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

**FOR THE YEAR ENDED  
31 DECEMBER 2007**

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

AUDIT OF THE FINANCIAL STATEMENTS OF  
THE GUYANA CIVIL AVIATION AUTHORITY  
FOR THE YEAR ENDING 31 DECEMBER 2007

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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>

7/CA:2/2011

11 January 2011

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

Dear Mr. Balram,

RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE  
GUYANA CIVIL AVIATION AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2007

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

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

With kind regards.

Yours sincerely,





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6/CA:2/2011

11 January 2011

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

Dear Mr. Mohamed,

RE: AUDIT OF THE FINANCIAL STATEMENTS FOR THE  
GUYANA CIVIL AVIATION AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2007

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 Management Letter thereon.

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

With kind regards.

Yours sincerely,





## *Audit Office of Guyana*

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

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AG: 10/2011

11 January 2011

### REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE GUYANA CIVIL AVIATION AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2007

I have audited the accompanying financial statements of the Guyana Civil Aviation Authority which comprised of the balance sheet as at 31 December 2007, and the income and expenditure and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

#### *Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An



Except for any adjustments which might have been shown to be necessary as a result of the matters referred to in the preceding paragraphs, in my opinion, the financial statements present fairly in all material respects the financial position of the Guyana Civil Aviation Authority as of 31 December 2007, and the results of its operation and cash flows for the year then ended in conformity with International Financial Reporting Standards.



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GEORGETOWN GUYANA

audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Qualified Opinion Arising from Limitation of Scope*

- ✓ An examination of the revenue report submitted for audit scrutiny reflected an amount of \$284,938,349 received for the year under review, whilst the amount reflected in the financial statements was \$317,578,191 resulting in a difference of \$32,639,842. As a result, the completeness accuracy and validity of the amount shown as income could not be substantiated. # 5
- ✓ Forty five payment vouchers totalling \$8,969,200 were expended on transportation cost, but were however charged to Line Item 184,-Other Goods and Services Purchased instead of line Item 165- Transport Travel & Postage resulting in the amount being misallocated. In addition, further audit checks revealed that the budgeted cost for Transport, Travel and Postage was only \$3,124,000 and the actual cost should have been \$12,709,813 instead of \$3,740,613 thus giving rise to an adverse variance of \$9,585,813. # 9
- ✗ The amount of \$229,810,462 was shown as fixed assets for the year under review. A Fixed Asset Register was not produced for audit. However, a schedule was presented for audit verification but this did not reflect the category of fixed assets as such it could not be traced to the financial statements. As a result, the existence and ownership of fixed assets and the completeness, accuracy and validity of the figure shown in the financial statement could not be verified. # 14
- ✗ The amount of \$8,362,631 was shown as Payables for the period under review. However, no records relating to payables were presented for audit examination. As a result the mathematical accuracy, existence, completeness, occurrence and cut off details of the figure shown in the financial statements could not be verified. # 19



# **Financial Statement**

**2007**



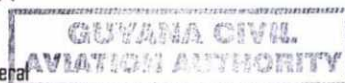
**Guyana Civil Aviation Authority**  
**Income and Expenditure Account**  
**For the period ended December 31st 2007**

	Notes	2007 G\$	2006 G\$
<b>Income:</b>			
Licences		2,512,950	1,464,050
Airworthiness Certificates		10,425,208	11,028,184
Training Institutions		500,000	-
Aircraft Maintenance Organisations		900,000	1,200,000
ADC's	NOTE-1	-	4,775,000
International Overflights		181,711,593	158,251,000
International Arrivals and Departures		80,967,536	45,885,022
Domestic Flights		23,682,751	21,418,590
ASR Fees and Fines		2,698,500	1,572,750
AIP		539,980	561,000
ATM Licence		13,616,313	3,651,000
Other	SCH-II	23,360	855,085
Government Subsidy	SCH-II	-	9,467,624
<b>Total Income</b>		<b>317,578,191</b>	<b>260,129,305</b>
<b>Expenditures</b>			
Employment Costs		208,065,365	194,630,332
Expenses Specific to the Agency		510,000	360,000
Materials Equipment and Supplies		4,244,767	3,151,938
Fuel and Lubricants		2,800,686	1,888,932
Rental and Maintenance of Buildings		7,884,513	6,961,762
Maintenance of Infrastructure		793,585	658,000
Transport Travel and Postage		3,740,613	3,459,321
Utility Charges		6,724,089	6,645,710
Other Goods and Services Purchased		32,920,034	18,157,667
Other Operating Expenses		1,589,774	902,142
Training		4,005,879	2,557,628
Contributions To International Organisations		-	-
Depreciation (see schedule)	SCH-13	33,171,112	52,314,513
<b>Total Expenditures</b>		<b>306,450,417</b>	<b>291,687,945</b>
<b>Net Surplus (Deficit)</b>		<b>11,127,774</b>	<b>(31,558,640)</b>

