

**AUDITED FINANCIAL STATEMENTS OF THE
GOVERNMENT INFORMATION AGENCY**

**FOR THE YEAR ENDED
31 DECEMBER 2002**

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

**AUDITED FINANCIAL STATEMENTS OF THE
GOVERNMENT INFORMATION AGENCY
FOR THE YEAR ENDED 31 DECEMBER 2002**

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5/SO: 31/2

20 January 2006

Mr. Robert Persaud
Head, Government Information Agency
Area 'B' Homestretch Avenue
Durban Park Backlands
Georgetown.

Dear Mr. Persaud,

**RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE
GOVERNMENT INFORMATION AGENCY (GINA)
FOR THE YEAR ENDED 31 DECEMBER 2002**

We wish to inform you that the audit of the Government Information Agency (GINA) for the year ended 31 December 2002 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 explanation, please do not hesitate to let us know.

With kind regards.

Yours sincerely,





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AG:2/2006

20 January 2006

**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE
GOVERNMENT INFORMATION AGENCY (GINA)
FOR THE YEAR ENDED 31 DECEMBER 2002**

I have audited the attached financial statements of the Government Information Agency (GINA) for the year ended 31 December 2002 as set out on pages 4 to 13 and in accordance with the accounting policies as set out on page 8.

Respective Responsibilities of Management and Auditors

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of the Management of the Government Information Agency (GINA). My responsibility is to form an opinion on the statements based on these assertions and to report my opinion.

Basis of Opinion

I conducted my audit in accordance with generally accepted auditing standards. 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 on the financial statements. An audit also includes assessing the accounting principles used and the 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.

Opinion

In my opinion, the financial statements referred to properly present the income and expenditure of the Government Information Agency for the year ended 31 December 2002 in conformity with generally accepted accounting principles.

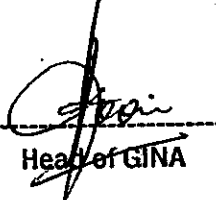


D. SHARMA
COMPTROLLER GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

GOVERNMENT INFORMATION AGENCY

BALANCE SHEET

AS AT 31 DECEMBER 2002

<p>2,001 (Restated) \$</p>	<p>\$</p>	<p>\$</p>
12,415,276	<u>FIXED ASSETS</u>	Note 1 16,142,311
	<u>CURRENT ASSETS</u>	
0	Stock	166,193
0	Debtors	50,700
0	Bank	0
0	Cash	0
	TOTAL CURRENT ASSET	<u>216,893</u>
	<u>CURRENT LIABILITIES</u>	
	Working Capital	<u>216,893</u>
<u>12,415,276</u>	TOTAL ASSETS	<u>16,359,204</u>
	<u>FINANCED BY</u>	
3,158,334	Gov't Capital Contribution	7,686,593
9,538,765	Incorporated Reserve (MOI)	9,538,765
(281,823)	Accum. Surplus/ (Deficit)	(866,150)
<u>12,415,276</u>		<u>16,359,204</u>
 Head of GINA		 Accountant

**GOVERNMENT INFORMATION AGENCY
INCOME AND EXPENDITURE STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2002

2,001 (Restated)			2,002
\$	INCOME:	Note	\$
15,381,451	Subvention	1	63,773,081
<u>15,381,451</u>	TOTAL INCOME		<u>63,773,061</u>
	EXPENDITURE:		
8,587,948	Employment Cost	3	41,237,746
1,759,442	Materials, Equip, Supp	4	5,610,004
389,614	Fuel and Lubricant		1,088,646
282,854	Rental & Maint. of Building	6	1,460,143
141,493	Transport, Travelling and Postage		581,387
2,257,000	Security charges		5,435,525
230,521	Maintenance of Equipment	6	450,600
530,808	Utility charges	7	3,329,576
150,820	Vehicle Spares and Service		1,060,276
517,187	Other Service Purchased	8	861,480
533,764	Other Operating Expenses	9	1,695,970
281,823	Depreciation		1,546,041
<u>15,663,274</u>	TOTAL EXPENDITURE		<u>64,357,394</u>
<u>(281,823)</u>	Net Surplus/(Deficit)		<u>(584,333)</u>
0	Accumulative Surplus/ (Deficit) Jan 01		2,665,215
	Prior Year Adjustment	10	<u>(2,947,038)</u>
	Adjusted Accum. Surplus/(Deficit)		<u>(281,823)</u>
<u>(281,823)</u>	Surplus/ (Deficit) for Current Year		<u>(584,333)</u>
<u>(281,823)</u>	Accumulative Surplus Dec 31		<u>(866,156)</u>

