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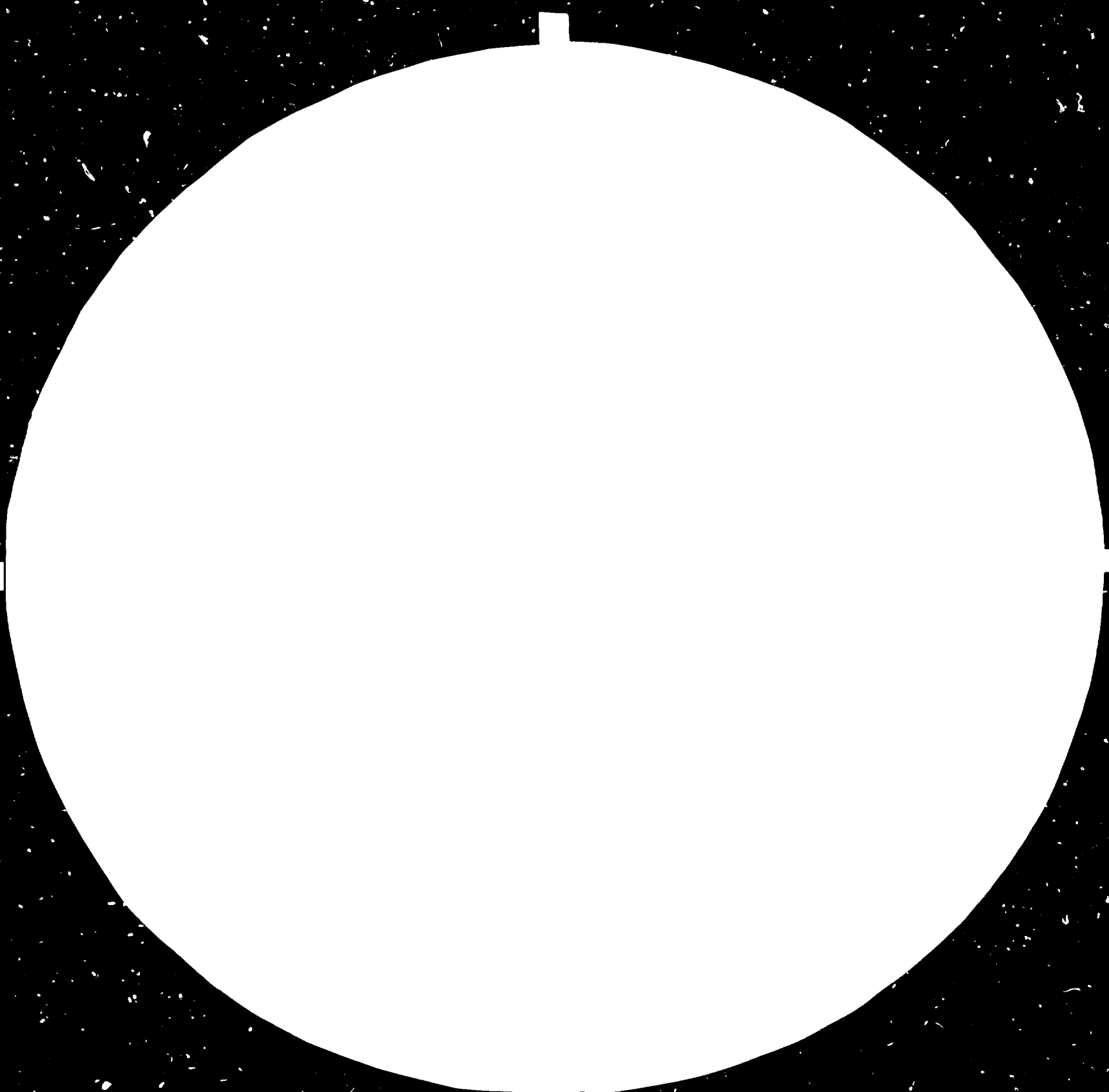
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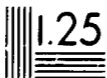
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GUYANA INDUSTRIAL CONSULTANCY UNIT

DP/GUY/79/007

GUYANA

Terminal report*

Prepared for the Government of Guyana
by the United Nations Industrial Development Organization,
acting as executing agency for the
United Nations Development Programme

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C O N T E N T S

PAGE

INTRODUCTION

- I. OBJECTIVES OF THE MISSION
- II. ACCOUNT OF ACTIVITIES
 - A. ACCOUNTANCY DEVELOPMENT AT THE GROUP LEVEL
 - B. CONSULTANCY ASSIGNMENTS IN CORPORATIONS
 - C. ANALYSIS AND DIAGNOSTIC WORK
 - D. TRAINING
- III. UTILIZATION OF MISSION RESULTS
 - DEVELOPMENT WORK
 - CONSULTANCY PROJECTS
- IV. FINDINGS
 - A. GENERAL COMMENTS ON ACCOUNTANCY DEVELOPMENT
 - B. SPECIFIC PROBLEM AREAS IN THE FINANCIAL MANAGEMENT WITHIN THE GUYSTAC GROUP
- V. RECOMMENDATIONS

