AUDIT OF THE RESOURCES MANAGED AND USED FOR THE PERIOD 17 FEBRUARY 2016 TO 31 DECEMBER 2017 BY THE MINISTRY OF AGRICULTURE UNDER THE CUNHA CANAL REHABILITATION PROJECT GRANT NUMBER TFOA1943

AUDITORS: AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA
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369/IDA 20/1/2018

Ms. Delma Nedd
Permanent Secretary
Ministry of Agriculture
Regent and Vlissengen Roads
Georgetown.

Dear Ms. Nedd,

AUDIT OF THE RESOURCES MANAGED AND USED
FOR THE YEAR ENDED 31 DECEMBER 2017
BY THE MINISTRY OF AGRICULTURE UNDER
THE CUNHA CANAL REHABILITATION PROJECT
GRANT No TFOA1943

I forward herewith two (2) copies of the audited financial statements for the above-mentioned Project for the year ended 31 December 2017, 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 me know.

With kind regards.

Yours sincerely,

Ms. Rosamund P. Hall
AUDIT MANAGER
370/IDA 20/1/2018

Mr. Sergio Dell’Anna
Disaster Risk Management and Urban Development Specialist
1818 H Street N.W
Washington D.C 20433
USA.

Dear Mr. Dell’Anna,

AUDIT OF THE RESOURCES MANAGED AND USED
FOR THE PERIOD 17 FEBRUARY 2016 TO 31 DECEMBER 2017
BY THE MINISTRY OF AGRICULTURE UNDER
THE CUNHA CANAL REHABILITATION PROJECT
GRANT № TFOA1943

I forward herewith one (1) copy of the audited financial statements for the above-mentioned Project for the year ended 31 December 2017, 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 me know.

With kind regards.

Yours sincerely,

Ms. Rosamund P. Hall
AUDIT MANAGER
REPORT OF THE AUDITOR GENERAL ON THE
STATEMENT OF CUMULATIVE INVESTMENTS
STATEMENT OF SOURCES AND USES OF FUNDS AND ASSET REGISTER
OF THE CUNHA CANAL REHABILITATION PROJECT
GRIF GRANT № TFOA1943
FOR THE PERIOD 18 FEBRUARY 2016 TO 31 DECEMBER 2017

Opinion

I have audited the financial statements of the Cunha Canal Rehabilitation Project which comprise the Statement of Cumulative Investments as of 31 December 2017, the Statement of Sources and Uses of Funds, and the Asset Register for the period 18 February 2016 to 31 December 2017, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements of the Cunha Canal Rehabilitation Project for the period 18 February 2016 to 31 December 2017 have been prepared in all material respects, in accordance with the financial reporting requirements of Section 2:07 (b) of the Standard Conditions of the GRIF Grant № TFOA1943 dated 17 February 2016 between the Government of Guyana and the International Development Association.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements established in Section 2:07 (b) of the Standard Conditions of the GRIF Grant № TFOA1943 and for such internal control as management determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.
Auditor's Responsibilities 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 audit 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.

I communicated 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.
GOVERNMENT OF GUYANA  
MINISTRY OF AGRICULTURE  
AGRICULTURE SECTOR DEVELOPMENT UNIT  
Name of Project: Cunha Canal Rehabilitation Project (CCRP)  
GRIF Grant No. TFOA1943  
Statement of Sources and Uses of Funds  
For the Period 17 February 2016 - 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>Current Period 17 February 2016 - 31 December 2017</th>
<th>Cumulative as at 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td><strong>RECEIPTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Account</td>
<td>1,259,176.72</td>
<td>1,259,176.72</td>
</tr>
<tr>
<td>Direct Payment</td>
<td>565,162.71</td>
<td>565,162.71</td>
</tr>
<tr>
<td>Other disbursement methods</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Receipts (A)</strong></td>
<td>1,824,339.43</td>
<td>1,824,339.43</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component 1</td>
<td>3,510.90</td>
<td>3,510.90</td>
</tr>
<tr>
<td>Component 2</td>
<td>565,162.71</td>
<td>565,162.71</td>
</tr>
<tr>
<td>Component 3</td>
<td>155,639.71</td>
<td>155,639.71</td>
</tr>
<tr>
<td><strong>Total Expenditures (B)</strong></td>
<td>724,313.32</td>
<td>724,313.32</td>
</tr>
<tr>
<td><strong>Foreign Exchange Adjustment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BANK BALANCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Cash Balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Account</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Project Account</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Opening Balance</strong></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Closing Cash Balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Account</td>
<td>522,407.22</td>
<td>522,407.22</td>
</tr>
<tr>
<td>Project Account</td>
<td>577,618.89</td>
<td>577,618.89</td>
</tr>
<tr>
<td><strong>Total Closing Balance</strong></td>
<td></td>
<td>1,100,026.11</td>
</tr>
</tbody>
</table>

