



**AUDITED FINANCIAL STATEMENTS OF THE
INTEGRITY COMMISSION**

**FOR THE YEAR ENDED
31 DECEMBER 2014**

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

AUDITED FINANCIAL STATEMENTS OF THE
INTEGRITY COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2014

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Audit Office of Guyana

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354/OA: 22/2/2015

30 November 2015

Ms. Amanda Jaisingh
Chief Executive Officer
Integrity Commission
94 Carmichael Street
North Cummingsburg
Georgetown.

Dear Ms. Jaisingh,

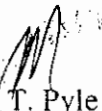
AUDIT OF THE BOOKS AND ACCOUNTS OF THE
INTEGRITY COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2014

Please find attached four copies of the audited financial statements, together with the report of the Auditor General, thereon.

Should you need any further explanation, please do not hesitate to contact us.

With best regards.

Yours sincerely,


T. Pyle
Audit Manager
For Auditor General



Audit Office of Guyana

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AG: 124/2015

30 November 2015

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE COMMISSION
OF THE INTEGRITY COMMISSION
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

I have audited the accompanying financial statements of the Integrity Commission which comprise of the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and the 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 issued by the International Federation of Accountants (IFAC) and those of the International Organization of Supreme Audit Institutions (INTOSAI). 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.

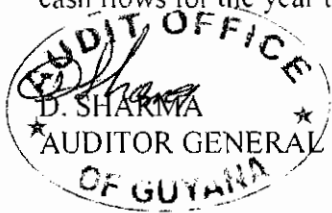
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for a Qualified Opinion

Prior to the year 2008, improper record keeping, irregularities and misappropriation of funds resulted in a suspense account in the sum of \$1.469M being opened in the statement of financial position as at 31 December 2008. These irregularities have not yet been corrected; however, a movement to this account was done as at 31 December 2014 by a reduction in the sum of \$699,207. This movement has not been justified with any evidence or basis for the reduction in the suspense account, as one or more accounts could have been under/overstated.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view, in all material respects, of the financial position of Integrity Commission as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



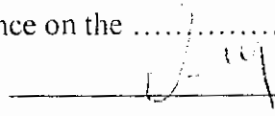
AUDIT OFFICE
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GUYANA

INTEGRITY COMMISSION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014	2013
ASSETS		\$	\$
<u>NON CURRENT ASSETS</u>			
Property, Plant & Equipment	4	1,795,169	2,036,876
		<u>1,795,169</u>	<u>2,036,876</u>
<u>CURRENT ASSETS</u>			
Prepayments		793,927	1,226,714
Cash & Cash Equivalents	5	124,814	0
		<u>918,741</u>	<u>1,226,714</u>
TOTAL ASSETS		<u>2,713,910</u>	<u>3,263,590</u>
 EQUITY AND LIABILITIES			
<u>EQUITY</u>			
Government Contribution	6	997,809	997,809
Accumulated Deficit		(1,287,533)	(979,160)
Revaluation		2,233,943	1,776,043
Suspense Account		769,691	1,468,898
		<u>2,713,910</u>	<u>3,263,590</u>
TOTAL EQUITY & LIABILITIES		<u>2,713,910</u>	<u>3,263,590</u>

These financial statements were approved for issuance on the




 Omar Shariff
 Permanent Secretary

INTEGRITY COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 \$	2013 \$
INCOME			
Government Subvention - Current	7	17,122,000	16,497,000
Deferred Income		505,842	619,988
TOTAL INCOME		<u>17,627,842</u>	<u>17,116,988</u>
 EXPENDITURE			
Administrative Expenses	8	14,431,177	12,846,573
Other Expenses	9	1,816,336	2,440,136
Utility Charges	10	1,182,860	1,081,791
Depreciation		505,842	619,988
TOTAL EXPENDITURE		<u>17,936,215</u>	<u>16,988,488</u>
 Net Surplus/(Deficit) for the Year		 <u>(308,373)</u>	 <u>128,500</u>

INTEGRITY COMMISSION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

2013

	Government Contribution	Accumulated Surplus/Defici t	Revaluation Reserve	Suspense Account	Total
	\$	\$	\$	\$	\$
Balance as at January 1, 2013	1,068,871	(1,107,660)	-	1,468,898	1,430,109
Government Contribution	(71,062)	-	-	-	(71,062)
Net Profit/(Loss)	-	128,500	-	-	128,500
Revaluation of Fixed Assets	-	-	1,776,043	-	1,776,043
Suspense Account	-	-	-	-	-
Balance as at December 31, 2013	997,809	(979,160)	1,776,043	1,468,898	3,263,590