APPENDIXES

- APPENDIX I: JOB DESCRIPTION:
MANAGEMENT CONSULTANT IN FINANCIAL MANAGEMENT
- APPENDIX II: THE ACCOUNTANTS OF THE PROJECT AND THE PERSONNEL
OF THE FINANCE/AUDIT DEPARTMENT OF THE HEAD
OFFICE
- APPENDIX III: SUMMARY OF ACTIVITIES AND REPORTS SUBMITTED

APPREVIATIONS USED:

- ICU = INTERNAL CONSULTANCY UNIT
ORIGINAL NAME FOR THE PROJECT UNDER WHICH IT WAS
ESTABLISHED
- MC & PDD = MANAGEMENT CONSULTANCY AND PROJECT DEVELOPMENT
DEPARTMENT:
THE NAME THE PROJECT USED AFTER THE MERGER TO THE
INFORMATION SYSTEMS DEPARTMENT
- GUYSTAC = GUYANA STATE CORPORATION

Objectives Of Mission

The main objectives of the mission were to

- a) assist in establishing the operational consultancy unit in the field of financial management consultancy;
- b) to undertake activities towards development of the accountancy function both in Guystac and its member corporations;
- c) to provide diagnostic and analysis capability as and when required.

These basic objectives of the mission remained the same throughout the mission until its completion on 7th June 1983, at which stage they basically still remain valid.

However, during the mission the prevailing pre-conditions and the basic infrastructure have changed rather significantly to support the practical work planned and expressed as immediate objectives, especially in the area (b) mentioned above.

The job description for the first year called for advising in, defining and specifying the financial management functions within Guystac. The second and the third year (until June 1984) were consequently planned to be the implementation stage which could not be reached within the mission.

In the area of direct consultancy in a few member corporations direct results have been achieved. More diagnostic work could have been undertaken had it been requested or given the authorisation for.

Mission Arrangements

The mission described in the job description became operational 13th June 1981 when the incumbent arrived on post.

Mission Arrangements (Cont'd)

The national counterpart accountant had been nominated in December 1980. At this stage the project consisted of two UNIDO consultants (Team Leader/Industrial Engineer and Industrial Accountant) and the National Manager, himself also an engineer, and two other national engineers. The project was clearly geared to two main services; engineering and accounting.

Guyana State Corporation had also earlier (1976) established another department within the head office to provide financial support services to Guystac and its member corporations. This department was (1980) headed by the Financial Controller and consisted of one project accountant, one budget accountant, assistant accountant and five accounts clerks.

Some evident overlapping functions of these two departments were not seen as a problem, since they were planned to be strongly coordinated and monitored by the Executive Vice President, who himself had the financial management background.

Changes Effecting Mission Arrangements

The Executive Vice President of Guystac and the Vice President (Industrial Operations) under which the project organisationally was placed both resigned at the end of 1981. Also the national Project Manager left in December 1981.

Under the newly appointed Executive Vice President the project was, on the initiative of the Project Management, merged with the Guystac's Information Systems Department in March 1982.

Changes Effecting Mission Arrangements (Cont'd)

The International Team Leader left in October 1982, and was not consequently replaced. The counterpart of the Industrial Accountant left in February, 1983 and the replacement was not identified either.

The developments in the project are more closely presented in the Terminal Report for the Project GUY/79/007, that is presented simultaneously with this Terminal Mission Report.

1. OBJECTIVES OF THE MISSION

The broad duties listed in the industrial accountant's job description were, in collaboration with the international Team Leader, specified as immediate objectives. These consisted of

1. Accountancy Development and Financial Information Systems Development Work

- to identify and analyse financial management problems within Guystac group;
- to do advisory work to increase productivity and efficiency both at Corporation and at Guystac level;
- to start designing and implementing new/revised accountancy system for Guystac.

2. Analysis, diagnostic work to be done as/when required

- evaluate and analyse financial performance and assist in or carry out performance appraisal work within Guystac
- to carry out special analyses when required
- assist in the preparation of selected company profiles.

1. OBJECTIVES OF THE MISSION (Cont'd)

3. Follow up of new projects and investment plans

- to assist in these areas when required in order to provide feasible implementations (when required)

4. Direct consultancy work in financial management field to be made available to the member corporations

- to implement the concept of financial management consultancy amongst the Guystac group
- to provide on-the-job training to the counterpart in the financial management consultancy areas
- to carry out consultancy assignments on selective basis through to the implementation stage where it is required. The criterias are demonstration effect, training effect and usefulness for the Guystac group as a whole.

5. Assisting in any other projects and surveys by providing or checking required accounting data for them.

II. ACCOUNT OF ACTIVITIES

The rather wide initial objectives of the mission were based on the fact that the Industrial Accountant with experience in company analysis, financial management consultancy and information systems together with the counterpart with his MBA and overseas experience in accountancy field, formed a team that could be used on a rather wide analytical and consultancy area. This service as a long term function, was a new approach

II. ACCOUNT OF ACTIVITIES (Cont'd)

within Guystac, and the more detailed work plan was to be later adapted to the preferences and immediate requirements within the Guystac group.

