

**AUDITED FINANCIAL STATEMENTS OF THE
GUYANA PAYMENTS SYSTEM PROJECT
FINANCING AGREEMENT №. 5966-GY**

**FOR THE PERIOD
8 SEPTEMBER 2017 TO 31 DECEMBER 2019**

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

**AUDITED FINANCIAL STATEMENTS OF THE
GUYANA PAYMENTS SYSTEM PROJECT
FINANCING AGREEMENT NO. 5966 - GY
FOR THE PERIOD 8 SEPTEMBER 2017 TO 31 DECEMBER 2019**

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Audit Office of Guyana

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89/IDA: 21/1/2020

11 June 2020

Mr. Gobind Ganga
Governor
Bank of Guyana
1 Avenue of the Republic
Georgetown.

Dear Mr. Ganga,

AUDIT OF THE RESOURCES MANAGED AND USED
BY THE BANK OF GUYANA UNDER THE
GUYANA PAYMENTS SYSTEM PROJECT
CREDIT AGREEMENT No 5966-GY
FOR THE PERIOD 8 SEPTEMBER 2017 TO 31 DECEMBER 2019

I forward herewith two (2) copies of the audited financial statements for the above-mentioned Project for the period 8 September 2017 to 31 December 2019, 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,





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90 /IDA: 21/1/2020

11 June 2020

Ms. Patricia Caraballo
Task Team Leader
Human Development Department
Latin America and Caribbean Regional Office
World Bank
1818 H Street N.W
Washington D.C 20433
USA.

Dear Ms. Yang,

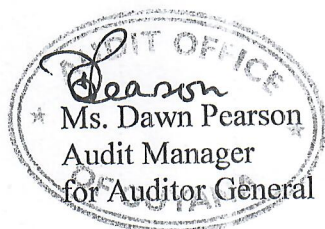
AUDIT OF THE RESOURCES MANAGED AND USED
BY THE BANK OF GUYANA UNDER THE
GUYANA PAYMENTS SYSTEM PROJECT
CREDIT AGREEMENT No 5966-GY
FOR THE PERIOD 8 SEPTEMBER 2017 TO 31 DECEMBER 2019

I forward herewith one (1) copy of the audited financial statements for the above-mentioned Project for the period 8 September 2017 to 31 December 2019, 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,





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AG: 53/2020-1

11 June 2020

REPORT OF THE AUDITOR GENERAL ON THE
STATEMENT OF CUMULATIVE INVESTMENTS
STATEMENT OF SOURCES AND USES OF FUNDS AND THE
ASSET REGISTER OF THE GUYANA PAYMENTS SYSTEM PROJECT
FINANCING AGREEMENT (CREDIT № 5966-GY)
FOR THE PERIOD 8 SEPTEMBER 2017 TO 31 DECEMBER 2019

Opinion

I have audited the financial statements of the Guyana Payments System Project which comprise the Statement of Cumulative Investments for the period 8 September 2017 to 31 December 2019, the Statement of Sources and Uses of Funds, and the Asset Register for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements of the Guyana Payments System Project for the period 8 September 2017 to 31 December 2019 have been prepared in all material respects, in accordance with the financial reporting requirements of Section 4:09 of the General Conditions of Financing Agreement (Credit Agreement № 5966-GY) dated 22 June 2017 between the Cooperative Republic 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements established in Section 4:09 of the General Conditions of Financing Agreement (Credit Agreement № 5966-GY) 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 about whether 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.

