

AUDITED PROJECT FINANCIAL STATEMENTS

Project № : 2000001472

IFAD Loan No. 2000001704 / 200000170400

IFAD Grant No. 2000001705 / 200000170500

Period covered 21 March 2017– 31 December 2018

Hinterland Environmentally Sustainable Agricultural Development Project (HINTERLAND PROJECT)

Prepared by: Audit Office of Guyana

Received on 13 June 2019

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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>

AG: 62/2019-1

13 June 2019

REPORT OF THE AUDITOR GENERAL
ON THE STATEMENTS OF EXPENDITURE FOR THE
HINTERLAND ENVIRONMENTALLY SUSTAINABLE
AGRICULTURAL DEVELOPMENT PROJECT
(HESAD) IFAD/GOG LOAN № 2000001704 AND GRANT 2000001705
FOR THE PERIOD 21 MARCH 2017 TO 31 DECEMBER 2018

Opinion

I have audited the financial statements of the Hinterland Environmentally Sustainable Agricultural Development (HESAD) Project Loan № 2000001704 and Grant № 2000001705, which comprise the statement of expenditure, for the period 21 March 2017 to 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Hinterland Environmentally Sustainable Agricultural Development Project for the period 21 March 2017 to 31 December 2018 have been prepared in all material respects, in accordance with the Financing Agreement Loan № 2000001704 and Grant № 2000001705 dated 21 March 2017, between the Cooperative Republic of Guyana and the International Fund for Agricultural Development.

Basis of Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Project in accordance with the ethical requirements that are relevant to my audit of the financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS), 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 for the Audit of the Financial Statements

My objective is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of my audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

MINISTRY OF AGRICULTURE
AGRICULTURE SECTOR DEVELOPMENT UNIT
HINTERLAND ENVIRONMENTALLY SUSTAINABLE AGRICULTURAL DEVELOPMENT
LOAN NO. 2000001704 & GRANT NO. 2000001705

Statement of Expenditure

Description		Actual US\$	Planned US\$	Variance %
Sources of funds				
	IFAD Loan	800,000.00		
	IFAD Grant	300,000.00		
	GOG	76,496.08		
	Other donor			
	Total sources of funds	1,176,496.08		
Uses of funds				
	By components			
	C1: Strengthening of C&PG Invest			
A:	Vehicles	0	144,798.96	
B:	Equipment	1,354.16	14,726.11	
C:	Training	0	5,000.00	
D:	Consultancy Services	0	193,880.00	
F:	Salaries	0	35,535.00	
G:	Operating Expenses	0	56,391.15	
	Subtotal	1,354.16	450,331.22	
	C:2 Implementation of Invest Plans			
A:	Vehicles	0	0	
B:	Equipment	0	0	
C:	Training	0	10,000.00	
D:	Consultancy Services	1,200.00	15,000.00	
E:	Grants (Sub-Project)	0	0	
F:	Salaries	0	0	
G:	Operating Expenses	0	0	
	Subtotal	1,200.00	25,000.00	
	C:3 Project Management & Coordination			
A:	Vehicles	0	14,726.11	
B:	Equipment	12,071.54	144,798.96	
C:	Training	0	5,000.00	
D:	Consultancy Services	11,614.99	138,112.00	
F:	Salaries	94,867.05	90,630.00	
G:	Operating Expenses	34,020.49	56,391.15	
	Subtotal	152,574.07	449,658.22	

MINISTRY OF AGRICULTURE
AGRICULTURE SECTOR DEVELOPMENT UNIT
HINTERLAND ENVIRONMENTALLY SUSTAINABLE AGRICULTURAL DEVELOPMENT
LOAN NO. 2000001704 & GRANT NO. 2000001705

Statement of Expenditure

Description	Actual US\$	Planned US\$	Variance %
Total uses of funds	155,128.23	924,989.44	
By Categories			
• Category I - Vehicles and equipment	13,425.70	319,050.14	
• Category II - Training	0	20,000.00	
• Category III - Consultancy Services	12,814.99	346,992.00	
• Category IV - Grants(for Sub-Projects)	0	0	
• Category V - Salaries & Operating exp.	128,887.54	238,947.30	
Total uses of funds	155,128.23	924,989.44	17%

We hereby certify that the receipts from IFAD have been expended for eligible expenditures for the proper execution of the project, in accordance with the terms and conditions of the agreement dated 21 March, 2017.


George Jarvis
Chief Technical Officer
Ministry of Agriculture

Chief Technical Officer
Ministry of Agriculture


Delma Nedd
Permanent Secretary
Ministry of Agriculture

**GOVERNMENT OF GUYANA
MINISTRY OF AGRICULTURE - ASDU
HINTERLAND ENVIRONMENTALLY SUSTAINABLE AGRICULTURAL
DEVELOPMENT PROJECT**

**LOAN No. 2000001704 and GRANT NO. 2000001705
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD 21 MARCH 2017 TO 31 DECEMBER 2018**

1. Description of the Project

The Hinterland Environmentally Sustainable Agricultural Development Project (HESAD) is an agreement between the Government of Co-operative Republic of Guyana (the Borrower/Recipient) and the International Fund for Agricultural Development (Fund or IFAD). The agreement was signed on the 21st March 2017 for a period of 6 years. The estimated cost of the project is Ten million, eight hundred and ninety thousand United States dollars. (USD10, 890,000.)