[Signature]
Head of GINA

[Signature]
Accountant

GOVERNMENT INFORMATION AGENCY

CASHFLOW STATEMENT

FOR PERIOD ENDED 31 DECEMBER 2002

	\$	\$
Net Cash Flow from Operating Activities	Note 11	744,815
 <u>Investing Activities</u>		
Payment to Acquire Asset	<u>(5,273,076)</u>	
Total Cash outflow from Investing Act		(5,273,076)
 Total Cash flow before Financing		 (4,528,261)
 <u>Financing:</u>		
Gov't Capital Contribution		4,528,261
 Total Cash Flow for the period		 <u><u>0</u></u>

Note 1

FIXED ASSET SCHEDULE- 2002

	Vehicle	Furn. & Equip	Total
	\$	\$	\$
Cost/Val Jan1,2002	3,058,600	9,638,499	12,697,099
Addition	0	5,273,076	5,273,076
Disposal	0	0	0
Cost/Val Dec31,2002	3,058,600	14,911,575	17,970,175
Dep. Current Year	305,860	1,240,181	1,546,041
Adjustment	76,465	205,358	281,823
Disposal	0	0	0
Acc. Dep. Dec.31,2002	382,325	1,445,539	1,827,864
NBV Dec.31, 2001	3,058,600	9,356,676	12,415,276

Notes to the financial Statement
For the year ended December 31, 2002

Note 2 BACKGROUND

GINA was established on October 1, 2001 by a Cabinet Decision.

The vision of the Government Information Agency is to present vital and significant contribution with the Government for an enhance quality of life for all Guyanese through fulfilling the Government and the public's information needs.

SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Statements have been prepared in accordance with the Government Accounting Framework and Policies.

B. Depreciation is calculated by using the "Straight Line Method"

Schedule of Rates Used per annum

Motor Vehicle	10%
Office Furniture/PBX System	5%
Office Equipment / Editing Equipment	10%
VideoEquipment / Cleaning Equipment	20%
Mini Recorders	25%

C. Stock is valued using FIFO method

Materials and Supplies Stock as at December 31, 2002 valued \$166193

Note 3 **Employment Cost**

Expenditure under this head comprises of the following

Description	Amount
Salaries	\$ 25,929,888
Gratuity	6,525,670
NIS Employer	1,749,747
PAYE	6,946,437
Other deductions	86,004
TOTAL	\$41,237,746

Note 4 **Materials, Equipment and Supplies**

Expenditure under this head comprises of the following

Description	Amount
Medical Supplies	\$ 24,741
Office Supplies	1,893,480
Processing Films	1,188,941
Print and Non print materials	2,502,862
TOTAL	\$5,610,004

Note 5 Rental and Maintenance of Building

Expenditure under this head comprises of the following

Description	Amount
	\$
Repairs to External Roof	502,310
sound proof ceiling and wall (Ediling	700,213
Repair and install doors	63,400
Cleaning Supplies	194,220
TOTAL	1,460,143

Note 6 Maintenance of Equipment

Expenditure under this head comprises of the following

Description	Amount
	\$
Repairs to Air Condition Units	255,200
Repairs to Computers	166,900
Repairs to Copiers	21,000
Repairs to Fax & PBX	7,500
TOTAL	450,600

Note 7 Utility charges

Expenditure under this head comprises of the following

Description	Amount
Telephone Charge	\$ 1,183,561
Internet Charges	181,000
Electricity Charges	1,965,015
TOTAL	3,329,576