Submitted by:

*Marcia Clarke*  
 Marcia Clarke  
 Assistant Accountant (ag)

*Zulficar Mohamed*  
 Zulficar Mohamed  
 Interim Director General



Guyana Civil Aviation Authority  
Balance Sheet  
As at December 2007

Asset	Notes	2007	2006
Fixed Asset			
Intangibles			
Long Term Investment (Pension Fund to be adjusted )			
Tangible Assets			
Land & Buildings	2	159,731,330	165,534,951
Plant & Machinery		37,781,130	51,505,511
Fixtures & Fittings		3,938,254	4,335,269
Computer Equipment		5,332,419	3,642,020
Electrical Equipment		3,958,265	2,364,651
Motor Vehicles		15,728,740	12,916,667
Office Furniture		3,210,098	1,925,351
General Equipment		130,226	120,421
Total Fixed Assets		229,810,462	242,344,841
Current Assets			
Stock			
Debtors	3	125,982,663	93,342,821
Prepayments	4	400,000	542,405
Bank Balance	5	41,288,918	39,293,546
Cash		139	
Total Current Assets		167,671,720	133,178,772
Total Assets		397,482,182	375,523,613
Equity and Liabilities			
Financed by			
Accumulated Fund	6	543,635,669	535,635,669
Pension Fund Reserve			
Reserves			
Accumulated Surplus/Deficit	7	(157,462,463)	(168,590,237)
Mortgage and Securities etc			
		386,173,206	367,045,432

Current Liabilities

Account Payables

8,362,631

6,504,302

Accruals

8

2,946,345

1,973,879

Provision for reconciliation Loss

Short Term Loans

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11,308,976

8,478,181

Total Equity and Liabilities

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397,482,182

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375,523,613

# Guyana Civil Aviation Authority

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31-Dec-07

	2007	2006
Operating Surplus Before Tax	39,293,546	12,929,893
Adjustment for :		
Receivables		
Revenue	284,914,989	256,681,414
Subventions		9,467,624
Capital Releases	8,000,000	10,224,326
Refunds		
Contributions to ICOA Celebrations		
Capital Releases		
Other Revenue	23,360	162,317
Cash Refunds + Stale Dated Cheques 2004	76,006	946,303
Expenditure Credit	941,729	
Cash Generated from Operation	333,249,630	290,411,877
Cash Flows from investing activity		
Employment cost	205,274,736	195,254,017
Expenses Specific to the agency	510,000	360,000
Materials Equipment & Supplies	4,245,467	3,152,138
Fuel & Lubricants	2,379,758	1,852,256
Rental & Maint of Building	7,742,394	7,504,167
Maint of Infrastructure	793,585	658,000
Transp Tvl & Postage	3,926,691	3,277,803
Utility Charges	6,988,052	6,310,800
Other Goods & Services	33,184,671	19,209,594
Other Operating Expense	1,648,012	914,142
Training	4,289,079	2,557,628
Loans & advances		
Purchase of Asset	20,978,267	10,052,936
Refund of Capital Releases		
WGS 84 Project		
	(291,960,712)	(251,103,481)
Net Increase in Cash & Cash Equivalent	41,288,918	39,308,396
Cash & Cash Equivalents -Jan Adjustment		(14,850)