George Jeyes  
Director, ASDU  
Ministry of Agriculture

Delma Nedd  
Permanent Secretary  
Ministry of Agriculture

The accompanying notes form an integral part of these Financial Statements
GOVERNMENT OF GUYANA  
MINISTRY OF AGRICULTURE  
AGRICULTURE SECTOR DEVELOPMENT UNIT  
Name of Project: Cunha Canal Rehabilitation Project (CCRP)  
GRIF Grant No. TFOA1943  
Statement of Cumulative Investments  
For the Period 17 February 2016 - 31 December 2017

<table>
<thead>
<tr>
<th>Categories</th>
<th>Current Period 17 February 2016 - 31 December 2017</th>
<th>Cumulative as at 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Goods, works, non-consulting services, consultants' services, Training and Workshops and Operating Costs under the Project</td>
<td>159,150.61</td>
<td>159,150.61</td>
</tr>
<tr>
<td>2  Resettlement Expenses</td>
<td>565162.71</td>
<td>565162.71</td>
</tr>
<tr>
<td>Total</td>
<td>724,313.32</td>
<td>724,313.32</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these Financial Statements
<table>
<thead>
<tr>
<th></th>
<th>TOTAL ADVANCED BY WORLD BANK (OR COPINANCER)</th>
<th>U$S</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>LESS: ELIGIBLE EXPENDITURE FOR THE CURRENT YEAR ENDED 31 DECEMBER 2017 DOCUMENTED BY WORLD BANK</td>
<td>1,259,176.72</td>
</tr>
<tr>
<td></td>
<td>LESS: CUMULATIVE ELIGIBLE EXPENDITURE FOR THE PRIOR PERIODS ENDED 31 DECEMBER 2017 DOCUMENTED BY WORLD BANK</td>
<td>36,703.72</td>
</tr>
<tr>
<td>2</td>
<td>PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (1 - 2)</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>BALANCE OF USD DESIGNATED ACCOUNT PER BANK RECONCILIATION STATEMENT AS AT PERIOD END 31 DECEMBER 2017</td>
<td>1,222,473.00</td>
</tr>
<tr>
<td>4</td>
<td>BALANCE OF PROJECT ACCOUNT PER BANK RECONCILIATION STATEMENT AS AT PERIOD END 31 DECEMBER 2017</td>
<td>522,407.22</td>
</tr>
<tr>
<td>5</td>
<td>PLUS: ELIGIBLE EXPENDITURE FOR THE CURRENT YEAR DOCUMENTED AFTER THE PERIOD END 31 DECEMBER 2016 (WA # 5)</td>
<td>577,618.89</td>
</tr>
<tr>
<td>6</td>
<td>PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED</td>
<td>122,446.89</td>
</tr>
<tr>
<td>7</td>
<td>PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS</td>
<td>0</td>
</tr>
<tr>
<td>APPLICATION NO.</td>
<td>WA # XXX</td>
<td></td>
</tr>
<tr>
<td></td>
<td>WA # XX</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>LESS: INTEREST EARNED</td>
<td>0</td>
</tr>
<tr>
<td>9</td>
<td>TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)</td>
<td>1,222,473.00</td>
</tr>
<tr>
<td>10</td>
<td>DIFFERENCE (3 - 9)</td>
<td>0</td>
</tr>
<tr>
<td>11</td>
<td>EXPLANATION OF ANY DIFFERENCE SHOWN IN LINE 10</td>
<td></td>
</tr>
</tbody>
</table>

George Nedd  
Director, ASDU  
Ministry of Agriculture

Delma Nedd  
Permanent Secretary  
Ministry of Agriculture

The accompanying notes form an integral part of these Financial Statements
### MINISTRY OF AGRICULTURE
**AGRICULTURE SECTOR DEVELOPMENT UNIT**
**CUNHA CANAL REHABILITATION PROJECT**
**GFR GRANTS: TFOA/1943**
Bank of Guyana Account # 0162700428017

