

# Auditor General's Annual Report

on the Appropriation and other Accounts of Jamaica for the Financial Year ended 31st March 2011



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AUDITOR GENERAL'S DEPARTMENT 8 WATERLOO ROAD P.O. BOX 455 KINGSTON 10 JAMAICA

> Tel. No.: 926-8309/926-5963/926-5846 Fax Number: 968-4690 Email: audgen5@cwjamaica.com

ANY REPLY OR SUBSEQUENT REFERENCE TO THIS COMMUNICATION SHOULD BE ADDRESSED TO THE AUDITOR GENERAL AND <u>NOT TO ANY OFFICER BY NAME</u> AND THE FOLLOWING REFERENCE QUOTED:-

December 21, 2011

The Honourable Speaker House of Representatives Gordon House 81 Duke Street Kingston Jamaica

Dear Madam,

Pusuant to the provision of Section 122(2) of the Jamaica Constitution, I have the honour to submit my report on the results of the examination of the accounts of the Island for the year ended  $31^{st}$  March, 2011 for tabling in the House of Representatives.

Yours faithfully,

Pamela Monroe Ellis (Mrs.) Auditor General

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# **Table of Contents**

Abbreviations and Acronyms	10
Executive Summary	16
Financial Statements Audit	40
Internationally Funded Projects	44
GOJ/IDB Loan Contract No. 2301/Oc-Ja -Education System Transformation Programme (ESTP) Support For Education Sector Reform II (ESPR II)	44
GOJ/IBRD Loan Contract No. 7815-JM/Oc-Ja Education System Transformation Programme (ESTP) Education Transformation Capacity Building Project	45
Social Safety Net - Programme Of Advancement Through Health And Education (PATH) GOJ/IBRD Loan Agreement 7076 JM	45
Social Protection Project - Programme Of Advancement Through Health And Education GOJ/IBRD Loan Agreement 7555JM	47
Social Protection Support for The Food Price Crisis - Programme of Advancement Through Health and Education GOJ/IDB LOAN 1559/OC – JA	49
COMPLIANCE AUDITS	53
HEAD 0100 - His Excellency the Governor General & Staff	53
HEAD 0400 – Office of the Contractor General (OCG)	53
HEAD 1649 - Management Institute for National Development (MIND)	53
HEAD 1547 - National Land Agency (NLA)	53
HEAD 1510 - Jamaica Information Service (JIS)	53
National Solid Waste Management Authority (NSWMA) -Southern Parks and Markets (SPM)	53
Creative Production and Training Centre (CPTC)	54
HEAD 1548- National Environment and Planning Agency (NEPA)	54
HEAD 0600 -Office of the Services Commission (OSC)	55
HEADS 2000, 2000A - Ministry of Finance and the Public Service (MOFPS) and Agencies	56
Head 2011 – Accountant General's Department (AcGD)	60
HEAD 2012 – Jamaica Customs Department	63
Head 2015 – Tax Administration Jamaica (TAJ)	64
Head 2041 - Taxpayer Audit and Assessment	73
Head 2044 - Tax Administration Jamaica (TASD)	75
HEAD 1700 AND 1700A – Ministry of Tourism (MOT) and Agencies	77
Bath Fountain Hotel and Spa	77
Milk River Bath Hotel	77
HEADS 2600, 2600A & 2600B – Ministry of National Security (MNS) and Agencies	78
Correctional Services Production Company (COSPROD)	78
HEADS 2600, 2600A & 2600B- Firearm Licensing Authority	78
Private Security Regulation Authority (PSRA)	79

HEAD 2624 – Department of Correctional Services (DCS)	
HEAD 2653 - Passport Immigration & Citizenship Agency (PICA)	79
HEAD 2830 -Administrator General's Department	
HEAD 2832 - Office of the Trustee in Bankruptcy	80
HEAD 3000 – Ministry of Foreign Affairs and Foreign Trade (MOFAF⊤)	81
Permanent Mission to the United Nations (PRUN) – Geneva	81
Jamaican Embassy - Berlin	82
Jamaica High Commission – Pretoria	
HEADS 4000, 4000A & 4000B – Ministry Of Labour & Social Security (MLSS)	83
Canadian Farm Work Programme	83
HEADS 4100, 4100A & 4100B – Ministry of Education and Agencies	
Council of Community Colleges of Jamaica	
Mico Care Centre	
Edna Manley College of the Visual & Performing Arts	
Sam Sharpe Teachers' College	
Overseas Examination Commission (OEC)	
HEADS 4500, 4500A & 4500B - National Youth Service (NYS)	
Jamaica Library Service (JLS)	
Apprenticeship Board	
HEADS 4200, 4200A, 4200B – Ministry of Health (MOH) and Agencies	
Ministry's Head Office	
HEAD 4234 – Bellevue Hospital	
Kingston Public Hospital (KPH)	
Western Regional Health Authority	
North East Regional Health Authority (NRHA)	89
Southern Regional Health Authority (SRHA)	
Jamaica Veterinary Board	
Pesticides Control Authority	
HEAD 4220 - Registrar General's Department (RGD)	
Medical Council of Jamaica	
Council for Professions Supplementary to Medicine	
Pharmacy Council of Jamaica	
Golden Age Home (GAH)	91
National Council of Drug Abuse (NCDA)	91
HEADS 4500, 4500A & 4500B – Ministry Of Youth, Sports and Culture (MYSC) and Agencies	
Bureau of Women's Affairs	
Jamaica Cultural Development Commission (JCDC)	94

Social Development Commission (SDC)	94
Institute Of Jamaica (IOJ)	
National Library of Jamaica (NLJ)	
HEAD 5100 – Ministry of Agriculture & Fisheries (MAF) and Agencies	
The Ministry	
Bodles Animal Production Research Station	
Agricultural Credit Board (ACB)	
Rural Agricultural Development Authority	
Fisheries Division of the Ministry of Agriculture	
Head 5146- Forestry Department	
National Irrigation Commission	
Jamaica 4-H Clubs	
HEAD 5600, 5600A, 5600B – Ministry Of Energy & Mining (MEM) and Agencies	
Rural Electrification Programme Limited (REP)	
Water Resources Authority (WRA)	
HEAD 5300 - Ministry of Industry and Commerce	
Anti-Dumping & Subsidies Commission (ADSC)	
Fair Trading Commission (FTC)	
HEAD 5338- Companies Office of Jamaica (COJ)	
Jamaica Intellectual Property Office (JIPO)	
Jamaica Business Development Corporation (JBDC)	
HEADS 6300, 6300A & 6300B – Ministry Of Water & Housing (MWH) and Agencies	
Local Government	
Parish Councils	
Constituency Development Fund	
Saint Mary Parish Council	
Portmore Municipality	
Hanover Parish Council	
St. Catherine Parish Council	
St. Ann Parish Council	
St. James Parish Council	
Trelawny Parish Council	
Portland Parish Council	
Kingston & St Andrew Corporation (KSAC)	
HEADS 6500, 6500A & 6500B – Transport & Works (MOTW) and Agencies	
Ministry of Transport and Works	
Jamaica Urban Transit Company (JUTC)	

irports Authority of Jamaica	107
load Maintenance Fund (RMF)	107

# Appendices

- Appendix A Outstanding Appropriation Accounts
- Appendix B Outstanding Financial Statements
- Appendix C Outstanding Receipts and Payments
- AppendixD Excess on Votes not covered by Parliamentary Approval
- Appendix E Improper Payments
- Appendix F Nugatory Expenditure
- Appendix G Unsupported Payments/Transactions
- Appendix H Unrecorded Assets
- Appendix I Reported Losses
- Appendix J Amounts Owed to Government
- Appendix K Payables
- Appendix L Advances
- Appendix M Procurement Breaches
- Appendix N Interest and Overdraft Charges
- Appendix 0 Advance Card Breaches
- Appendix P Surcharge Matters

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# **Abbreviations and Acronyms**

ACCA	Association of Certified Chartered Accountants	IRD	Inland Revenue Department
AcGD	Accountant General's Department	PTS	Property Tax System
AGD	Auditor General's Department	ICTAS	Integrated Computerized Tax Administration
MDA	Ministry Department and Agencies	System	
CIDA	Canadian International Development Agency	INCRS	Integrated New Cash Remittance System
CISA	Certified Information Systems Auditor	FSL	Fiscal Services Limited
FAA	Financial Administration and Audit Act	DSL	Driver's Licence System
GOJ	Government of Jamaica	PPV	Public Passenger Vehicle
IADB	Inter-American Development Bank	CDF	Constituency Development Fund
IBRD	International Bank for Reconstruction and	CDFMU	Constituency Development Fund Monitoring Unit
	Development	NEMP	North Eastern Parks and Markets
INTOSAI	International Organisation of Supreme Audit	СРТС	Creative Production and Training Centre
	Institutions	MOFPS	Ministry of Finance and the Public Sector
NCC	National Contracts Commission	NMVR	National Motor Vehicle Registry
NHF	National Health Fund	MOFAFT	Ministry of Foreign Affairs and Foreign Trade
NHT	National Housing Trust	AMVS	Automated Motor Vehicle System
PAC	Public Accounts Committee	WATS	Waivers Appeal Tracking System
PBMA	Public Bodies Management and Accountability Act	CSJP	Citizen Security and Justice Programme
QAR	Quality Assurance Review	RMC	Resident Magistrates' Court
RHPPP	Revised Handbook of Public Sector Procurement	NCC	National Contracts Commission
	Procedures	SAI	Supreme Institution
мој	Ministry of Justice		

JIS Jamaica Information Servic

# **Vision Statement**

Our vision is aimed at:

"Promoting a better country through effective audit scrutiny of Government operations."

# **Mission Statement**

Our Mission is to:

- Conduct independent audits and make reports to improve the use of public resources;
- Conduct independent audits of a consistently high quality in accordance with acceptable, professional, auditing, accounting and ethical standards, and issue appropriate reports;
- Ensure that public sector financial transactions and other operations comply with the wishes of Parliament, relevant laws and regulations, and are conducted with due regard to economy, efficiency, effectiveness, the environment and the avoidance of fraud;
- To recruit, develop and maintain qualified, competent staff.



Section 1:

Auditor General's Overview I am pleased to present my Annual Report for the financial year ended March 31, 2011. This report is separated into eight sections. It highlights the operational performance of the Department and provides a summary of the major findings for audits conducted between January to September 2011.

The summary of performance targets and actual outcomes shows what the Department achieved *vis a vis* our plans. During the year, we streamlined our operations in pursuit of our vision of "*promoting a better country through effective audit scrutiny of government operations.*" Further, the Public Sector Transformation Unit identified the AuGD as one among twelve agencies to be granted 'Devoluted Authority' status. This makes it necessary for us to critically examine our current strategic plan and modify our activities to ensure that they are primarily output-focused, stakeholder-centered and in congruence with the accountability and transparency component of the Vision 2030 - National Development Plan Jamaica. In that regard, we held a two-day retreat, which resulted in the development of our Strategic Business Plan 2011-2013. I invite you to view our plan, which can be found on our website- <u>www.auditorgeneral.gov.jm</u>.

A full roll out of the strategic plan will necessitate a review of our business processes. We were able to undertake some aspects in-house; but other elements require professional assistance. Thankfully, we benefitted from international assistance through the International Organisation of Supreme Audit Institutions (INTOSAI) Development Initiative (IDI) by way of training programmes and workshops that were fully funded by that organisation. During the year, seven officers benefitted from these activities.

Subsequently, the IDI invited three of the officers to further participate in training module development and course delivery. These officers will be asked to train the staff of the Supreme Audit Institutions (SAIs) in the Caribbean region. One officer visited Denmark to assist in course material development for training, which will be extended to the wider INTOSAI community. INTOSAI community comprises 150 countries, the second largest organisation only to the United Nations.

In August 2011, we successfully hosted an INTOSAI committee meeting, The Working Group on the Value and Benefits of SAIs (WGVBS), chaired by the Auditor General of South Africa. The AuGD has been a member of this working group since 2009. I have found that my officers' participation in external committees both at the domestic and international levels is a very critical component of professional development and augurs well, for improvement in job performance and enrichment. External participation also provides sources of indirect financial assistance that does not impose a cost on the Jamaican taxpayers. Equally important, is that by our participation, we are apace with international best practices thus, allowing us to continually assess and improve our business processes as it becomes necessary. As such, I appreciate the fact that my co-workers take our responsibilities very seriously and apply best practices learnt to the daily operations of the AuGD. Our continued participation will also require reviews, at intervals, to determine if our involvement is value-added and whether a change in policy is necessary.

I have fully adopted the risk- based approach to auditing. All audits conducted during the year complied with the risk-based auditing principles, which focuses on reviewing business activities rather than examining only financial transactions. Additionally, as of January 2011, AuGD's officers in the Compliance Audit Unit that were stationed in ministries, ranked as low risk based on

historical findings and governance assessments, were reassigned to a newly created audit pool. Our aim is to reduce the time spent in low risk areas and reallocate our resources to high risk areas. This new approach, which requires greater emphasis on audit planning, audit execution techniques and effective sharing of resources, resulted in a 30% increase in reports dispatched when compared to 2010.

Our Performance and Information Technology audit units yielded moderate results when compared to target. However, both units were required to undertake unplanned assignments that became necessary because of the need for special audits. The output of the Financial Statements Unit was in keeping with targets. The Unit has had some success in overcoming the arrears of Financial Statements of some Agencies, Statutory Bodies and Departments. However, some agencies are tardy in amending and returning audited statements to the AuGD, which negatively impacts my ability to sign off and certify these statements in a timely manner. The operation of the Financial Statements Unit is particularly demanding, because unlike other audits, there is a statutory deadline to be met for all financial statements as specified, either by the Law or Loan Agreements. This places the already burdened staff under tremendous pressure.

This report highlights that the audit of some entities revealed a generally satisfactory state of affairs. Of course, I cannot guarantee that all instances of breach or malfeasance were identified because we only examined a sample of the population. However, the audits were planned in such a manner to reasonably identify instances of breaches and irregularities. All audit findings were communicated to the respective MDAs. I found that for the most part they were responsive to our recommendations and steps were taken to implement same. The audits revealed that some MDAs were placing greater emphasis on ensuring that the systems of internal controls were strengthened. Conversely, we have repeat offenders, who though addressing the specific audit concern failed to address the underlying cause.

The 2011 audit year presented many challenges for us at the AuGD. We had to contend with competing priorities, negative effect of the learning curve and limited resources. Nonetheless, our unwavering commitment to continuously improve our performance while, at the same time, meeting the demands of our stakeholders, saw us overcoming some of our weaknesses and building on our strengths. This would not have been possible without the talented and committed staff within the AuGD. I want to take this opportunity to thank them for their relentless efforts, despite the challenges; as well as express my gratitude to Heads of Departments for courtesies and coordinate of extended to my staff. Finally, I would like to thank all the stakeholders who made themselves available and have contributed to the development of the AuGD in a meaningful way.

Pàmèla Monroe-Ellis F.C.C.A., F.C.A, C.I.S.A., Auditor General 21<sup>st</sup> DECEMBER, 2011



Section 2: Executive Summary

# **Executive Summary**

- 2.1.1 The Report of the Auditor General of Jamaica is submitted to the Speaker of the House of Representatives in accordance with Section 122 of the Constitution of Jamaica and Section 29 of the Financial Administration and Audit Act. It contains the findings arising from my audits of the accounts and financial transactions of Accounting Officers and Principal Receivers of Revenue for the financial year ended 31st March, 2011. Reference is also made to the accounts and transactions of subsequent or previous financial years, as well as the accounts of Local Government agencies and other statutory bodies and government companies where considered necessary for the information of Parliament.
- 2.1.2 Examination of the accounts and financial transactions of the Government is conducted in conformity with Section 122 of the Constitution and Section 25 of the Financial Administration and Audit Act. Section 25(1) of the Act states as follows:

"The Auditor General shall, in performing his functions under Section 122(1) of the Constitution ascertain whether in his opinion:

- a) the accounts referred to in that section are being faithfully and properly kept;
- b) the rules and procedures framed and applied are sufficient to secure an effective check on the assessment, collection and proper allocation of the revenues and other receipts of the Government;
- c) all money expended and charged to an Appropriation Account has been applied to the purpose for which the provision made by Parliament was intended and that any payment of public money conforms to the authority which governs it, and has been incurred with due regard to the avoidance of waste and extravagance"...

# **Public Accounts Committee**

2.1.3 The Public Accounts Committee of the House of Representatives is a standing bi-partisan committee chaired by the opposition spokesman on Finance. Under the standing orders of the House all accounts of government agencies and annual reports of the Auditor General tabled in the House are automatically referred to the Committee. In examining the reports of the Auditor General, the Committee calls upon Accounting Officers, other heads of agencies and their support staff to explain their stewardship of the public affairs and resources assigned to them. It seeks to identify the causes for weaknesses mentioned in the Auditor General's reports, obtain information on what is being done to rectify the situation, and makes recommendations as to the corrective measures which should be pursued.

2.1.4 The Committee therefore plays a critical role in helping to ensure that appropriate action is taken on the findings of the Auditor General. During the period February to November 2011, the Committee examined the Auditor General's Annual Report for the financial year 2010/2011 as well as other special and performance audit reports.

# Scope of the Audit

- 2.1.5 The audits of most Ministries, Departments, Executive Agencies and public bodies for the 2010/2011 financial year consisted of examinations, inquiries and investigations to enable assessment of the adequacy of the systems of internal control over the major areas of revenue and expenditure. It also includes obtaining the information and explanations considered necessary for certifying financial statements submitted. Additional audit emphasis was applied to those areas of governmental activity where the internal control was weak, others which had been prone to problems in the past, new programmes and areas of general public interest. Follow-up work was also done to ascertain what action had been taken on previous audit observations and recommendations.
- 2.1.6 Several programmes and projects were selected for special audits aimed at assessing if adequate planning had been done, proper management control systems instituted and whether the programmes and projects were achieving their intended objectives. A number of Performance and Information Systems audits were also conducted during the course of the year. The computer systems were audited to determine whether they were effective management tools. In all instances a risk based audit methodology was applied. The overriding intent of the audits was to contribute to improvement in the management of the public sector and to prompt savings for the taxpayers.