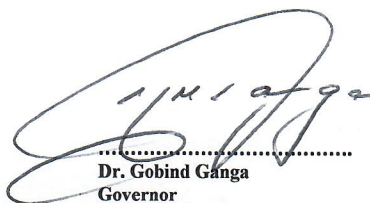


AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

Bank of Guyana Guyana Payments System Project (P159512) Statement of Sources and Uses of Funds For the Period 8 September, 2017 to 31st December, 2019.						
	September 2017 to December 2018		January to December 2019		September 2017 to December 2019 Cumulative	
	US\$	G\$	US\$	G\$	US\$	G\$
RECEIPTS						
World Bank						
Designated Account	648,000.00	133,812,000	200,000.00	41,700,000	848,000.00	175,512,000
Direct Payment	-	-	-	-	-	-
Other disbursement methods	-	-	-	-	-	-
Total Receipts (A)	648,000.00	133,812,000	200,000.00	41,700,000	848,000.00	175,512,000
LESS EXPENDITURES BY COMPONENT						
Component 1 - Developing Payments System Infrastructure	-	-	135,082.36	28,062,214	135,082.36	28,062,214
Component 2 - Capacity Building of the Bank of Guyana	-	-	-	-	-	-
Component 3 - Project Implementation Unit	7,965.71	1,644,919	29,374.97	6,118,728	37,340.68	7,763,647
Total Expenditures (B)	7,965.71	1,644,919	164,457.33	34,180,942	172,423.04	35,825,861
RECEIPTS LESS EXPENDITURE	640,034.29	132,167,081	35,542.67	7,519,058	675,576.96	139,686,139
Foreign Exchange Adjustment						
BANK BALANCES						
Opening Cash Balances						
Designated Account	500,000.00	103,250,000	500,000.00	103,250,000		
Project Account	148,000.00	30,562,000	140,034.29	29,197,149		
Total Opening Balance	648,000.00	133,812,000	640,034.29	132,447,149		
Closing Cash Balances						
Designated Account	500,000.00	103,250,000	589,896.45	122,993,410		
Project Account	140,034.29	28,917,081	86,180.26	17,796,224		
Total Closing Balance	640,034.29	132,167,081	676,076.71	140,789,634		



Mr. Imran Khan
Project Coordinator
Bank of Guyana



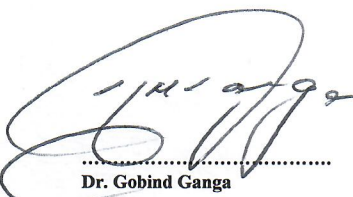
Dr. Gobind Ganga
Governor
Bank of Guyana

The accompanying notes form an integral part of this statement.

Bank of Guyana Guyana Payments System Project (P159512) Statement of Cumulative Investments For the Period 8 September, 2017 to 31st December, 2019.						
Categories	September 2017 to December 2018		January to December 2019		September 2017 to December 2019 Cumulative	
	US\$	G\$	US\$	G\$	US\$	G\$
Component 1 - Developing Payments System Infrastructure	-	-	135,082.36	28,062,214	135,082.36	28,062,214
Component 2 - Capacity Building of the Bank of Guyana	-	-	-	-	-	-
Component 3 - Project Implementation Unit	7,965.71	1,644,919	29,374.97	6,118,728	37,340.68	7,763,647
Total	7,965.71	1,644,919	164,457.33	34,180,942	172,423.04	35,825,861



Mr. Imran Khan
 Project Coordinator
 Bank of Guyana



Dr. Gobind Ganga
 Governor
 Bank of Guyana

The accompanying notes form an integral part of this statement.

Bank of Guyana
Guyana Payments System Project (P159512)
Asset Register
For the Period 8 September, 2017 to 31st December, 2019.

Date of Purchase	Asset #	Asset Category	Description of Assets	Serial #	Location	Cost		Condition of Asset
						US\$	G\$	
26-Apr-18	PIU/OE/001	Office Equipment	Hp Laserjet Color Multi Functional Printer	VNBKBMFN8	BOG - PIU	524.46	108,300	Working Condition
26-Apr-18	PIU/OE/002	Office Equipment	HP ProBook 450 G5 Laptops	SCD8033FZG	BOG - PIU	1,041.16	215,000	Working Condition
26-Apr-18	PIU/OE/003	Office Equipment	HP ProBook 450 G5 Laptops	SCD8033FT7	BOG - PIU	1,041.16	215,000	Working Condition
26-Apr-18	PIU/OE/004	Office Equipment	HP ProBook 450 G5 Laptops	SCD8033FYR	BOG - PIU	1,041.16	215,000	Working Condition
26-Apr-18	PIU/OE/005	Office Equipment	HP ProBook 450 G5 Laptops	SCD8033FZ2	BOG - PIU	1,041.16	215,000	Working Condition
27-Aug-19	PIU/OE/006	Office Equipment	HP Printer M553DN	JPCCLAH1RA	BOG - PIU	1,766.59	364,800	Working Condition
27-Aug-19	PIU/OE/007	Office Equipment	Epson Powerlite Proector	ZX4HS8801707	BOG - PIU	772.33	159,486	Working Condition
27-Aug-19	PIU/OE/008	Office Equipment	Klip Projector Screen	-	BOG - PIU	109.86	22,686	Working Condition
			Total			7,337.88	1,515,272.00	

.....
Mr. Imran Khan
Project Coordinator
Bank of Guyana

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Dr. Gobind Ganga
Governor
Bank of Guyana

Bank of Guyana
Guyana Payment System Project (P159512)
Notes to the Financial Statements
For the period 8th September, 2017 to December 31st, 2019

1. Project Description

This is a US\$6 million Project that will be executed in 4 years, from March 2017 to March 2021, with the objective of improving Guyana's national payments system by enhancing safety and efficiency of payments.

