	(Rev) 2002
Cash Flows from Operating Activities		
Cash Disbursements (Subvention) from the Government of Guyana	225,939,417	136,518,564
Cash Refund for Damages by GPL	0	480,775
Cash Refund from Subscription	0	32,650
Funds Rec'd as Donation	305,000	
Actual Cash paid to employees, suppliers and Contractors	-220,857,839	-128,855,751
Net Cash Flow from Operaitng Activities	5,386,578	8,176,238
Cash Flow from Investing Activities		
Cash Releases from Government (Capital)	9,873,500	0
Sale of Property and Equipment	0	0
Purchase of Property and Equipment	-15,250,378	-5,124,525
Net Cash Flow from Investing Activities	-5,376,878	-5,124,525
Net increase/ Decrease in Cash	9,700	3,051,713
Cash at the Beginning of the Period	-106678	0
Cash Repaid to the Government of Guyana	0	3,158,391
Cash at the End of Period	-96,978	-106,678

Prepared by 

Date 10/1/03

Checked by..... 

Date 10/1/03

Guyana Civil Aviation AuthorityDetails of Current Expenditure

Expenditure Head	Exp Code	Exp Amounts	Totals
Total Employment cost			173,386,443
Wages and Salary		121,651,951	
Administrative	101	26,270,111	
Senior Technical	102	40,776,583	
Other Technical and Craft Skilled	103	42,343,902	
Clerical and Office Support	104	8,359,473	
Semi-Skilled and Unskilled	105	3,581,172	
Contracted Employees	106	0	
Temporary Employees	107	320,710	
Employment Overhead		51,734,492	
Other Direct Labour costs	201	10,561,738	
Incentives	202	0	
Benefits and Allowances	203	21,534,526	
National Insurance	204	3,879,914	
Pensions	205	15,758,314	
Total Other Charges			81,543,614
Exps Specific to Agency		2,880,106	
Exps Specific to Agency	111	2,880,106	
Material, Equipment & Supplies		3,371,641	
Drugs and Medical Supplies	121	10,200	
Field Materials and Supplies	122	120,965	
Office Materials and Supplies	123	1,682,740	
Print and non-print Materials	124	1,557,736	
Fuel & Lubricants		1,671,098	
Fuel & Lubricants	131	1,671,098	
Rental & Maintenance of Building		6,994,489	
Rental of Buildings	141	5,862,100	
Maintenance of Buildings	142	990,260	
Janitorial and Cleaning Supplies	143	142,129	
Maintenance of Infrastructure		580,860	
Maintenance of Infrastructure	155	580,860	
Transport Travel & Postage		15,079,924	
Local Travel and Subsistence	161	363,540	
Overseas Conferences and Visits	162	6,777,853	
Postage Telex and Cablegrams	163	129,510	
Vehicle Spares and Service	164	434,521	
Other Transport and Travel	165	7,374,500	
Utility Charges		8,179,777	
Telephone Charges	171	5,872,904	
Electricity Charges	172	2,295,313	
Water Charges	173	11,560	
Other Goods & Services Purchased		12,936,542	
Security Services	181	5,547,180	
Equipment Maintenance	182	1,145,460	
Cleaning and Exterminating Services	183	621,420	
Other	184	5,622,482	
Other Operating Expenses		997,141	
Refreshment and Meals	193	395,269	
Other	194	601,872	
Training		2,628,376	
Training	212	2,628,376	
Contribution to Int'l Org		26,223,660	
Contribution to Int'l Org	232	26,223,660	
TOTAL EXPENDITURE			254,930,057

Adjustments for Prepayments

141- Rental of Buildings	Rental of Buildings	350,000
184- Other Services	Internet Services	26,000
	Total Adjustments	376,000

Note: Assets Purchased for 2003 (Already subtracted from sub-head 184)

5,376,878

GCAA Fixed Assets**Fixed Assets Purchased during the Period January 1st to December 31st 2003**