# **Contents of this Report**

- 2.1.7 This report summarizes the more important observations arising from the various audits conducted for the period under review. More detailed comments on the points mentioned, as well as recommendations as to the corrective measures considered necessary, were communicated to Accounting Officers, Principal Receivers of Revenue and other heads of Agencies by way of audit queries, reports and other memoranda. Where appropriate, the comments and reactions of those officers to my findings and recommendations are indicated.
- 2.1.8 In a number of instances, mention is also made in this report of the findings of Internal Auditors. The Heads of Government Agencies were supplied with a draft of the points I intended to make in this report on their respective portfolios and given an opportunity to comment thereon.
- 2.1.9 In keeping with the statutory responsibilities mentioned at paragraph 2.1.1 above, the Auditor General is duty bound to bring to the attention of



Parliament important instances in which the requirements of the Constitution, Financial Administration and Audit Act, other Acts of Parliament, the Financial Regulations and Instructions, as well as good financial, accounting and management practices have not been observed. The report therefore tends to emphasize the shortcomings and unsatisfactory features disclosed by the audits.

#### **Generally Satisfactory Audit Findings**

2.1.10 The audits for the period under review, disclosed that the financial affairs of some Ministries, Departments and other Government entities were conducted in a generally satisfactory manner with only minor breaches of the Government's financial and accounting rules.

#### **Overpayments**

2.1.11 The audits also identified several instances of overpayments amounting to \$20.8M. The MDAs, during the year have recovered a total of \$1.9M. [Appendix Jiii].

#### Advances

- 2.1.12 The Financial Administration and Audit Act, Instructions 5.39(3) and 5.42 stipulate that advances made from public moneys for travelling and subsistence expenses should be accounted for immediately on return. Good financial practices should ensure the prompt recovery or clearing of advances made for goods and services, on delivery of the goods and for the satisfactory completion of such services. Additionally, salaries paid in advance to officers proceeding on vacation leave should be recovered on the first pay day following the salary-in- advance disbursement.
- 2.1.13 Failure to account for advances within the stipulated time frame will misrepresent actual expenditure for that period and create uncertainty as to whether funds were used for the intended purposes. The audits identified outstanding advances totalling \$574M.

# Internal Control Weaknesses

- 2.1.14 Internal controls are designed to provide reasonable assurance that Government's policy directives are enforced and that its general objectives are being achieved. The Minister of Finance is charged with the responsibility of issuing policy guidelines to regulate the day to day activities of the Government.
- 2.1.15 Accounting officers of Ministries, Departments and Agencies are charged with the responsibility of ensuring that all policy directives, as well as the provisions of the relevant Laws, are observed; guidelines issued by the Ministry of Finance are implemented and an effective system of internal control exists.



- 2.1.16 Internal control incorporates all systems instituted by management to ensure the organization
  - achieves its objectives in an economical and efficient manner;
  - is provided with prompt and reliable accounts and other relevant information;
  - assets are properly safeguarded and
  - has necessary checks and balances exist to prevent andetect errors and fraud.
- 2.1.17 Management's demonstration of commitment to the system of internal control is critical in fostering a supportive and positive attitude towards internal control by public servants.
- 2.1.18 Failure by several entities to comply with the Government's financial rules continued to result in inadequate control over stores, furniture and equipment, the custody of blank cheques, the preparation and payment of salaries and the purchase of petrol, thus undermining the objective of safeguarding Government's resources.

# **Breaches of Procurement Guidelines**

2.1.19 The audits identified breaches of the Government's prescribed rules for the procurement of goods and services costing approximately JA\$527M [Appendix M ] involving 6 entities. These include failure to obtain the requisite approval from the NCC as well as to invite the required competitive price quotations before awarding contracts for less than \$10M. I was therefore often unable to determine how those organizations satisfied themselves that the prices paid were fair and reasonable.

# Tax Assessment and Collection

# Arrears of Annual Financial Statements

- 2.1.20 Government entities are required under relevant Acts of Parliament to submit for audit annual financial statements within four months after the end of each financial year. Many of the Ministries, Departments and Agencies (MDAs) were in varying degrees of arrears, as depicted at appendix A-C of this report. However, there was marked improvement in the MDA's submission of the Appropriation Account, financial statements and receipts and payments statements when compared to previous years.
- 2.1.21 In the case of Ministries and Departments, which should submit Appropriation Accounts, up to December 21, 2011, we had not received 27 accounts for 2010/2011, 20 for 2009/2010, 11 for 2008/2009, 5 for 2008/2007, 2 for 2006/2007 and 1 for 2005/2006. A schedule of the outstanding appropriation accounts is shown at [Appendix A] of this report

Some statutory bodies were also in arrears with the submission of their financial statements, including receipts and payments statements. Details of

outstanding financial statements are shown at appendices B and C to this report. Delay in the submission of the annual financial statements undermined the public accountability process; prevented a proper assessment of the entities financial performance and their state of affairs, and increased the risk of delayed or non-detection of errors and fraud.



Section 3: Introduction

# **Summary of Performance and Actual Outcomes**

3.1.1 Our audits are designed to provide reasonable assurance that management's stewardship meets both GOJ's and internationally accepted standards and procedures. In pursuit of our vision of *promoting a better country through effective audit scrutiny of government operations,* we aim to, through our robust audits and reports; facilitate transparency and accountability and promote efficiency and effectiveness in government operations. We intend to achieve these through the five (5) audit units that are established in the AuGD.

# **Compliance Audit Unit**

- 3.1.2 Compliance audits are conducted at least once per year in accordance with auditing standards issued by the (INTOSAI). They are conducted to determine whether the MDAs comply with the relevant Acts and Regulations that govern their operations and the guidelines issued by the Ministry of Finance.
- 3.1.3 A strategic decision was taken to separate the units responsible for operational audits and the audit of financial statements. This ensured greater compliance with international auditing standards designed to prevent conflict of interest.
- 3.1.4 The table below illustrates planned and actual number of audits conducted by the Compliance Audit sections, during the period January to September 2011. The table does not include the audits of Appropriation Accounts done by the Compliance Audit sections, but are included in the report on the Financial Statement Unit.

Table 1. Number of Entities Addited and Reports Dispatened						
Audits	201	.0	201	.1	No. of	
Conducted	Planned	Actual	Planned	Actual	Reports Dispatched	
Ministries	15	14	15	15	44	
Departments	35	29	56	54	52	
Executive Agencies	11	11	10	10	10	
Statutory Bodies	57	50	49	45	42	
Parish Councils & KSAC	8	6	10	9	8	
Others – Educational Institutions, Projects, High Commissions, Foreign Missions	4	4	17	16	14	
Total	130	114	157	149	170	

# Table 1: Number of Entities Audited and Reports Dispatched

Workin

3.1.5 This year, I embarked on an innovative approach of establishing a shared service audit unit (Audit Pool) in an attempt to focus mainly on areas assessed to be high risk and to increase the productivity of the Department. Compliance audit teams in the smaller Ministries and Departments were included in the shared services unit, while those in the larger Ministries remained intact. This was successful, as evidenced by a 30 percent increase in the number of audits completed. Officers were also exposed to the work of other units, which improved staff development and morale.

# **Financial Statements Audit Unit**

3.1.6 The Public Bodies Management and Accountability (PBMA) Act, requires that annual reports and audited financial statements of all public bodies be tabled in the Houses of Parliament as soon as possible after the end of each financial year, but not more than four months thereafter. The Financial Statements Audit Unit (FSU) was created to conduct the financial audits as required under the PBMA Act.. This move was aimed at improving the efficiency of our audits and facilitating greater compliance with legal obligations.

Contified

Statements		nber eived	Cert	ified	Retui	rned	In Ho be Au			rk in gress
Sutements	201 0	2011	2010	2011	2010	201 1	2010	2011	2010	2011
Appropriation Accounts: Ministries and Departments	108	153	24	77	0	21	0	0	84	55
Executive Agencies	9	23	4	6	0	1	4	12	1	4
Total MDAs	117	176	28	83	0	22	4	12	85	59
Financial Statements: Public Bodies	34	55	25	23	0	2	7	16	2	21
Parish Councils	6	40	5	3	0	0	0	17	1	20
<b>Others as required</b> <b>by law:</b> <i>Accountant</i> <i>General's Dept.</i>	8	5	1	4	0	0	7	1	0	0
Projects	0	8	0	7	0	0	0	0	0	1
Total	165	284	59	113	0	24	18	46	88	101

Table 2: Number of Statements Audited and Status Deturned In House to

A certified statement is one that is examined, signed and issued by the Auditor General. A report is issued with the statements indicating whether they are qualified or unqualified.

# **Information Technology Audit Unit**

3.1.7 The Information Technology Audit Unit became fully operational in January 2009. mandate is coordinate the conduct of Information The Unit's to Technology/Information Systems (IT/IS) audits of Ministries, Departments and Agencies. These audits are planned to collect and evaluate evidence on an organisation's information systems, practices, and operations. They are intended to determine if the information systems are safeguarding assets, maintaining data



integrity, and are efficient and effective management tools to achieve the organization's objectives.

3.1.8 The audit program for the period under review was developed using a risk based approach with emphasis on the review of general and application controls. The major systems/entities selected for review are shown in the following table:

Assignment	System Owner	Status
Review of General Computer Controls	Fiscal Services Limited	Tabled <sup>1</sup>
Strategy in Preventing, Detecting and Investigating Benefit Fraud <sup>2</sup>	Ministry of Labour & Social Security	Tabled <sup>3</sup>
Elector Registration System (ERS) and the Electronic Voter Identification and Ballot Issuing System (EVIBIS) <sup>4</sup>	Electoral Office of Jamaica (EOJ)	WIP
Licensing Management Information System (LMIS)	Transport Authority	WIP
Police Traffic Division System (PTD) and the Traffic Ticket Management System (TTMS)	Jamaica Constabulary Force	Outstanding

#### **Table 3: Information Technology Audits**

<sup>&</sup>lt;sup>1</sup> http://www.auditorgeneral.gov.jm/files/u5/IT\_Audit\_Report\_of\_Fiscal\_Services\_Limited.pdf

<sup>&</sup>lt;sup>2</sup> Unplanned. This audit was done in conjunction with the Performance Audit Team.

 <sup>&</sup>lt;sup>3</sup> ttp://www.auditorgeneral.gov.jm/files/u5/MLSS\_Benefit\_Fraud\_Performance\_Audit\_Report.pdf
 <sup>4</sup> This audit was interrupted for over two months due to the lack of cooperation of the Electoral Commission of Jamaica (ECJ).



3.1.9 In addition to the major assignments above, the Unit also provided data analysis and data interrogation support to other audit units on the following assignments:

Table 4: Data Analysis & Interrogation Support				
Assignment	Entity			
Examination of Salaries and other expenditure.	National Council on Drug Abuse			
Special Audit of the All Island Cane Farmers Association <sup>5</sup>	All Island Cane Farmers Association			
Examination of Expenditure	Ministry of Finance			
Review of transactions withintheIntegratedComputerizedTaxAdministrationSystem(ICTAS)tosatisfy multiple audit objectives.	Tax Administration Jamaica			
Examination of GCT Refunds	Tax Administration Jamaica			
Examination of Inland Revenue Lodgements-in-transit	Tax Administration Jamaica			
Examination of Expenditure	Accountant General's Department			

# **Performance Audit Unit**

- 3.1.10 Our performance audits are designed to assess how well an entity is executing its mandate or managing and evaluating their operations to ensure they achieve economy, efficiency and effectiveness. It is targeted to improve business processes, reduce waste, and enhance governance structures. Our overall aim therefore, is to assess whether GOJ is obtaining commensurate value for its investment in the entity. The audits are selected based on materiality of the amounts stated in the budget and the significance of the subject to the Parliament and taxpayers, our main clients.
- 3.1.11 Section 48 B (6) of the Financial Administration and Audit (FAA) Act requires the Auditor General to examine the components of the Fiscal Policy Paper and provide a report to the Houses of Parliament indicating whether
  - a) The conventions and assumptions underlying the preparation of the Fiscal Policy Paper comply with the principles of prudent fiscal management specified in section 48D; and
  - b) The reasons given pursuant to subsection (5) (d) (ii) are reasonable having regard to the circumstances.
- 3.1.12 Consequently, the Economic Assessment Audit Unit was established on May 1, 2011. The Unit examined the Fiscal Policy Paper for 2011/2012.

<sup>&</sup>lt;sup>5</sup> <u>http://www.auditorgeneral.gov.jm/files/u5/AIJCFA\_Report.pdf</u>

# Human Resource Management And Development

- 3.1.13 Institutional and Capacity BuildingWe intend to develop and implement a sustained professional and technical development programme aimed at ensuring that the staff is sufficiently competent to realise the strategic objectives of the department and is adaptable to change in keeping with Vision 2030 National Development Plan Jamaica.
- 3.1.14 We are committed to ensuring that the Organisation is staffed with competent personnel that will add value to each Unit. It is our intent to upgrade the Personnel Department to a Human Resources Department, so that attention will be focused on what is required to build our human capital and motivate our staff. New positions were approved for the Human Resources & Administration, Financial Statements, Performance Audits and Compliance Audit Units. The required staffs were recruited to fill these positions.
- 3.1.15 We recognise that trained employees are likely to apply information learned, think more critically and act more logically. They are better able to adapt to a changing environment and to work across job functions. Training tends to motivate employees as they are more equipped with the necessary skills to perform their jobs competently. Transfer of organisational knowledge by in-house training is one way of tapping the tacit knowledge of more experienced employees. Our aim is to continue to train such experienced employees to transfer their knowledge to others.
- 3.1.16 With this, we are committed to making an investment in our human resources by ensuring that the majority of our staff obtain continuous professional development through workshops, formal training courses, informal training programmes and mentorships., This is as stipulated by the professional bodies to which our members belong such as the Association of Certified Chartered Accountants (ACCA), Institute of Internal Auditors (IIA) and ISACA. During the year, a number of staff members were exposed to technical training in Auditing Techniques, International Public Sector Auditing Standards (IPSAS), SWOT and Risk Analyses (Table 5 )

Section 3:

Introduction

# Table 5: Training Undertaken During the Year

	2	011		2012
Courses/Seminars/Workshop	Planned	Actual	Planned	Actual
Induction Courses (Internal)		1	2	
Information Technology				
• Internal			2	
• External		1 person		
<ul> <li>IDEA Data Analysis Training Workshop</li> </ul>		10 persons		
Auditing Techniques (external)		1 person		
<ul> <li>International Training Programme in Environmental Auditing - India</li> </ul>		1 person		
Report Writing (external)				
Public Private Partnership & Private Infrastructure Finance		2 persons		
Supervisory Management		1 person		
Professional Certificate course in Industrial Relations		1 person		
Macroeconomic Diagnostics in English -				
IMF		1 person		
Government Accounting		4 persons		
Certificate in Administrative Management		1 person		
Public Speaking & Presentation skills		4 persons		
Records & Information Management		1 person		
Fundamentals of Project Management		1 person		
Conflict Resolution Workshop		12 persons		
Re-engineering of the Pensions Process		10 persons		
Delegation of function by Office of		<b>r</b> · · · ·		
Services Commission Workshops		all staff	All staff	
Devolution of authority			All staff	
Human Resources Management for Sector				
Officers		3 persons		
Customer Service		2 persons		
IDI - CAROSAI Risk based approach for Financial Audit workshop		2 persons x 2 weeks		
		7 sessions - 55		
CAROSAI - SWOT / Risk Analysis		persons		
International Public Sector Auditing Standards (IPSAS) Training		26 persons		
International Audit Fellowship Programme (Mar - June 2012)			1 person	

# **Transformation of the Department**

- 3.1.17 The AuGD is slated to receive delegation of authority from the Public Service Commission early in 2012. This will give the Department authority to manage its human resource function, eg recruitment and selection, training, leave management, discipline and separation. To this end, the entire staff population received sensitisation training from the Office of the Services Commission over a three week period. In addition, the human resource unit received additional training in the management and operation of HR functions and procedures.
- 3.1.18 As part of the Government's rationalisation of the public sevice, the AuGD is one the 12 entities to be conferred with devolution and de-concentration of authority status. This means the AuGD will be granted autonomy over its operations, human and financial resources and will involve significant changes in our operations and mind-set.
- 3.1.19 In order to successfully manage and implement the required changes it is our intention to keep staff members fully informed through workshops, seminars and to engage them in the development of certain policies and procedures. Two Committees were established to facilitate the communication of information, planning and implementation; namely the Interdisciplinary Transformation Team (IDTT) and the Steering Committee of the IDTT. The IDTT terms of reference, as stipulated by the Public Sector Transformation Unit (PSTU), is as follows:
  - Identification and implementation of specific activities that will lead to efficiencies within the Department.
  - Documentation of changes to the business processes to create a knowledge/learning environment.
  - Identification of employees that require professional assistance during and after the transition.
  - Communication of changes in service delivery to stakeholders.
- 3.1.20 We intend to ensure that there is continuous evaluation of the change process to accommodate new developments, whether as policy directives from the Government or as actions which arise from the interaction with the relevant stakeholders.
- 3.1.21 This year, the first ever planning retreat was done. Representatives from all levels within the Organisation were selected to participate. During the two days we assessed our readiness for devolution and de-concentration of authority, identified our strengths, weaknesses, opportunities and threats (SWOT analysis) and prepared an action plan for achieving our objectives and meeting the requirements set by the Public Sector Transformation Unit (PSTU) Office of the Cabinet.

# **International Organisations**

- 3.1.22 The AuGD is a member of the International Organisation of Supreme Audit Institutions (INTOSAI), which has as its mission:
  - to promote mutual support;
  - foster the exchange of ideas, knowledge and experiences;

- act as a recognised voice of Supreme Audit Institutions (SAIs) within the international community; and
- promote continuous improvement among diverse member SAIs.