Cash & Cash Equivalents -Dec

41,288,918

39,293,546

Analysis of Cash & Cash Equivalent -Dec 31

Cash at Bank

41,288,918

39,293,546



## Notes to the Accounts

### Background of the entity

- i. The Guyana Civil Aviation Authority (GCAA) was established on 29th August, 2000 by Act No. 10 of 2000. The Authority is responsible for providing air Navigation, air traffic aeronautical telecommunications and aeronautical meteorology services.
  - ii. The Income and Expenditure account, Cash Flow Statement and Balance Sheet of the Authority have been prepared in accordance with International Financial Reporting Standards, using the Accrual accounting convention, Assets are carried at historical cost (reduced by depreciation-actual and notional) and where historical cost is unavailable the estimated replacement cost have been used,
  - iii. Government subvention/grants have been accounted for in accordance with **IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.**
  - iv. A professional valuation is still to be done to confirm the relevant values and useful lives of our Navigation Equipment and related assets. Amounts carried in the balance sheet are our best estimates of replacement cost from available market prices (obtained by way of quotes and prices used in similar recent transactions).
  - v. The WGS-84 Geodetic Survey is still an ongoing project; additional Government Assistance/Grants (Capital) are expected for financing of the remaining stages of the project. The grant has been accounted for based on value of the completed portion of the works and the amount of non-refundable disbursements received.
  - vi. A Pension Scheme was set up for the benefit of the employees of the Authority in 2002. The nature of the scheme is a Defined Benefit scheme and 15% of each permanent employee's basic salary is contributed by the authority. No contribution is made by employees. Hand-in-Hand insurance company is the Manager of the scheme and three employees of the Authority were nominated as trustees.
1. Expenses for the Authority is broken down into employment cost and other charges
- Employment cost-It is broken down into two headings which are wages and salary (code 101-107) of which 106 represent contracted employees and 107 temporary employees and employment overhead (201-205), 201 represent overtime for employees and 202 incentives, 203 benefits and allowance, 204-for employee and employer NIS and 205 pensions for employees.

Total employment cost amounted to \$208,065,365 for 2007. See breakdown below:

Description	Amount \$
Wages and salaries (101-107)	139,704,875
Employment Overhead (201-205)	68,360,490
Total	208,065,365

2. Assets are depreciated using the straight line depreciated method. (See Schedule attached).
3. Debtors are reflected as \$ 125,982,663 which shows monies outstanding for Air Navigation charges from Overflight, Arrival & Departure, Domestic flights etc.
4. List of prepayments (expenses paid in advance) are attached for 2007.
5. Bank balances at the end of 2007 shows the total of \$41,288,918 available to cover expenses. See breakdown:

Bank of Guyana	\$3,111,256
Republic Bank	\$38,177,662
Total	\$41,288,918

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

Balance at 1/1/2007	(\$168,590,237)
Earned/Incurred for 2007	11,127,774
Balance as at 31/12/2007	(\$157,462,463)

8. See list of accounts payable attached for 2007.

<b>Line Item</b>	<b>Amount \$</b>
Employment Costs	1,666,506
Fuel and Lubricants	535,361
Utility Charges	334,478
Other goods and services purchased	187,200
Training	222,800
	<b>2,946,345</b>



**Schedule - 15**

**GCAA Depreciation Schedule 2007**  
**Asset Categories**

	Land & Bld	Plant & Machinery	Fixtures & Fittings	Computer Equipment	Electrical Equipment	Motor Vehicle	Office Furniture	General Equipment	Total Equipment
Cost (Estimated)	240,778,111	638,894,514	18,652,944	7,255,738	9,626,508	20,000,000	8,905,914	135,900	944,249,629
Additions for Year 2007	219,000	9,547,810	496,388	2,312,672	2,183,868	4,084,364	1,767,809	24,822	20,636,733
Total	240,997,111	648,442,324	19,149,332	9,568,410	11,810,376	24,084,364	10,673,723	160,722	964,886,362
Disposals (cost)	0	0	0	0	0	0	0	0	0
Balance at Dec-31st 2007	240,997,111	648,442,324	19,149,332	9,568,410	11,810,376	24,084,364	10,673,723	160,722	964,886,362
<b>Accumulated Depreciation</b>									
Total Depreciation at Jan 1st 2007	75,243,160	587,389,003	14,317,675	3,613,718	7,261,857	7,083,333	6,980,563	15,479	701,904,788
Dep charge for Year 2007	6,022,622	23,272,191	893,403	622,273	590,254	1,272,291	483,062	15,017	33,171,112
Total	81,265,781	610,661,194	15,211,078	4,235,991	7,852,111	8,355,624	7,463,625	30,496	735,075,900
Disposals (Dep)	0	0	0	0	0	0	0	0	0
Total Dep at 31-Dec 2007	81,265,781	610,661,194	15,211,078	4,235,991	7,852,111	8,355,624	7,463,625	30,496	735,075,900
Net Book Value	159,731,330	37,781,130	3,938,254	5,332,419	3,958,265	15,728,740	3,210,098	130,226	229,810,462



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5/CA:2/2011

11 January 2011

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

Dear Mr. Mohamed,

RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE  
GUYANA CIVIL AVIATION AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2007

Following the audit of the financial statements of the Guyana Civil Aviation Authority (GCAA) for the year ending 31 December 2007, the findings hereunder were discussed with the Assistant Accountant (ag) of the Authority and are now forwarded to you for appropriate action.