Unfortunately due to the heavy workload and involvement in other areas, the relevant Head Office Executive was not available to discuss the work programme. This meant that no commitment or authorisation for the work plan was ever forthcoming from that level and as a result the necessary official support was lacking.

In the Terminal Report for the Project, there is an Appendix II that lists all the projects that the Consultancy Unit undertook. The project numbers presented therein refer to that numbering system, and they are shortlisted in the Appendix II of this Terminal Report.

A. Accountancy Development at the Group Level

The first areas after some introductory visits to corporations were originated by the previous Executive Vice President and the Finance Controller. These were the development of the corporation budgeting system, (budgets for 1982) development of internal accountancy practices and centralised cash flow system, as well as consolidated budgets and reports (Projects number 13, 14, 15, 16 in the Project Terminal Report). Some work was done, especially in budgeting and cash management and cash flow preparation procedures and several companies were visited for their assistance. The work was terminated late 1981 on request due to the lack of national guidelines for budgeting and in anticipation of the reorganisation of some corporations.

A. Accountancy Development at the Group Level (Cont'd)

The work to be done in these areas at the later stage will be the part of the financial management information and control system that needs to be developed. Consequently this area became a topic for the two year period the Industrial Accountant has been on post. An established and authorised project work for accountancy development and financial management information systems development in collaboration with the Head Office Finance Department is still undefined.

This working area and work plan with necessary actions were also presented in the Team Leader's Terminal Report, October 1982. At the same time the project proposal paper "Outlines for the basic Management System for Guystac" was presented.

B. Consultancy Assignments in Corporations

Since the group level development work had to be postponed, the work was geared to direct consultancy, about which several enquiries had been received during 1981.

1. Sanata Textiles Limited (STL) costing by products (Project number 12 in Project Terminal Report). Basic procedures were drafted to arrive at prime costs by products, and the costs were also calculated based on the cost structure prevailing in last quarter of 1981. Later full cost approach was added to the procedures.

B. Consultancy Assignments in Corporations (Cont'd)

Implementation was not completed until 1983; where it is presently going on, now assisted by an accountant from the Head Office.

The implementation was originally postponed due to the change in all Financial Management staff of STL, later on the request of the company that had expectations for Chinese, and other international inputs in this area. By the time the company was ready for implementation, the counterpart accountant of ICU who carried out most of the practical work had already left the unit.

2. Guyana National Engineering Corporation; Work Order Costing and Control System for Works and Foundry Division (computerised)

The project was initiated on the request of the Works/Foundry Manager. It was the first joint effort (before the merger) between the Internal Consultancy Unit and the Information Systems Department of Guystac. In addition the presence of a short term expert of UNIDO in programming/program analysis was utilised. The basic systems analysis and specifications were done by financial consultants. The system, procedures and program specifications and descriptions were done by the short term UNIDO consultant. Basic training was conducted together with the UNIDO consultant and the programmer/analyst designated to supervise the programming and implementation.

3. Training was conducted in May - June 1982 and implementation of the system started from June 1982. The implementation is still

2.. (Cont'd)

continuing with 1982 data under work. Problems have been in programming, controlling of the implementation, system testing, computer time availability and liaison with the customer.

3.. Guyana National Printers Ltd. (Project number 21)

The consultancy assignment in National Printers was a wide one including production planning and control, billing and pricing procedures, work flow and work methods, and advising in incentive scheme and preventive maintenance. It was a joint project of the Industrial Engineer and the Accountant of the Project. The main parts of the project were implemented, the rest of the work is being done by the company personnel.

4. Guyana Airways Corporation (GAC); Accounting Packaging Survey

As a continuation to the work done by the UNIDO Short Term Expert, a Systems Analyst, the project at GAC was initiated, on the request of the Finance Controller of GAC. A survey of the basic accounting package implementation possibilities was carried out including the outlines for the project and its work plan in order to replace the old mechanical machines from the beginning of 1983.

The unavailability of computer time for IBM system 3, lack of programs for IBM 34 equipment for which the systems were planned to be modified, and the tedious consolidation work done in GAC with the accounts of previous years all together caused the situation where both GAC and the Systems Department were unable to go ahead with the project.

4. (Cont'd)

The situation has been followed up consequently. The survey is still valid and presently there would be again a suitable time to start the project work aiming at the implementation at the beginning of 1984, or to compute at least revenue follow up system and accounts receivable system using IBM 34 installation of either Guyana Pharmaceutical Corporation or Guyana Agricultural and Industrial Development Bank.

5. Accounting Packages (General Ledger, Periodic Reports)

The accounting package formulation work had started in the Systems Department before the merger of the two departments. The accountants had several discussions and meetings with the systems personnel as to the structure and characteristics of this type of systems to be flexible enough for the use of any corporation.

The general ledger package was consequently prepared for IBM 3 installation and was tailored for the needs of Guyana Electricity Corporation and was implemented. Both the structure of the tailor-made system and unavailability of any additional computer time for IBM 3 installations impede further implementation in other corporations. However, the initial work was done and experience received in this area, which is also commented on in the recommendations section of this report.

6. Guyana Fisheries Limited (GFL)

Accountancy development project - preliminary work for computerisation started at GFL in November. The implementation and documentation of the basic accounting procedures started in January, 1983.