# 20th International Congress (XX INCOSAI)

- 3.1.23 As a member of INTOSAI, I accepted the invitation for two officers to attend the 20<sup>th</sup> International Congress (XX INCOSAI) held in Johannesburg, South Africa, 20 – 27<sup>th</sup> November, 2010. A Congress is the supreme organ of INTOSAI and is held every three years. The Congress was attended by 500 delegates representing 152 SAIs and representatives from international organisations and professional bodies such as the United Nations (UN), the World Bank (WB), Organisation of Economic Cooperation and Development(OECD), International Federation of Accountants(IFAC) and The Institute of Internal Auditors (IIA).
- 3.1.24 INTOSAI reaffirmed that it existed to improve the lives of citizens through the key themes that were deliberated:

Theme 1: The value and benefits of SAIs Theme 2: Environmental auditing and sustainable development

- 3.1.25 The most significant highlight of the Congress was the discussion and adoption of a set of standards specifically relating to public sector auditing. Thirty five (35) International Standards of Supreme Audit Institutions (ISSAIs) and two INTOSAI Guidance for Good Governance were developed. The AuGD did not delay in implementing the best practices outlined in the standards in our planning, field work and reporting. Through presentations our senior officers were introduced to the standards and the audit staff members were urged to become familiar with them. This resulted in senior officers taking the initiative to introduce a new format for presenting our reports to include advising the entity on the criteria and methodology used in conducting the audits.
- 3.1.26 An overview of some of the many and varied topics that were discussed through reports presented by the various committees, working groups and task forces is outlined below:

Section 3:

Introduction

Table 6. (	lverview	Tonics	Discussed

Table 6: Overview Topics Discussed					
Session	Responsibility				
Strategic Goals of INTOSAI         Goal 1-Accountability and Professional         Standards         Promote strong, independent and multi-         disciplinary SAIs by       •         encouraging SAIs to lead by example;       and         o       contributing to the development and         adoption of appropriate and effective       professional standards	Professional Standards Committee				
<b>Goal 2- Institutional Capacity Building</b> Build the capabilities and professional capacities of SAIs through training, technical assistance and other development activities	Capacity Building Committee				
Goal 3- Knowledge sharing and Knowledge Services Encourage SAI cooperation and collaboration and continuous improvement through knowledge sharing, including providing benchmarks, conducting best practice studies, and performing research on issues of mutual interest and concern.	Knowledge Sharing Committee				
<b>Goal 4- Model International Organisation</b> Organise and govern INTOSAI in ways which promote economical, efficient and effective working practices, timely decision making and effective governance practices while maintaining due regard for regional balance and the different models and approaches of member SAIs.	Finance and Administration Committee				
<ul> <li>Working Group reports:</li> <li>Public Debt</li> <li>Value and Benefits of SAIs</li> </ul>	SAI of Mexico SAI of South Africa				
• IT Audit	SAI of India				
Environmental Audit	SAI of Estonia				
<ul> <li>Privatisation, Economic Regulation, Public- Private Partnership</li> </ul>	SAI of United Kingdom				
Programme Evaluation	SAI of France				
• Fight Against Corruption and Money Laundering	SAI of Egypt				
Audit of Disaster Related Aid	European Court of Auditors				
Key National Indicators	SAI of Russian Federation				
Global Financial Crisis	SAI of the USA				
INTOSAI communication Strategy	General Secretariat –SAI of Austria				



# 21st Commonwealth Auditors General Conference

3.1.27 The 21<sup>st</sup> Commonwealth Auditors General Conference was held in Windhoek, Namibia on April 13, 2011. The AuGD was asked to present a country paper on subtheme 2: **Aligning Institutional Capacity and Performance of SAIs.** 



Performance Audit



# Performance Audit Unit

- 4.1.1 Our performance audits are designed to assess how well an entity is executing its mandate or managing and evaluating their operations to ensure they achieve economy, efficiency and effectiveness. It is targeted to improve business processes, reduce waste, and enhance governance structures. Our overall aim therefore, is to assess whether GOJ is obtaining commensurate value for its investment in the entity. The audits are selected based on materiality of the amounts stated in the budget and the significance of the subject to the Parliament and taxpayers, our main clients.
- 4.1.2 The Unit planned to undertake eight audits for the period, five new audits and three brought forward from 2010. Of the eight, one was discontinued, three were completed and four are work in progress. Table X shows the status of all audits undertaken by the unit during the year.

Audit Assignments	Type of Audit	Status
Ministry of Labour and Social Security-Benefit Fraud <sup>6</sup>	Performance	Tabled
Jamaica Development Infrastructural Programme	Special	Tabled
Institute of Sports	Special	Tabled
Debt Management	Special	
All Island Cane Farmers Association	Special	Tabled
Management of HIV/AIDS	Special	Discontinued
Urban Development Corporation	Performance	Work In Progress
Management of Police Motor Vehicles	Performance	Work In Progress
Nutrition Products Limited	Special	Work In Progress

Table 7: Status of Audits Undertaken During the year

# **Impact of Performance Audits**

4.1.3 The entities have taken steps to adopt our recommendations and adjust their work processes to make them more efficient.

<sup>&</sup>lt;sup>6</sup> Brought forward from previous year

- NEPA has been more proactive in their enforcement activities and in keeping with our recommendation it has since prepared a State of the Environment Report.;
- MOH has instituted measures to meet prescription drug storage criteria and improve the dispensing of drugs; and
- MLSS recovered \$1.2 million from inactive accounts and there was marked improvement in the amount of licences issued by the Fisheries Division.

# Summary of Key Findings

A summary of the key findings are outlined in paragraphs 4.1.4 to 4.1.25 :

# The Fisheries Division

4.1.4 We found that there was a significant number of unregistered fisheries (fishermen) and unlicensed vessels. The effectiveness of enforcement and research activities were negatively impacted by a lack of adequate human and financial resources. The Division has made progress in licensing fisheries and registering vessels. However, it is awaiting the promulgation of the revised Fishing Industry Act to strengthen its enforcement powers and improve compliance within the Fishing Industry.

# National Environment and Planning Agency (NEPA)

4.1.5 We found that NEPA's management could better protect the environment and the public. Weaknesses were noted in its monitoring and enforcement activities. Further, NEPA has not met the requirement to generate revenue to cover its costs. Subsequent checks have revealed that the Agency has made progress in adopting some of our recommendations to improve its business processes, particularly those relating to its monitoring and enforcement functions. However, there are some recommendations that require legislative changes by the political directorate, such as, establishing an independent appeals body and increasing the existing low fines and fees.

# Management of the Supply of Prescription Drugs

4.1.6 The Ministry of Health did not properly manage the supply of prescription drugs. We found that the MOH did not provide adequate oversight to encourage formal networking and partnership between public pharmacies to facilitate better service to patients. This resulted in uneconomical purchasing decisions and failure to realise potential savings of \$202 million. It also contributed to a fall in basic storage standards, which threatened the potency and efficacy of prescription drugs. There was no formal system in place to track usage patterns to aid effective decision making.

4.1.7 Further, the Ministry of Health's indebtedness to the Health Corporation Limited, which totalled \$1.1 billion as at December 31, 2010, was causing significant cash flow problems to the entity. We recommended that the Ministry of Health seek to standardise procurement approaches and exercise greater oversight of public pharmacy services. The Ministry should adopt a proactive approach to monitoring the demand for the supply of prescription drugs by employing existing software and centralising its information platform. This should facilitate more effective decision making.

# All Island Jamaica Cane Farmers Association (AIJCFA)

- 4.1.8 We found that the AIJCFA failed to faithfully comply with the provisions the Sugar Cane Farmers (Incorporation and Cess) Act. Our findings suggested that the AIJCFA was financially burdened because of inadequate resources and that this will negatively affect the service level it is capable of providing to the farmers. We found that during the period 2001-2006, the AIJCFA had continuing net losses, and equity which ranged from negative \$2.2M to negative \$18.8M. Further, the audit revealed that significant weaknesses in AIJCFA's corporate governance practices over the years may have contributed to the current state of affairs.
- 4.1.9 The AIJCFA also did not design systems to ensure accountability and transparency resulting in improper payments totalling \$96M. It is imperative that immediate measures be taken to cease the trend towards insolvency by implementing a robust financial management system. AIJCFA should strictly comply with the provisions of the Act to ensure that it faithfully fulfils its fiduciary responsibilities to cane farmers and other stakeholders. We also implore the Government stakeholders consider the findings and other to and recommendations of the Goodridge Report with a view to implementation.

# The Ministry of Labour and Social Security Strategy in Preventing, Detecting and Investigating Benefit Fraud

- 4.1.10 Our audit findings indicated that the Ministry of Labour and Social Security (MLSS) did not adopt a proactive approach in its mitigation activities against fraud and failed to assess the risks associated with the administration and payment of benefits. Despite the occurrence of previous fraud cases totalling \$8.7M, MLSS did not have a fraud mitigation strategy to ensure the integrity of the benefit systems. The lack of direct interface between the computer systems used to administer and pay benefits increased the risk of irregularities and may have resulted in improper payments of \$288,240.
- 4.1.11 Additionally MLSS did not monitor direct payments to PATH beneficiaries' bank accounts, resulting in the lodgement of \$2.8 million to 111 inactive

accounts, for periods up to 44 months. The Ministry's fraud detection strategies were inadequate and there was no mechanism in place that facilitates proper recording and reporting of suspected cases of benefit fraud.

- 4.1.12 Despite incurring costs to print life certificates, the MLSS did not enforce the requirement to submit these certificates for the approximately 92,000 pensioners residing in Jamaica. In addition, the Ministry was not reconciling pension vouchers en-cashed at post offices to facilitate the early detection of fraud.
- 4.1.13 Except for PATH there was no formal system for assigning and managing benefit fraud investigations and an adequate public education programme was not in place to raise staff and clients' awareness of benefit fraud and the related penalties. The Ministry was unable to quantify the negative impact of fraudulent activities on the Country's social programmes. MLSS has subsequently submitted copies of its National Insurance Scheme Risk Assessment profile and the MLSS risk matrix. The Ministry has also indicated that they are exploring varying alternatives to address the deficiencies in their system including the establishment of a Risk Management Committee.

#### Jamaica Development Infrastructural Project (JDIP)

- 4.1.14 The JDIP is an initiative of the GOJ, through the Road Maintenance Fund (RMF), and the EXIM Bank of China for a US\$400M loan to finance the improvement and rehabilitation of the island's road network.
- 4.1.15 We found that the Ministry of Transport and Works (MTW) opted to utilise the sole source procurement methodology in awarding the contract to China Harbour Engineering Company, (CHEC) which may have deprived the government of the ability to achieve value for money and maintain transparency and fairness in the process. Further, CHEC sub-contracted works valued at JA\$12.3 billion, as at July 2011, to 15 National Contracts Commission (NCC) registered contractors. Despite an agreement between the National Works Agency (NWA) and CHEC to select subcontractors from Grade 1 contractors on the NCC list, we observed that Grades 2 and 3 contractors also received subcontracts from CHEC.
- 4.1.16 The absence of adequate and appropriate records limited the scope of our audit in assessing the transparency of the MTW/NWA selection process and negotiation of individual contract prices for JDIP projects. For example, NWA failed to provide 19 of the 25 engineer's estimates we requested to determine whether the contract prices were fair and reasonable.
- 4.1.17 Further, we found that the NWA's quality assurance monitoring activities of JDIP projects failed to meet its Key Performance Indicators (KPIs). NWA also failed to monitor all active projects as required and there was no evidence that the requisite quality assurance reviews were conducted for 7 of the 11 quality control plans submitted by the contractor.

- 4.1.18 We found that poor planning of the Christiana Development Road Project resulted in frequent changes in the design alignment and undue delays in implementation. The MTW had to make two separate submissions to Cabinet for the acquisition of 26 parcels of land to facilitate the implementation of the project.
- 4.1.19 Contrary to the provisions of the GOJ procurement guidelines, the NWA used the sole source method to award a contract to CHEC for US\$1.2M (JA\$102M), to refurbish its corporate offices without the required approval of the NCC. In addition, the required contractors levy of approximately US\$24,000(JA\$2,040,000) was not deducted and remitted to Tax Administration Jamaica in accordance with Sections 3 and 4 of the Contractors Levy Act.
- 4.1.20 The MTW was reminded of its fiduciary responsibility to ensure that Government and by extension taxpayers obtain value for every dollar spent. In that regard, it has a responsibility to use the competitive procurement method, which aims to achieve value for money and maintain transparency and fairness in the process. In cases where it is prudent to use the sole source methodology in the awarding of contracts, the MTW should ensure strict adherence to the GOJ procurement guidelines.
- 4.1.21 MTW and the NWA should immediately implement formal systems for the selection of projects and negotiation of contract prices for all remaining JDIP projects. NWA should aggressively enforce its quality assurance standards to ensure the achievement of its mission to build and maintain a reliable, safe and efficient main road network and flood control system. NWA should develop an appropriate capital project planning process that ensures systems and resources are in place for the successful implementation of projects. There should also be full compliance with the Contractors Levy Act and efforts be made to recover the outstanding levy of US\$24,000 from CHEC.

#### The Institute of Sports Limited

- 4.1.22 The Institute of Sports (INSPORTS), which replaced the National Sports Limited, was established on April 01, 1978. It was responsible for the development and promotion of all forms of sports in Jamaica and the management of the sporting and recreational facilities at the National Stadium and the National Arena. However, in October 2001, the management of the sporting and recreational facilities at Independence Park, the National Stadium and the National Arena was assumed by the Independence Park Limited.
- 4.1.23 INSPORTS Board failed to execute its fiduciary responsibilities to ensure the development and implementation of strategic and operational plans to ensure that Jamaica's sporting development programmes fulfilled the expectations of its citizens. The entity's roles and responsibilities were not clearly defined and a suitable framework developed to ensure that its

operation is managed with probity, integrity and accountability. A proper assessment of INSPORTS' financial state of affairs could not be conducted as the last audited financial statements were for 1991- 1992 and the requisite Annual Reports were never prepared.

- 4.1.24 INSPORTS had not conducted the required annual performance reviews of its employees. Further, 13 staff members' positions were reclassified to higher grades without the appropriate approval, resulting in unauthorized payments of \$24.6M for the period June 2007 to June 2011. Improper salary payments totalling \$11.7M as at July 2011 were also made to two sports officers who had not reported to work for periods up to seven years. Additionally, poor cash management resulted in INSPORTS incurring \$448,000 for overdraft interest over the last five years. We were unable to determine whether INPORTS' sponsored sporting activities achieved the objectives intended as the relevant documents were not provided.
- 4.1.25 We recommend that the Board ensures the timely development and implementation of strategic plans for INSPORTS. The Board in collaboration with the portfolio Ministry should also clearly define the roles and responsibilities of INSPORTS and ensure that adequate resources are available to effect the entity's operations. There should be strict adherence to the Public Bodies Management and Accountability Act (2001) which is designed to promote good governance practices. Further, INSPORTS and the portfolio Ministry should take steps to regularise its staff structure and the circumstances that contribute to the improper payments.



Financial Statements Audit

#### **Financial Statements Audit**

- 5.1.1 The financial statements of Executive Agencies, Parish Councils and Statutory Bodies were audited in order to express an opinion as to whether they reflect a true and fair view. A true and fair view means that there is compliance with the relevant accounting standards; and there is no evidence of material misstatement.
- 5.1.2 All audits were conducted in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). These standards require that I comply with ethical requirements, plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatements.

#### Deciding on the Form of Opinion

• Unmodified Opinion

This opinion is expressed when the auditor concludes that the financial statements reflect a true and fair view in relation to the financial reporting framework.

• Modified Opinions

International Auditing Standards (ISA 700) states that an auditor can express three types of modified opinions as outlined below.

• Qualified opinion

A qualified opinion is given when the auditor has received sufficient and appropriate audit evidence and concludes that there are material misstatements which are not pervasive to the financial statements or the auditor does not have sufficient and appropriate audit evidence but considers the possible effects of those undetected misstatements could be material but not pervasive.

• Adverse Opinion

An adverse opinion is expressed when the auditor having received sufficient and appropriate audit evidence, concludes that the misstatements are both material and pervasive to the financial statements.

• Disclaimer of opinion

A disclaimer of opinion is expressed when the auditor has not received sufficient and appropriate audit evidence and concludes that the possible effects of the misstatements could be both material and pervasive to the financial statements.

#### **Annual Performance**

5.1.3 Thirty-nine (39) financial statements were planned and audited for the year 2011. Of this amount, 23 were certified, which represents approximately 59% of the planned audits. While the number of certified statements increased marginally over the 2010 figures, the Financial Statement Unit (FSU) has managed to conclude the fieldwork on 13 of the remaining 16 statements. Four statements were work-in-progress. Essentially, all planned activities for the year were undertaken which is indicative of the expected

impact of the FSU. The FSU continues to be strengthened and improvements are anticipated for the ensuing year.

#### **Financial Statement Arrears Project**

- 5.1.4 Several Public Bodies have failed to meet their statutory obligation to present before Parliament an annual report. (Appendix 7)
- 5.1.5 One of our objectives is to reduce the arrears of financial statements over a two year period. The AuGD has identified 15 entities whose financial statements require immediate attention. The project's strategy is to complete audits of all 58 financial statements within a six month period once all the required documents have been submitted.