2014,

	Government Contribution	Accumulated Surplus/Defici t	Revaluation Reserve	Suspense Account	Total
	\$	\$	\$	\$	\$
Balance as at January 1, 2014	997,809	(979,160)	1,776,043	1,468,898	3,263,590
Net Profit/(Loss)	-	(308,373)	-	-	(308,373)
Revaluation of Fixed	-	-	457,900	-	457,900
Suspense Account	-	-	-	(699,207)	(699,207)
Balance as at December 31, 2014	997,809	(1,287,533)	2,233,943	769,691	2,713,910

INTEGRITY COMMISSION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
Operating Activities	\$	\$
(Deficit)/Surplus for the year	(308,373)	128,500
Adjustments for :		
Depreciation	<u>505,842</u>	<u>619,988</u>
Operating Surplus/(Deficit) before changes in working capital	197,469	748,488
(Increase)/Decrease in Inventories	-	-
(Increase)/Decrease in Prepayments	432,787	(128,500)
Increase/(Decrease) in Payables	-	-
Increase/(Decrease) in Suspense Account	<u>(699,207)</u>	<u>-</u>
Net cashflow generated from Operating Activities	<u>(68,951)</u>	<u>619,988</u>
Investing Activities		
Purchase of Fixed Assets	<u>-</u>	<u>(548,926)</u>
Net cashflow generated from Investing Activities	<u>-</u>	<u>(548,926)</u>
Financing Activities		
Government Contribution	-	(71,062)
Revaluation	<u>457,900</u>	<u>-</u>
Net cashflow generated from Financing Activities	<u>457,900</u>	<u>(71,062)</u>
Net increase/(Decrease) in cash & cash equivalents	388,949	-
Cash and Cash Equivalents at the beginning of the year	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at end of the year	<u><u>388,949</u></u>	<u><u>-</u></u>

INTEGRITY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1. Background

The Integrity Commission was established on the 24th September, 1997 and consist of a chairman and no less than two (2) nor more than four (4) other members. The chairman of the commission shall be a person who is or who was qualified to be a Puisne Judge of the High Court or any other fit and proper person and the other members appearing to the President as having experience and show capacity in law, public administration, social service, finance or accountancy or any other discipline. The chairman and other members are appointed by the President after consultation with the minority Leader and they can either be full time or part time. The names of the chairman and other members upon the establishment of the Commission and any change in membership shall be published in the Gazette and in a daily newspaper. The Commission is also a body corporate.

The vision of the Commission is: "Improved public confidence in the integrity of holders of public office and the mission statement is: "Securing the integrity of persons in public life". The objective of the Commission is to secure the integrity of persons in public life through their compliance with the provisions of the Integrity Commission Act No. 20 of 1997. The Secretariat consists of a Secretary/Chief Executive Officer and six (6) staff members. The Commission also had three (3) Commissioners as at 28th May, 2012 when the life of the Commission came to an end on the said date.

Note 2. Basis of Preparation:

These accounts have been prepared according to the Accrual Concept and follows the International Financial Reporting Standards principles and policies.

Note 3. Significant Accounting Principles & Policies:

Basis of Accounting:

These accounts have been prepared under the historical cost conventions as modified by the revaluations as assets. the assets obtained from the Office of the President were value at the current market prices as at 1st January, 2000.

Fixed Assets:

Depreciation is provided using fixed percentage on the straight line method at the following rates:-

Furniture & Fixtures	12.5%
Office Equipment	20%

INTEGRITY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 4. Property, Plant & Equipment

Description	Furniture & Fixtures	Office Equipment	Total
	\$	\$	\$
Costs as at 01 January, 2014	0	2,243,021	2,243,021
Revaluation	457,900	0	457,900
Additions	0	0	0
Disposal	0	0	0
Cost as at 31 December, 2014	457,900	2,243,021	2,700,921
Accumulated Depreciation as 1 January, 2014	0	399,910	399,910
Depreciation charge for the year	57,238	448,604	505,842
Disposal	0	0	0
Accumulated Depreciation as 31 December, 2014	57,238	848,514	905,752
Carrying Amount as at 31 December, 2013	193,765	1,843,111	2,036,876
Carrying Amount as at 31 December, 2014	400,662	1,394,507	1,795,169