Also the specifications for the micro computer were drafted.

6. (Cont'd)

The implementation has been carried out for the most part. The continuation has to be secured through the participation and delegation of remaining work to the head office accountant and the auditor that are involved with GFL, since the company did not have any qualified chief accountant to work as a counterpart to the project. The final report on the project specifies the required actions.

7. Development of Accountancy Procedures in other Corporations
(Project number 44)

The experiences and work done at GFL and other companies by UNIDO consultant, auditors and other accountants should be available and used for the benefit of all Guystac companies as well. The efforts have been made to form a group within Guystac (accountants, auditors, training section) to be involved in tackling similar types of problems within the group, e.g. money collecting and handling, accounts receivable, purchasing, accounts payable and payment procedures, use of profit centre accounting, etc. Once the procedures are documented they could be simultaneously implemented in several companies to get maximum benefits of the efforts. This project is actually the revival of the previously postponed "Internal Accountancy Practices Project", Project No. 14 and its progress again depends on positive attitudes, actions and participation of the Head Office Accounts Department.

To this effect two companies were looked into, National Newspapers Limited (GNL) and Guyana Timbers Limited (GTL), Projects 51 and 52. GNL has consequently solved their development needs by using an outside consulting group and by employing a qualified accountant. GTL was looked into and a short summary drafted on its development needs.

7 (Cont'd)

The outcome of this type of exercise is supposed to be a basic accounting manual to be used by Guystac and its member corporations in order to develop and standardise basic procedures in the accountancy function and to bring all the companies into an acceptable level of standard in their bookkeeping function. Then also the information systems can be developed and standardised.

C. Analysis and Diagnostic Work

In addition to minor assistance and shorter presentations, analysis work was done in the following areas:

1. Sanata Textiles Limited (Project No. 18)

The financial analysis and performance diagnosis were made for June - August 1981. Since the period was not very representative (the factory had been in full use only a half a year) and the changes in cost structures were expected, the further follow up of the company was carried out and the summary report for the 1981 performance was submitted.

Consequently to assist another UNIDO consultant attached to Sanata Textiles and to produce background data for joint venture and two/three shift operation discussions, another analysis of the break even points and budget evaluation was carried out in January 1983. (Project No. 43).

2. Guyana Fisheries Limited

Analysis and status report was initiated December 1982, completed January 1983 (Project No. 24).

3. Survey on Guyana Shipping Association's Application for an increase in charges for the receipt and handling of the cargo. (Project No. 27). The price increase was analysed for the implications such an increase would have on consumer prices.

D. Training

1. Training in the course of consultancy assignments

The open course type of training was not the planned activity, since the project recourses were rather limited. However, the training component was supposed to be included into the consultancy assignments in the form of on-the-job training or as small seminars.

These kinds of training sessions were included in the consultancy assignments in

- National Engineering Company; training of planning office personnel to understand and fill in the forms of the computerised costing system;
- Guyana Fisheries Limited;
- Training sessions to accountants to understand the meaning and functions of different types of accounting systems before the implementation;
- Training in the use of the revised chart of accounts and forms
- An evaluation/discussion session after the main parts were implemented.

The common training sessions for the accountants from different corporations facing similar types of problems or doing similar types of implementations could not be carried out due to the unclarified group of level activities.

2. Micro Computer Seminar

One micro computer seminar mainly for the involved personnel from the Guystac group was presented. This was an introductory session, but according to the interest it was received with, similar type of activities should be continued once the micro computer APPLE II PLUS financed by UNIDO for the Project has arrived and the departmental personnel have received experience in it. Unfortunately the System Analyst who had the experience both in micro computers and commercial applications for them has left the department.

3. Other Training

During the two year stay in Guyana, the UNIDO Industrial Accountant assisted on a voluntary basis in a few open courses and seminars that also had participants from the Guystac group. These included

- Modern General Management Techniques Seminar;
Budgeting and Variance Analysis Case Study

- Finance and Tax Management Seminar
Management Information and Control Systems and
the case study on the subject

- Financial Management Seminar
Cost control, cost reduction techniques including
the case study

- Financial Management for Non Financial Managers
Capital budgeting and budget follow up including
the case study.

III. UTILISATION OF MISSION RESULTS

Development Work

Since the mission was extended over the original one year period the emphasis in development objectives was supposed to be shifted from the analytical approach to the practical work and implementations. Unavailability of both supporting staff and the request to wait for guidelines from the Head Office impeded the progress.

Consequently the approach was changed and the development work started with one company (GFL) as a pilot company, and the meaning was to generalise the experiences and join the efforts for the benefit of all companies. Also this approach seems to have fallen through due to the lack of participating personnel.

The utilisation in the future depends on

- if a qualified and experienced person can be identified to be in charge of the development efforts;
- if the Guystac Head Office Accounts Department is ready for this type of work and accepts the project organisation with necessary authorisations;
- if the computer time is available and suitable software identified/programmed.

Consultancy Projects

The further utilisation of the work done in Guyana Fisheries and Guyana Airways Corporation depends mainly on the developments in the data processing area.