#### **Modified Opinions**

5.1.6 Modified Opinions were issued for audits conducted at the Ministry of Labour and Social Security, the Jamaica Information Service, the National Land Agency and the Accountant General's Department. The reasons for the qualifications were as follows:

## Section 5: Financial Statements Audit

#### **Table 8: Modified Opinions**

Entity	Head	Year	Comment
Ministry of Labour & Social Security	4000	2006/2007	Expenditure totalling \$13.7M was not reflected in the Appropriation Accounts as per Section 24 (I)(1)(b) of the Financial Administration and Audit (FAA) Act
Jamaica Information Service	1510	2010/2011	Expenditure for the year exceeded the voted provision by approximately \$6.9M in breach of Section 116 of the Constitution which requires Parliamentary approval for expenditure in excess of the sum provided by the Appropriation Act.
National Land Agency	1547	2009/2010	Expenditure for the year exceeded the voted provision by approximately \$53.8M in breach of Section 116 of the Constitution which requires Parliamentary approval for expenditure in excess of the sum provided by the Appropriation Act.
Accountant General's Department (Statement C)	-	2009/2010	There was no budgetary provision made for expenditure of \$8.9B as required by Section 9 (4) (8) of the Financial Administration and Audit Act. The actual expenditure from the Consolidated Fund Principal Bank Account exceeded the estimates of expenditure.

Section 6:

Internationally Funded Project

#### **Internationally Funded Projects**

#### GOJ/IDB Loan Contract No. 2301/Oc-Ja -Education System Transformation Programme (ESTP) Support For Education Sector Reform II (ESPR II)

- 6.1.1 The Support for Education Sector Reform II (ESPR II) was a part of the Education System Transformation Programme (ESTP) that was jointly funded by the Inter-American Development Bank (IDB) through a loan of US\$15M, the International Bank for Reconstruction and Development (IBRD)/World Bank US16M and the Government of Jamaica's contribution of US\$350,000.
- 6.1.2 The ESTP was designed to address major issues facing Jamaica's education sector, namely; low academic performance, unequal opportunities for learning, inadequate learning environment, and ineffective governance structure with poor performance management, and low levels of accountability.
- 6.1.3 The audit of the financial transactions and accounting records of the ESPR II revealed the following areas of concern:

#### Expenditure Breaches

6.1.4 The audit revealed that management did not seek approval from the lending agency for payments amounting to \$16.7M, in breach of section 3.6 of the Project's Operations Manual. The Bank did not approve payments totalling \$6.7M because the transactions did not meet the eligibility criteria for the disbursement of funds. Supporting documents were not presented for us to determine the basis for per diem and honorarium payments amounting to \$1.9M.

#### **Cash Management**

6.1.5 The management of the project maintained only one local bank account for the three contributors to the project. As at March 31, 2011, the cashbook reflected an overdrawn balance of \$11.7M. It was noted that management failed to institute an adequate system of internal control, which includes proper segregation of duties, because one officer was responsible for preparing and reviewing the bank reconciliation statements. This was in breach of section 8 of the Project's Operations Manual. Management has since advised that there is now adequate segregation of duties.

#### **Steering Committee**

6.1.6 The audit revealed that the Steering Committee only had two of the required six monthly meetings, as stipulated in Part C, 1.0 of the Programme

Section 6: Internationally Funded Project

Operations Manual. Management was advised to ensure adherence to all aspects of the loan agreement.

#### **Anticipated Physical Targets**

6.1.7 The anticipated physical targets for 2010/2011 were substantially realized. However, the Ministry of Finance (MOF) Monitoring Unit's report indicated that the pre-contract activities related to infrastructure work were below the anticipated rate through to the end of the reporting period. It further commented that there was need to increase the rate of progress to achieve all the project objectives over the life of the project. This could result in work scheduled for the next fiscal year not being accommodated; which in the long run could jeopardize the total disbursement of the loan.

#### GOJ/IBRD Loan Contract No. 7815-JM/Oc-Ja Education System Transformation Programme (ESTP) Education Transformation Capacity Building Project

6.1.8 The audit of the financial transactions and accounting records of the abovementioned project revealed the following areas of concern which were brought to management's attention for corrective action:

#### **Procurement Breaches**

6.1.9 Evidence was not presented to indicate that value for money was received for payments amounting to \$2.2M as the required competitive price quotations were not obtained. Management was advised to ensure adherence to the procurement guidelines.

#### Social Safety Net - Programme Of Advancement Through Health And Education (PATH) GOJ/IBRD Loan Agreement 7076 JM

- 6.1.10 The Social Safety Net (SSN) Project was a part of the Programme of Advancement Through Health and Education (PATH) and was jointly funded by the Government of Jamaica (GOJ) and the IBRD. The Programme aimed to provide an efficient system of social assistance for the poor and vulnerable.
- 6.1.11 The project ended March 31, 2009. However, the GOJ continued to make payments on behalf of the Project for the financial year in review.
- 6.1.12 The examination of the financial transactions and accounting records of the Programme disclosed a satisfactory state of affairs. The following represent the details of the findings.

#### **Expenditure Vouchers**

6.1.13 All payments were examined for the captioned period. It was revealed that payments made were accurate and related to services carried out on behalf

of the captioned Project for the period under review. The controls over this area were found satisfactory.

#### **Bank Accounts**

6.1.14 There was no activity on the Special Bank Account No. 236 204 235 as the World Bank had disbursed the entire amount of the loan agreement # 7076-JM. The controls exercised over the operations of the Administrative Account were generally satisfactory.

#### **Compliance with contractual clauses**

6.1.15 There was general compliance with the contractual clauses of the Project. The last information update as at April 28, 2011 was prepared and submitted to the World Bank.

#### **Financial Statements**

6.1.16 The financial statements for the year 2010/2011 were audited and found to be satisfactory.

#### **Enhancement of Basic Schools Project**

- 6.1.17 The Enhancement of Basic School Project aims to improve the quality of learning and development of young children up to six years of age. The Project plans to attain its objective through the following components:
  - Development of Model Learning Environments;
  - Strengthening Institutional Capacity;
  - Qualitative Improvement; and
  - Public Education.
- 6.1.18 The project is executed by the Ministry of Education with joint funding from the Caribbean Development Bank (CDB) through a loan of US\$13.4M and the Government of Jamaica (GOJ), with estimated counterpart funding of US\$2.5M.
- 6.1.19 The audit for the period under review, disclosed two areas of concern one of which remains outstanding:

#### **Civil Works Contract**

6.1.20 A construction contract, to renovate and extend a basic school and construct a resource centre was not completed at the scheduled date of April 4, 2011. The contract, dated August 26, 2010 was awarded to a company for \$72.8M. The original contract completion date was January 26, 2011, but this was later revised to April 4, 2011. At July 30, 2011, four months after the

revised completion date, the works were still in progress. Management was advised that these setbacks could hinder the achievement of the project's goals and may result in serious cost over-runs.

#### Social Protection Project - Programme Of Advancement Through Health And Education GOJ/IBRD Loan Agreement 7555JM

- 6.1.21 The Social Protection Project (SPP), which is a follow-up of the Social Safety Net (SSN) Project, is currently one of two Projects under the Programme of Advancement Through Health and Education (PATH). The Project is jointly funded by the Government of Jamaica and the IBRD with a loan of US\$40M to be funded by the World Bank over a five year period to September 2013.
- 6.1.22 The examination of the financial transactions and accounting records of the Programme for the 2010/2011 financial year disclosed a generally satisfactory state of affairs, except for the following areas of concerns:

#### **Bank Reconciliation Statements**

#### Administrative Account

6.1.23 Stale-dated cheques totalling \$351,343 were not written back to the Cash Book.

#### **Beneficiaries and Poor Relief Accounts**

6.1.24 The reconciliations of the captioned accounts were five months and six months in arrears respectively. No evidence was presented to show that erroneous debits of \$13.6M and \$90,130 were communicated to the bank for the respective accounts. Further, the lists of un-presented cheques totalling \$128.2M for both accounts were erroneous as they contained cashed cheques. The New Beneficiaries bank reconciliation statement for November 2010 had an unreconciled balance of \$51,200. Management was advised to have all the statements corrected and brought up to date.

#### **Assessment of Controls Over Payments to Beneficiaries**

- 6.1.25 The internal audit reports revealed, that in the parish of Manchester, approximately \$725,920 was paid out by PATH over a three year period in the name of 21 families, due to irregularities that involved members of staff. Of this amount, \$150,000 was recovered from one family that was connected to a member of staff.
- 6.1.26 Management responded by pulling 23 social workers from other parishes to conduct a re-verification exercise for the entire parish.
- 6.1.27 The Ministry of Labour and Social Security (MLSS), informed the Ministry of Finance of the reasons for the irregularities and details of measures taken to prevent recurrence were highlighted. It was recommended that periodic

assessments of the controls in place be carried out to ensure that they remain effective.

- 6.1.28 The Ministry did not have an adequate system of monitoring payments made to beneficiaries by cash cards. Consequently, the sum of monies not accessed by the beneficiaries for two months or more was J\$3.6M.
- 6.1.29 Management was reminded to carry out the relevant investigations promptly and implement the required actions to ensure that the Programme is effective.

#### Assessment of the Achievement of Performance Targets

6.1.30 The progress report prepared by the Project's Monitoring and Evaluation Manager for the period December 2010 to March 2011 revealed general progress in the implementation of the planned activities under the following four components:

#### (a) Improving effectiveness and Institutional Strengthening

The report indicated that at February 2011, there were 371,469 registered beneficiaries on the PATH programme. This surpassed the target number of 360,000 beneficiaries by 3%. A consultant was selected to carry out Targeting Assessment for individuals or families to be introduced to the PATH programme. Additionally, training opportunities were planned for Social Workers to better equip them to assist PATH families.

#### (b)<u>Building capacity for the Steps-to-Work Programme</u>

As at March 2011, 3,398 clients and students for PATH households benefitted from the Steps-to-Work interventions through training at Human Employment and Resource Training (HEART) and other selected institutions.

(c) <u>Improving public sector pension system administration and building</u> <u>capacity for reform</u>

The draft paper for the Harmonisation of Public Sector Pension Legislation was completed.

#### (d) Development of a social protection strategy

Two consultants were selected to:

- (i) conduct a Diagnostic Study of Current and Emerging Vulnerabilities in the Jamaican Population; and
- (ii) conduct a Review of State Capacity to Prepare Wards for Independent Living.
- 6.1.31 Internal discussions and revisions continue on the Action Plan for the Social Protection Strategy Document.

#### Social Protection Support for The Food Price Crisis - Programme of Advancement Through Health and Education GOJ/IDB LOAN 1559/OC - JA

- 6.1.32 The Government of Jamaica signed a contract with the Inter-American Development Bank (IDB) on January 19, 2009. The Parties agreed to amend the Kingston Water and Sanitation Project in order to reorient US\$15M to finance a new sub-programme (Sub-programme B) for Social Protection Support to the Food Price Crisis (SPSFPC).
- 6.1.33 The general objective of the SPSFPC is to contribute to the Government's strategy to reduce the intergenerational transmission of poverty by increasing human capital levels of the poor via the further consolidation of it Social Safety Net (SSN) reform programme.
- 6.1.34 The programme's objectives are:
  - (i) to increase welfare of current PATH beneficiaries by increasing the amount of the subsidy and to incorporate additional vulnerable households to the PATH safety net; and
  - (ii) to increase human capital levels of poor families through attendance at school and health clinics
- 6.1.35 The accounting records and transactions for the period April 2010 to March 2011 were examined. The audit was conducted in accordance with the standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI), the guidelines issued by the IDB, the terms of the Loan Agreement and the Government of Jamaica's Regulations. The audit disclosed a generally satisfactory state of affairs.

Section 7: Surcharge Matters

- 7.1 The purpose of this report is to highlight the status of surchargable issues that were referred to the Financial Secretary over the periods April, 2007 to November, 2010 for imposition of surcharge against officers deemed negligent in carrying out their duties, resulting in losses to the Government.
- 7.1.1 Section 20 of the Financial Administration and Audit Act stipulates that upon a report by the Auditor General, the Financial Secretary may surcharge any person who is or was an officer who:
  - failed to collect any money owing to the Government;
  - responsible for any improper payment of public funds or any payment

that is not duly vouched;

- is responsible for any deficiency in, or for the loss or destruction of, public moneys, stamps, securities, stores or other Government property.
- 7.1.2 Surcharges will be imposed on an individual if; within a period specified, a satisfactory explanation for such negligence is not submitted. The Act further states that: "No surcharge can be made after the expiration of a period of three years from the date of committing the act."
- 7.1.3 Section 21 also stipulates that: "the Financial Secretary should notify the Auditor General and the accounting officer of the department concerned of any surcharge made under Section 20.
- 7.1.4 For the periods 2007/2008 to 2010/2011, 14 cases involving losses and improper payments totalling approximately \$13M, were reported to the Financial Secretary for possible surcharge. [Appendix P]
- 7.1.5 Of the cases reported, surcharge of \$1.5M was imposed for five of the cases involving losses/improper payments of \$6.3M. Recoveries of \$1M were made up to the date of this report. [Appendix P]
- 7.1.6 Three of the cases involving \$2.9M were withdrawn, two because the three year limit had elapsed and the other, on the grounds that the guidelines were misinterpreted by the officers concern. [Appendix P]
- 7.1.7 Up to the date of this report, this Department was not notified of decisions made for four of the cases involving \$1.5M. [Appendix P]

Section 8:

Compliance Audits

#### **COMPLIANCE AUDITS**

#### HEAD 0100 - His Excellency the Governor General & Staff

8.1.1 The audit of accounting records and financial transactions of the Office of His Excellency the Governor General and Staff revealed weaknesses in the internal controls governing the preparation of salaries, the use of fleet vehicles and maintenance of fixed assets records. The Office indicated that steps are being taken to address the concerns.

#### HEAD 0400 - Office of the Contractor General (OCG)

- 8.1.2 An audit of the accounting records and financial transactions at the Office of the Contractor General was undertaken to assess whether operations were in compliance with regulations and circulars issued by the Ministry of Finance.
- 8.1.3 An assessment was done to determine whether internal controls were in place and operating effectively. The audit revealed a generally satisfactory state of affairs and the few weaknesses identified have been addressed by management.

#### HEAD 1649 - Management Institute for National Development (MIND)

8.1.4 The audit of the accounting records and financial transactions of MIND revealed a generally satisfactory state of affairs.

#### HEAD 1547 - National Land Agency (NLA)

8.1.5 The audit of the accounting records and financial transactions of the National Land Agency (NLA) revealed an improvement in its compliance with relevant laws and MOF's guidelines.

#### HEAD 1510 - Jamaica Information Service (JIS)

8.1.6 The audit of the accounting records and financial transactions of the JIS revealed a generally satisfactory state of affairs.

#### National Solid Waste Management Authority (NSWMA) -Southern Parks and Markets (SPM)

#### **Breach of Garbage Collection Policy**

8.1.7 We identified that SPM breached NSWMA's policy to collect garbage within 24 hours. Information obtained from SPM revealed that garbage remained

uncollected for periods ranging from 6 to 14 days in three (3) parishes, namely Clarendon, St. Elizabeth and Manchester. However, the SPM indicated that insufficient trucks were assigned to the region, and this negatively impacted their ability to service all the areas in the respective region. Further, the existing fleet of trucks is poorly maintained and results in the trucks being frequently inoperable. We advised NSWMA to seek budgetary support or identify other affordable means of addressing this matter to abate potential environmental hazard and health risk to residents.

#### **Expired Lease Agreements**

- 8.1.8 We found that SPM failed to renew lease agreements for the rental of two properties it occupies; in one instance, the lease agreement had expired as far back as 2004.
- 8.1.9 Further, we noted that one of the landlords increased the rent despite the lease expiration. The SPM has not yet honoured the increase in rent to \$540,000(as at June 2011). Nonetheless, this represents a contingent liability on the Government.

#### **Creative Production and Training Centre (CPTC)**

8.1.10 The audit of CPTC revealed weaknesses in five areas. These were satisfactorily addressed by management with the exception of accounts receivable.

#### Accounts Receivable

- 8.1.11 The balance on accounts receivable in excess of ninety (90) days stood at \$7.8M as at March 31, 2011. This was the result of several weaknesses noted in the controls over the Centre's credit facility:
  - I. contractual agreements documenting the terms of engagements and payment schedules were not prepared for each assignment that was undertaken;
  - II. the Centre's approved credit policy did not address a system for reviewing clients' suitability before being accepted as credit customers; and
  - III. several breaches to the credit policy were noted which prevented the adequate recording and monitoring of the assignments carried out.

#### HEAD 1548- National Environment and Planning Agency (NEPA)

#### **Internal Control Deficiencies**

8.1.12 We identified deficiencies in the internal controls over the management of fixed assets and cash received by mail. These deficiencies contributed to the

accounting records not being updated to reflect transactions amounting to approximately \$1.1M.

### HEAD 0600 -Office of the Services Commission (OSC)

8.1.13 The audit of the OSC for the year under review revealed a generally satisfactory state of affairs. We identified that overpayments were made to three contract employees totalling \$500,323. The office has advised that steps will be taken to have the amounts recovered.

# HEADS 2000, 2000A - Ministry of Finance and the Public Service (MOFPS) and Agencies

8.1.14 The audit of the accounts and operations for the MOFPS revealed weaknesses in the controls governing the award and monitoring of scholarships, and the activities of the Asset Management Unit. This contributed to the Government suffering losses totalling \$38.5M; being exposed to further losses of US \$1.9M and unauthorized payments of \$4.3M. We also identified weaknesses of a similar nature in the entities that report to the Ministry; such as, the Jamaica Customs Department and Tax Administration Jamaica. The MOFPS has the primary responsibility, under the FAA Act, to design and implement the same guidelines it has breached. The Ministry ought to be the standard bearer. We strongly recommend that the MOFPS resolve the following weaknesses:

#### Scholarship And Assistance Programme High Delinquency Rate

- 8.1.15 Despite previous reports, a high delinquency rate still exists for the programme. At March 31, 2011, beneficiaries who failed to honour their bond agreement, owed the Government JMD36.8M, CAD198,557, USD176,340 and GBP36,371. Despite this, management was tardy in referring delinquent cases to the Attorney General's Department. For example, a list dated August 2011 of beneficiaries who forfeited their bond agreement between the period 2001 to 2006 revealed that Ministry had not reported the cases to Attorney General's Department.
- 8.1.16 The MOFPS was advised to implement a proper system to adequately capture delinquent cases so that they can be dealt with promptly to reduce or prevent future loss to the government.