INTEGRITY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 5. CASH & CASH EQUIVALENTS

Description	2014 \$	2013 \$
Cash in Hand	-	-
Cash in Bank	124,814	-
Closing balance	124,814	0

NOTE 6. GOVERNMENT CONTRIBUTION

Description	2014 \$	2013 \$
Opening balance	997,809	1,068,871
Received for the year	-	686,000
Refund to unspent balance to OP	-	(137,074)
Deferred Income	-	(610,988)
Closing balance	997,809	997,809

NOTE 7. GOVERNMENT SUBVENTION:

The Commission received subvention totaling \$17,122,000 from the Government of Guyana for the period January 2014 to December 2014.

INTEGRITY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 8. ADMINISTRATIVE EXPENSES

Description	2014 \$	2013 \$
Employment Costs	11,207,719	9,755,510
Stationery and Office Supplies	1,448,765	1,731,830
Travelling	38,820	47,860
Postages	144,041	22,176
Maintenance of Building, Office Equipment & Furniture & Fittings	1,346,947	1,109,978
Extermination Services	101,781	83,708
Refreshment and Meals	143,104	95,511
Total	14,431,177	12,846,573

The sum of \$11,207,719 shown as employment Costs includes amounts totalling \$3,985,944 which were paid to two (2) key management employees for the year 2014 as follows:

Ms. Amanda Jaisingh - Secretary/C.E.O	3,125,940
Ms. Vidyantie Bacchus - Accounts Clerk	860,004
	<u>3,985,944</u>

NOTE 9. OTHER EXPENSES

Description	2014 \$	2013 \$
Miscellaneous	642,194	928,386
Bank charges	17,500	6,500
Refund to unspent balance to OP	1,156,642	1,505,250
Total	1,816,336	2,440,136

INTEGRITY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 10. UTILITY CHARGES

Description	2014 \$	2013 \$
Electricity	611,240	570,517
Telephone	326,620	265,478
Water	245,000	245,796
Total	1,182,860	1,081,791



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354/OA: 22/2/2015

30 November 2015

Ms. Amanda Jaisingh
Secretary
Integrity Commission
94 Carmichael Street
North Cummingsburg
Georgetown.

Dear Ms. Jaisingh,

AUDIT OF THE BOOKS AND ACCOUNTS OF
THE INTEGRITY COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2014

Following the audit of the financial statements of the Integrity Commission, for the year ended 31 December 2014, the findings hereunder were discussed with the accounting personnel within your organization and are now referred to you for appropriate action.

2. Our audit was conducted in accordance with Generally Accepted Auditing Standards, including those of INTOSAI and the International Standards on Auditing, issued by the International Federation of Accountants (IFAC). These standards require that I plan and perform the audit 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 evaluate the operations of Commission to ascertain whether:

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

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

FINDINGS AND RECOMMENDATIONS

A. STATEMENT OF FINANCIAL POSITION

Non-Current Assets: \$1,795,169

4. The amount of \$1.795M was reported as Non-Current Assets of the Commission. This amount included the value for office equipment and furniture and fixtures. A physical verification done on the respective assets revealed that three assets that are obsolete remained on the fixed asset register. The inclusion of these assets in the register results in an overstatement of Non-Current Assets by the sum of \$67,257, since these assets are not in use or providing economic benefit to the Commission.

Recommendation: The Audit Office recommends that Management of the Commission update the register to accurately reflect the assets providing economic value to the Commission. Further, the Commission should seek to have assets repaired and brought back into economic use or disposed same.

Management's Response: The Management of the Commission acknowledges this shortcoming and will take the recommendation into consideration.

Cash and Cash Equivalent: \$124,814

5. The amount of \$124,814 represents the reconciled bank balance as at 31 December 2014. However, further examination into the accounts of the Commission revealed that the cash and cash equivalent amount on the statement of cash flow is \$388,949, giving an unknown difference of \$264,135. As a result, the amount of \$388,949 stated in the statement of cash flow is overstated by the sum of \$264,135.

Recommendation: The Audit Office recommends that Management of the Commission seek to ascertain the reason(s) for this difference and have it corrected with immediate effect.

Management's Response: The Management of the Commission acknowledges this error and will seek to have this matter resolve.