Consultancy Projects (Cont'd)

Guyana Fisheries is planning to have a micro computer and to implement the guidelines presented by the UNIDO consultant. They need the assistance of both the qualified accountant with computer experience and a data processing specialist in micro computers.

To get the implementations done at Guyana Airways Corporation the assistance of both an accountant and a systems specialist or system/implementation advisor is required. Also the available computer time on the long term regular basis has to be secured before the implementations. All the same pre-requisites prevail if the computerisation of basic accounting systems is carried out in Guyana Timbers Limited and Sanata Textiles Limited.

The utilization of the work done with the work order follow up system at Guyana National Engineering Corporation depends on the completed implementation work that is carried out by the systems personnel of the department.

IV. FINDINGS

A. General Comments on Accountancy Development

The accountancy development in an organisation consisting of several companies and the Head Office function, requires a definite and strong project organisation. It requires several years efforts of various persons attached to the project work.

In Guyana there are 29 companies to work with, which all have their different standard of accounting prevailing. One expert and a counterpart cannot benefit much to the development if the

A. General Comments on Accountancy Development (Cont'd)

approach is company oriented, i.e. the work is done at the company level only. Whilst some of them are upgraded there are leakages and breakdowns of the systems in the others either because of the departure of the key personnel or the absence of continuous control. This fact becomes clear only by reading the auditors' reports.

Basically it can be stated that the standard of accounting function is not satisfactory in most of the companies. Even in those where the level is acceptable there are occasional problems. Most of the companies struggle with basic recording problems, like bookkeeping, accounts payable, receivable and with stores control problems. Unless these functions are upgraded there is little point in trying to create more sophisticated or complicated reporting systems.

Both recording and reporting could be organised by using modern approaches and techniques including computerised systems. This approach again requires that there is the centralised function for coordinating the accountancy development, and all involved personnel be part of the project.

B. Specific Problem Areas in the Financial Management within Guystar Group

1. Accounting Personnel Problems

1. The lack of qualified and experienced accountants
2. The scarcity of competent accounting supervisory staff and lack of suitable personnel to be trained for responsible accountancy posts.

Accounting Personnel Problems (Cont'd)

2. (Cont'd)

The problem is more in quality than in quantity, but they are both impeding the development targets and causing inefficiency, unreliability and low productivity. This also makes consultancy activities very elaborate and slow since suitable counterpart personnel of the company is either missing or is inactive, and the consultants have to carry out most parts of the practical supervisory work to make any progress.

3. Ostensible Experience

Many of the accountants seem to have experience in their field. However, it is not always of the right type: the relevant and useful experience derives from the work done in properly organised organisations. If an accountant has not seen how the things function in a timely organised, managed and functioning accounts department he has difficulties to appreciate or strive towards development endeavours.

Evidently these 3 types of staff problems are valid for other management functions as well as in a Guyanese situation. However, in accountancy field these problems could be tackled to minimise their detriment. One remedy is to use the systems and procedures that can be mastered by the minimum of qualified accountants and which relieve the qualified accountants of doing routine type of work.

2. Lack of use of Modern Accounting Techniques

Accounting Methods and Procedures

As mentioned there is a shortage of accountants both in quality and in quantity. This added to very labour intensive techniques that are in use provides a fertile soil for inefficiency, inaccuracy and all side effects of them.

Most of the Guystec companies have manual accounting systems. At least five companies are using electronic accounting machines for some of their accounting functions. Two have a computerised general ledger system and a few special applications (payroll, accounts receivable, stores, loans ledger, etc.) are also in use. One mini computer is being installed presently, and there is a strong possibility of one or two micro computers being installed in a year or two.

The initiative of individual corporations to modernise the used techniques should be encouraged. However, there is a definite need to coordinate their efforts and bring the experiences and skills of one company to benefit the struggles of another one in the same area.

Modern Accounting Concepts, Management Techniques

Partly due to the lack of experienced accounting personnel and the unavailability of modern data processing facilities, the desired attention is not paid to the use of modern management techniques of the financial management either.

Modern Accounting Concepts, Management
Techniques (Cont'd)

Even though the companies have the periodical reporting system to Guystac and also various standard budget systems are used, it can be said that the operational planning and control is poor. The reports are somewhat superficial and perfunctory, and financial control becomes arduous.

Again, the use of modern management techniques like budget control, cost control, performance appraisal, material management etc, is tied to the use of modern data processing techniques. The rules for basic techniques are international, relatively simple and standardised regardless of the nature of the business, but they are elaborate and difficult to implement and to maintain by manual systems.

3. Weaknesses in other Managerial or Special Skills

The managerial problems that are impeding the development in financial management are two fold

- a) Experienced accountants do not have enough other managerial skills or systems analysis/data processing knowledge;

This is causing the accountants to remain as an isolated group, they cannot "sell" the modern techniques to the management and cannot implement, without assistance, modern systems either.

- b) Other middle or top managers and executives have not been exposed to the modern systems and techniques. This is causing that they cannot demand or appreciate development endeavours.