Note 8 Other Service Purchased

Expenditure under this head comprises of the following

Description	Amount
Backdrop	\$ 25,000
Build computer workstation	64,725
Rebuild threshold for tank	39,720
Design Payroll Package	60,000
Install equipment , elect outlets, etc	182,905
Other service Purchased	96,630
Weeding	305,000
Sanitech Service	32,000
Termite treatment	36,000
Other Cleaning Service	19,500
TOTAL	861,480

Note 9 Other Operating Expenses

Expenditure under this head comprises of the following

Description	Amount
	\$
National and Other Event	450,006
Staff Social Function	120,900
Rental of AC	36,000
Others	380,774
Meals and Refreshment	603,290
stipend	105,000
TOTAL	1,695,970

Note 10

PRIOR YEAR ADJUSTMENT

2001	2002
	\$
0 Amount repaid on Subvention	(2,665,215)
0 Depreciation erroneously omitted	(281,823)
<u>0</u>	<u>(2,947,038)</u>
<u>0</u> Prior Year Adjustment	<u>(2,947,038)</u>

Note 11

Reconciliation of Net Income from operating activities.

		\$
	Operating Surplus	(584,333)
Add	Non-Cash Expense (Depreciation Charges)	<u>1,546,041</u>
		961,708
Less	Increase in Stocks	(166,193)
	Increase in Debtors	(50,700)
	Net Income from Operating Activities	<u><u>744,815</u></u>

Changes in cash and cash equivalents
31-Dec.2002

		Change
Cash at bank	0	0



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2/SO: 31/2

20 January 2006

Mr. Robert Persaud
Head, Government Information Agency
Area 'B' Homestretch Avenue
Durban Park Backlands
Georgetown.

Dear Mr. Persaud,

**RE: AUDIT OF THE FINANCIAL STATEMENTS
OF THE GOVERNMENT INFORMATION AGENCY (GINA)
FOR THE YEAR ENDED 31 DECEMBER 2002**

We are pleased to inform you that the audit of the Government Information Agency (GINA) for the year ended 31 December 2002 has been completed. The following observations arising from the audit have been forwarded for your comments and such actions that may be necessary.

1. BACKGROUND

- 1.1 The Government Information Agency was established on 15 October 2001, via a Cabinet Decision memorandum CP(2001)7:5 dated 31 July 2001, under the Office of the President and served as a replacement for the Ministry of Information and the Guyana Information Service.
- 1.2 The objective of the Agency was to play a vital and significant contribution with the Government for an enhanced quality of life for all Guyana through fulfilling the Government and public information needs.
- 1.3 The functions of the Agency involve broadcasting production, media monitoring, incorporating the Internet and media interface support/replacement.
- 1.4 The key responsibilities of the Agency are to:
 - Produce radio spots;
 - Provide video duplication;
 - Monitor news and current issues in the print and electronic media;
 - Publish information via the Internet;
 - Organize media conferences;
 - Present commentaries and viewpoints in the print and electronic media;

- Produce media statements; and
- Disseminate appropriate information.

AUDIT OBJECTIVES

- 1.5 The objectives of the audit were to obtain sufficient, relevant and reliable information from the accounting records to enable the Auditor General to issue his opinion on the financial statement of GINA for the year ended 31 December 2002 and to ascertain whether the transactions and cash flows for the year ended were in accordance with generally accepted accounting principles.

2. SCOPE AND METHODOLOGY

- 2.1 The audit covered the period 1 January to 31 December 2002. We conducted compliance tests to ascertain whether adequate internal controls were in place. In addition, we carried out substantive tests on significant account balances and related transactions we considered necessary to form an opinion whether the financial statements present fairly the state of affairs of the entity. We also verified the Government contributions and subventions using information from audited accounts of the Office of the President.
- 2.2 We selected transactions on a judgmental basis to ascertain whether they were properly approved/certified, classified, accurate and supported by bills/receipts and were incurred with due regards to the avoidance of waste and extravagance. In addition, we tested the tender procedures to ensure that they complied with established tender procedures.
- 2.3 We followed cut-off procedures to ensure that all possible items of receipts, expenditure, assets and liabilities were included in the accounts. Our audit also, included physical verification of fixed assets and the examination of bank reconciliation statements.