Project Beneficiaries

The project beneficiaries includes:

1. Consumers, government agencies and the private sector
2. The Bank of Guyana
3. Financial institutions

Final users of the national payments system are the ultimate beneficiaries of this Project.

Consumers, government agencies, and the private sector will benefit from an improved and modern national payments system. The Project will provide users safe and efficient electronic payment instruments.

The Bank of Guyana (BOG) will benefit by increased knowledge and capacity by operating and governing a national payments system. Technical assistance will be provided to the BOG to conduct a comprehensive reform supported by a strong legal and policy framework to support safe and efficient electronic payments. In addition, the Project will provide financial and technical support to the BOG for developing the payments system infrastructure and for proving capacity building for BOG Staff.

Financial institutions will also benefit from the Project. Core payment infrastructure consistent of a: RTGS, ACH and CSD that are connected would provide a number of advantages to financial institutions: 1) safer and more efficient processing of electronic payments and 2) banks and other eligible institutions will be able to offer payment instruments such as credit transfers and direct debits that can be used for a variety of retail payment needs, such as salary payments, bill payments and tax payments.

Project Development Objectives – Results Indicators

Progress towards meeting the Project Development Objective would be measured by the following results indicators:

- a. Percentage of large-value payments processed through the Real-Time Gross Settlement Systems (RTGS) (Turnover of GDP)

- b. New system observes or broadly observes all applicable Principles for Financial Market Infrastructures (PFMIs)

Project Components

The Project will support the improvement of Guyana's national payments system by enhancing safety and efficiency of payments, through three components:

- (i) Developing Payments System Infrastructure (estimated total cost: US\$4.30 million)
- (ii) Capacity Building of the Bank of Guyana (estimated total cost: US\$ 1.38 million)
- (iii) Project Implementation Unit (estimated total cost: US\$ 0.32 million).

Component 1: Developing Payments System Infrastructure

This component will focus on financing the required hardware and software infrastructure by the Government in order to provide interbank clearing and settlement services for electronic payments. Under component 1 the Project will finance: (a) Software and Hardware for the RTGS, (b) Software and Hardware for the CSD, (c) Bank of Guyana Current Account System upgrade (d) Treasury Software Modification, (e) GRA Software Modification, and NIS Software Modification.

Component 2: Capacity Building of the BOG

This component is mainly focusing on the capacity building of BOG staff in the specific technical areas required for ongoing operation and management of the infrastructure systems. Under component 2 the Project will finance, *inter alia*: (a) PIU operational technical advisory support for the RTGS and CSD (b) technical advice for connection government payments, (c) peer study tours for the PIU and (d) training.

Component 3: Project Implementation Unit

This component will focus on supporting the efforts of the implementation agency to effectively execute the Payments System Project. Under this component the Project will finance: (a) the recruitment and training of the Project Implementation Unit (PIU) team members including specialists responsible for procurement procedures, financial management, information, technology, and the overall execution of the project, (b) equipment and furniture for the PIU, (c) monitoring and evaluation activities, and (d) operative costs.

2. Basis of Preparation

The Financial Statement have been prepared in accordance with the 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.

Translation of local currency

United States currency is translated to local currency (GY\$) at the rate of exchange at Bank of Guyana on the date the funds are deposited into the local currency amount that supports the US\$ designated account held at Bank of Guyana. Local currency disbursed is translated to US\$ at the

same rate at which the US\$ funds were received into the local currency account. The rates of exchange during the period in conversion of Guyana currency to United States currency were GY\$206.5 = US\$1 (September 2017 to May 2018), and GY\$208.5 = US\$1 (June 2018 to December 2019).

3. Available Cash Balance

Closing balances as at 31st December, 2019:

US\$

i.	Crown Agents Bank account No. 33681125	589,896.45
ii.	Bank of Guyana No. 01627004550	<u>86,180.26</u>
Total		<u>676,076.71</u>

4. Designated Account

In accordance with the Disbursement letter the designated Account was established to deposit advances withdrawn from the Credit to facilitate eligible expenditure. During the period under review advances by the World Bank to the Designated Account in the sum of US\$848,000.