#### Beneficiaries Not Employed to the Public Service

8.1.17 We were not provided with evidence that 23 beneficiaries of awards totalling USD906,693 and one who in 2004 received assistance in the form of a tuition waiver of USD18,500, were currently serving bond or repaid the Government the cost of the award. Management was advised to provide evidence of employment for these individuals or recover the amounts as per the loan agreements and government bonding policy.

#### Absence of Loan Agreement & Guarantors Affidavit

8.1.18 Management was unable to take action to recover outstanding liability from a delinquent beneficiary who received assistance of JMD913,000, as the relevant loan and bonding agreements were not signed. Additionally, 31 loan agreements and 28 guarantors' affidavits for awardees who benefitted from USD972,502 in tuition and JMD221,932 in stipend allowances were not presented for audit inspection. Consequently, we could not determine if the government's interest was protected. Management was advised to ensure that loan agreements and guarantor's affidavit are signed in order to protect the Government's interest.

#### **Absence of Adequate Monitoring**

8.1.19 Twenty-one (21) beneficiaries who received tuition of USD406,112 and stipend of JMD191,771 for course of studies undertaken during 2000 – 2006, did not submit the requisite annual progress reports. In addition, we were unable to determine whether 31 beneficiaries who received tuition and stipend of USD954,872 and JMD163,880 respectively, successfully completed their studies, as their final awards were not submitted. Failure to submit annual progress reports and final awards breached the standard operating procedure. Management was advised to ensure that beneficiaries are properly monitored and the relevant reports and awards submitted so that the success of the programme may be assessed.

#### **Case Files Not Presented**

8.1.20 We were unable to verify whether the government benefitted from reimbursement of fees or services performed as the Unit failed to present files for 10 beneficiaries. Management was advised to ensure that adequate records are kept of all scholarship awardees so that their progress can be assessed.

#### Asset Management Unit (AMU)

#### **Processing Delays**

- 8.1.21 Improvement was needed in the processing of Board of Survey (BOS) requests and disposal of assets as delays ranging from 21 to 150 working days were observed. Ten (10) requests received in 2009 were not acted upon up at the time of audit (April, 2011).
- 8.1.22 Five instances were noted where two years had elapsed between the time BOS requests were conducted and the actual sale of motor vehicles. Management was advised to implement effective measures to remedy the inefficiencies, as failure to do so could result in loss to government due to further deterioration of assets. Management promised corrective action.

#### Inadequate Monitoring of Items Recommended for Destruction

8.1.23 The Ministry did not follow-up with MDAs to ensure that items recommended for destruction were destroyed. Destruction certificates were not submitted to the Ministry in a timely manner for 47 of 50 cases examined. Management was advised to monitor and ensure that destruction is carried out in a safe and timely manner as failure to do so could result in improper destruction resulting in human and environmental hazard. The Ministry responded that they will monitor the process to ensure that items are destroyed.

#### **Procurement Breaches**

8.1.24 The AMU did not conform to the Handbook of Public Sector Procurement Procedures in the engagement of an auctioneer who was paid \$8.5M over the period March 2009 - October 2010. The contractor was not registered with the NCC at the time and there was no formal contract outlining the terms and conditions of the engagement. This undermines the aim of ensuring equity and transparency in the procurement process. Management was advised to ensure future adherence to the government's guidelines.

#### Sale of Assets below Assessed Value

8.1.25 A total of 15 motor vehicles were sold below their assessed value resulting in a loss of approximately \$822,000. Management was advised to take the necessary corrective action to prevent future recurrence and to mitigate abuse of the system.

#### **Internal Control Weakness**

8.1.26 Improvement was needed in the internal controls of the AMU as there was lack of segregation of the duties performed by the BOS Administrator and an absence of sufficient independent review. Instances were identified where this officer was involved from the beginning (BOS inspection) to the end (auction sale) of the process. Management was advised that the absence of adequate controls exposes the Ministry to undue risks which may lead to irregularities. Recommendation was made to have the duties of the BOS Administrator adequately separated and ensure that there is independent review in the process. Management accepted this recommendation and has since taken steps to improve some of the weaknesses.

#### Motor Vehicle Auctioned with Incorrect Year of Manufacture

- 8.1.27 Source documents for motor vehicles to be auctioned were not independently checked against the auction lists, consequently, motor vehicles were sold with incorrect year of manufacture. Thirty of forty vehicles were listed and sold as 1-7 years older than the year of manufacture; and 10 years as newer despite the motor vehicles titles and other vehicle documents indicating the correct year.
- 8.1.28 Sale of vehicles with the incorrect year may result in losses to the government because the year is an important factor in placing a bid. Also, the public may lose confidence in the credibility of the government's disposal process. Management was advised to carry out independent investigations to determine if discrepancies highlighted were deliberate or as a result of negligence.

#### Failure to Collect Motor Vehicles Sold at Auction

8.1.29 The AMU did not apply the relevant storage fee or exercise its rights to resell 15 vehicles that remained uncollected by purchasers. Some vehicles were in storage from as far back as March 2005, nine of which belonged to one person. Management was advised that this could result in loss or abuse. Recommendation was made to contact purchasers with a view to removing the vehicles purchased. Subsequently, we verified that eight vehicles were removed.

#### **Insufficient Control over Miscellaneous Items**

8.1.30 The AMU did not have a proper system in place to identify and value miscellaneous items held for sale, as such we could not determine whether \$4.1M realized was sufficent. Management was advised to implement controls to ensure that items are identified and valued to prevent loss to the government. Management promised corrective action.

#### **Inadequate Stores Management**

8.1.31 We were unable to verify the accuracy of the quantity and type of stock items in the stores. It was reported that the computerized inventory files to account for the stores balance prior to October 2010 was lost due to a failed hard drive. Management was advised to implement regular backup procedures to ensure that stores are properly controlled.

#### Delays in Reconciliation of the Salaries Bank Account

8.1.32 The Ministry's salaries bank reconciliation statement was 10 months in arrears at the time of audit. Contrary to government financial guidelines, the bank account was last reconciled July 2010 and showed 43 stale-dated cheques totalling \$1.8M These conditions undermine the control process and could conceal errors and irregularities. Management was asked to bring the reconciliation up to date in the shortest possible time.

#### **Inadequate Segregation of Duties**

8.1.33 Despite our 2009/2010 report, the lack of segregation of duties still existed where the officer preparing the bank reconciliation also updated and posted transactions. Inadequate segregation of duties compromises the internal control process. The Ministry responded to indicate that the duties are now adequately segregated.

#### **Inefficiency in the Control of Overtime Payments**

8.1.34 Inadequate control of overtime work resulted in the payment of \$9.2M or 35% of the Ministry's fortnightly wage bill (\$26.5M) for January to December 2010. It was noted that overtime claims ranged from 39% to 181% of employees gross salary per annum. Management was advised to implement a more efficient system to ensure that overtime claims are kept at a minimum as failure to do so will result in abuse of the system and waste of public funds. In response, management promised close monitoring to minimize cost.

#### **Overpayment of Salaries**

8.1.35 An Executive Secretary was overpaid \$170,100 for commuted traveling allowance from January to December 2010 despite a Ministry's driver was paid overtime to transport her to and from work. Management was asked to recover the amount.

#### Inadequate Control over Honorarium

8.1.36 Honorarium allowances of \$4.3M were paid to employees between April to December 2010 without prior approval from the Financial Secretary, contrary to the government's guidelines. To mitigate unauthorized payment and abuse, management was advised to regularize the process to ensure compliance with their guidelines.

#### **Outstanding Advances**

8.1.37 There was no evidence that the Ministry was aggressively pursuing the clearing of outstanding advances of approximately \$574M as at March 2010, which included balances from financial year 1997/1998. Management was advised to investigate the balances with a view to clear them from the accounts as they will understate expenditure.

#### Head 2011 - Accountant General's Department (AcGD)

#### **Outstanding Appropriation Accounts**

8.1.38 The Appropriation Accounts for the financial year 2010/2011 were not presented for audit. Consequently, the Department breached the Financial Administration and Audit Act, which stipulates that Accounts should be submitted within four months following the end of the financial year.

#### **Unauthorized Bank Overdraft**

8.1.39 Overdraft interest and other related charges totalling \$19,484 were incurred on two bank accounts. The Department did not obtain the requisite approval from the Financial Secretary for operating an overdraft facility. We advised Management to recover the unauthorized bank charges. They subsequently requested, from the bank, a reversal of charges totalling \$10,400.

#### **Statement Discrepancies**

# Statement J: Receipts and Payments of the Contingencies Fund - Outstanding Advances

8.1.40 Despite being the subject of previous audit reports, an advance of \$10M made on October 3, 2002 from the Contingencies Fund to the Ministry of Health, remains outstanding. The Ministry of Finance gave an undertaking at the Public Accounts Committee that provision would be made in the

2011/2012 Budget to clear the outstanding advance. However, no provision was made.

#### Statement I: Outstanding Loans and Credit Guaranteed by the Government - Loans Not Reported

8.1.41 Ten domestic loans totalling \$13.3B for 2007/2008, 13 totalling \$18.8B and one foreign loan of US\$75M for 2008/2009 were excluded from the Statement. We advised the Accountant General to take corrective action to ensure that all outstanding government guaranteed loans, both external and domestic, are reported on the Statements.

#### **Inaccuracies of Reported Balances**

- 8.1.42 Differences totalling US\$14.4M were observed between the original amounts stated on Statement I for 2008/2009 and the amounts reflected in the loan agreements.
- 8.1.43 Discrepancies of EURO1.9M, XEU 3.2M for 2007/08 and USD 4.8M for 2008/09 were identified between the closing balances reflected on the Statement and the CS DRMS (the software used to record the transactions of the loans) report.
- 8.1.44 We did not see evidence that two payments totalling EURO 14.1M were remitted to the creditor by the Development Bank of Jamaica. However, the loan balance was reduced by this amount.

#### Failure to Carry Forward Loan Balance

8.1.45 An outstanding loan balance of DEM 7.6M reflected on the Statement for 2007/2008 was omitted from the 2008/2009 Statement. However, management did not present evidence that this loan was repaid.

#### **Conversion Error**

8.1.46 The balance on a loan for Port Authority was overstated by J\$882.8B due to foreign exchange conversion errors.

#### **Uncollected Commission**

8.1.47 As at March 31, 2011 we identified that external loans guaranteed by Government totalled \$89B. However, no evidence was provided to show that the Government exercised its rights to collect the requisite commission of one per centum of the amount borrowed in keeping with Section 3(2) of the Approved Organisations and Authorities Loans (Guarantee Loans) Act.

# Statements A and G – Current Assets and Liabilities of the Consolidated Fund

- 8.1.48 A review of the Treasury Deposits and related accounts for the captioned Statement disclosed the following:
  - Un-reconciled adjustments amounting to \$6.9M were identified on the Treasury Deposit bank reconciliation statement. The AcGD wrote to the Financial Secretary on December 1, 2011 requesting that the amount be written-off.
  - Advances made from Deposits were not cleared within a year as required by the Law. We noted 12 accounts with outstanding balances amounting to \$401.8M, some dating from the early 2000's. Four accounts had credit balances totalling \$63.9M.
  - We noted that the advance, liabilities and investment accounts were understated by \$21M, \$207.2M and \$10.4M respectively.
  - Sixteen deposit accounts (liabilities) were noted with debit balances of \$548.9M. Management indicated that they have written to the depositors requesting recovery of the amounts.
  - Internal control weaknesses were identified in the maintenance of ledger cards for the Trust and Deposits accounts.
  - A suspense account balance of \$490.7M was included on the Balance Sheet for Statement A as at March 2010.

#### Statement C

#### Expenditure Incurred without Budgetary Provision

8.1.49 Expenditure totalling \$8.9B was incurred in respect of Treasury Bills Redemption for the period 2009/2010 without evidence of the requisite budgetary provision. Consequently, the Statement showed an excess in actual expenditure from the Consolidated Fund Principal Bank Account when compared with the Estimates of Expenditure. This off budget transaction breached the Constitution and Section 9(8) of Financial Administration and Audit Act. We advised the Accountant General to take corrective action by ensuring that expenditure charged to the Consolidated Fund is in keeping with the Appropriations Act. Also, Parliamentary approval should be obtained for this expenditure and the necessary provision made in the Final Estimates of Expenditure as required by Section 116 of the Constitution of Jamaica. This breach resulted in the qualification of the audit opinion.

#### HEAD 2012 - Jamaica Customs Department

#### **Unapproved Expenditure**

8.1.50 Payments totalling \$4.8M were made to refurbish a boat operated by Jamaica Customs and owned by the Jamaica Constabulary Force. However, the requisite approval of the Financial Secretary for the transfer of the boat to the Jamaica Customs Department was not presented. Management has since advised that the Commissioner of Police has sought the approval for the transfer.

#### **Unapproved Assignment of Motor Vehicle**

8.1.51 Approval was granted by the Ministry of Finance and the Public Service for five vehicles seized by the Department to be used as fleet vehicles by the Contraband Enforcement Team (CET). However, we noted that one of the vehicles, a BMW X5 was subsequently assigned to a former employee, while the 2007 Toyota Land-Cruiser Prado formerly assigned to him was placed in the Department's fleet. This was not authorised by the Ministry of Finance and may be deemed a conflict of interest. The Jamaica Customs has advised that this vehicle has since been placed in the fleet. However, I am recommending that the MOFPS determine whether it is economical to operate and maintain such a vehicle.

#### Inadequate Control Over Assets

8.1.52 For the period under review, a total of \$51.2M was spent by the Department to acquire fixed assets. We noted that the Department did not maintain a Master Inventory of all items in its custody. Management reported that the Department was currently executing an extensive inventory exercise to implement and update the inventory records by March 31, 2012. We reminded the Department that assets are not properly safeguarded where inventory control records are not instituted and properly maintained.

#### **Procurement Breaches**

#### Security Contracts

#### Unapproved Contract and Non-Deduction of Tax

- 8.1.53 Payments totalling \$6.7M were made to a security company to provide services at the residence of a former employee for the period November 2009 to November 2011. However, Cabinet instructed by way of Decision dated October 27, 2008 that the continuation of the security arrangements; including police security detail and security at the residence of the former employee should not exceed one year.
- 8.1.54 Also, Cabinet instructed that the expenditure for private security services should not exceed the sum of \$2.6M. Customs did not present evidence that approval was granted for the additional entitlement in the contract of

employment or the Ministry of Finance's approval for the continued arrangements. The tax of \$2.5M on the benefit received was also not deducted.

8.1.55 Additionally, no evidence was presented to confirm that the security company was selected in a competitive manner, but Customs reported that the company was previously engaged by the former employee. We advised Customs that in the absence of the Ministry of Finance's approval, payments under this contract are deemed to be unauthorized and the gross payments to the company should be recovered from the former employee.

#### **Contract in Perpetuity**

8.1.56 A contract dated May 15, 2006 to provide security services to the Department did not include a contract duration period or an expiration date. For the periods 2009/10 and 2010/11, payments totalling \$16.1M and \$22M respectively were made to the company. Management reported that it has been a long standing contract that has recently been put to tender and it is estimated to be completed by January 31, 2012.

#### **Expired Contracts**

8.1.57 We noted that contracts for the engagement of two security firms expired April 6, and December 7, 2009, respectively. Both firms were paid a total of \$40.6M during the period 2009 to 2011. Further, there is no evidence that endorsement of the NCC was obtained prior to engaging the services of the companies. The absence of a valid contract may deny Customs any possible recourse, in the event of disputes. Management has since advised that the situation will be regularised by January 31, 2012.

#### **Anomalies with Manufacturers**

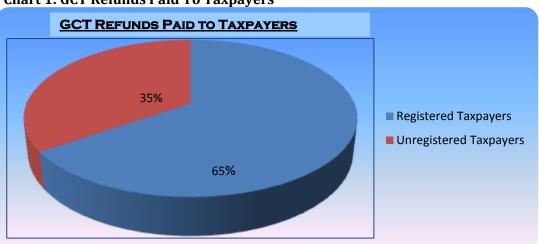
8.1.58 The Internal Audit Unit reported that companies were accessing special concessions on duties for manufacturers without being subjected to a validation or registration process. Additionally, the Unit reported that four companies, which were not tax compliant as indicated by the Integrated Computerised Tax Administration System (ICTAS), received exemptions totalling \$973,918 under the GCT Act.

#### Head 2015 - Tax Administration Jamaica (TAJ)

8.1.59 We identified inadequacies in the internal controls governing TAJ's resources; such as, management of cash, fixed assets and payment of allowances and salaries. This resulted in overpayments totalling \$771,041, unrecorded asset of \$388,772 and bank reconciliations which were six months in arrears. Details of other major findings are as follows:

#### **GCT REFUNDS**

8.1.60 For the period under review GCT refunds totalling \$2.6B were made to taxpayers. Of this amount, \$912.2M were made to unregistered taxpayers<sup>7</sup>.



**Chart 1: GCT Refunds Paid To Taxpayers** 

#### **Questionable Interest Calculations**

- 8.1.61 On October 2, 2009 we advised the tax authority that interest was calculated on GCT refund using the compound interest method and that this method of computation is not a requirement of the GCT Act. Nevertheless, the tax authority did not reverse this policy until one year after (October 1, 2010). Consequently, the government incurred interest of approximately \$72.5M for the period April 2010 to September 2010.
- 8.1.62 TAI's failure to process claims in keeping with the provisions of Section 46 (6)<sup>8</sup> of the GCT Act resulted in additional expenditure being incurred by way of interest charges to the Government. Interest was calculated by 'roundingup' to the nearest month, instead of calculating for the exact number of days in the month that have elapsed. As a consequence, the government paid out additional interest of \$32.5M on 32 claims, which were refunded in the period under review. One company received additional interest of \$18M on two claims; for the months of August and September 2008, which was paid in August 2010.