3. FINDINGS AND RECOMMENDATIONS

Evaluation of Internal Controls

- 3.1 Our study and evaluation of the system of accounting and internal controls were done as part of the examination of the accounting records and the financial statements of GINA under the following headings:
- organisation structure;
 - accuracy and reliability of accounting records; and
 - safeguarding of assets.

Organisation Structure

- 3.2 The Administrative Manager, the Editor in Chief and two (2) Senior Communication Officers report to the Head of the Government Information Agency (GINA). The Administrative Manager is assisted by the Accountant and two (2) clerks. The accounting section has responsibility for verification of all expenditures. In addition, the section is responsible for the maintenance of accounting records and the preparation of periodic reports. Our audit checks revealed that payment documents were prepared, checked, authorized and that payments were made in accordance with existing financial regulations. We consider the management structure to be adequate having regards to the nature of operations.

Accuracy and Reliability of Accounting Records

- 3.3 The accounting records maintained by GINA were the cashbook, general ledger and other related records. Based on checks carried out, these records were properly maintained and reflected accurately the receipts and expenditure incurred. In addition, the entity maintained adequate documentation of all transactions. Therefore, reliance could be placed on the record keeping as the basis for the preparation of the financial statements. It should be noted that bank reconciliation was not done for the period under review.

Safeguarding of Assets

- 3.4 During the period under review amounts totalling \$5.273M were expended to purchase of office furniture, one (1) air condition unit, one (1) printer, three (3) computers and accessories, two (2) cameras, four (4) editing recorders and four (4) microphones. The items purchased were verified as having been received and properly brought to account.

4. INCOME - \$63,773,061

- 4.1 Amounts totalling \$64,684M were received from the Office of the President as current subvention for the efficient running of GINA. Of the amount received, sums totalling \$910,939 were expended to purchase fixed assets. The amounts received were verified as having been received and properly brought to account.

EXPENDITURE - 64,357,394

5. Employment Costs - \$41,237,746.

- 5.2 The amounts expended for employment costs were in relation to payments made for salaries, gratuity, National Insurance and other deductions paid to forty-five (45) contracted officers of GINA for the period under review. The amounts were verified as having been properly brought to account, adequately documented and authorized.

5.3 ✓ Audit checks revealed that there were three (3) instances where officers whose contracts had expired were paid salaries and gratuity amounting to \$882,000 without renewal of their contracts. It was explained by the Administrative Manager that this was a case of oversight and the contracts were renewed at a later date.

6. Materials, Equipment and Supplies - \$5,610,004.

6.1 ✓ Amounts totalling \$5.610M were expended on the purchase of print and non-print materials, office and medical supplies and processing of films. It was observed that supporting documents for seven (7) purchases totalling \$245,115 bore no evidence that the items purchased were received and properly brought to account. However, the expenditure was verified as having been properly incurred.

7. Fuel and Lubricants - \$1,088,646.

7.1 ✓ The sum of \$1.089M was expended on the purchase of fuel and lubricants for three (3) vehicles under the control of the Agency. An examination of the log books revealed that on many occasions the signatures of the drivers and the authorizing officer were not seen for journeys undertaken. Further, logbook for vehicle No. PGG 8680 was not written up for the period July to December 2002. It was explained by the Administrative Manager that the drivers did not update their books and efforts are being taken to have them written up.

8. Maintenance of Buildings - \$1,460,143.

8.1 The sum of \$1.460M was expended on the maintenance of buildings as follows: -

DESCRIPTION	AMOUNT (\$)
Repairs to sound proof ceiling and wall	700,213.
" " external roof	502,310.
Purchase of cleaning supplies	194,220.
Repairs and installation of doors	63,400.
TOTAL	1,460,143.

8.2 ✓ In relation to the expenditure incurred for the repairs to the sound proof, ceiling and wall, there were seven (7) payments totalling \$851,603, where the payment vouchers were not approved before payments were made. However, the expenditure was verified as having been properly incurred.

