AUDIT DEPARTMENT

Audit Report No. 2 of 2015

Report of the Director of Audit, Grenada on the Financial Statements of the

Grenada Food and Nutrition Council

For the year ended 31 December 2013
THE DIRECTOR OF AUDIT
AUDIT DEPARTMENT


Isha Abraham
Director of Audit
Audit Report No. 2 of 2015
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FOR THE YEAR ENDED 31 DECEMBER 2013

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Ref. No.: (55) in SB/13

26 January 2015

Dr. The Right Hon. Keith Mitchell
Minister for Finance
Ministry of Finance
The Financial Complex
St. George’s

Dear Sir,

In accordance with Section 82 (4) of the Grenada Constitution Order 1973, I submit my Report on the accounts of the Grenada Food and Nutrition Council for the year ended 31 December 2013. This Report is for laying before the House of Representatives.

Section 82 (4) of the Grenada Constitution stipulates that every report made by the Director of Audit, shall be laid before the House of Representatives not later than seven days after the House first meets, after the receipt of the report by you.

Yours Respectfully,

Isha Abraham
DIRECTOR OF AUDIT (AG.)
ACKNOWLEDGEMENTS

I wish to express my gratitude to the staff of the Audit Department whose dedication and hard work have facilitated the production of this Report.

I also want to thank the Government Printer and the staff of the Grenada Food and Nutrition Council for their courtesy and cooperation.
DIRECTOR OF AUDIT REPORT

I have audited the financial statements of the Grenada Food and Nutrition Council which comprise the statement of financial position as at 31 December, 2013 and the related statement of income, statement of cash flows for the year then ended and other explanatory notes in accordance with Section 82 of the Public Finance Management Act CAP. 262B and Section 13(1) of the Audit Act CAP 22A of the Laws of Grenada.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and submission of the financial statements in accordance with Section 81 of the Public Finance Management Act CAP.262B and Section 9C of the Grenada Food and Nutrition Council Act CAP. 111 of the Laws of Grenada and for such internal control as management determines is necessary to enable the preparation of the 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 guided by the International Standards of Supreme Audit Institutions (ISSAIs) issued by 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 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

In my opinion, the financial statements of the Grenada Food and Nutrition Council as at 31 December 2013 have been prepared in all material respects, in accordance with the Public Finance Management Act CAP.262B and the Food and Nutrition Council Act CAP.111 of the Laws of Grenada.

Isha Abraham
DIRECTOR OF AUDIT (AG.)

GRENADA

26 January, 2014
GRENADA FOOD AND NUTRITION COUNCIL  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2013

<table>
<thead>
<tr>
<th>NOTES</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**ASSETS**

**NON CURRENT ASSETS**

Motor Vehicle &nbsp; 91,000 &nbsp; 91,000  
Furniture, Fixtures & Equipment &nbsp; 69,785 &nbsp; 69,785  
Computers &nbsp; 30,737 &nbsp; 30,737  

Less: Accumulated Depreciation &nbsp; (181,881) &nbsp; (156,684)  

9,641 &nbsp; 34,838

**CURRENT ASSETS**

Inventory - Books &nbsp; 6,101 &nbsp; 2,920  
Prepayments &nbsp; 4,516 &nbsp; 7,326  
Deposit &nbsp; 2,700 &nbsp; -  
Receivables &nbsp; 3,165 &nbsp; -  
Cash at bank &nbsp; 27,798 &nbsp; 56,187  
Cash in hand &nbsp; 341 &nbsp; 341  
Undeposited funds - Human Resource Policy &nbsp; 2,829 &nbsp; 95  

47,117 &nbsp; 66,869

**TOTAL ASSETS**

56,758 &nbsp; 101,707

**ACCUMULATED FUNDS AND LIABILITIES**

Accumulated Fund &nbsp; 47,474 &nbsp; 66,263  
Accumulated Surplus &nbsp; 47,474 &nbsp; 66,263  

**LONG TERM LIABILITIES**

Grenada Co-operative Bank - Vehicle Loan &nbsp; 2,154 &nbsp; 20,023  
GFNC Staff Pension - GFNC Account &nbsp; - &nbsp; 13,719  

2,154 &nbsp; 33,742

**CURRENT LIABILITY**

Accounts Payable and Accruals &nbsp; 7,130 &nbsp; 1,702  

7,130 &nbsp; 1,702

**TOTAL ACCUMULATED FUND & LIABILITIES**

56,758 &nbsp; 101,707

Approved by:  
Chairman: Lena Belgrave  
Director: Victor Joseph
## Grenada Food and Nutrition Council
### Statement of Income and Expenditure
#### For the Period Ended December 31, 2013