V. RECOMMENDATIONS

Summary

Accountancy problem are manifold and structural weaknesses prevail in the remedy programme. Very little can be achieved by doing fire-fighting in an individual company level. The approach has to be centralised and at the group level to be able to set the objectives and activities correctly and also to facilitate the practical work to reach the objectives.

1. The accountancy development project should be established and
 - be headed by an experienced financial management consultant
 - be located at the Finance/Audit Department of Guystac

The present personnel of the Finance/Audit Department is presented in Appendix II.

2. Financial analyses are required, but they should form a limited function for the consultant who is responsible for the development work.
3. Basic management information systems - financial information systems have to be formulated and implemented; the group level training to be conducted.
4. Computerised Financial Management Systems should be used;
 - data centre service has to be available both for individual companies and Guystac's Head Office;
 - necessary software (applications) to be acquired/developed;
 - system/implementation advisors to be trained
 - pilot implementations to be used in training.

V. RECOMMENDATIONS (Cont'd)

1. Accountancy development has to be seen as a necessary project and given as a responsibility to one person, an experienced Financial Management Consultant.

Whether the responsible person is an UNIDO consultant or recruited otherwise, he has to be correctly located and authorised to carry out all necessary work towards development. To reach an acceptable standard of accounting and a reliable financial information system through the corporations will require 2 - 3 years of active work.

To be able to carry out the development activities this person has

- 1.1 to be a qualified accountant with modern accountancy and consultancy experience, including management information systems and general management concepts. "Modern accountancy" means the knowledge of computerised systems and their use and benefits in financial management;
- 1.2 to be located in the Guystac Head Office in its finance/audit department or, if Guystac is reorganised, in the applicable ministry to which the financial matters and the monitoring functions are attached to. Only this can secure necessary contacts and communication channels and provide an easier access to all relevant data.
- 1.3 to be able and willing to deal with the practical work at the procedure level as well, not only advice, since the **management** and supervisory level in accountancy are not advanced enough to proceed without intensive guiding.

V. RECOMMENDATIONS (Cont'd)

- 1.4 to be directly assisted by a qualified counterpart/assistant, and by other accountants of the Head Office when necessary.

If the person is an internationally financed Management Consultant in Financial Management, his tentative Job Description with duties and job specifications are presented in the Appendix I. This Job Description is an extract of the paper "Management Consultancy Department; Proposed Objectives and Organisational Structure" that is attached to the Terminal Report for the Project GUY/79/007

2. Financial analyses can also be an activity to be carried out by the consultant as and when required. However, this is to the limited extent; if too much financial follow up, performance appraisal and monitoring work is given to a person whose responsibility the development is, he will not have enough time for coordination, planning and implementation work.

If a stronger input in the analysis work is required, another person, a company analyst has to be recruited for the purpose, or analysis work be given as a responsibility to the accountants of the Head Office that already are designated to monitor the companies.

3. Basic management information systems - financial management information systems have to be formulated and implemented.

V. RECOMMENDATIONS (Cont'd)

3. (Cont'd)

This is one of the main areas in the development work that should be the responsibility of the financial and general management consultants. It is mentioned separately because its role and contents seem to be mis-interpreted.

Management information system is a management tool that is meant to assist managers in planning (operational budgeting) and control activities. Recording and reporting are basically built around the financial management information system, this is, around the accounting system.

The role of the information systems will become even more important if/when the restructuring of Guystar and the performance contracts with individual companies become relevant. The output of the development work in this area should be

- basic bookkeeping systems by responsibility centres organised
- basic reporting organised, periodically and by responsibility centres that correspond with operational budgeting
- basic budgeting system defined
- basic cash planning and control system implemented
- basic other records (assets, stocks, relevant non-accounting data) organised

The system is built around the accounting core, and the non-accounting data is mainly recorded simultaneously with the accounting data. This work area should be an effort of the

V. RECOMMENDATIONS (Cont'd)

team headed by general management and financial management consultants. The other members of the team should be the counterpart accountant, the Finance Controller of Guystac, one accountant, auditor, and the data processing specialist (systems analyst). Too many members would impede the progress.

Guidelines for this kind of exercise are formed by internationally accepted basic accounting principles and business oriented data processing applications, therefore the knowledge and experience of these systems are essential for the working team. There is no reason for Guystac to deviate from these commonly known principles.

There is presently an identified project (No. 47) within the Consultancy Department: "Outlines for Management Information Systems within Guystac". The work is now carried out by the data processing personnel only and it is requested to recommend which kind of management information system is required by the Guystac group. The targets and the structure of the project should be reconstructed to achieve feasible results and implementation possibilities.

4. Use of Computerised Business Applications

Benefits of the Computerised Systems

The weakness in methods and procedures in the accountancy field of the Guystac companies are extremely difficult to remedy or control if manual methods are maintained. Also the implementation of basic management information systems requires that the computerised systems be used.

Some of the basic problems and weaknesses with the present systems can be cured simply by installing basic general ledger/profit centre accounting applications supported by accounts receivable/payable applications. In the computerised systems the transaction handling can be strictly on individual and double entry basis. This gives also the possibility to immediately verify different cash and bank movements on a daily basis. Also any differences between journals, subsidiary ledgers, general ledgers and reports become if not impossible at least more easily traceable. This means less checking, less correcting transactions and reduces the possibilities for fraud and mistakes. Computerised systems also bring more discipline and order into original source document handling and filing which presently is a serious defect.