<sup>&</sup>lt;sup>7</sup> to diplomats without TRN numbers, while other payments were made to government bodies, consulates and charities

The calculation of interest should be in keeping with Section 46(6) of the GCT Act. That is, interest payment for a portion of a month should be calculated based on the number of days that have elapsed in the month.

#### **Interest Paid Exceeding the Principal Refund**

8.1.63 For the period under review, interest payments totalling \$367.6M were made by the Government. We identified that the high interest payments were due to the long turn-around time for processing claims. We noted delays ranging from 4 to 6 years in most instances. For example, the TAJ made aggregate interest payments of \$10.3M in relation to principal sums totalling \$5.7M.

#### Taxpayers being Refunded Billions while Indebted to the Government

8.1.64 We identified 1,362 instances where 206 delinquent taxpayers, who had tax liabilities of \$1.134B as at the 31<sup>st</sup> March, 2011, received GCT refunds of \$1.152B during the period under review. The age of the arrears ranged from one to over six years. TAJ reported that the practice in place was not to offset refunds with arrears across tax types unless requested by the taxpayer. It was further reported that it is not prescribed in the current legislation that refund payments can be used to offset tax arrears. We advised TAJ that this current practice may be fostering non-compliance with the tax law. We strongly recommend that TAJ immediately review this current practice in an effort to maximise tax revenue.

#### Lion-Share of GCT Refunds Paid to a Major Company

- 8.1.65 TAJ's failure to effect refunds within the 90 day stipulated by the GCT Act resulted in interest payments of \$156M to one company. We offered suggestions to TAJ that could assist in alleviating the financial burden that comes with its obligation to make tax refunds. Chief among them is our recommendation to review the legislation in relation to the interest rates paid on tax arrears and tax refunds.
- 8.1.66 Currently, this company is owed principal refunds of \$1.8B. The interest accrued up to June 30, 2011, is \$0.5B, resulting in a total refunds debt of \$2.3B. However, based on TAJ's current practice of calculating interest in months 'rounded-up' to the nearest whole, additional interest of approximately \$38M will be due to this company.

#### **Inefficiency in Processing Refund Claims**

#### **Inadequate Funding**

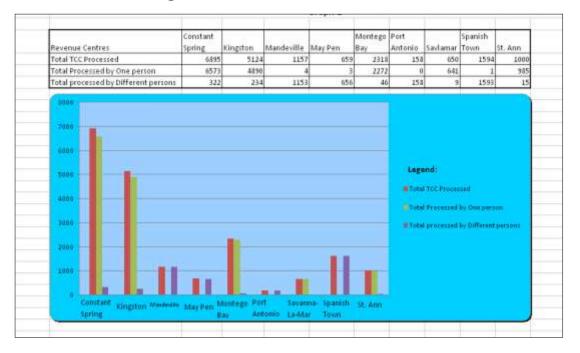
8.1.67 Our examination revealed that the government operated an imprest of \$400M to cover refunds of all tax types. For the financial year 2010/2011 a total of \$2.7B was paid out for GCT refunds. We also identified that as at March 31, 2011 the outstanding GCT refund claims payable amounted to \$3B. These claims relate to the calendar years 2009 to 2011.

#### **Tardiness in Forwarding Claims for Processing**

8.1.68 From a sample of 31 claims, 11 instances were noted where it took 4 to 29 months for the claims to be forwarded from the Tax Offices to the Tax Audit section for processing. Based on the provision of the GCT Act, these claims should have already started accruing interest.

#### Inadequate Segregation of Duties in TCC Processing

8.1.69 We found that the TAJ was exposed to possible fraud due to inadequate segregation of duties in the processing of Tax Compliance Certificates. For the period April 2010 to March 2011, a total of 19,555 TCCs were issued. On 15,369 (79%) occasions, one officer carried out the data entry, verification and printing of the TCCs, as outlined in the table below. This weakness was pervasive in the Tax Offices of Constant Spring, Kingston, Montego Bay, Savanna-la-mar and St. Ann. Management promised corrective action.



#### **Chart 2: TCC Processing**

#### **Operational Deficiences with Tax Offices and Collections**

8.1.70 The Black River Tax Office, the Montego Bay and St. Andrew Revenue Centres were audited in the period under review. The activities carried out by these offices are primarily collection of revenue, issuing of motor vehicle licences and tax compliance certificates. Tax auditors are assigned to the Revenue Centres. The following areas of concerns were noted:

#### **Collection Shortfall**

8.1.71 For the period under review, TAJ projected to collect \$35.9B in revenue from the above-mentioned tax collection centres. However, information obtained indicated total collection of \$26.2B, a short fall of \$9.7B. Management reported that the major reason for the offices' failure to meet the target were the increase in the income tax threshold, significant taxpayers being reassigned to the Large Taxpayer Office (LTO) and the shift towards payment of taxes online. The Government may not be able to execute planned activities where revenue remains uncollected. Consequently, other costly financing arrangements may have to be pursued. Management has since indicated that the Revenue Enhancement Arrears Project (REAP) has been implemented to collect PAYE arrears.

Tax office	Target Collections (\$)	Actual Collections (\$)	Shortfall (\$)	Shortfall (%)
Montego Bay	8,278,400,000.00	7,802,898,708.68	475,501,291.32	6%
St. Andrew	27,263,700,000.00	18,127,023,610.59	9,136,676,389.41	34%
Black River	333,370,000.00	278,790,365.15	54,579,634.85	16%
Grand Total	35,875,470,000.00	26,208,712,684.42	9,666,757,315.58	27%

Chart 3: Illustrates that tax collection was 27% below target.

#### **Integrated New Cashiering Remittance System (INCRS) 1.6**

8.1.72 Management should be commended for improving the controls embedded in the INCRS 2.0 and simultaneously reducing the number of locations that process INCRS 1.6 transactions to only the Kingston Collectorate. However, I urge management to eliminate the use of the INCRS 1.6 so as to reduce the risk fraud and losses to the government.

#### **Dishonoured Cheques**

8.1.73 TAJ continued to accept uncertified cheques despite the Ministry of Finance's instruction to only accept manager's cheques. Consequently, the bank dishonoured 178 uncertified cheques, totalling \$29.9M that TAJ

accepted. We were advised that the TAJ asked the MOF to waive the requirement to accept only manager's cheques. However the MOF did not grant the waiver. The TAJ advised that a policy is being developed to address this problem.

# Operational weaknesses in the operations of the Special Enforcement Team

8.1.74 A review of the operations of the Special Enforcement Team (SET) revealed:

(a) money was collected by members of the SET instead of a Bailiff in accordance to Section 28 and 29 of the Tax Collection Act.

(b) departures from Section 31 of the Tax Collection Act in relation to the sale or disposal of seized items after 10 days of seizure. We noted that vehicles were held for periods of up to seven months resulting in high storage costs and a significant reduction in net proceeds from the sale of vehicles.

8.1.75 For example, TAJ sold seven seized vehicles for a total amount of \$3.2M. However, the net proceed from the sales was approximatley \$2.2M because of storage fees. One of the vehicles with a market value of \$550,000 and a forced sale value of \$480,000 was bartered with a storage operator for \$480,000 as payment for storage. Another vehicle valued at \$700,000 with a forced sale value of \$620,000 was transferred to an individual for \$650,000. The storage payable on this vehicle was \$140,600, resulting in net proceeds of \$509,400. Management indicated that other strategies will be employed to avoid the high storage costs.

(c) Additionally, the sale of seized assets lacked transparency as they were never advertised but were initiated by referral from the Storage Operators on most occasions.

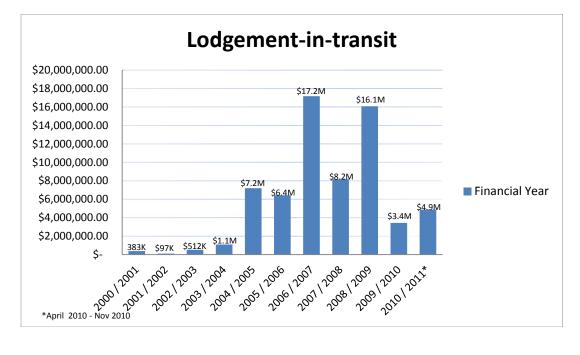
#### Deficiencies in the Presentation of Information on the Bank Statements

8.1.76 I was unable to verify debit and credit card transactions, night deposits, and other deposits due to insufficient details on the bank statement. TAJ will not be able to determine the completeness and accuracy of the lodgements in the absence of the relevant details. Debit and credit card transactions account for 95% of lodgements-in-transit. We were advised that despite TAJ's effort the concerns were not addressed by the Bank.

#### Lodgements- In-Transit

8.1.77 As at March 2011, the lodgements-in-transit registers were not updated beyond October and December, 2010. Our review of these registers revealed outstanding lodgements of \$65M; some of which dated as far back as the year, 2000 (Chart 4). We analyzed these figures and identified that 41% or \$26.8M represented Point of Sale(POS) transactions, 34% or \$22.2M were credit card transactions; 18% or \$11.9M related to debit card

transactions and 6% or \$4.1M were cash and cheque transactions (Chart 5 and 6). The lodgements-in-transit represent revenue that has not been brought to account. Failure to rectify this situation may conceal irregularities and understates revenue collection. We recommended that TAJ take corrective action by ensuring that the lodgements-in-transit registers are promptly updated and the outstanding lodgements are investigated and brought to account without further delay.



#### Chart 4: Lodgment-in-Transit by financial years

8.1.78 The diagrams below show a breakdown of these figures by transaction types and financial institutions:

### Section 8: Compliance Audits

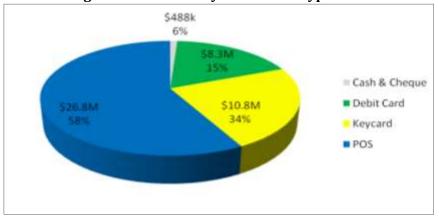
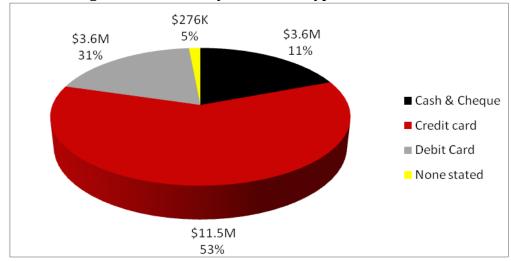


Chart 5: Lodgment-in-Transit by transaction types-Account No.1

Chart 6: Lodgment-in-Transit by transaction types-Account No.2



### **Procurement Breaches**

### **Un-presented Contracts**

8.1.79 Despite being the subject of previous audit reports, formal contracts with the companies listed in *Table 9*, were not presented to us for inspection. The companies were paid a total of \$142M during the period under review. The Deputy Commissioner reported that the draft contracts are being reviewed for finalization. Redress may not be available to the Government in the absence of written contracts.

# Section 8: Compliance Audits

Contractor	Service Provided	Amount (\$)	Remarks
Contractor 1	Security service at Collectorates	14,888,771.49	No advertisement
Contractor 2	Supply of licence plates	64,121,171.00	Sole Source
Contractor 3	Janitorial services	2,467,565.37	Requisite quotations not seen
Contractor 4	Armoured service re: lodgment of revenue	60,630,330.45	No advertisement
Contractor 5	Servicing of equipment at Collectorates	403,719.22	Requisite quotations not seen
	TOTAL	142,511,557.53	

# **Table 9: Contractors Without Written Contracts**

# **Failure to Advertise Contract Opportunities**

8.1.80 TAJ did not present evidence that the requisite advertisements were placed for two of the contracts in table 9 that were above the \$3M threshold. Further, the requisite number of quotations were not obtained for two contracts below this threshold. The Department did not give equal opportunity to other contractors to participate in the bid submission process as required by the government procurement guideline. This may have also prevented the Department from receiving the best possible market value.

# **Absence of Approval**

8.1.81 Cabinet's approval was not obtained for the contracts awarded to an armoured services provider who was paid \$60.6M during the period under review. Also, no evidence was presented that the requisite endorsement of the National Contacts Commission (NCC) was obtained for the contract awarded to the contractor. The Government Procurement Guidelines were circumvented when Cabinet's approval was not obtained for contracts over \$30M and NCC endorsement for contracts over \$10M.

# **Overpayment Of Travelling Allowance**

8.1.82 Reference is made to the Auditor General's Report- 2009/2010, paragraph 32.3, which indicated that travelling allowances and mileage payments were made to six officers over the period April 2009 to January 2010, without evidence of the requisite motor vehicle documents. We followed up on this matter and discovered that one of the officers claimed full motor vehicle allowance and mileage, totalling \$981,440, on an unregistered vehicle. He subsequently registered the vehicle after a lapse of two years; therefore, he was overpaid sums totalling \$627,065 because he was only entitled to commuted allowance during the two year period. Up to the time of this report, \$338,395 had been recovered.

# Head 2041 - Taxpayer Audit and Assessment

# Unauthorized use of Deposits

8.1.83 TAJ realised \$5.3M as Appropriations- in-Aid (A-I-A) from the interest earned on Estate Duties invested. However, TAJ withdrew \$25M as A-I-A from the funds invested, resulting in the unauthorized usage of \$19.7M from Estate Duties deposited. This breached the Ministry of Finance and Planning Circular No. 17 dated September 24, 2003, as the monies deposited for Estate Duties were used for purposes other than for which they were intended. We advised TAJ to take corrective action.

# Internal Control Weaknesses over Investments

- 8.1.84 The internal controls over Investments were weak as evidence was not presented to indicate that the requisite monthly statement of investment (showing the interest earned) were prepared or that the investment account was reconciled.
- 8.1.85 There was no evidence that an independent officer routinely checked the investments and supporting records. This weakness constituted a breach of the MOF guideline. Consequently, we urged Management to implement adequate controls over the Department's investments.

# **Absence of a Formal Contract**

8.1.86 A formal contract was not in place to govern the arrangement with a firm, which provided private security services. Consequently, the Government's interest was not protected and it may be prove difficult to claim remedy in the event of non-performance. The firm was paid \$38.1M during the period May 2007 to March 2011. Management was advised to regularize the arrangements by implementing formal contracts without further delay.

# Assessment and collection of Special Consumption Tax (SCT)

8.1.87 The controls exercised over the assessment, monitoring and collection of SCT needs to be strengthened to maximize revenue collection. Some of the weaknesses highlighted were as follows:

# **Collection of SCT**

8.1.88 For the period under review, only 8 of the 56 taxpayers registered on the ICTAS made payments of SCT as shown below:

# **Table 10: SCT Collection**

Year	Amount (\$)
2009/2010	\$3,541,687,728.33
2010/2011	\$4,123,181,502.24

# **Inadequate Special Consumption Tax Audits**

8.1.89 We identified that only one alcoholic and beverage manufacturer was audited during the financial period. As a result of the audit, the TAJ raised an additional assessment of \$5.4M. TAJ explained that the companies that accounted for a majority of the revenue earned from SCT were for the most part tax compliant. They also said that post inspections were conducted at some of the medium manufacturers. However, the smaller companies may not be monitored as rigorously as it may not be economical to conduct audits. We are of the view that the TAJ should make an effort to conduct more SCT audits in an effort to increase the tax intake. Regular audit inspections will mitigate the risk of loss of revenue, which may arise from manufacturers using an incorrect method for calculating SCT or misrepresentation of actual revenue.

# Lack of monitoring done by Excise Officers on small and medium Companies

8.1.90 The approved Establishment of TAJ indicated that there are 39 excise officers positions. Twenty (20) officers were assigned as Excise Officers over Regions 1-4 to monitor the activities of the manufacturers of alcoholic beverages. Of the 56 taxpayers on ICTAS, the Excise Officers reported on the activities of 11 for the period under review. This represents a 20% coverage of the population. We are of the view that revenue may be lost as a result of the Department's inadequate coverage of all the manufacturers. Therefore, we recommended that the TAJ widen its monitoring scope. Management stated that the operations of the Excise Officers would be fully incorporated and monitored by the new TAJ body.

# Absence of documented training programmes

8.1.91 TAJ did not present written training programme in relation to the training Excise Officers are required to complete in order to conduct their jobs effectively. We advised management that the absence of defined training will impede its ability to develop its staff.

# Failure to Monitor the Licensing of Companies

8.1.92 Interrogation of ICTAS disclosed that there were 48 registered taxpayers for SCT in Regions 1 and 2. However, we noted that only 25 licences were issued for the period 2010/2011. We advised TAJ that steps should be taken to ensure that the other taxpayers on the roll complete the requisite documentation and register their companies.

### Head 2044 - Tax Administration Jamaica (TASD)

8.1.93 There was a need to strengthen the control environment over the processing of Taxpayers Registration Number (TRN) cards to minimize the risk of losses and irregularities as indicated by the findings below:

### **Uncollected Tax Registration Number (TRN) cards**

8.1.94 A total of 476,560 printed TRN cards remained uncollected by the applicants at June 2011, some of which were printed from as far back as 1996. It is the Department's policy to issue temporary labels with confirmed TRN numbers. Permanent cards are usually printed for applicants to collect later; as a result, collection of printed cards is not crucial to applicants.

### Inadequate storage

8.1.95 The storage facility for printed cards was inadequate as access was not restricted or secured. Also, printed cards were not subject to independent checks. Management was instructed to implement corrective action to improve security.

### TRN remains active after suspected fraud

8.1.96 Six TRN that were suspected to have been used in fraudulent activities were not deactivated as required by its standard operating procedures. It was recommended that these TRN be immediately deactivated until investigations are completed.

### Absence of TRN authentication

8.1.97 We observed that "temporary TRN" in the form of labels were issued without the required seal of authentication. Management was advised to ensure that these labels are properly sealed, as this shortcoming heightens the risk of fictitious TRN cards being printed.

### **Unpresented records**

8.1.98 Supporting documents to verify the issue of TRNs to 40 individuals and 15 businesses were not presented. We urged management to present these documents for audit inspection.

Section 8: Compliance Audits

# **Replacement cards**

8.1.99 During the period April 2009 to March 2011, the Department replaced 3,398 TRN cards which were either lost or damaged. We noted that some cards were replaced 2-4 times, at no cost to the applicants. Management was advised to consider charging applicants for at least the replacement cost.