<table>
<thead>
<tr>
<th>Notes</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subvention - MOA</td>
<td>536,048.26</td>
<td>585,944.00</td>
</tr>
<tr>
<td>Other Income</td>
<td>41,652.23</td>
<td>21,408.90</td>
</tr>
<tr>
<td><strong>Gross Income</strong></td>
<td>577,700.49</td>
<td>607,352.90</td>
</tr>
<tr>
<td><strong>Expenditure:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Member Stipend</td>
<td>6,500.00</td>
<td>10,350.00</td>
</tr>
<tr>
<td>Catering expense</td>
<td>3,550.86</td>
<td>2,547.75</td>
</tr>
<tr>
<td>Depreciation</td>
<td>25,197.74</td>
<td>35,414.00</td>
</tr>
<tr>
<td>General Travel &amp; Subsistence</td>
<td>10,394.00</td>
<td>12,439.50</td>
</tr>
<tr>
<td>Administrative &amp; General Expenses</td>
<td>34,398.00</td>
<td>34,911.09</td>
</tr>
<tr>
<td>Sundries</td>
<td>2,445.95</td>
<td>1,749.10</td>
</tr>
<tr>
<td>Stamps, Stationery and Office Supplies</td>
<td>12,179.69</td>
<td>10,529.93</td>
</tr>
<tr>
<td>Overheads</td>
<td>55,864.43</td>
<td>52,824.96</td>
</tr>
<tr>
<td>Salaries</td>
<td>410,588.37</td>
<td>436,108.25</td>
</tr>
<tr>
<td>Staff Salary cost</td>
<td>35,370.34</td>
<td>42,064.69</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,619.11</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>596,489.38</td>
<td>642,558.38</td>
</tr>
<tr>
<td>Surplus/Deficit for the Period</td>
<td>(18,788.89)</td>
<td>(35,205.48)</td>
</tr>
<tr>
<td>Add Accumulated Fund B/Fwd</td>
<td>66,263.38</td>
<td>101,468.86</td>
</tr>
<tr>
<td>** Accumulated Fund C/Fwd**</td>
<td>47,474.49</td>
<td>66,263.38</td>
</tr>
</tbody>
</table>
GRENADA FOOD & NUTRITION COUNCIL
CASH FLOWS STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Operating Surplus</td>
<td>(18,788.89)</td>
<td>(35,205.48)</td>
</tr>
</tbody>
</table>

ADJUSTMENT TO RECONCILE NET SURPLUS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Non - Cash Items</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>25,197.74</td>
<td>35,414.00</td>
</tr>
</tbody>
</table>

Changes in Working Capital

| Increase in Inventory Asset - Books | (3,181.00) | (545.00) |
| Decrease in Prepayments             | 2,810.00   | (4,997.98) |
| Increase in Deposit                 | (2,700.00) | -       |
| Increase in Account Receivables     | (3,165.00) | 766.66  |
| Decrease in amount due to staff Pension | (13,719.06) | (60,180.26) |
| Increase in Accruals and Accounts Payable | 5,427.69 | 776.35 |
| Net cash provided by Operating Activities | (8,118.85) | (63,971.71) |

INVESTING ACTIVITIES

| Disposal of Fixed Assets | -        | -        |
| Purchase of Fixed Assets | -        | (3,350.19) |

Net cash provided by Investing Activities | - | (3,350.19) |

FINANCING ACTIVITIES

| Loan Repayment | (17,868.42) | (15,963.90) |
| Net cash provided by Financing Activities | (17,868.42) | (15,963.90) |

Net cash inflows/outflows for the period

| Net cash inflows/outflows for the period | (25,987.27) | (83,285.80) |

Cash at beginning of period

| Cash at beginning of period | 56,622.81 | 139,908.61 |

Cash on Hand and at Bank at end of the period

| Cash on Hand and at Bank at end of the period | 30,635.54 | 56,622.81 |
These notes form part of the financial statements.

1. INCORPORATION AND PRINCIPAL ACTIVITY

The Council was established by the People’s Law No.32 of 1980 (CAP. 111 of the Laws of Grenada) and is responsible for a national food and nutrition policy for the state of Grenada, Carriacou and Petit Martinique.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Public Finance Management Act CAP. 262B and the Food and Nutrition Act CAP. 111 of the laws of Grenada on the accrual basis of accounting. The financial statements are expressed in Eastern Caribbean Dollars.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are shown at cost less accumulated depreciation. The rates are as follows:

- Motor Vehicles 20%
- Furniture, fixtures and equipment 10%
- Computer 33.3%

The policy is to charge a full year’s depreciation regardless of the date of acquisition and disposal on assets.