The indirect effect in development is that once the basic systems are more logical and less routine work is involved, the qualified accountants will feel their work more meaningful. They will have more time for the control and development work so enabling them to tackle the other problem areas.

Requirements for the Implementations

1. Necessary computer facilities have to be available. This means that the required amount of right quality computer time on a regular basis has to be available. Thus the new main frame computer to be as a data centre installation is required. The pilot implementations could start with other IBM 34 installations, (GPC, GAIBANK) but in the long run when several Guystac companies are included into the system frame work the data centre is necessary to secure the operations.
2. The suitable software has to be acquired/developed. The basic business oriented accounting packages that cover general ledger, subsidiary ledgers and include profit and cost centre follow up possibilities with budget comparisons are nowadays extremely flexible and well designed **systems**. These business applications also include stores control, statistical information, and many additional reports from the same source data.

The basics in these systems are general and very similar because they are based on internationally used accounting principles and standards. The systems are well tested and they provide a detailed user's manual which greatly facilitates the implementation stage.

The manual systems are not directly ready to be computerised as such, some modifications and new type of thinking are required. Computerised accounting package documentation provides a good background both for the general and company oriented accounting manuals, that need to be compiled for the revised systems.

Requirements for the Implementations (Cont'd)

The new type of thinking is also the weak point of the implementation possibilities. However, some of the data processing personnel already have experience of, e.g. computerised general ledger programs done for IBM System 3 computer. These programs have to be modified for another type of computer if they are to be implemented in other corporations. Their file structures and updating principles should also be modified to comply with general ledger - subsidiary ledgers and flexible report creating principles, which means, e.g. that the formats of reports are not strictly tied to the structure of the chart of accounts. If the modifications are done, the basic systems would be more flexible and correspond with most of the applications marketed either by computer vendors or software houses.

However, the UNIDO consultant recommends the acquisition of the ready made basic packages since it also is an effective way to avoid program or system errors and provides the acceptable standard of the system documentation. The cost and trouble of creating tailor made systems have also proved to be higher than the cost of packages.

3. The personnel to be in charge of the implementations have to be identified.

Accounting Personnel

If an internationally recruited consultant will be on post, he will be in charge of the acquisition/development of the necessary software and also responsible to supervise the pilot implementations together with his counterpart and the responsible data processing personnel.

System/Implementation Advisors

The approach in implementing commercial applications is that the financial management consultants do the planning and main structure and procedure specifications. They, for example recommend the suitable structure for the chart of accounts, use of responsibility centres including required internal entries, basic source document handling, reconciliations and checkings.

After that the implementation will be handed over to the system/implementation advisor who will be in charge of the rest of the work.

The systems advisor can be either a qualified accountant who is well trained in the systems that he is implementing and also preferably has some computer experience, or he can be a system or program analyst who is well trained in the relevant financial management area.

Amongst the departmental personnel at least two persons of the systems section should be trained to become systems/implementation advisors; one in ledger - accounts receivable/payable packages and one in other business applications (stores, payroll, etc.). In addition to this the counterpart accountant should be trained to carry out independently both advisory and supervisory work in the computerisation area if he does not already have that knowledge upon hiring.

4. Pilot Implementations

Pilot implementations have an important role in training, experience gathering and also in opinion formation. Therefore they have to be properly planned and executed. The experiences received should be made available to all accountants and data processing personnel who are involved. Before and after the first implementations a few seminars on the subject should be organised.

4. Pilot Implementations (Cont'd)

Pilot companies with a reorganised accounting function provide an excellent possibility to exercise both on-the-job training, to create positive attitudes towards development possibilities, and to get multiplier effects by rotating positive accountants who have been involved in the pilot implementation.

Mission Background

The Job Description for the Industrial Accountant post

DP/GUY/79/007/11-02/31.4.B/

was formulated in September 1980. This job description is as follows:-

Post Title: Industrial Accountant

Purpose of Project: To assist in the establishment and operation of an internal consultancy service within the Guyana State Corporation (GUYSTAC)

Duties: The expert is specifically expected to:

1. Evaluate and analyse the financial performance and situation within GUYSTAC;
2. Advise and assist GUYSTAC in the establishment of the Industrial Consultancy Unit as an in-house service in such areas as industrial accountancy (e.g. cost accounting, cash flow, etc.);
3. Identify and specify financial management problems at various levels and give advice on the ways and means to overcome them in order to increase productivity and efficiency;
4. Define the specific inputs required (e.g. expertise training, equipment, etc.) in order to bring about the management improvements envisaged for raising the efficiency of the accountancy system of GUYSTAC;
5. Assist the management of GUYSTAC in such issues as designing and implementing investment plans, designing an accountancy system for GUYSTAC and assist in the implementation of selected new industrial projects;
6. Provide on-the-spot assistance and advisory services on financial management to the industries concerned.

The expert will also be expected to prepare a final report, setting out the findings of the mission and recommendations to the Government on further action which might be taken.