Description	Quantity	Unit Value	Total Value
HP Deskjet Printer	1	21,560	21,560
Dry powder Fire Extinguishers	5	11,600	58,000
Carbon Dioxide Extinguishers	1	33,820	33,820
Computer Monitor 15"	1	30,000	30,000
HP laserjet 2200 Printer	1	170,602	170,602
Office Carpet 20yds	1	200,000	200,000
Mid-Back Office Chairs	2	34,000	68,000
Bookshelf 8"	8	33,150	265,200
Bookshelf 8.5"	1	33,300	33,300
Peake a/c units 18,000BTU+ installation	8	205,500	1,644,000
Peake a/c units 12,000BTU+Installation	4	170,500	682,000
Computer Systems- Complete	5	127,800	639,000
Laserjet 2200 Printer	1	168,102	168,102
HP laserjet Printer	1	58,410	58,410
Computer Caddy-Oval	1	17,000	17,000
Office Chairs	7	24,000	168,000
Office Chairs	1	38,500	38,500
Office Desks	3	31,500	94,500
Computer Systems- Complete	1	155,000	155,000
Battery Charger 12v	1	35,000	35,000
APC Back-ups Battery 728 va	1	48,700	48,700
Office Desks	2	33,000	66,000
Expansion cord PBX System 8 slots	1	70,000	70,000
Computer Systems- Complete	1	261,400	261,400
APC 50 Back-ups Battery	1	56,000	56,000
Telephone Instrument -speaker	1	5,800	5,800
Table (Round)	1	35,000	35,000
Wooden Breakfast Chairs	8	3,500	28,000
Carrier a/c Unit	1	79,409	79,409
Battery Charger 12v	1	30,000	30,000
Flashlight -Maylight	1	38,000	38,000
Toilet Bowl	1	7,500	7,500
Metal Cannister	1	10,000	10,000
Water Pump with pressure tank	1	61,075	61,075
Total Assets			5,376,878

Fixed assets Acquired During 2003 --Financed by IBD

	Total value	
VOR Transmitters-- Timehri	29,595,230	(US 149,470.86)
Solar Powered Non-Directional Beacon (NDB)	35,682,881	
REDDIG Telecommunication Eqpt	66,693,330	(US 336,835.00)
Total	131,971,441	

Asset Acquired from capital Allocation

WGS-84 Geodetic Survey (Work-In-Progress)	9,873,500
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Asset Summary

Asset Categories	Estimated Cost	Assets Purchased 2004	Asset Value 2003
Plant, Navigational Aids and Machinery	451,520,936	108,000	451,412,936
Fixtures and Fittings	8,920,409	0	8,920,409
Land and Buildings	85,278,111	0	85,278,111
Motor Vehicles	16,000,000	15,000,000	1,000,000
Office Furniture	4,851,090	295,130	4,555,960
Office Equipment	12,750,494	3,586,772	9,163,722
Intangibles (WGS 84)	9,783,500	0	9,783,500
Total	589,104,540	18,989,902	570,114,638

GCAA Accounts Payable for 2003

Code	Income & Exp Item	Payee	Particulars	Amount	Ind Totals	Inc & Exp Totals
201	Employment Overhead	GCAA R Samaroo etal	Arrears. Overtime	236,820	825,639	825,639
		GCAA	Overtime	209,926		
		GCAA- R. Samaroo etal	Overtime	378,893		
111	Expenses Specific to Org.	Federal Aviation	Flight Inspection	2,880,106	2,880,106	2,880,106
124	Material, Equipment & Supplies	Split Image	Advertising	33,000	33,000	33,000
131	Fuel and Lubricants	Guyoil	Supply of bulk fuel	253,919	266,455	266,455
		Texaco	Fuel	12,536		
155	Maintenance of Infrastructure	A Adams	Caretaking	40,000	40,000	40,000
165	Transport Travel & Postage	Samuel Stevens	Transportation	240,000	303,600	
		Samuel Stevens	Transportation	63,600		
163	Transport Travel & Postage	DHL Worldwide	Postage	11,368	17,255	320,855
		DHL Worldwide	Postage	5,887		
171	Utility Charges	GT&T	Telecomm service	881,790	1,291,897	
		GT&T	Telecom. Service	410,107		
172	Utility Charges	GPL	Electricity Charges	334,141	566,806	1,858,703
		GPL	Electricity Charges	232,665		
181	Other Goods & Services Purchased	RK's Security Service	Security service	116,640	551,840	
		Guyana Police Force	Security service	97,280		
		Guyana Police Force	Security service	115,200		
		Guyana Police Force	Security service	103,680		
		Guyana Police Force	Security service	119,040		
182	Other Goods & Services Purchased	Minelli Eng.	Service of A/C Units	39,250	111,000	
		Minelli Eng.	Service of A/C Units	9,600		
		Minelli Eng.	Service of A/C Units	5,700		
		Minelli Eng.	Service of A/C Units	19,700		
		Minelli Eng.	Service of A/C Units	36,750		
183	Other Goods & Services Purchased	Clair Samaroo	Janitorial Service	6,000	20,000	
		Shivindra Sahadeo	Cleaning	14,000		
184	Other Goods & Services Purchased	Colin Barker	Customs Brokerage	12,000	553,980	1,236,820
		S. Mohamed	Supply of Uniform	541,980		
193	Operating Expenses	Hotel Tower	Service	10,980	10,980	10,980
232	Contribution to Int'l Org.	ICAO	Member states	5,980,704	26,223,660	26,223,660
		ICAO- REDDIG	Project Contribution	6,795,474		
		RASOS	Member State	13,447,482		
Total Accruals					33,696,218	33,696,218