9. Security Charges - \$5,435,525

9.1 Included in the sum of \$5.436M were amounts totalling \$5.386M, which represent amounts paid to R.K. Security Services for contracted security services. The difference of \$50,000 was paid to two (2) other security firms. The expenditure was verified as having been properly incurred.

10. Utility Charges - \$3,329,576.

10.1 The sum of \$3.330M was expended on Utility Charges. The following gives a breakdown of the expenditure: -

DESCRIPTION	AMOUNT (\$)
Electricity Charges	1,965,015.
Telephone Charges	1,183,561.
Internet Charges	181,000.
TOTAL	3,329,576.

10.2 The amount expended on electricity charges was in relation to two (2) meters owned by the Agency. Included in the sum of \$1.184M expended on telephone charges was the sum of \$312,883, which was incurred on overseas charges for telephones and fax machines used by the Director of GINA. The difference of \$870,678 was expended on local charges. The expenditure was verified as having been properly incurred.

11. Other Services Purchased - \$861,480.

11.1 The following gives a breakdown of the amounts expended: -

DESCRIPTION	AMOUNT (\$)
Weeding and Cleaning	392,500
Installation of Equipment	182,905
Building Computer Workstations	89,725
Designing Payroll	60,000
Repairs to Water Trestle	39,720
Miscellaneous	96,630
TOTAL	861,480

11.2 ✓ In relation to the sum of \$392,500 expended for weeding and cleaning, there were nine (9) contracts totalling \$273,000 for which 'certificates of work satisfactorily completed were not seen.' It was explained by the Administrative Manager that the works were verified as being completed, but it was an oversight that the vouchers were not certified.

12. Other Operating Expenses - \$1,695,970.

12.1 Amounts totalling \$1.696M were expended on hosting national and other social events, purchase of meals and refreshments and other miscellaneous services. The expenditure was verified as having been properly incurred and brought to account.

13. Depreciation - \$1,546,041.

13.1 The sum of \$1.546M represents depreciation charges for the assets of the Agency which include motor vehicles, office furniture and communication equipment. The completeness and accuracy of the amounts charged were verified.

14. Prior Year Adjustments - \$2,947,038

14.1 The above figure includes an amount of \$2,665,215, which represents the unspent balance for the year 2001 refunded to Office of the President. The difference of \$281,823 relates to depreciation charges omitted for the year 2001. Supporting documents were presented to verify the completeness, accuracy and validity of the amounts.

15. BALANCE SHEET

15.1 Fixed Assets - \$16,142,311

15.1.1 The amount of \$16.142M represents the net book value of the assets owned by the Agency. Tests checks revealed that the assets register was written up and properly maintained, while physical verification carried out on a sample basis showed that the assets were marked showing ownership of GINA.

16. Stock - \$166,193.

16.1 ✓ This amount represents the value of the stock, which was valued by the 'first- in first-out method' as at 31December 2002. The stock ledger for the period January to March 2002 was not produced for audit verification. However, the closing stock was verified for accuracy and was properly brought to account.

17. Debtors - \$50,700.

17.1 The figure represents the value of items not supplied by a supplier for the period under review. A request was made for this amount to be refunded to GINA but was not received as at 31 December 2002. However, the amount was refunded to the Agency in May 2003.

18. Other Matters

18.1 Bank Reconciliation

✓18.1.1 Bank reconciliation statements were not presented for the period under review. It was explained by The Administrative Manager that they experienced difficulties in the preparation of the bank reconciliation statements and promised to have them done as early as possible.

The Audit Office recommends that the Agency make a special effort to have the bank reconciliation prepared for the period under review and have them presented for audit examination.

18.2 Stores

✓18.2.1 It was observed that the activities of the stores and the maintenance of the records was done by the Administrative Manager. This situation does not allow for segregation of duties.

The Audit Office recommends that Management of GINA comply with the Stores Regulation with regards to the maintenance of records and segregation of duties.

19. General

The Audit Office wishes to express its sincere gratitude for the cooperation given during the course of the audit. In keeping with the Audit Office's policies, a reply is expected within thirty (30) days of the receipt of this letter.

With kind regards.

Yours sincerely,