QUALIFICATIONS: Cost Accountant with long experience in the evaluation, application and operation of cost accounting system, investment planning and financial management.

APPENDIX 11

GUYANA STATE CORPORATION

FINANCE/AUDIT DEPARTMENT, PERSONNEL - MAY 1983

FINANCE DIRECTOR : W. Lynch
FINANCE CONTROLLER : P. Jones
MANAGEMENT ACCOUNTANT : A. Mendes (contract 9/82-8/85)
" " ; C. Solomon (contract 6/82-5/85)
PROJECT ACCOUNTANT : L. Daniels
BUDGET ACCOUNTANT : L. Kitt
FINANCIAL ACCOUNTANT : D. Outar
CASH MANAGEMENT ACCOUNTANT : J. Readhead
SENIOR ACCOUNTS CLERKS : (3)
ACCOUNTS CLERKS : (2)

CHIEF INTERNAL AUDITOR : P. Shivraj
SENIOR INTERNAL AUDITOR : N. Hamilton
INTERNAL AUDITOR : A. Goolsarran
" " : J. Harris
" " : M. Hooshiny
ASST. INTERNAL AUDITOR : R. Singh
" " : F. Croal-Harris
" " : D. Grant
AUDIT CLERKS : (5)

GUYANA STATE CORPORATION

ACCOUNTANCY PERSONEL OF MANAGEMENT CONSULTANCY
AND PROJECT DEVELOPMENT DEPARTMENT

INDUSTRIAL ACCOUNTANT (UNIDO) : M.L. Rokkanen (6/81-6/83)
PROJECT OFFICER (ACCOUNTING) : F. Luncheon (12/80-2/83)

SUMMARY OF ACTIVITIES AND REPORTS SUBMITTED

PROJECT NUMBER	PROJECT	COMMENTS	REPORTS/PAPERS PREPARED
13	Guytac Head Office - Corporation Budgeting System	Postponed	Outlines for the 1982 Budget Preparation (9/81)
14	Internal Accountancy Practices	Postponed; Work Shifted; To be done under the Projects 44 & 47	
15	Centralised Cash Flow System	Postponed	Cash Flow Forms, Comments on Forms
16	Consolidating of Corporation Budgets and Reports	Postponed; Work Shifted; To be done under the Projects 44 & 47	
17	Sanata Textiles - Costing By Products	Procedures Completed; Implementation now carried out	<ul style="list-style-type: none"> - Procedure Description (3/82) - Report on the Status of the Product Costing (5/82) - Overhead Cost Allocation (8/82)
18	Sanata Textiles - Financial Analysis - Performance Evaluation 1981	Completed	<ul style="list-style-type: none"> - Summary of Financial Analysis 31.8.81 - Summary of the Financial Analysis - Performance Appraisal during 1981 (2/82)
19	Guyana National Engineering Corporation - Work Order Costing and Control System	Under System Implementation	<ul style="list-style-type: none"> - Interim Report; Integrated Costing System for Works/ Foundry (11/81) - Final Report (6/83)
21	Guyana Printers Limited - Billing & Pricing Procedures	Completed	Interim Proposals (3/82) Status Report (10/82)
24	Guyana Fisheries Limited - Financial Analysis & Status Report	Completed	Status Report (1/82)

SUMMARY OF ACTIVITIES AND REPORTS SUBMITTED

PROJECT NUMBER	PROJECT	COMMENTS	REPORTS/PAPERS PREPARED
25	Guyana Airways Corporation - Survey on Accounting Package Implementation	Survey Completed	- Computerised Financial Management System for GAC, Implementation Survey and Outlines for the Project (4/82) - Follow up Paper (9/82)
27	Survey on Guyana Shipping Association's Application for an increase in Charges	Completed	Survey Report (3/82)
			Proposal for the Financial Management Development: Accounting and Information Systems within Guystac Group (5/82)
			Proposal for the Working Area and Work Plan for the Industrial Accountant/ Consultant in Financial Management (9/82)
28	Consolidated Reporting Practices	Work Shifted to be carried out under the Projects 44 & 47	Outlines for the Basic Management Information System for the Guystac Group (10/82)
39	Guyana Fisheries Limited - Accountancy Development	Basic Parts Implemented, Development Work still Ongoing	- Interim Report I; PROPOSALS - Interim Report II; PROPOSALS - Documentation for Manual - Final Report - Computerisation Outlines
43	Sanata Textiles Limited - Financial Status - Break Even	Completed	- Break Even Points; One Shift/Two Shift Operations based on budgets

SUMMARY OF ACTIVITIES AND REPORTS SUBMITTED

PROJECT NUMBER	PROJECT	COMMENTS	REPORTS/PAPERS PREPARED
44	Basic Accounting Manual for the Guystac Group	Work Under Formulation	
47	Outlines for the Management Information Systems within Guystac	Project under Formulation	
50	Guyana Timbers Limited - Preliminary Survey for MIS and Accountancy Development	Short Survey Carried Out	Comments on GFL Financial Management Development
51	National Newspapers Ltd. Survey for Development of General and Financial Management	To be done by another Consulting Group	