GCAA Prepayments 2003 (for 2004)

Code	Sub-Head	PAYEE	PARTICULAR	AMOUNT
141	Rental of Buildings	S Mohamed	rent for January	350,000
184	Other services Purchased	Solution 2000	internet services	26,000
		Total		376,000

NOTES

- (1) Funds received directly from Ministry of Finance to fund the payment of the 5% increase in wages and salary authorized by the Government of Guyana
- (2) Donations received from Aviation stakeholders in Guyana to fund a symposium organized by the Authority in recognition of 100 years of controlled flight.

Funds Collected	305,000
Funds Expended	<u>295,300</u>
Balance Remaining	<u>9,700</u>

- (3) Wages and Salary for 2002 included all overhead expenses inclusive of pension scheme payment
- (4) **Expenses Specific to the agency -----2002** payment for flight inspection by FAA and for airworthiness services by UK CAA

(5)

S Mohamed	rent for January	350,000
Solution 2000	internet services	<u>26,000</u>
	Total	<u>376,000</u>

A prepayment of \$ 350,000.00 was deducted from total rental charges as per Expenditure Details

(6)

A prepayment of \$ 26,000.00 was deducted from total rental charges as per Expenditure Details

Special Note	<u>Reconciliation of accruals and cash balance</u>	
	Total Accruals	33,696,218
	Income and Expenditure Deficit	<u>-28,309,640</u>
	Real current Surplus	5,386,578
	Assets Purchased	<u>-5,376,878</u>
	Cash Balance	<u>9,700</u>



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103/CA:2/2005

20 October 2005

Mr. Chabenannan Ramphul
Director General
Guyana Civil Aviation Authority
82 Premnaranjan Place
Prashad Nagar
Georgetown

Dear Mr. Ramphul,

RE: AUDIT OF THE FINANCIAL STATEMENTS OF GUYANA CIVIL AVIATION AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2003

We are pleased to inform you that the audit of the books and accounts of the Guyana Civil Aviation Authority for the year ended 31 December 2003 has been completed. The following is a report on the findings and recommendations arising out of the audit. This report is forwarded for your comments and appropriate actions.

1. BACKGROUND

1.2 The Guyana Civil Aviation Authority (GCAA) was established on 29 August 2000 by Act No. 10 of 2000. The Authority is responsible for providing air navigation, air traffic, aeronautical telecommunications and aeronautical meteorology services.

1.3 The key functions of the Authority include:

- Providing safety services, registration of aircraft; issuance, renewal, cancellation and amendment of certificates of air worthiness of all aircrafts; issuance, renewal, suspension, revocation and amendment of licences of aviation personnel and air operators' certificates; and regulation of all aerodromes;
- Providing economic regulation of air transport including the grant of air service licences and permits and the regulation of aerodrome charges;
- Administering international relations and Government affairs with regard to civil aviation and regulating all traffic rights;
- Participating in the negotiation of air service agreements with other countries;

- Promoting the development of air transport, including establishing training facilities for that purpose; and
- Prescribing the fees to be charged for any service rendered by the Authority.