**FIXED ASSETS REGISTER**

<table>
<thead>
<tr>
<th>Date of Purchase</th>
<th>Asset #</th>
<th>Asset Category</th>
<th>Description of Assets</th>
<th>Serial #</th>
<th>Location</th>
<th>Amount</th>
<th>Condition of Asset</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/01/17</td>
<td>ASDU/CCRP/OF/001</td>
<td>OFFICE FURNITURE</td>
<td>4 Drawer HON Vertical Filing Cabinet</td>
<td>NIL</td>
<td>ASDU</td>
<td>89,000</td>
<td>Working Condition</td>
</tr>
<tr>
<td>11/01/17</td>
<td>ASDU/CCRP/OF/002</td>
<td>OFFICE FURNITURE</td>
<td>4 Drawer HON Vertical Filing Cabinet</td>
<td>NIL</td>
<td>ASDU</td>
<td>89,000</td>
<td>Working Condition</td>
</tr>
<tr>
<td>11/01/17</td>
<td>ASDU/CCRP/OF/003</td>
<td>OFFICE FURNITURE</td>
<td>4 Drawer HON Vertical Filing Cabinet</td>
<td>NIL</td>
<td>ASDU</td>
<td>89,000</td>
<td>Working Condition</td>
</tr>
<tr>
<td>11/01/17</td>
<td>ASDU/CCRP/OF/004</td>
<td>OFFICE FURNITURE</td>
<td>4 Drawer HON Vertical Filing Cabinet</td>
<td>NIL</td>
<td>ASDU</td>
<td>89,000</td>
<td>Working Condition</td>
</tr>
<tr>
<td>20/03/17</td>
<td>ASDU/CCRP/DE/01</td>
<td>OFFICE EQUIPMENT</td>
<td>HP LaserJet Pro M201dw Printer</td>
<td>VNE3C59484</td>
<td>ASDU</td>
<td>49,500</td>
<td>Working Condition</td>
</tr>
<tr>
<td>24/08/17</td>
<td>ASDU/CCRP/MV/01</td>
<td>MOTOR VEHICLE</td>
<td>Toyota Landcruiser Prado Black</td>
<td>Engine#: 1KD-2694555 Chassis#: JTEBH9FJ70-K188702</td>
<td>ASDU</td>
<td>11,013,400</td>
<td>Working Condition</td>
</tr>
<tr>
<td>30/10/17</td>
<td>ASDU/CCRP/FE/01</td>
<td>FIELD EQUIPMENT</td>
<td>Water Level Management Equipment</td>
<td></td>
<td></td>
<td>1,397,902</td>
<td>Working Condition</td>
</tr>
</tbody>
</table>

**TOTAL**  
12,816,802

**PREPARED BY:**  
DATE: **JUN 1 2018**

**VERIFIED BY:**  
DATE: **JUN 1 2018**
GOVERNMENT OF GUYANA
MINISTRY OF AGRICULTURE - ASDU
CUNHA CANAL REHABILITATION PROJECT
GRIF GRANT No. TFOA1943
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD 17 FEBRUARY 2016 TO 31 DECEMBER 2017

1. Description of the Project

The Cunha Canal Rehabilitation Project (CCRP) is an agreement between the Co-operative Republic of Guyana (the Recipient) and the Guyana REDD Investment Fund (GRIF) and administer by the International Development Association (World Bank). The Grant agreement was signed on 17 February, 2016 with the Project Implementation start date being 17 February 2016 and its Implementation end date as 30 June 2019. The total cost of the project is a Grant of Three million United States Dollars. (USD3, 000,000)
The Recipient of the funds under the CCRP is the Ministry of Finance. The Project is implemented by the Ministry of Agriculture, Agriculture Sector Development Unit (ASDU).

The objective of the Project is to increase the capacity of the Cunha Canal to drain the East Demerara Water Conservancy and local agricultural areas in the Recipient’s territory.

The project consists of the following parts:

Part A: Cunha Canal Rehabilitation Works

(1) Rehabilitating the Cunha Canal drainage channel, re-routing it along its original alignment, widening and excavating it to remove earth fill and weeds to allow for a straight flow into the Demerara River.

   (i) Rehabilitating:

   (ii) the sluice at the outlet of the EDWC to fix the gate and upgrade the sluice to regulate water releases from the EDWC; and

   (iii) the sluice at the outlet of the Cunha Canal at the Demerara River to control the discharge of water and prevent water from the Demerara River from entering the canal during high tide.

(2) Constructing a bridge on the East Bank Demerara public road at the interception point of the canal and the East Bank Demerara public road to allow vehicular traffic to traverse the area.

Part B: Resettlement

Compensating BCL for the relocation of its assets and for disruption of its operations during the relocation period, as agreed in the Settlement Agreement.
Part C: Project Management

Strengthening the Recipient's capacity to carry out the Project, including in overall management, financial management, procurement, accounting, audits, project coordination, monitoring and reporting, supervision of works, monitoring equipment for water flows in the Badarima Creek, Cunha Canal and Sarah Johanna Canal, and drainage of the Conservancy and the nearby agricultural areas, through the provision of goods, consulting services and Operating Costs.