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

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

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



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

## **FINDINGS AND RECOMMENDATIONS**

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

Operating Income: \$317,578,191

4. The amount of \$317.578M represents income earned for the year under review. It was derived from Fees and Charges from Licenses, Airworthiness Certificates and contacts charges from international over flights, domestic movement, arrival and departures of aircrafts. However, an examination of the income records revealed that the schedule showing the breakdown of income for the different categories of income for the year under review could not be traced to any register or the revenue report, as such, it could not be determined whether the income received were properly categorized and whether they relates to the year under review.

*Management's Response:* The Management indicated that checks are being carried out to verify that the income received has been properly categorized.

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

5. An examination of the revenue report submitted for audit scrutiny reflected an amount of \$284,938,349 received for the year under review, whilst the amount reflected in the financial statements was \$317,578,191 resulting in a difference of \$32,639,842. As a result, the completeness accuracy and validity of the amount shown as income could not be substantiated.

*Management's Response:* The Management explained that the cash book reflects all cash received during the year and the cash received included debtors paying for 2006 charges in 2007

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

6. Fifty seven revenue vouchers totalling \$12,934,230 were not signed as "checked by" and "recorded by" by the responsible personnel. As a result, the validity of the debtor could not be determined. See Appendix I.

*Management's Response:* The Management explained that revenue vouchers are normally signed check by and recorded by, the revenue vouchers listed above will be verified. We will ensure signing is done in future before filing away to avoid such recurrence.

*Recommendation:* The Audit Office recommends that the Management of the Authority put systems in place to avoid a recurrence of this nature.

Expenditure: \$306,450,417

7. The amount of \$306.450M was shown as total expenditure for the year under review. An examination of this expenditure revealed that 13 payment vouchers totalling \$2,541,648 were not presented for audit. As a result it could not be easily determined whether all payments were made for the purposes intended and whether they were properly authorised.

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

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

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

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

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

9. Further, 45 payment vouchers totalling \$8,969,200 were expended on transportation cost, but were however charged to Line Item 184,-Other Goods and Services Purchased instead of Line Item 165- Transport Travel & Postage resulting in the amount being misallocated. In addition, further audit checks revealed that the budgeted cost for Transport, Travel and Postage was only \$3,124,000 and the actual cost would have been \$12,709,813 instead of \$3,740,613 thus giving rise to an adverse variance of \$9,585,813.

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



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

10. The contracts for the supply of transportation services were not presented for audit examination. As a result it could not be determined if the contracts awarded adhered to the National Procurement & Tender Administration Board procedures and requirements and were awarded to the most economical bidder/supplier.

*Management's Response:* The Management explained that copies of contracts are maintained by the Administration section for all contracts awarded and this can be made available to the auditors for the year under review.

*Recommendation:* The Audit Office recommends that the Management of the Authority put systems in place to ensure that all contract documents are made available when the audit is being conducted.

11. Further, payment voucher no. 779 dated 31 December 2007 showed a payment of \$128,790 for Stabroek News 2008 subscription under Line Item 124 which was incorrectly charged as an expense in 2007 instead of being a prepaid expense. In addition, the amount of \$297,000 representing security charges for November 2006 was paid in March 2007 but was treated as an expense incurred during 2007.

*Management's Response:* The Management acknowledged this shortcoming and indicated that it was incorrectly recorded for and would be listed as prepayment/accruals in the financial statements.

*Recommendation:* The Audit Office recommends that the Management of the Authority should put measures in place to ensure that all prepayment/accruals are properly recorded in the records of the Authority.