2. OBJECTIVES OF THE AUDIT

2.1 The main objectives of the audit were to evaluate the operations of the Authority to ascertain whether resources were expended in an economical and efficient manner, the objectives of the Authority have been achieved, and the financial statements fairly present the results of operations for the period ended 31 December 2003 and the financial position as at that date.

2.2 In addition, other objectives include ascertaining whether:

- An adequate system of internal control exists, to secure the accuracy and reliability of the accounting and other related records as well as the safeguarding of assets;
- Proper records are maintained of transactions and balances in order to facilitate the timely extraction of relevant financial information for the preparation of the financial statements;
- Revenues have been properly assessed, collected, brought to account and deposited in a timely manner;
- All items of expenditure were incurred in accordance with the purposes intended and there is compliance with all applicable laws, regulations and financial instructions in relation to both revenue and expenditure; and
- All stores have been properly recorded, physically exist and have been adequately safeguarded;

3. SCOPE AND METHODOLOGY

3.1. The Guyana Civil Aviation Authority was last audited for the year ended 31 December 2002. The current audit is for the year ended 31 December 2003 and was conducted in accordance with generally accepted auditing standards. The audit comprised of tests to ascertain the completeness, accuracy and validity of the amounts shown in the financial statements. These include tests of systems and transactions to provide reasonable assurance that no material errors or other irregularities have occurred, examination of cash books, general ledgers and other related records to ensure proper maintenance, and tests to ascertain their accuracy and reliability.

3.2. In addition, examination of payment vouchers and reviewing of individual transactions and supporting documentations were conducted for due propriety and regularity and ascertaining the system for collection of revenue for the year and checking to ensure their appropriate classification and timely deposit.

4. FINDINGS AND RECOMMENDATIONS

4.1 Income and Expenditure

4.1.1 Included in income and other receipts of \$226.244M for the period under review were: (a) subvention of \$220.537M received from the Ministry of Public Works and Communications; (b) \$5.402M received from the Ministry of Finance for payment of salary increase; and (c) \$305,000 received from Aviation stakeholders as contribution for a symposium organized by the Authority. These amounts were verified as having been received and properly brought to account in the cash book and general ledger and deposited into the bank account.

4.1.2 Included in the amounts of \$254.554M representing expenditure were payments totaling \$173.386M for employment costs and \$81.168M for other charges. However, an examination of the above expenditure incurred under the various categories revealed the following unsatisfactory features:-

- Expenditure for the year under review was understated by an unknown amount which would have represented depreciation charges;
- Amounts expended on the acquisition of fixed assets were not capitalized and reflected in the balance sheet but were charged as current expenditure;

The Audit Office recommends that the Authority ensure that all expenditure are accurately and consistently classified and capital items purchased by the Authority be reflected in the Balance Sheet and depreciated over their useful lives.

It was explained that the Authority has commenced capitalising and depreciating its assets and that this would be reflected in the Authority's Financial Statements from 2005.

- With respect to amounts totaling \$8.180M expended by the Authority for payment of utility charges, it was noted that the Authority did not maintain any utility registers for the period under review in order to ensure that bills received accurately reflect consumption and use. However, the Authority has introduced and is currently maintaining these registers.
- At the time of the audit, an examination of the bank reconciliation statement for April 2005 revealed that four cheques, which were stale-dated (cheques become stale-dated six months after issue), were still being recorded as unrepresented cheques. However, at the time of finalizing this report, the Authority had taken corrective action and adjusted the cash book for these cheques, and explained that the financial system developed and implemented would prevent a recurrence.

5. Balance Sheet

- 5.1 The financial statements prepared and presented for audit by the Authority did not include a Balance Sheet. This issue was mentioned in the previous year's report and it was recommended that the Authority prepare and submit a complete set of financial statements for audit. However, this recommendation was not complied with and the Authority continued to prepare and submit only an income and expenditure statement for audit. It was explained that upon its formation all assets were physically but not legally transferred to the Authority, and several reminders have been sent to have these assets legally transferred in its name.

The Audit Office recommends that the Authority follow up the transfer of these assets with a view of having them legally transferred, valued, and included in the Balance Sheet. In addition, the Authority should ensure that a complete set of financial statements is prepared and submitted for audit examination.

5. GENERAL

- 5.1 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,


Geetanjali Singh
Assistant Auditor General
for Auditor General