The Project Financing Plan consists of the following components:

<table>
<thead>
<tr>
<th>Category</th>
<th>Grant Amount (USD)</th>
<th>% of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services,</td>
<td>2,430,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Workshops, and Operating Costs under the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Resettlement Expenses</td>
<td>570,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,000,000</td>
<td></td>
</tr>
</tbody>
</table>

2. Basis of Preparation

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 transactions and events only when cash is received or paid by the Project.

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 the funds are transfer to the local account. The average rate of exchange as at December 31, 2017 was 206.50 to US$1.00. There was no foreign exchange gain or loss during the financial year.
3. **Available Cash Balances**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>522,407.22</td>
</tr>
<tr>
<td>Bank of Guyana Account No.0162700428017</td>
<td>0</td>
<td>577,618.89</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>1,100,026.11</td>
</tr>
</tbody>
</table>

4. **Designated Account**

(a) In accordance with the Disbursement letter the Designated Account was established to deposit advances withdrawn from the Grant to facilitate eligible expenditure. During the period under review advances made by World Bank to the Designated Account in the sum of US$1,259,176.72 through withdrawal Application No. 2, 4 & 5.

(b) During the period under review, disbursements were made for a total amount of US$724,313.32 as follows:

i. Documented Expenditure amount for a total sum of US$36,703.72 through withdrawal Application No. 3, 4 & 5

ii. Direct Payment made for a total sum of US$565,162.71 through Withdrawal Application No. 1

iii. Expenditure made during current period under review documented after 31 December 2017 for a total sum of US$122,446.89 through Withdrawal Application No. 6

5. **Sources and Use of Funds**

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

7. **Key Management Personnel**

The overall responsibility for the implementation of the project lies with the Permanent Secretary, coordinated by the Director, Project coordinator, Project Engineer and other key management personnel from the accounting, procurement and Administrative sections of the ASDU are used. During the period under review the following staffing occurred:

- HR and Administrative Officer hired with effect 1 January, 2017
REPORT OF THE AUDITOR GENERAL ON THE
ELIGIBILITY OF EXPENDITURE
FOR THE CUNHA CANAL REHABILITATION PROJECT
GRIF GRANT № TFOA1943
FOR THE PERIOD 18 FEBRUARY 2016 TO 31 DECEMBER 2017

Opinion

I have audited the Requests for Reimbursement of Expenditure submitted for the Cunha Canal Rehabilitation Project for the period 18 February 2016 to 31 December 2017, in support of credit withdrawals under GRIF Grant № TFOA1943.

In my opinion, the expenditure submitted for reimbursement were eligible to be replenished from the funds of the Project, the funds were used for the purposes intended and the internal control and procedures used in the preparation of the Requests for Reimbursement of Expenditure can be relied upon to support each request.

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 (ISSAI) 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

Management is responsible for the Requests for Reimbursement of Expenditure in accordance with the requirements established in the GRIF Grant № TFOA1943 and for such internal control as management determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.
Auditor’s Responsibilities 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 audit 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.

I communicated 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.
REPORT OF THE AUDITOR GENERAL ON THE
DESIGNATED ACCOUNT RECONCILIATION STATEMENT
AND THE PROJECT ACCOUNTS
FOR THE CUNHA CANAL REHABILITATION PROJECT
GRIF GRANT № TFOA1943
FOR THE PERIOD 18 FEBRUARY 2016 TO 31 DECEMBER 2017

Opinion

I have audited the Designated Account Reconciliation Statement and the Project Accounts submitted for the Cunha Canal Rehabilitation Project for the period 18 February 2016 to 31 December 2017. This statement and the accounts are the responsibility of the Cunha Canal Rehabilitation Project.

In my opinion, the Designated Account Reconciliation Statement and the Project Accounts, used for managing the funds provided by the International Development Association, presents fairly the availability of funds for the period 18 February 2016 to 31 December 2017, as well as the transactions made during the same period, in accordance with the financial reporting provisions outlined in the Financing Agreement.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements established in the GRIF Grant № TFOA1943 and for such internal control as management determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.
Auditor's Responsibilities 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 audit 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.