12. Further, an examination of the budgeted allocation and the actual expenditure revealed excess expenditure totalling \$19.468M for the year under review. The following are the details:

Activity	Budgeted Amount \$	Actual Expenditure \$	Excess Expenditure \$
Materials equipment and supplies	3,069,000	4,244,767	1,175,767
Fuel and Lubricants	1,891,000	2,800,686	909,686
Rental and Maintenance of buildings	7,545,000	7,884,513	339,513
Maintenance of Infrastructure	593,000	793,585	200,585
Transport, Travel and Postage	3,124,000	3,740,613	616,613
Utility Charges	6,041,000	6,724,089	683,089
Other Goods and Services Purchased	18,393,000	32,920,034	14,527,034
Other Operating Expenses	574,000	1,589,774	1,015,774
<b>Total</b>	<b>41,230,000</b>	<b>60,698,061</b>	<b>19,468,061</b>

13. There was no evidence that approvals were sought and granted for the excess expenditure incurred.

*Management's Response:* The Management explained that excess expenditure will be confirmed after the verification. In addition, expenses are likely to rise due to inflation and unforeseen urgent expenses.

*Recommendation:* The Audit Office recommends that the Management of the Authority put measures in place to ensure that approvals are sought and granted for all excess expenditure incurred during any given year of accounts.

## **B. Balance Sheet**

### Fixed Assets: \$229,810,462

14. The amount of \$229.810M was shown as fixed assets for the year under review. A Fixed Asset Register was not produced for audit. However, a schedule was presented for audit verification but this did not reflect the category of fixed assets as such it could not be traced to the financial statements. As a result, the existence and ownership of fixed assets and the completeness, accuracy and validity of the figure shown in the financial statement could not be verified.

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

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

15. Fixed Assets valued at \$20,636,733 were transferred from Civil Aviation Department (CAD) but could not be verified due to poor record keeping since the location of the assets could not be determined. Further, not all the assets were marked, however, those marked were done with the letters 'GCAA', and were not identified categorically according to the type of asset.

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

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

16. The rates and method used for calculating the depreciation charges were not clear. The accuracy of the depreciation charges the year under review and consistent application of the depreciation rates and method could not be verified. However, the depreciation charges for



acquisitions/transfers during the year was calculated using straight line method and on a pro rate basis. Audit checks revealed that the charges for the acquisitions/transfers were understated by \$21,293,554, resulting in the amount shown as fixed assets being overstated by this amount. As a result, the completeness, accuracy and validity of the figures shown in the financial statement could not be verified.

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

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

Receivables: \$125,982,663

17. The amount of \$125,982,663 was shown as Receivables in the Financial Statement for the year under review. However, this amount was \$1,591,182 in excess of the breakdown showing the debtors individual balances and age analysis. Further, audit checks revealed that a significant amount of the debtors' individual balance in the debtors' breakdown did not agree to their balance in the debtors register at 31 December 2007. As a result, the completeness, occurrence, and ownership of the receivables and accuracy and validity of the figure shown in the financial statement could not be verified.

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

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

18. An examination of the register revealed a significant amount of the debts which were long overdue and there were no indication of these being pursued and recovered in a timely manner. It was also noted that the receivables register was not updated on a timely basis, statements are not sent on a regular and frequent basis and no reconciliation between the receivables control account and individual account was carried out. As a result, it would appear that there was little or no action being taken to ensure that outstanding debts are properly monitored so as to have them cleared promptly.

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



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

Payables \$ 8,362,631

19. The amount of \$8.363M was shown as Payables for the year under review. However, no records relating to payables were presented for audit examination. As a result the mathematical accuracy, existence, completeness, occurrence and cut off details of the figure shown in the financial statements could not be verified.

*Management's Response:* The Management explained that all payables are listed in the Vote's Ledger and Cash Book, however a listing of all payables can be provided.

*Recommendation:* The Audit Office recommends that the Management of the Authority ensures that the records to account for all Payables must be maintained and produced at the time of the audit, accordingly, steps should be put in place to facilitate this in the future.

Other Matters

Controlled Forms

20. An examination of the Controlled Forms register revealed that receipt books were not used in sequential order contrary to Financial Regulations.

*Management's Response:* The Management acknowledged this shortcoming and indicated that a system will be put in place with effect from 2010 to order receipt books in sequential order. Previously receipt books were not received in sequential order from the Ministry of Public Works and Communication.

*Recommendation:* The Audit Office recommends that the Management of the Authority put measures in place to ensure strict compliance with Financial Regulations.