Government Contribution: \$997,809

6. The amount of \$997,809 was reported as Government Contribution to the Commission as at 31 December 2014. IAS 20 – Accounting for Government Grants requires capital based grants be recognized as deferred income over the life of the asset(s) to which it relates. However, reference to the reported government grant in the statement of financial position, this amount was brought forward from the previous year with no adjustment for deferred income. Therefore, the Commission failed to comply with the accounting treatment required by IAS 20. This non compliance with the standard resulted in the reported government grant being overstated by an undetermined amount.

Recommendation: The Audit Office recommends that Management of the Commission account for the government grants and adequately disclose the nature and its basis, as is in compliance with IAS 20.

Management's Response: The management of the Commission acknowledges this error and will seek to have this matter resolve.

Suspense Account: \$769,691

7. Improper record keeping, irregularities and misappropriation of funds prior to 2008 resulted in a suspense account on the statement of financial position, valuing \$1.469M. This amount has since been brought forward on the statement for the years 2008 to 2013. However, the statement of financial position as at 31 December 2014, showed a reduction of this amount by \$699,207. This movement has not been justified with any evidence or basis for the reduction in the suspense account. As a result, the auditor is unable to confirm that the movement was appropriate and or the accuracy of the amount reported in the financial statement.

Recommendation: The Audit Office recommends that Management of the Commission investigate and or provide sufficient documentation to support the basis for this movement in account.

Management's Response: The management of the Commission indicated that prior to 2008 due to improper record keeping some assets of the Commission had to have an estimate value in order to prepare the fixed Assets register and now due to the revaluation of these assets, the suspense amount was decreased. Management can only explained that the estimated value to these assets was either overstated or understated.

B. STATEMENT OF COMPREHENSIVE INCOME

Deferred Income: \$505,842

8. The IAS 20 requires that the entity disclose the accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements: the nature and extent of government grants recognized; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognized. However, an examination of the Notes to the Financial Statements revealed that there was non-compliance to this standard.

9. Further, an amount of \$505,842 was included as Deferred Income in the Statement of Comprehensive Income. As a result of the non-compliance with IAS 20, an explanation or basis for this inclusion could not be ascertained.

Recommendation: The Audit Office recommends that Management of the Commission adequately disclose the nature and basis for government grants and deferred income reported, as is in compliance with IAS 20.

Management's Response: The management of the Commission acknowledges this error and will seek to have this matter resolve.

C. REGULATION


10. In keeping with Part II Section 3 (1 to 7) of the Integrity Commission Act No. 20 of 1997 "The Commission shall consist of a chairman and not less than two nor more than four members...appointed by the President after consultations with the Minority Leader", however, it was noted that during the year of audit there was no appointed and functioning chairman and members, since the contract of the Commissioners came to an end in May 2012. As a result, the operations of the Integrity Commission contravenes with the Act established for the governing of the body.

D. GENERAL

11. The Audit Office wishes to express its gratitude for the co-operation given to the staff during the audit. In keeping with the requirement of the Audit Act 2004, a reply to this report is expected within ten (10) days of its receipt.

With kind regards.

Yours sincerely,


T. Pyle
Audit Manager
For Auditor General

(Circular stamp: AUDIT OFFICE)

APPENDIX I

List of obsolete assets

No.	Date of Acquisition	Assets became Obsolete On	Quantity	Asset #	Description	Location	Cost
1.	2008	2014	1	ICCPU001	CPU	Store Room	44,344
2.	2004	2010	1	ICTV001	Television	CEO Office	2,777
3.	2012	2013	1	ICBB006	Backup Battery	Store Room	20,136
TOTAL							67,257



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354/OA: 22/2/2015

30 November 2015

Ms. Amanda Jaisingh
Secretary/Chief Executive Officer
Office of the Integrity Commission
94 Carmichael Street, Cummingsburg
Georgetown.

Dear Ms. Jaisingh,


RE: DRAFT MANAGEMENT LETTER ON THE AUDIT OF THE FINANCIAL
STATEMENT OF
THE INTEGRITY COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2014

We wish to inform you that the audit of the above-mentioned Commission for the year ending 2014 has been completed. Accordingly, we are pleased to forward one copy of the draft audited Report of the Auditor General and the draft Management Letter thereon for your comments and actions that may be necessary.

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

With kind regards.

Yours sincerely,


M. Pyle
Audit Manager
For Auditor General