**GUYANA FORESTRY COMMISSION**

**FEEDBACK ON SITE VISIT REPORT**

***October 2018***

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| **Site Visit Area** | **GFC Feedback** |
| 1. ***Accounts Review*** | ***Explanation:*** The GFC performs quarterly updating as a standard procedure. This has been the approach and frequency of reporting of all other phases of the MRVS Project which satisfactorily met required accountability and reporting standards. All the transactions are entered on a computerize spreadsheet and the various cash books fully updated and transaction files with supporting documents, contracts, vouchers, receipts, bank statements, debit advices and other documents for the project duly updated and kept on file and are always readily available and kept in a secured location and made available for inspection. As such, there are adequate systems, financial reporting and document control in place that are necessary for effective financial management of project resources. There is no unaccounted for expense, no un-receipted amount, no questionable payment.  GFC’s view is that this observation does not point to any financial mismanagement but rather a desire to have monthly reports rather than quarterly reporting.  **Next Steps:** The adjustments will be made as recommended in this Item to a monthly platform. |
| 1. ***Other Income (Bank Interest)*** | **Explanation:** The GFC has utilized the format provided by CI up to present date. The GFC indicated that in the annual financial report all transactions including bank interest are accounted for. CI indicated they have a special new format report for this and the GFC will await the format for reporting.  **Next Steps:** GFC will use the new format that is provided. It should be noted that all transactions (including bank interest) are accounted for in the financial reporting. |
| 1. ***Exchange Rate*** | **Explanation:** The GFC has utilized the format provided by CI up to present date. The GFC indicated that in the annual financial report all transactions including exchange rate gains/losses are accounted for. CI indicated they have a special new format report for this and the GFC will await the format for reporting.  **Next Steps:** GFC will use the new format that is provided. It should be noted that all transactions impacts (including exchange Rate) are accounted for in the financial reporting. |
| 1. ***Procurement*** | **Explanation:** The GFC’s existing system for procurement is in compliance with the requirements of all previous Norwegian funded projects, other GFC projects, and the GFC’s existing financial structure.  The Summary Document provided to CI during the site visit outlines this process and extemporizes on the integration of required levels of competitiveness for procurement. Explanations provided to CI during the site visit also supplemented this.  Procurement and Field Expenses: For all procurement at the threshold required by the Norad agreement (and reflected in the GFC CI agreement), for consultants, vehicles and similar large expenses we have engaged in the formal process of seeking no objection and securing this. For smaller items of procurement classified as consumables such as fuel, office and field supplies, printing etc. the GFC has various threshold values that have set criteria. This was shared with CI at the start of the project. On an annual basis there is an approved list of supplier for various consumable items. This would have been informed through a fair and transparent process of price and quality surveys, availability and reliability of supplies. The list is priodically updated and price and quality checks are done to ensure the optimum and most cost effective use of resources. In many situations, mainly as it relates to field expenses, there is only one supplier and it would be impractical to secure 3 quotations. In these circumstances, the GFC’s system of invoices, approvals and receipting are provided for documentation of the transaction being completed and executed transparently and with full accountability. For example, specific software licences where there is only one authorized reseller in Guyana, and the GFC was referred to the supplier for the purchase of the licence from the overseas dealer. In the far-reaching, hinterland areas of Lethem, Madhia, the Amerindian villages, for items of accommodation, meals, fuel, transport there are limited suppliers and in some cases, only one, and these transaction whenever they occur are fully backed up by invoices and receipts. In some cases there is only one mode of transport by boat or off-road vehicle, and this limits options available. For Amerindian villages and communities, the village provide transport and meals for meetings and they are refunded for the expenses. Close to half of all the GFC’s field work on carbon measurements take place in such situations.  **Next Steps:** The GFC notes the recommendation and will see best possible way of addressing this within the GFC’s system. Reference is made to the GFC’s communication to CIG dated 13th September, 2018 regarding allocating related expenses to specific contracts. This is proposed as part of the solution moving forward. |
| 1. ***Procurement, Professional Services*** | **Explanation:** These services of survey flying are included in the Indufor Contract which has received No Objection by CI. These companies are stationed in Guyana and this modality of payment was done in a similar way since 2010 including in the years previously administered by CI. For this reason, even though these payments have been part of the Indufor contract, the GFC administered these directly but linked these to the Indufor contract. This has proven to be a more cost effective and timely way of administering these payments whilst still linking them to the consultancy contracts which they are a part. This approach also allowed for more effective implementation of overflight survey which needs to be very responsive as the time period for data capture takes place over a period of 3-4 weeks.  Payment for tranches under this approach can be mobilized in a span of 2 days whilst the recommended Option 1 provided will have a turnaround time of 8 days for each transfer (4 for the GFC to transfer to the consultants and another 4 to remit this transfer to the surveying company). The result of this is that the overflight duration will need to be expanded impacting on efficiencies achieved of the previous approach. For 2018, we have planned the overflight for 7 weeks instead of the 3-4 weeks it usually takes.  **Next Steps:** GFC will take on board Option 1 which will have these payments made to the Consultant’s Account, and then transferred back to the Guyanese service provider for accuracy assessment overflight. |