**C. 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**

**Revenue Vouchers that were not evident with “checked by” and “recorded by” signatures.**

Date	RV #	Received From	Particulars	Receipt Ref	Chq Ref #	Amount \$
07.01.09	19	Air Services Ltd	Part payment for C & A for 8R-GAR	3H-714522	33-396809	390,000
07.01.29	73	Air Services Ltd	Renewal of C & A for 8R-GHE	3H-714559	33-396817	390,000
07.05.08	423	Roraima Airways	Payment for issue of C of A	3H-715981	33-439895	390,000
07.06.29	606	CAMS for Roopan Ramtor	Payment for renewal of C & A	3H-819907	33-479915	120,000
07.06.29	608	Air Services Ltd	Payment for renewal of C & A	3H-891909	33-479915	120,000
07.08.15	768	Guyana Sugar Corp LTD	Payment for renewal of C of A	3H-891618	33-479939	160,000
07.08.23	785	Air Services Ltd	Payment for C of A renewal	3H-891638	33-479962	185,900
07.09.03	816	Air Services Ltd	Payment for C of A renewal	3H-891661	33-479966	148,720
07.11.22	1153	Air Services Ltd	Payment for C of A renewal	3H-108083	33-480027	280,000
07.01.08	10	J Archer	Payment for App for grant of AMEL	3H-714513	33-397057	32,760
07.01.08	11	Q Elias	Payment for App for grant of AMEL	3H-714514	33-397057	32,760
07.02.08	112	C King	Payment for commercial exam	3H-714589	33-397075	20,000
07.03.12	208	Alfred Micheal	Payment for App for grant of AMEL	3H-715854	33-396788	20,000
07.03.27	256	Eon Pearson	Payment for App for grant of AMEL	3H-715884	33-396792	20,000
07.04.03	292	Anil Ram Prashad	Issue of an AMEL	3H-715901	33-439885	20,400
07.04.27	375	Paul DaSilva	Extention of AMEL	3H-715951	33-439892	20,000
07.05.10	427	Alan Guranna	Payment for issue of an Anel	3H-715986	33-439906	20,400
07.05.14	437	Zaheen Khan	Payment for extension of AMEL	3H-715992	33-439898	20,000
07.06.29	609	Air Service Ltd	10 Stintey Engine	3H-819910	33-479915	41,250



Date	RV #	Received From	Particulars	Receipt Ref	Chq Ref #	Amount \$
07.05.11	435	Trans Guyana Airways	AIP Subscription for 2007	3H-715989	33-439898	15,225
07.06.08	516	Flygprestanola Aktiebolog	Subscription for 2007	3H-891849	Republic Bank #467203	16,000
07.06.14	543	Guyana Defence Force	contacts & Hinderland charges for June & July	3H-891868	33-479908	245,235
07.02.07	107	BWIA	Payment for contract charges for Dec, 06	3H-714584	33-396820	1,624,000
07.01.10	21	M Ramjag	Payment for endorsement of BN24 Islander	3H-714524	33-397059	11,200
07.02.07	109	R Kartick	Payment for Airbourne Radar sys	3H-714586	33-397074	16,380
07.04.23	363	Cliff Byron	Payment for Issue of CPL	3H-715938	33-396800	37,000
07.04.30	378	Gordon Lue & A King	App for grant of an AMEL	3H-888001	33-439902	40,000
07.05.21	477	R Bhudu	Payment of a CPL & renewal of FRTOL	3H-891809	33-439909	35,000
07.06.21	567	M Ramjag	Payment for Renewal of FRTOL	3H-891883	33-439919	17,000
07.10.08	955	Ogle Airport Inc	Payment for renewal of Airport licence	3H-891756	33-480008	20,000
07.11.20	1164	CAMS	Renewal of AMO	3H-108089	33-480028	550,000
07.01.08	9	Trans Guyana Airlines	Part payment for issue of C & A	3H-714512	33-396808	585,000
07.03.16	214	Guysuco	Renewal of C of A	3H-715861	33-439881	455,000
07.04.03	291	Air Service	Renewal of C of A	3H-715899	33-439888	945,000
07.05.09	422	Guyana Sugar Corp Ltd	Renewal of C of A	3H-715982	33-439896	490,000
07.05.29	496	Trans Guyana Airlines	Renewal of C of A	3H-891825	33-479908	580,000
07.09.12	852	Air Service	Renewal of C of A	3H-891682	33-479969	420,000
07.09.14	857	Air Corp GDF	Renewal of C of A	3H-891686	33-479970	770,000
07.09.27	916	Trans Guyana Airlines	Renewal of C of A	3H-891724	33-480002	390,000
07.10.18	999	Air Service Ltd	Renewal of C of A	3H-891785	33-480014	580,000