5. Sources & Use of Funds

The Statement of Sources and Uses of funds represent expenditures, which are paid in the period.

6. Exchange Rate Gain

During the period under review there was a total gain of US\$249,744.38 due to the increase in the exchange rates SDR versus US dollars from 1.3333333 as at 31st March, 2017 to 1.382830 as at 31st December, 2019.

Loan	SDR	USD
At signing 31st March, 2017	4,500,000.00	6,000,000.00
Undisbursed Funds as at 31s December, 2019	3,906,296.78	5,401,744.38
Add: Disbursed Advances	593,703.22	848,000.00
Total Funds as at 31st December, 2019	4,500,000.00	6,249,744.38
Gain due to SDR movement		249,744.38



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AG: 53/2020-2

11 June 2020

REPORT OF THE AUDITOR GENERAL ON THE
ELIGIBILITY OF EXPENDITURE
FOR THE GUYANA PAYMENTS SYSTEM PROJECT
FINANCING AGREEMENT (CREDIT № 5966-GY)
FOR THE PERIOD 8 SEPTEMBER 2017 TO 31 DECEMBER 2019

Opinion

I have audited the Requests for Reimbursement of Expenditure submitted for the Guyana Payments System Project for the period 8 September 2017 to 31 December 2019, in support of credit withdrawals under Financing Agreement (Credit № 5966-GY).

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 (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 Requests for Reimbursement of Expenditure in accordance with the requirements established in Section IV of the Financing Agreement (Credit Agreement № 5966-GY) 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 about whether 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.



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AG: 53 /2020-3

11 June 2020

REPORT OF THE AUDITOR GENERAL ON THE
DESIGNATED ACCOUNT RECONCILIATION STATEMENT
AND THE PROJECT ACCOUNTS
FOR THE GUYANA PAYMENTS SYSTEM PROJECT
FINANCING AGREEMENT (CREDIT № 5966-GY)
FOR THE PERIOD 8 SEPTEMBER 2017 TO 31 DECEMBER 2019

Opinion

I have audited the Designated Account Reconciliation Statement and the Project Accounts submitted for the Guyana Payments System Project for the period 8 September 2017 to 31 December 2019. This statement and the accounts are the responsibility of the Guyana Payments System 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, in all material respects, the availability of funds for the period 8 September 2017 to 31 December 2019, 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements established in Section 4:09 of the Financing Agreement (Credit Agreement № 5966-GY) 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.

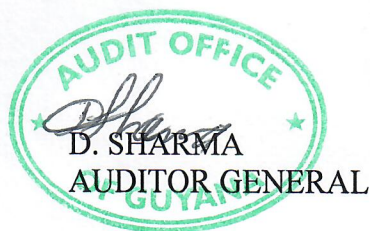
Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether 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
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GUYANA

Bank of Guyana
Guyana: Payments System Project (P159512)
Designated Account Reconciliation Statement
for the period 8th September, 2017 to December 31st, 2019
Account Number: 33681125 with Crown Agents Bank Limited
LOAN/CREDIT/PPF/COFINANCIER NUMBER IDA 59660

	US\$	G\$
1 Total advance by World Bank	848,000.00	175,512,000
2 LESS: Eligible expenditure for the current year ended 2019 documented by World Bank	-	-
3 LESS: Cumulative eligible expenditure for the prior periods ended December 2018 documented by World Bank	7,965.71	1,644,919
3 Present Outstanding amount advanced to the Designated account	840,034.29	173,867,081
4 Balance of USD Designated account per Bank Reconciliation statement as at period end 31st December, 2019	589,896.45	122,993,410
5 Balance of Project account per Bank Reconciliation statement as at period end 31st December, 2019	86,180.26	17,796,224
5 PLUS: Eligible expenditure for the current year documented after the period end 31st December, 2019	164,457.33	34,180,942
6 PLUS: Total amount withdrawn and not yet claimed		
REASON: _____		
7 Amounts claimed in previous applications not yet credited at date of Bank Statements		
APPLICATION NO. _____		
Subtotal of previous applications not yet credited		
8 LESS: Interest Earned	-	-
9 Total advance accounted for	840,534.04	174,970,576
10 DIFFERENCE	(499.75)	(1,103,495)

11 Explanation of difference shown in line 10

This difference represents sale of bid documents (US\$499.75) plus included in GY\$1,103,495 is the movement of exchange rate from 206.5 to 208.5 during the period.