Section 8: Compliance Audits

# HEAD 1700 AND 1700A - Ministry of Tourism (MOT) and Agencies

# Bath Fountain Hotel and Spa

8.2.1 The audit revealed weaknesses in the internal controls governing cash, fixed asset management and payment of salaries. Further, the Hotel failed to amend the financial statements for the years ended 2005 to 2007 and returned same to me for certification. Consequently, these statements have not been presented to the portfolio Minister in keeping with the PBMA Act. Management subsequently indicated that corrective measures have been implemented to address the control weaknesses identified.

# Milk River Bath Hotel

8.2.2 The audit of the Milk River Bath revealed weaknesses in the controls governing preparation of payment vouchers; management of fixed assets and cash management. This resulted in payments amounting to \$386,279 and \$669,291 not being authorized and certified that goods and services acquired were in good condition or satisfactorily rendered, respectively, Further, fixed asset records were not being faithfully maintained and debit/credit card transactions were not cleared in a timely manner. The weaknesses were brought to Management's attention for corrective action to be taken. Management subsequently advised that steps have been taken to address the weaknesses identified.

# HEADS 2600, 2600A & 2600B – Ministry of National Security (MNS) and Agencies

# **Correctional Services Production Company (COSPROD)**

8.2.3 The audit of COSPROD revealed weaknesses in the internal controls governing its resources; such as the absence of a fixed asset register, lack of proper documentation in the purchase and acceptance of goods, lack of adequate accounting records in relation to accounts receivable and stores. Consequently, we could not verify the authenticity of transactions totalling \$709,331 and confirm the accuracy of accounts receivable balances amounting to approximately \$16.4M. The situation was exacerbated by COSPROD's failure to engage an internal auditor. Further, COSPROD has been operating without a Board of Directors since November 2010 and has never submitted audited financial statements to the portfolio Minister for tabling in the Houses of Parliament in keeping with the PBMA Act.

# HEADS 2600, 2600A & 2600B- Firearm Licensing Authority

8.2.4 The audit of the captioned Authority, for the year under review, revealed several issues to be resolved by the entity:

### **Overpayments of salaries**

8.2.5 Twelve (12) officers were overpaid amounts totalling \$654,639 due to errors in the computation of their gratuity and vacation leave payments and the absence of adequate internal checks. We advised the Authority to recover the amounts overpaid and to apply the established guidelines in the computation of these payments. Management subsequently advised that recoveries have begun.

# Failure to produce evidence of qualification

8.2.6 Proof of qualification was not presented for a senior Officer of the Authority, as such it was difficult to assess whether the post was filled by a suitably qualified person.

# Inadequate fixed assets control

- 8.2.7 Fixed Assets costing \$3.1M, acquired during the period November 2008 and December 2010, were neither recorded in an asset register nor marked with the organization's asset codes.
- 8.2.8 Further, several of the requisite asset inventory records were not maintained and location records needed to be updated. The Authority was advised to take corrective action, as failure to maintain the fixed asset records and appropriately mark the assets could result in abuse or losses. Management has since taken steps to correct these weaknesses.

### Value for money not received for board fees

- 8.2.9 The FLA Board is required to be involved in the processing, approval and revocation of licences. During the period under review, board fees totalling \$1.7M were paid to some members who were often not present for the approval of applications.
- 8.2.10 The absence of these members appeared to have significantly contributed to the backlog being experienced in the processing of applications. As at January 2011, there were 1,599 files to be processed by the Board and 213 applicants were awaiting interviews.
- 8.2.11 It was recommended that Management take steps to ensure that value is received for fees paid. Management has since advised that the matter has been referred to the Minister of National Security.

# **Private Security Regulation Authority (PSRA)**

8.2.12 The audit of the accounting records and financial transactions of the PSRA revealed a generally satisfactorily state of affairs.

# HEAD 2624 - Department of Correctional Services (DCS)

8.2.13 The audit of the Department of Correctional Services revealed weaknesses in the internal controls governing the management of their resources; such as, cash, motor vehicles, furniture and equipment. The weaknesses contributed to salary overpayments totalling \$3.8M. Further, the entity breached the payment procedures as assets acquired costing \$13.6M were not supported by original suppliers' invoices, and the requisite certifications were not affixed to specify that the assets were received. The salaries account bank reconciliation statement for October 2010 reflected unresolved amounts of approximately \$14.3M.

# HEAD 2653 - Passport Immigration & Citizenship Agency (PICA)

8.2.14 The audit of PICA's accounting records and financial transactions revealed a generally satisfactory state of affairs. The issues of control weaknesses, which were identified during the audit, have been adequately addressed. However, PICA has not fully recovered overpayments made to staff totalling \$117,682.

# HEAD 2830 -Administrator General's Department

8.2.15 The audit of the accounting records and financial transactions of the Administrator General's Department revealed a generally satisfactory state of affairs.

# HEAD 2832 - Office of the Trustee in Bankruptcy

8.2.16 The audit of the above entity was conducted for the year under review and disclosed a generally satisfactory state of affairs.

# HEAD 3000 - Ministry of Foreign Affairs and Foreign Trade (MOFAFT)

8.2.17 The audit of the Ministry of Foreign Affairs and Foreign Trade disclosed a generally satisfactory state of affairs. However, the Ministry needs to pay closer attention to the controls governing the management of fixed assets and cash. We noted that the Ministry did not account for assets valued at \$520,638, in accordance with the prescribed guidelines. We were advised that MoFAFT has since taken corrective actions to account for its fixed assets. Further, the reconciliation of the recurrent, deposit and salaries bank accounts were 16, 15 and 8 months in arrears, respectively.

# Audit of Missions

8.2.18 Our audit of the Geneva Mission revealed that the Accountant was not properly briefed by the Ministry and was not aware of critical elements of the FAA Act, as well as its Regulations and Instructions. Unfortunately, as a direct consequence of limited resources, Consulates and Embassies are infrequently audited. We advised the MoFAFT to provide a greater level of guidance to the Consulates and Embassies to ensure that errors and misunderstandings are timely identified and addressed. It is also necessary for the Ministry to ensure that the staff selected possess the necessary knowledge and experience, and are adequately trained and mentored before taking up their assignments. There was also no evidence that the MoFAFT assessed the state of affairs of the Missions prior to the change of the Office Manager/Accountant to ensure that any weaknesses in the accounting controls and procedures are corrected. MoFAFT was advised that lessons learnt from the audit of a mission should be shared with the other Missions to guide and improve the accountability process.

# Permanent Mission to the United Nations (PRUN) - Geneva

- 8.2.19 Deficiencies in the controls exercised over the furniture and equipment hindered the verification of assets at the Ambassador's residence, as the records did not meet the criteria prescribed in the Control of Government Furniture, Office Machines and Equipment Procedures Manual. The accuracy and completeness of the list of advances could not be verified because subsidiary accounts were not kept. The level of delinquency in clearing outstanding advances could not be determined because the dates on the transactions were omitted. Additionally, the Accountant was unable to confirm the amounts to be recovered for private toll calls, because advance accounts were not maintained.
- 8.2.20 Further, we noted that the respective Honorary Consuls did not submit the relevant visa fees with their applications; and miscellaneous revenue was not remitted to the Accountant General in a timely manner.
- 8.2.21 The financial statements at the PRUN mission were not submitted in a timely manner, and those submitted were not reviewed by the MoFAFT to ensure they fairly presented the transactions of the Mission.

# Jamaican Embassy - Berlin

- 8.2.22 The accounting records were kept in a satisfactory manner. However, the existence of many assets could not be confirmed, because the inventory record did not meet the criteria prescribed by the Ministry of Finance. Also, many assets were not labelled despite an identification number being shown in the inventory record.
- 8.2.23 Approximately EURO 9,140 earned from processing passport applications for years ended March 31, 2010 and March 31, 2011 was erroneously treated as expenditure credit instead of miscellaneous revenue. The Ministry was advised to determine all such amounts treated in this manner and remit same to the Accountant General.

### Jamaica High Commission - Pretoria

8.2.24 The audit of the High Commission was conducted by the Ministry's Internal Auditor. The Auditor highlighted weaknesses in the controls over the payment process and management of fixed assets. The Mission was advised to ensure that assets are safeguarded.

# HEADS 4000, 4000A & 4000B - Ministry Of Labour & Social Security (MLSS)

# **Canadian Farm Work Programme**

- 8.2.25 The audit revealed a generally satisfactory state of affairs. Notably, the financial statements for the year ending March 31, 2011 revealed an improvement in the financial performance of the Programme when compared to the results for the financial year ending March 31, 2010. The system of internal controls was fairly strong and operated effectively.
- 8.2.26 However, the management of the Jamaican Liaison Services was advised to take corrective measures to improve the insufficiency of the segregation of duties exercised over its fixed assets and cash management. The lack of adequate segregation of duties will reduce the likelihood of errors and irregularities being identified in a timely manner.
- 8.2.27 In addition, there were outstanding processing fees, due from Low-Skilled Workers, for administrative cost totaling CDN42,224, as at March 31, 2011. I was also unable to determine whether the CDN500 processing fee charged for each worker was adequate to meet the cost of the service offered by the Liaison Service. I recommended that the Management Committee should commission a comprehensive review of the costs associated with processing Low-Skilled Workers with a view to revising the current fee of CDN500, if necessary, and to implement measures that will ensure the timely recovery of the processing fees.

# HEADS 4100, 4100A & 4100B – Ministry of Education and Agencies

8.2.28 The audits of the Ministry of Education and entities under its purview revealed weaknesses in the controls governing its business processes; such as, management of cash and fixed assets, salary payments, procurement and payment procedures, blank cheques, and bank reconciliation. In one entity, salary overpayments amounted to approximately \$1.42M. In addition, payment vouchers totalling \$294.1M were not presented for inspection. Also, the required certification to ensure that goods were received and services performed satisfactorily were omitted.

# **Council of Community Colleges of Jamaica**

- 8.2.29 The audit of the Council revealed a generally satisfactory state of affairs. However, weaknesses were identified in the entity's payment procedure and fixed assets records. Additionally, increases in compensation totaling \$715,130 were granted to five members of staff without the requisite Ministerial approval required by Section 2.02.04 of the Guidelines to Financial Management in Public Sector Entities and Section 6(1) (a) of the Council of Community Colleges of Jamaica Act. Also, the basis for termination payment of \$10,308 to a former employee could not be ascertained.
- 8.2.30 Management was advised to address the issues highlighted and recover the amounts overpaid. I was subsequently advised that the weaknesses related to fixed assets have been addressed.

# **Mico Care Centre**

# **Inadequate Segregation of Duties**

8.2.31 The duties of the accounting function were not adequately segregated as the Bursar as well as the two Accounting Clerks were involved in the collection and recording of cash, and had access to the unused receipts books.

# Inadequate Control - Cash, Blank Cheques and Receipt Books

- 8.2.32 Management did not ensure that an independent officer perform weekly checks of the cash book and lodgement book, to verify the accuracy and completeness of the transactions.
- 8.2.33 The blank cheque register was not maintained on a perpetual inventory basis. Also, recipients of blank cheques and receipt books failed to acknowledge receipt of same. Management was reminded to ensure that adequate controls are implemented to safeguard and account for these records.

# Unauthorized Bank Accounts

8.2.34 The entity did not seek approval from the Ministry of Finance for the opening of the eight bank accounts. The Director reported that seven of the eight accounts were opened on the instruction of the Principal.

### **Payment Breaches**

8.2.35 Three breaches of the payment process were detected, which contravened the FAA Act. These are failure: to stamp 'paid' on the expenditure vouchers and supporting documents to prevent re-use; to secure the necessary certification that goods were received in good condition or that services were satisfactorily rendered before making payments totalling \$134,475 to suppliers. Additionally, seven payments totalling \$421,454 were not approved by the designated authorizing officer. In all cases the possibility of surcharge action against the responsible officer(s) was cited should the Centre suffer any loss.

### **Breach of Disposal Guidelines and Erroneous Insurance Payment**

8.2.36 The entity did not obtain the requisite independent valuations for the 1995 Nissan Sentra sold to a Senior Officer; contrary to the Government's guidelines. This prevented our assessment of whether a fair price was obtained.

### Investments

8.2.37 The entity did not have an approved investment policy. At January 31, 2011 the investment portfolio valued \$157.3M. We could not verify the correctness of interest paid for five accounts due to the non-presentation of the relevant bank advice. Additionally, an investment account was overstated by \$312,981. Further, Mico did not provide the basis for which \$34.6M was transferred from investments to the Mico Foundation .

# **Unauthorized Use of Funds**

8.2.38 The entity's two pension schemes, with values totalling \$97.6M at the time of the audit, were not approved by the MOE and MOF.

# Edna Manley College of the Visual & Performing Arts

# Dance and Child International (DACI)

8.2.39 The College was selected to host the 2009 DACI Conference during the period August 2 – 8, 2009. The College did not maintain proper accounting records to ensure that all the transactions were accurately recorded. The bank accounts were not reconciled, and the recurrent account incurred overdraft interest charges of \$15,777 over the period August 2009 to January 2010. Management has subsequently brought the records up-to-date.

# Sam Sharpe Teachers' College

8.2.40 The duties of the accounting staff were not sufficiently segregated, as the Officer who is responsible for preparing and disbursing cheques, also reconciled the related bank accounts. Weekly checks of the cash book were not performed to ensure that transactions were accurately and completely recorded. Further, contrary to the stipulated guidelines, the College did not maintain a value book for monies received by mail. The Bursar failed to ensure that receipts were drawn promptly for funds received and that lodgements were made in a timely manner. Delays in lodgements of up to 28 days were noted. Additionally, a blank cheque and receipt book register were not maintained. We also identified that five officers were overpaid salaries and allowances totalling \$1.4M.

### Investment

8.2.41 The College did not obtain the requisite approval from the Ministry of Finance to invest an amount of \$10M made in February 2011 at a major financial institution. We noted that this account was not being reconciled.

### **Overseas Examination Commission (OEC)**

8.2.42 The audit of the accounting records and financial transactions of the OEC, for the year under review revealed a generally satisfactory state of affairs. The few weaknesses identified in the payment process and bank reconciliation were brought to Management's attention and corrective actions have since been taken.

# HEADS 4500, 4500A & 4500B - National Youth Service (NYS)

8.2.43 The audit of the accounting records and financial transactions of the National Youth Service revealed a generally satisfactory state of affairs. However, one officer was overpaid \$107,097 and NYS failed to recover overpayments totaling \$138,352 made to two officers between 2009 and 2010. The new management of the NYS assured that it will vigorously pursue measures to recover the amounts overpaid.

# Jamaica Library Service (JLS)

8.2.44 The audit of the JLS revealed weaknesses in controls governing payment of salaries and management of fixed assets. The weaknesses in the payment of salaries resulted in an overpayment of \$15,202 to a former employee.

# **Internal Audit Function**

8.2.45 The internal audit function was weakened as the plan was not reviewed and approved by the Audit Committee or the Board and the unit was not adequately staffed. This denies the entity, the corporate governance support necessary for its proper functioning.

# **Apprenticeship Board**

8.2.46 The audit of the accounting records and financial transactions of the Apprenticeship Board revealed weaknesses in the internal controls governing cash management, which resulted in bank reconciliations not being prepared for the last two financial years. Management was advised to correct the deficiencies noted. I was subsequently advised that progress was being made in resolving the weaknesses identified.

# **Operations of the Board**

8.2.47 Despite being the subject of previous audit reports, a Board of Directors has still not been appointed. This has negatively impacted the daily operations of the Entity as the only two signatories to the accounts are two former board members. Management was advised to be more assertive in its effort to have this matter resolved. I was assured that the matter is being reviewed with a view to an early resolution.

# HEADS 4200, 4200A, 4200B - Ministry of Health (MOH) and Agencies

8.2.48 The audits of the Ministry of Health and its entities revealed weaknesses in the internal controls governing the management of cash, fixed assets, stores, contracts and emoluments. This contributed to overpayments, improper payments and unsubstantiated transactions totalling \$36M, \$39.6M and \$883,322 respectively by the Health Authorities and the Ministry. We have reported similiar weaknesses in previous years. However, we found that despite the Ministry resolving the specific breaches in preparation for the Public Accounts Committee (PAC), there was no effort to address the systemic concerns and therefore many of the issues resurfaced in subsequent audits. This is an indication that the Ministry has not been effective in implementing preventative measures.

# Ministry's Head Office

### **Outstanding Appropriation Accounts**

8.2.49 At the time of this report, Appropriation Accounts for 2010/2011 – Recurrent, Capital A and Capital B were not received for audit. The FAA Act requires that appropriation accounts be submitted within four months of the end of the respective financial year.

### Monthly and Fortnightly Salaries

8.2.50 Eleven persons were overpaid \$7.2M due to family benefit pension contributions not being deducted. This is a breach of the Pensions (Civil Service Family Benefits) Act.

# HEAD 4234 – Bellevue Hospital

8.2.51 We found that the reconciliation of the salaries bank account was 26 months in arrears and the cash book was maintained in Microsoft Excel, which is susceptible to unauthorised changes.

### Absence of Security Contracts and Breach of Procurement Guidelines

8.2.52 The Hospital paid a total of \$31M to two companies for the provision of security services without formal contracts being in place. Further, a written contract was not in place for a contractor who was engaged to carry out electrical repairs. The engagement of the contractor breached the Government's procurement guidelines.

# **Kingston Public Hospital (KPH)**

8.2.53 The audit of the accounting records and financial transactions of the KPH revealed a generally satisfactory state of affairs.

# Western Regional Health Authority

- 8.2.54 We identified inadequacies in the controls over the maintenance of furniture inventory records, management of the motor vehicle fleet, and cash management. The Authority failed to submit, to the Portfolio Minister, its audited financial statements and annual report for the year ended June 2007.
- 8.2.55 The region reported the loss of \$1.2M in cash and cheques from the St. James Health Department. It was determined that two officers were negligent.
- 8.2.56 Store records were not faithfully maintained, which resulted in differences between the physical stock and balances as per stock records. The audit also found that the storage facilities in one location was inadequate and posed a health risk to employees.