Date	RV #	Received From	Particulars	Receipt Ref	Chq Ref #	Amount \$
07.12.14	1200	Trans Guyana Airlines	Renewal of C of A	3H-108130	33-480034	625,000
07.04.24	366	Andre Grenville	Payment for A & C exam	3H-715941	33-439892	40,000
07.06.28	603	Air Service Ltd	Renewal of AMO, B1, B2 & A2 Rating	3H-891904	33-479914	350,000
07.10.31	1062	R Boodhoo	App for grant of an AMEL at cat A&C	3H-108017	33-479991	40,000
07.10.31	1063	D Thompson	App for grant of an AMEL at cat A&C	3H-108018	33-479991	40,000
07.10.31	1064	S DeJesus	App for grant of an AMEL at cat A&C	3H-108019	33-479991	40,000
07.10.31	1065	S Yonsalves	App for grant of an AMEL at cat A&C	3H-108020	33-479991	40,000
07.11.28	1170	Mahendra Persaud	App for 2 type rating @ cat	3H-108095	33-480000	40,000
07.11.29	1171	J S Persaud	App for AMEL exams	3H-108096	33-480029	40,000
07.12.13	1196	N Lam	Extension of AMEL	3H-108126	33-480033	40,000
07.07.16	667	ETK Inc	Renewal of Aerodrome licence	3H-891948	33-479920	20,000
07.07.17	668	Aircraft Ownes Association	Renewal of school licence	3H-891949	33-479921	500,000
07.08.22	781	Correia Mining Co. Ltd	Charges for licence domestic aerodrome	3H-891680	33-479961	20,000
07.08.30	799	Air Service Ltd	Renewal pf AMEL	3H-891650	33-479965	25,000
07.10.22	1009	Correia Mining Co. Ltd	Renewal of Olive Creek Aerodrome licence	3H-891791	33-480016	20,000
07.12.04	1180	G Singh	ANF charges	3H-108106	33-480031	20,000
07.12.21	1216	Guyana Gold Fields Inc	Renewal of Aerodrome licence	3H-108148	33-480036	20,000
Total	57					12,194,230

**Appendix II**

**Payment vouchers not presented for audit**

V#	Payee	Details	Amount
135	GINA Advertising Unit	Tender and vacancy ads	89,971
165	Total Protection Systems Inc	Final payment for security equipment installed	1,550,000
243	Digicom	Additional cost of computer units for Timehri	6,000
431	D. Dacha	Relocation of NDS generator to supply power to VOR	270,000
549	Trophy World	Pur 1 rubber stamp for HRM	3,400
552	Hand-in-Hand mutual life	Premium billing for period 08/09/07 - 7/10/07	161,647
563	Sajid Raymond	Supply of cartridge and toner for printers at HO and Tower	148,550
573	G. Henry	Mailing of AIP documents	53,000
651	Dr. M.A. Williams	Payment for as a medical assessor to GCAA for Aug 07	60,000
738	Ogle Airport Inc	Cleaning of Ogle office	11,600
747	G. Henry	Pur materials to build scaffold	117,340
762	Steel pro Ivor Sunbury	Refurbishing of 3 filing cabinets	62,640
787	Regency suite/hotel	Deposit on bottles & cases	7,500
<b>Total</b>			<b>2,541,648</b>



### Appendix III

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

Line Item	Votes Ledger	Financial Statement	Difference
101-Administrative	29,756,778	29,933,064	-176,286
107-Temp Employee	506,000	422,000	84,000
201-Other Direct Labour cost	7,880,510	7,373,271	507,239
203-Benefits & Allowance	41,066,688	42,468,408	-1,401,720
131-Fuel & Lubricant	2,379,758	2,800,686	-420,928
141-Rental of Building	6,595,925	6,738,330	-142,405
162-Overseas Conference	3,085,431	2,903,913	181,518
171-Telephone Charges	3,123,518	2,885,172	238,346
172-Electricity	3,864,534	3,800,546	63,988
173-Water Charges	0	38,371	-38,371
181- Security Services	5,526,540	5,409,390	117,150
182-Equipment Maintenance	1,406,123	1,351,123	55,000
183-Cleaning & Exterminating	726,572	710,972	15,600
184-Other	25,472,647	25,448,549	24,098
212-Training	3,783,079	4,005,879	-222,800
Total	135,174,103	136,289,674	-669,971