<table>
<thead>
<tr>
<th>Asset</th>
<th>2012</th>
<th>2013</th>
<th>Depreciation for 2013</th>
<th>Accumulative Depreciation</th>
<th>2013 Net Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle @ cost</td>
<td>91,000</td>
<td>91,000</td>
<td>18,199.00</td>
<td>90,999.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Addition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dep’n @ 20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NBV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture, Fix &amp; Equip @ cost</td>
<td>69,785</td>
<td>69,785</td>
<td>6,978.51</td>
<td>60,146.43</td>
<td>9,638.62</td>
</tr>
<tr>
<td>Addition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dep’n @ 10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NBV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer @ cost</td>
<td>30,737</td>
<td>30,737</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addition</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Asset</td>
<td>2012</td>
<td>2013</td>
<td>Depreciation for 2013</td>
<td>Accumulative Depreciation</td>
<td>2013 Net Book Value</td>
</tr>
<tr>
<td>-------------------</td>
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<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Dep’n @ 33.3%</td>
<td></td>
<td></td>
<td>20.23</td>
<td>30,736.22</td>
<td>1.00</td>
</tr>
<tr>
<td>NBV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>25,197.74</td>
<td>181,881.65</td>
<td></td>
<td>9,640.62</td>
<td></td>
</tr>
</tbody>
</table>

4. **PREPAYMENTS**

Vehicle Insurance, Web Hosting

4,516.00

5. **DEPOSIT**

Security deposit - Rent

2,700.00

6. **ACCOUNTS RECEIVABLES**

Recipe Books Sold on Consignment

3,165.00

7. **ACCOUNTS PAYABLES**

Travel, electricity, supplies, telephone, gasoline

Catering/sales

7,130.00

8. **OTHER INCOME**

FAO Donation

10,570.00

Training and Promotion Programmes

16,913.59

Sale of Recipe Books

8,805.00

Other

5,363.64

41,652.23

9. **ADMINISTRATIVE AND GENERAL EXPENSES 2013**

Administrative Expenses

10,257.32

General Expenses

16,098.68

Other Expenses

8,042.00

34,398.00
10. **SUNDRIES**

   Bank Charges  
   Other  
   \[\begin{array}{l}
   \text{Bank Charges} \\
   \text{Other} \\
   \text{Total}
   \end{array}\]
   \[\begin{array}{l}
   1,600.28 \\
   845.67 \\
   2,445.95
   \end{array}\]

11. **OVERHEADS**

   Comprise of the following accounts: NAWASA, electricity, telephone and office rent.

12. **STAFF SALARY COST**

   Comprises of GFNC’s contributions to:
   
   - PSCCU Pension Plan
   - PWU Medical Plan
   - NIS contribution
Grenada Food and Nutrition Council

Significant Audit Findings and Weaknesses in Internal Controls

Audit Findings

1. A business plan for the financial year 2013, was produced by the Grenada Food and Nutrition Council (GFNC). However, the audit did not see evidence that the Board of Directors submitted the plan to the Minister for Agriculture for approval, as required by Section 9A CAP. 111, of the Laws of Grenada.

2. Section 9D (5) of the GFNC Act states that “as soon as reasonably practicable after the report together with the financial statements and the annual report of the Council have been laid before the House of Representatives, the Board shall cause the report, the financial statements and the annual report of the Council to be published in the Gazette”. There is no evidence that this was done.

Implications

Activities and operations of the GFNC are not approved by the Minister and may not be consistent with Government’s strategic objectives for the organization.

Non-compliance with applicable legislation.

Recommendation

GFNC should take the necessary steps to ensure compliance with Sections 9A and 9D (5) of CAP 111, of the Laws of Grenada.

Audit Findings

3. An amount of $7,459.61 consisting of cash $1929.50 and cheque $5530.11, was shown as a deposit on the General Ledger on 28 February 2013. This deposit was recorded on the bank statement on 28 March 2013; approximately one month later.

Implications

Cash book balance at the end of the month will not show a true balance.
Risk that cash could be used inappropriately during the period.

**Recommendation**

Deposits should be made promptly.

**Audit Finding**

5. A review of employees' personal files revealed that some were incomplete as important documents were not seen.

**Implication**

Non-compliance with internal human resource policies.

**Recommendation**

Management should comply with human resource policies and ensure all personal files are complete.

6. Journal entries were not approved and adjustments were made by the person who keeps the accounting records.

**Implication**

There could be unauthorized changes to the accounts.

**Recommendation**

Someone other than the person authorized to keep the accounting records should approve journal adjustments in the accounting system.

**Audit Finding**

7. GFNC does not have documented guidelines for the control and use of the vehicle. This resulted in:

- Inconsistencies in unit of measurement to record travel;
- No evidence that trips were authorized; and
- Insufficient details relating to the trips.
Implication

The risk of the Council’s vehicle being used in a manner for which it was not intended, thereby incurring additional expenses.

Recommendation

The Council needs to put in place proper guidelines for the use of the vehicle.

General Recommendation

- Risk assessment of GFNC’s operations should be conducted to identify whether the Council is operating as intended and where necessary, corrective measures put in place.