| 1. ***Field Expenses*** | **Explanation:** The GFC’s existing system of accounting for field based expenses is in compliance with the requirements of all previous Norwegian funded projects, other GFC projects, and the GFC’s existing financial structure.  For field expenses in some cases an advance is being requested and after the mission is cleared via receipts. In some cases one receipt may contain expenses for meals and accommodation as there is one provider of these. CI recommended that these be separated even if the provider is the same. The GFC indicated that the separation can be done or even separate receipts issue for meals and separate for fuel as well as for accommodation. We explained that owing to the responsive nature of field activities, an additional stage to the accounting process of expense reporting will be difficult to achieve and can be adequately addressed by clearer segregation of expenses by providers.  *Single Supplier in Field Locations*: In some cases, especially where forest carbon plots are being established in Amerindian Communities, the village provides for boat transportation, accommodation as well as food for the staff. There is one supplier – the Village Toshao/Council. Over 50% of our data collection takes place out of the State Forest Estate. This was flagged in the Site Visit but is unavoidable in a practical sense as it will be unacceptable using a village for data collection location and securing the services for supporting that work from outside the village. In many cases the one supplier has to do the camp construction as well as supplies camp materials and ration/supplies. In the remote areas there is one or two village shops that ration are bought. In these cases the supplier will provide one bill or receipt as meals and ration supplied. In addition the cost of meals in one district might be different from the cost of meals in another, so the GFC has a range it works within. This was also flagged during the Site Visit as the desire is to have a fixed cost for every meal or field trip, not an approved range. Subsistence of G$ 5,000 is paid for day, sometimes the field conditions vary due to bad weather and the field team has to spend additional hours in the field. In these cases the GFC will compensate the additional cost for meals or travel due to the particular circumstance.  **Next Steps:** The GFC notes the recommendation and will see best possible way of addressing this within the GFC’s system.  Reference is made to the GFC’s communication to CIG dated 13th September, 2018 regarding allocating related expenses to specific contracts. This is proposed as part of the solution moving forward.  The GFC will look to add more clarifying details to invoices and vouchers, and advise for vendors to be very clear in receipts issued. There will be clear separation of expenses (avoiding aggregating various cost components on one source document) and the GFC will seek to encourage suppliers to issue company specific receipts to the extent possible where these are available (it should be noted that not all suppliers have specially printed receipt templates). |
| 1. ***Fee Payment to GFC Staff*** | **Explanation:** This total has been included under the approved project as local mapping and coordination cost.  As a background, one of the main factors that is responsible for the successful development of the Guyana MRVS in a manner that has created local ownership and national management capability has been the integral level of involvement of the GFC’s local team within the Commission who are involved in project implementation. This capacity is built within the Commission and is a key part of the sustainability plan for the MRVS Phase 2. It is for this reason that the GFC proposed support to local mapping and coordination effort within the project document, which was subsequently approved by all parties (NICFI and NORAD), and formed part of the project agreement for the phase 2 MRVS. This is project oriented work and can either be undertaken by consultants or local team members. The GFC has opted for the latter.  This budget item covers the following areas of work:   * Mapping of forest area change for deforestation areas * Mapping of forest degradation areas * Support to accuracy assessment effort coordinated through aerial survey data collection * Data collection and analysis for forest carbon monitoring effort aimed at establishing emission factors for various drivers of forest change * Support independent verification activities for aspects of the MRVS * Interconnect MRVS outputs with forest management areas and other aspects of work of the natural resources sector   These activities are ongoing and continuous and are additional to the GFC’s team regular work assignment, tasks, responsibilities or duties.  All payments are be based on budgeted amounts and do not exceed budgetary sums in the approved project document which forms part of the project agreement under Outcome 1.  Under the approach administered prior to the site visit all payments are document, and signed for by the relevant staff showing clearly the name of the staff receiving the payment, the level of payment, and the period. GFC explained that the deliverables that staff produce can be checked as evidence for work done, additional to GFC regular duties, and are document by each staff receiving the payment in a clear and transparent way.  **Next Step:** GFC will send to CI a copy of the completed form (using the template provided by CI) and will follow the agreed version and this will be used for future payments. The extent of the time committed and deliverables produced will be assessed every period, and payment made accordingly. |