The Recipient of the funds under the HESAD is the Ministry of Finance. The Project is implemented by the Ministry of Agriculture, Agriculture Sector Development Unit (ASDU).

Main Objective

The Development of the Project is “Improved livelihood resilience through income generation, access to assets, improved nutrition and adaptation to climate variability”. Livelihood resilience will be strengthened by increasing income-generating opportunities; improving access to public goods, knowledge and technologies; and enhancing food security and nutrition. In order to achieve the project objectives and outcomes, the project has three components:

The Project Financing Plan consists of the following components:

	LOAN	GRANT	CROG
Component 1: Strengthening of Community and producer groups investment planning	2,150,000	247,000	640,000
Component 2: Implementation of Investment plans	4,755,000	0	1,140,000
Component 3: Project and knowledge management and coordination	1,055,000	253,000	650,000
Total	7,960,000	500,000	2,430,000

2. Key Accounting Principals

Basis of Presentation

The Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting which recognizes revenue when the cash is received and expenses when the cash has been disbursed by the project.

Currency

The Project's accounting records are maintained in both United States Dollars (US\$) and Guyana Dollars (G\$), with US\$ being the presentation currency. Local currency transactions during the year are translated at the Bank of Guyana exchange rate on the date of payment. The average rate of exchange as at December 31, 2018 was 208.50 to US\$1.00. There was no foreign exchange gain or loss during the financial year.

3. Available Cash Balances

The available cash balance as at 31 December 2018 in the Program's bank accounts was:

	21.03.2017 US\$	31.12.2018 US\$
Crown Agents Bank Account No [REDACTED]	0	783,093.00
Bank of Guyana Account No [REDACTED]	0	241,389.01
TOTAL	0	1,024,482.01

4. Sources and Use of Funds

The Sources and Use of Funds statement shows a detailed breakdown of funds received and expended for the period under review.

The difference between funds received and disbursements made represents balances in Bank accounts as at 31 December, 2018

5. Local Counterpart Funds

The Borrower/Recipient shall provide counterpart financing for the project in an amount equivalent to USD2, 430,000 in cash and kind for 50% of all salaries and the covering of all taxes and duties. During the period under review the Government of Guyana contributed the sum of US\$76,496.08

6. Disbursements

- i. During the period under review advances were made by IFAD to the Designated as follows:

Disbursement Request No. 1 (Loan) 800,000.00

Disbursement Request No. 2 (Grant) 300,000.00

- ii. As at 31 December 2018, the amount pending justification to the IFAD amounts to US\$84,717.87 which represented expenditure incurred pending Disbursement requests to be processed.

7. Budget (AWPB)

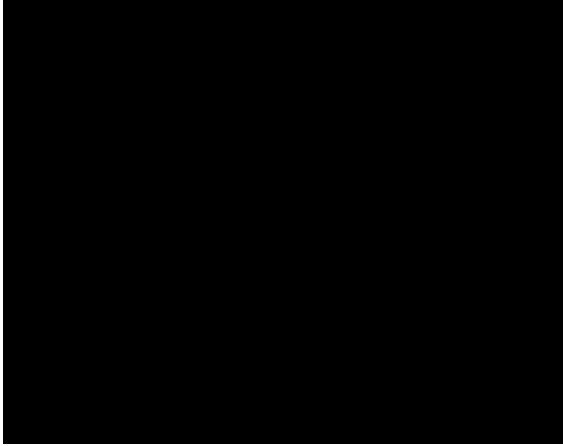
The budget is developed on the same accounting basis (cash basis), for the reporting period ending 31 December 2018 as shown in the financial statements.

The projections for the period under review was nine hundred and twenty four thousand, nine hundred and eighty nine United States dollars and forty four cents (US\$924,989.44.) equivalent to one hundred and ninety two million eight hundred and sixty thousand, three hundred Guyana dollars (G\$192,860,300).

The Project achieved 17% of the AWPB Target as shown in the financial statements.

8. Procurement of Goods, Services and Works

During the period under review contracts were signed with the following Consultants:

Name of Consultant	Description of Contract
	Supply & Delivery of Computers
	Supply of office Appliances
	Supply & Delivery of Office Furniture
	Supply of Office Stationery
	Supply of Office Stationery
	Supply of Office Stationery
	Consultancy service to prepare TOR to manage Investment Fund

9. Prior period adjustments

None

10. Key Management Personnel

The overall responsibility for the implementation of the project lies with the Permanent Secretary, coordinated by the Director, Project manager, accounting, procurement, Monitoring & Evaluation and other key management personnel of the ASDU are used. During the period under review the following staff was hired;

- Program Manager with effect of 18 September, 2017
- Finance Officer with effect of 1 March, 2018
- Procurement Officer with effect 1 March, 2018
- M & E Officer with effect 1 March, 2018