### Appendix IV

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

Date	VR#	Payee	Particulars	Amount
22/01/07	49	S.Sahadeo	Transp services provided for 1 - 15 Jan 07	56,000
22/01/07	47	S. Stephens	Transp services provided for 1 - 15 Jan 08	292,500
1/2/2007	76	S. Stephens	Transp services provided for 16 - 31 Jan 07	312,000
2/2/2007	82	S.Sahadeo	Transp services provided for 16 - 31 Jan 07	61,500
15/02/07	108	S. Stephens	Transp for AIS staff for training seminar	13,000
16/02/07	113	S. Stephens	Transp services provided for 1 - 15 Feb 07	292,500
26/02/07	125	S.Sahadeo	Transp services provided for 1 - 15 Feb 07	52,000
28/02/07	132	S. Stephens	Transp services provided for 16 - 26 Feb 07	214,500
6/3/2007	136	S. Stephens	Transp services provided for 27 & 28 Feb 07	39,000
7/3/2007	139	S.Sahadeo	Cleaning & transp services provided during Feb 07	46,000
27/03/07	178	S.Sahadeo	Transp services provided for 1 - 15 Mar 07	60,000
4/4/2007	195	S. Stephens	Transp services provided for Mar 07 & diff for Jan & Feb 07	793,500
11/4/2007	200	S.Sahadeo	Cleaning & transp services provided for Mar 07	54,000
17/04/07	210	S.Sahadeo	Additional cost for trip from 1- 31 Mar 07	32,800
26/04/07	229	S.Sahadeo	Transp services provided from 1 - 15 April 07	66,000
27/4/07	239	S. Stephens	Remittance of revenue collected by ANS directorate to H/O,	16,000
4/5/2007	248	S. Stephens	Transp services provided from 1- 30 April 07	648,000
10/5/2005	271	S.Sahadeo	Transp services provided from 16 - 30 April 07	67,500
30/05/07	299	S.Sahadeo	Transp services provided from 1 - 15 May 07	67,500
4/6/2007	309	S.Sahadeo	Transp services provided from 16 - 31 May 07	70,400
4/6/2007	308	S. Stephens	Transp services provided for May 07	673,600
1/5/2007	340	S.Sahadeo	Transp services provided from 1 - 15 June 07	66,000
5/7/2007	367	S. Stephens	Transp services for June 07	648,000
5/7/2007	369	S. Stephens	Remittance of revenue collected by ANS directorate to H/O,	4,000
30/06/07	371	S.Sahadeo	Transp services provided from 16 - 30 June 07	66,000
18/07/07	400	S. Stephens	Transp services for 1 - 16 July 07	345,600
3/8/2007	429	S.Sahadeo	Transp services for 1 - 15 July 07	52,800
3/8/2007	432	S. Stephens	Transp services along with remittance of revenue July 07	328,000
10/8/2007	451	S.Sahadeo	Transp services for 16 - 31 July 07	43,300
20/08/07	472	S. Stephens	Transp services for 1 - 15 Aug 07	324,000
21/08/07	474	S.Sahadeo	Transp services for 1 - 15 Aug 07	34,500
6/9/2007	513	S.Sahadeo	Transp services for 16 - 31 Aug 07	35,200
6/9/2007	512	S. Stephens	Transp services for 16 - 31 Aug 07	349,600
18/09/07	538	S.Sahadeo	Transp services for 1 - 15 Sept 07	52,600
4/10/2007	571	S. Stephens	Transp services for Sept 07	652,000
8/10/2007	576	S.Sahadeo	Transp services for 16 - 30 Sept 07	41,400
17/10/07	607	S.Sahadeo	Transp services for 1 - 15 Oct 07	47,000
5/11/2007	638	S.Sahadeo	Transp services for 16 - 31 Oct 07	66,500
5/11/2007	643	S. Stephens	Transp services for Oct 07	673,600
16/11/07	664	S.Sahadeo	Transp services for 1 - 15 Nov 07	58,200

Date	V#	Payee	Particulars	Amount
4/12/2007	707	S.Sahadeo	Transp services for 16 - 31 Nov 07	49,200
4/12/2007	708	S. Stephens	Transp services for Nov 07	652,000
18/12/07	748	S.Sahadeo	Transp services for 1 - 15 Dec 07	47,000
31/12/07	778	S.Sahadeo	Transp services for 16 - 31 Dec 07	54,800
31/12/07	785	S. Stephens	Transp services for Dec 07	349,600
Total				8,969,200