.....
Mr. Imran Khan
Project Coordinator
Bank of Guyana

.....
Dr. Gobind Ganga
Governor
Bank of Guyana

The accompanying notes form an integral part of this statement.



Audit Office of Guyana

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AG: 53/2020-4

11 June 2019

REPORT OF THE AUDITOR GENERAL ON THE
COMPLIANCE WITH THE FINANCING AGREEMENT AND THE
RELEVANT LAWS AND REGULATIONS
FOR THE GUYANA PAYMENTS SYSTEM PROJECT
FINANCING AGREEMENT (CREDIT № 5966-GY)
FOR THE PERIOD 8 SEPTEMBER 2017 TO 31 DECEMBER 2019

Opinion

I have audited the financial statements of the Guyana Payments System Project which comprise the Statement of Cumulative Investments for the period 8 September 2017 to 31 December 2019, the Statement of Sources and Uses of Funds, and the Asset Register for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the Guyana Payments Sector Project complied with Articles I to V of the Financing Agreement (Credit № 5966-GY) and the relevant laws and regulations for the period 8 September 2017 to 31 December 2019.

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 compliance with the requirements of Articles I to V of the Financing Agreement (Credit № 5966-GY) 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 about whether 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
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KINGSTON
GEORGETOWN
GUYANA

Bank of Guyana
Guyana Payment System Project (P159512)
IDA Credit No. 59660
For the period ending 31st December, 2019

Compliance with Financing Agreement

Article II – Financing

2.02

According to this Article, the Recipient may withdrawal the proceedings of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

During the period under review, the amounts withdrawn were in accordance with Section IV of Schedule 2 to the Financing Agreement. Therefore, the requirement of this Article was met.

2.03

This Article stipulates that the Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance is one-half of one percent ($\frac{1}{2}$ of 1%) per annum.

It was observed during the period under review that the Maximum Commitment Charge Rate payable by the Recipient did not exceed that stipulated in the Financing Agreement Therefore, the requirement of this Article was met.

2.04

The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one-percent ($\frac{3}{4}$ of 1%) per annum.

During the period under review, the Service Charge payable by the Recipient on the Withdrawn Credit Balance did not exceed that stipulated in the Financing Agreement and therefore, the requirement of this Article was met.

2.05

The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

During the period under review, the Interest Charge payable by the Recipient on the Withdrawn Credit Balance did not exceed that stipulated in the Financing Agreement and therefore, the requirement of this Article was met.

2.06

The Payment Dates are June 1 and December 1 in each year.

The Government of Guyana paid to the Association, the sums of US\$ 4,788.52 on May 29, 2018, US\$ 6,149.56 on November 28, 2018, US\$6,178.29 on May 28, 2019 and US\$7,973.39 on November 29, 2019. Therefore, the requirement of this Article was met.

2.07

The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in the Agreement.

According to the repayment schedule, the amounts to be paid to the Association are due in June and December each year, with the first repayment on June 1, 2022 and the last on December 1, 2031. Therefore, the requirements were not applicable during the period.

2.08

The Payment Currency is United States Dollars.

Article III – Project

3.01

The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through Bank of Guyana in accordance with provisions of Article IV of the General Conditions and the Subsidiary Agreement.

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

3.02

According to this Article, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 of the Financing Agreement.

During the period under review, the activities of the Project were carried out in accordance with the provisions of Schedule 2 of the Financing Agreement.

Article IV – Effectiveness; Termination

5.01

The Additional Conditions of Effectiveness consist of, namely, that the Project Operations Manual has been adopted by the Recipient pursuant to Section I.C.1 of Schedule 2 to this Agreement.

During the period under review, the Recipient through the Bank of Guyana has prepared and adopted the Operational Manual and is executing the Project in accordance with the terms of the Operations Manual.

5.02

The Additional Legal Matter of the Subsidiary agreement has been duly authorized or ratified by the recipient and BOG and is legally binding upon the Recipient and the BOG in accordance with its terms.

During the period under review, the Recipient through the Bank of Guyana has complied with the Subsidiary Agreement and is executing the Project in accordance with the terms of the Subsidiary Agreement.

5.03

The Effectiveness Deadline in ninety (90) days after the date of this Agreement.

The Project date of effectiveness was on September 8, 2017 which did not exceed the expired date in the Financing Agreement and therefore, the requirement of this Article was fully met.

5.04

For purpose of Section 8.05(b) of the General conditions, the date on which the obligations of the Recipient under the Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.