I communicated 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
REPORT OF THE AUDITOR GENERAL ON THE
COMPLIANCE WITH THE GRANT AGREEMENT AND THE
RELEVANT LAWS AND REGULATIONS
FOR THE CUNHA CANAL REHABILITATION PROJECT
GRIF GRANT № TFOA1943
FOR THE PERIOD 18 FEBRUARY 2016 TO 31 DECEMBER 2017

Opinion

I have audited the financial statements of the Cunha Canal Rehabilitation Project which comprise the Statement of Cumulative Investments as of 31 December 2017, the Statement of Sources and Uses of Funds, and the Asset Register for the period 18 February 2016 to 31 December 2017, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the Cunha Canal Rehabilitation Project complied with Articles II to V of the GRIF Grant № TFOA1943 and the relevant laws and regulations for the period 18 February 2016 to 31 December 2017.

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

Management is responsible for compliance with the requirements of Articles II to V of the GRIF Grant № TFOA1943 and for such internal control as management determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.
Auditor’s Responsibilities 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 audit 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.

I communicated 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.
Compliance with Financing Agreement

Project Execution

2.01. Project Objectives and Description. The objective of the Project is to increase the capacity of the Cunha Canal to drain the East Demerara Water Conservancy and local agricultural areas in the Recipient's territory. The Project consists of the following parts:

Part A: Cunha Canal Rehabilitation Works

1. Rehabilitating the Cunha Canal drainage channel, re-routing it along its original alignment, widening and excavating it to remove earth fill and weeds to allow for a straight flow into the Demerara River. 2. Rehabilitating (i) the sluice at the outlet of the EDWC to fix the gate and upgrade the sluice to regulate water releases from the EDWC; and (ii) the sluice at the outlet of the Cunha Canal at the Demerara River to control the discharge of water and prevent water from the Demerara River from entering the canal during high tide. 3. Constructing a bridge on the East Bank Demerara public road at the interception point of the canal and the East Bank Demerara public road to allow vehicular traffic to traverse the area.

By the end of December 2017, activities under this component were ongoing, except for the Bridge procurement which was retendered. The contracts for two sluices awarded and awaiting the supervision services contract to be awarded in early 2018.

Part B: Resettlement

Compensating BCL for the relocation of its assets and for disruption of its operations during the relocation period, as agreed in the Settlement Agreement.

During the period under review all payment to Barama Company Limited (BCL) was paid in full, the Ministry of Agriculture and BCL has initiated the process of the title transfer some additional surveys that had to be completed, the title transfer is expected to be completed in 2018.

Part C: Project Management

Strengthening the Recipient's capacity to carry out the Project, including in overall management, financial management, procurement, accounting, audits, project coordination,
monitoring and reporting, supervision of works, monitoring equipment for water flows in the Badarima Creek, Cunha Canal and Sarah Johanna Canal, and drainage of the Conservancy and the nearby agricultural areas, through the provision of goods, consulting services and Operating Costs.

During the period under review all activities that reflect the aims and objectives for this component have been met in accordance with this period work plan. Such activities include: The procurement of water level equipment for the Hydrometerological Department, consulting services for the Environmental Consultant and consulting of Social Consultant were completed. The procurement of a motor vehicle for use by the project has also been completed.

2.02. Project Execution Generally. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the MoA in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines"); and (c) this Article II.

The Cunha Canal Rehabilitation Project is in compliance with all standards and guidelines as listed.

2.03. Institutional and Other Arrangements. The Recipient shall maintain at all times during the implementation of the Project the ASDU within its Ministry of Agriculture with professional staff in adequate numbers, who will be responsible for administration of overall planning, coordination, monitoring, evaluation, reporting and communication of the activities, and the technical, fiduciary (i.e., procurement and financial management), environmental and social safeguards compliance of the Project, including reviewing the progress made towards achieving the Project's objective.

The Recipient declared its commitment to the objective of the Project and the activities of the Project were undertaken through the Ministry of Agriculture. The requirements of this Article were therefore met.

2.04. Project Monitoring, Reporting and Evaluation.

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

Reports are submitted within the given time frames and distributed to all relevant stakeholders.
2.05. Financial Management.

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall ensure that interim unaudited financial reports (IFRs) for the Project are prepared and furnished to the World Bank as part of the Project Report not later than 45 days after the end of each calendar semester, covering the calendar semester, in form and substance satisfactory to the World Bank.

2.06. Procurement. All goods, works, non-consulting services, and/or consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011 and revised July 2014 ("Procurement Guidelines"); and the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011 and revised July 2014 ("Consultant Guidelines").

It was observed that all financial management of the CCRP is well managed in accordance with the provision of section 2.07 of the standard conditions and all procurement of goods and services are done according to the Banks procurement guidelines and standards.

2.07. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Grant shall be included in the Procurement Plan prepared by the Recipient and approved by the World Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

During the period under review the activities of the project were carried out in accordance with the guidelines established by World Bank.