# North East Regional Health Authority (NRHA)

- 8.2.57 There were deficiencies in control systems such as the absence of supporting documents for expenditure, updating of motor vehicle inventory records, management of accounts payables, maintenance of receivables schedule, updating of stores and furniture inventory records, and payment of contractor's levy. The Authority failed to submit its audited financial statements and annual report for the year ended June 2008.
- 8.2.58 The Authority owed statutory deductions totalling \$39.2M, which included employees' NIS and NHT contributions. Insufficient checks and balances resulted in overpayments of salaries and allowances to employees totalling \$2.8M. The Region has since recovered \$1.5M. Despite being the subject of a previous audit query, the Authority has failed to regularise their security arrangements. The Authority paid \$34.2M to a security company without a formal contract. The NRHA also failed to regularise rental agreements for two morgues and the tuck shop at one health facility.

# Southern Regional Health Authority (SRHA)

8.2.59 There was a lack of adequate control and monitoring including; the absence of inventory records, reconciliation of accounts payable, updating of stores records, and documentation to support contract payments. SRHA failed to submit its audited financial statements and annual report for the year ended, June 2009. SRHA reported overpayments to employees during the period, October 2007 and February 2011 totalling \$25.8M of which, \$23.2M has since been recovered.

# Jamaica Veterinary Board

8.2.60 The audit identified weaknesses in four areas; expenditure vouchers, bank reconciliations, cash receipts and board minutes. The discrepancies noted have been satisfactorily addressed and management has implemented changes aimed at preventing a recurrence.

# **Pesticides Control Authority**

8.2.61 The audit of the Pesticides Control Authority revealed weaknesses in the internal controls such as; reconciliation of inventory records, efficiency reports for motor vehicles, procurement of goods, and lodgement of funds. The Authority continued to grant employee loans at 4% interest instead of the rate of 8% applicable to public officers. In addition, control accounts and subsidiary ledgers were not maintained for the loan scheme.

# HEAD 4220 - Registrar General's Department (RGD)

# **Control Weaknesses**

8.2.62 The audit of the accounting records and financial transactions of the RGD revealed a generally satisfactory state of affairs. However, RGD did not faithfully maintain operational efficiency reports for motor vehicle fleet, leave control records, and travelling claims. The deficiencies identified in these areas resulted in overpayments to staff totalling \$83,720. Of this amount, \$45,274 remains outstanding. We advised RGD to recover the outstanding amounts, and to ensure the control activities are monitored.

# Medical Council of Jamaica

8.2.63 The audit of the Council highlighted weaknesses in cash management, which were satisfactorily resolved.

# **Council for Professions Supplementary to Medicine**

8.2.64 The audit of the accounting records and financial transactions revealed a generally satisfactory state of affairs with the exception of a few discrepancies, which we asked the Council to take steps to resolve.

# **Pharmacy Council of Jamaica**

8.2.65 The audit of the accounting records and financial transactions of the Council revealed weaknesses in the payroll process. This contributed to salary overpayment of \$22,164. We also identified weaknesses in the controls governing procurement of goods and services, and management of fixed assets. Management was advised to correct the deficiencies noted.

# Payments to Board Chairman

8.2.66 Contrary to Section 19(5) of the Income Tax Act, the Council failed to apply income tax to fees paid to the Chairman amounting to \$174,500. Additionally, we could not ascertain the basis on which \$107,000 of the amount was paid.

# **Golden Age Home (GAH)**

8.2.67 An audit of the financial transactions and accounting records of the captioned entity revealed a generally satisfactory state of affairs. However, we noted that the Board met infrequently and we advised GAH that this could impair its governance role. Management advised that a new Board Chairman has since been appointed and steps are being taken to have quarterly meetings.

# National Council of Drug Abuse (NCDA)

8.2.68 An audit of the accounting records and financial transactions of the NCDA revealed weaknesses in; the procurement process, management of advances/loans to employees, advance debit cards for fuel and fixed assets. Management was advised to take corrective action to safeguard the Council's resources.

# LOSSES AND IRREGULARITIES REPORTED BY THE **MINISTRY OF HEALTH AND AGENCIES**

Table 11: Losses Reported By MOH & Agencies				
Entity	Period	Amount	Items	
МОН	January to November 2010	\$1.64M	Multimedia projector, 3 computers, 9 laptops, toiletries, stationery	
Bellevue Hospital	February 23, 2010	Not stated	Computer Monitor	
	October 20, 2010	\$560,276.00	Motor vehicle accident	
WRHA	May 31, 2011	\$1.2M	Theft of cash and cheques	
	July 12, 2010	\$10,000.00	Cooking stove and regulator	
	June 29, 2010	Not Stated	Items for board of survey	
	January 31, 2011	\$25,000.00	Pharmaceutical items, garbage bins, deodorizer sprays, wall fans	
	August 2010 to February 2011	\$240,350.00	CUG phones	
SRHA	October 2009	\$17,160.00	Toiletries, cleaning supplies, infant formula, pregnancy test kits	

The agencies listed below reported the following losses:

#### Table 11. Lesses Departed Dr. MOU 8. A ....

# Table 12: Irregularities Reported By MOH & Agencies

Entity	Overpayments	Uncleared Advances	Payables	Receivables	Improper Payments	Unpaid Statutory Deductions	Unsupported Payments	Unremitted Contractors Levy
NERHA	2,765,904			5,987,791		39,157,026	130,842	102,072
МОН	7,168,910	40,013,166			38,000,000			
MOH & Regional Authorities			2,550,051,039					
PCA	2,787			659,193				
Bellevue	38,247		5,776,531		612,070			
SRHA	25,809,607				987,606		102,414	
WRHA							650,066	311,469
TOTAL	35,785,455	40,013,166	2,555,827,570	6,646,984	39,599,676	39,157,026	883,322	413,541

# HEADS 4500, 4500A & 4500B – Ministry Of Youth, Sports and Culture (MYSC) and Agencies

8.2.69 The audit of the accounting records and financial transactions of the MYSC revealed a generally satisfactory state of affairs. The issues of concern arising out of the audit were all adequately resolved by the Ministry. However, the audits of its entities revealed control inadequacies in cash and fixed assets management and salary preparation.

# **Bureau of Women's Affairs**

8.2.70 The audit of the entity revealed serious control deficiencies in relation to the receipt and disbursement of cash, adequacy of accounting records and the management of fixed assets. These inadequacies resulted in the Bureau's inability to account for expenditure totalling \$516,876. We urged Management to immediately address the deficiencies highlighted.

# **Cash Receipt and Disbursements**

8.2.71 The Bureau disbursed cash totalling \$497,178 over the period December 2010 to March 2011 to cover expenses relating to the hosting of project workshops. Our examination revealed that, of this amount, the Bureau could not account for \$70,141. Additionally, we found that receipts were not prepared for amounts totalling approximately \$1.8M; therefore, we are concerned that the total income reported may not be complete.

# **Overpayments**

8.2.72 An employee was overpaid \$92,692 due to the non-deduction of pension from salary. Management was advised to recover the amount.

# **Furniture Inventory**

8.2.73 During the period 2008/2009 assets valuing \$446,735 were acquired. However, I was unable to verify their existence due to insufficient inventory records. The Bureau advised that the records were being updated with the required information.

# **Outstanding Rental payments**

8.2.74 The Bureau found it difficult to honour its lease agreement for the premises it now occupies. It owed rent totalling \$769,500 for period January to March 2011. Management was reminded of the penalty clause in the lease agreement, which allows for the application of late payment fees by the landlord.

# Jamaica Cultural Development Commission (JCDC)

- 8.2.75 The audit of the financial transactions and accounting records of the JCDC revealed weaknesses in the areas of; salary preparation, procurement of goods and services, management of fixed asset, cash management and the Internal Audit Function.
- 8.2.76 The weaknesses in salary preparation resulted in overpayments totalling \$142,616. Management has since taken steps to correct the weaknesses observed, and has commenced recovery of the overpayments.

# Social Development Commission (SDC)

# **Persistent Internal Control Weaknesses**

- 8.2.77 The SDC failed to strengthen its internal control system to prevent the recurrence of infractions and deficiencies that have been highlighted in my previous reports. Much of the weaknesses identified during the audit were observed and reported to the SDC in previous years.
- 8.2.78 The SDC has, in its representation to the PAC, committed to having the weaknesses resolved. The persistent weaknesses have resulted in overpayments to two officers, totalling \$946,578 and transactions totalling \$2.7M that did not meet the standards of the governing guidelines. We also identified that three CDF accounts reflected overdrawn balances totalling \$1.2M, which suggests that SDC was not properly monitoring these accounts. Further, owing to the internal control weaknesses, SDC has not recovered from former employees; overpayments and outstanding loan amounts totalling \$120,000.

# Institute Of Jamaica (IOJ)

8.2.79 The examination of the accounting records and financial transactions revealed a generally satisfactory state of affairs.

# National Library of Jamaica (NLJ)

8.2.80 The audit of the accounting records and financial transactions of NLJ revealed a generally satisfactory state of affairs.

# HEAD 5100 - Ministry of Agriculture & Fisheries (MAF) and Agencies

8.2.81 The audits of the Ministry of Agriculture and its entities revealed weaknesses in the internal controls governing the management of cash and fixed assets. Many of the items reported below were the subject of previous audit reports and is indicative of the Ministry, and its associated entities' failure to implement and maintain adequate controls, to reduce the risk of abuse and loss of Government's assets. The risk of loss was realised in one entity that incurred bank charges because of an overdrawn account. The main issues are highlighted below:

# The Ministry

# **Control Deficiencies**

- 8.2.82 Despite being the subject of two previous audit queries, and promises made by the Ministry to the members of the Public Accounts Committeee; management took no action to improve the maintenance of the furniture and equipment inventory records.
- 8.2.83 Additionally, the Transport Manager failed to ensure that the Motor Vehicle Inventory and log books were faithfully maintained. Further, contrary to the Ministry of Finance's guidelines, the requisite Operational and Efficiency Records were not maintained for vehicles under the Ministry's control. Consequently, the Ministry could not make an informed assessment of the economic viability of the vehicles in its fleet. The Ministry has since indicated that its Information Communication and Technology (ICT) Unit will develop a computerised system to manage the inventories.

# **Bodles Animal Production Research Station**

# **Bank Reconciliation**

8.2.84 The bank account had not been reconciled since March 31, 2008 (being three years in arrears). We advised management to bring the reconciliation of the bank account up-to-date immediately and to seek, where necessary, the assistance of the Ministry of Finance to expedite the process. Management has since advised that steps have been taken to address our concern.

# **Agricultural Credit Board (ACB)**

# Loans

8.2.85 The required bill of sale for a loan of \$15M, at 6%, repayable over 6 years, from the ACB to the Jamaica Egg Farmers Association, was not presented. It was recommended that the Board take steps to ensure that the Association submits the Bill of Sale as stipulated by the loan agreement.

# **Rural Agricultural Development Authority**

# **RADA- Mandeville**

8.2.86 The audit of the accounting records and financial transactions of RADA revealed a generally satisfactory state of affairs.

# Fisheries Division of the Ministry of Agriculture

# **Overpayment of Mileage Allowance**

8.2.87 An officer was overpaid mileage allowance of \$23,818 due to incorrect rates. At the date of this report, \$16,489 was recovered.

### **Bank Accounts**

- 8.2.88 We found that all the Division's bank reconciliations were in arrears ranging from 10 months to 9 years. Management was unable to provide an explanation regarding the source of \$5.3M held in one of the bank accounts. The MOF granted permission to forego the preparation of bank reconciliation statements for the period of January 2002-December 2005. However, this provides no assurance that all errors and irregularities will be identified and adequately addressed.
- 8.2.89 Our review of the cashbook and surprise petty cash inspection revealed cash shortages of \$3,500. Although the amount is immaterial, management needs to strengthen the controls governing this activity and ensure that there is adherence to the relevant provisions of the FAA Act and its Instructions.

# Head 5146- Forestry Department

8.2.90 The audit of the financial transactions and accounting records of the Forestry Department revealed a generally satisfactory state of affairs.

# National Irrigation Commission

# Unapproved Staff Loan Facility

8.2.91 The Commission failed to obtain the Ministry of Finance's approval for the operation of a Special Loan facility. This is in breach of Section 3.05.02 of the Guidelines to Financial Management in Public Sector Entities issued by the MOF. Also, the Guideline stipulates a minimum interest rate of 8%, however, the loans were granted at 3%. In addition, six loan accounts exceeded the permissible amount under the existing loan policy, and staff were granted new loans prior to the completion of the repayments of old loans, which breached Section 1(i) of the policy. The Commission was advised to seek approval from the Ministry of Finance for the operation of all loan schemes, adhere to the Ministry's loan facility limits and the relevant Guidelines.

# **Accounts Receivable and Payable**

8.2.92 The receivables aged report submitted as at March 31, 2011 disclosed a balance of \$82.4M with \$15.3M outstanding for over 90 days. This balance represents a 55% increase when compared to the previous year. The Commission was reminded of its responsibilities to collect outstanding amounts in accordance with the Irrigation Act. In addition, the payables aged report disclosed a balance of \$96.9M outstanding as at March 31, 2011. Of this amount, \$14.7M was outstanding for more than 90 days. Management was reminded that failure to settle bills in a timely manner could hinder its ability to procure essential goods and services.

### Jamaica 4-H Clubs

8.2.93 The examination revealed a satisfactory state of affairs for the period examined. However, few weaknesses were identified in the controls governing the management of fixed assets and cash management. Management was advised that these weaknesses may expose the entity to the risk of fraud and or irregularities. Management subsequently advised that steps were being taken to address the weaknesses.

# HEAD 5600, 5600A, 5600B – Ministry Of Energy & Mining (MEM) and Agencies

8.2.94 The audit of the accounting records and the financial transactions of the Ministry of Energy and Mining revealed a generally satisfactory state of affairs.

# **Rural Electrification Programme Limited (REP)**

# Absence of Contract with the Jamaica Public Service (JPS)

8.2.95 REP did not have a written contract with the JPS to carry out house wiring under the JPS Loss Reduction Programme. Consequently, we could not determine the terms and conditions governing the payment of \$30.3M to JPS during the period July 2010 to March 2011.

# **Insufficient Loan Records**

8.2.96 REP did not maintain adequate records to show the total value of loans disbursed in the form of material and labour, to customers who were unable to afford the cost to re-wire their premises. The repayment is included as a charge on the JPS bill and remitted to REP. In addition, REP was unable to provide the name of customers that had repaid \$5.9M received from JPS for the period January to September 2010. Consequently, we could not identify those customers who are servicing their loans. We recommended that proper accounting records be maintained for all customers who benefitted from the programme. Management advised that attempts are being made to address the concerns.

# Water Resources Authority (WRA)

8.2.97 The audit of the above named entity revealed a generally satisfactory state of affairs. Most of the weaknesses noted were not pervasive and Management have since taken measures to address them.

# HEAD 5300 - Ministry of Industry and Commerce

# Anti-Dumping & Subsidies Commission (ADSC)

8.3.1 The audit of the Anti-Dumping and Subsidies Commission, for the year under review revealed several areas of concern. At the date of this report the following issues remain unresolved by the entity:

### **Improper Payment of Gratuity**

8.3.2 An officer was paid gratuity of \$144,831 in contravention of the Ministry of Finance's guidelines. The Commission was advised to recover the amounts and to ensure strict adherence to the guidelines.

### **Breach of Bond Agreement**

8.3.3 A former employee who was paid \$1.5M during her period of study failed to resume duties after the course of study in breach of the terms and conditions of the bond agreement. Management was advised to invoke the terms of the bond agreement to recover the amount paid. I was subsequently advised that the matter has been referred to the Ministry of Finance for action.

# Fair Trading Commission (FTC)

8.3.4 We identified weaknesses in the internal controls over the management of fixed assets and the payment for goods and services. Consequently, transactions for which costs totalling \$543,578 were incurred, did not meet the standard stipulated by the FAA Act Instructions and Regulations. Management has since taken steps to correct the weaknesses.

# HEAD 5338- Companies Office of Jamaica (COJ)

8.3.5 The audit of the accounting records and financial transactions of the COJ revealed general compliance with the legislation and guidelines governing its operations. However, we identified that 16 officers were overpaid allowances totalling \$210,182 due to errors in the calculation of arrears and the non deduction of the income tax. The COJ has since recovered in excess of \$70,000.

# Jamaica Intellectual Property Office (JIPO)

8.3.6 The audit of the accounting records and financial transactions of JIPO revealed weaknesses in the internal controls surrounding the management of assets and the payment for goods and services. We advised JIPO to take steps to resolve the weaknesses.

# Jamaica Business Development Corporation (JBDC)

8.3.7 Inadequate internal checks resulted in errors in the computation of gratuity, vacation leave payments and travelling allowances. Consequently, nine officers were overpaid amounts totalling \$852,100. We also identified weaknesses in controls over the use of advance debit cards and the management of receipt books.

# HEADS 6300, 6300A & 6300B – Ministry Of Water & Housing (MWH) and Agencies

# **Local Government**

8.4.1 The audit of the accounting records and financial transactions of the Department of Local Government (DLG) revealed a generally satisfactory state of affairs. However, there were weaknesses in the controls governing the procurement process and management of works contracts. Further, the operating efficiency of the fleet vehicles was not evaluated.

# **Procurement Breaches**

- 8.4.2 We identified that variations of approximately \$13.1M were approved and communicated to the National Contracts Commission after the contracts ended contrary to the Procurement Guidelines. The records revealed that the DLG commenced road rehabilitation in sections of St. Catherine before the contracts were signed. This involves 19 contracts valued at \$120.2M. The records showed that DLG made payments to the contractors ranging from 68% to 100% of the contracts sum, within 3 days after the contracts were signed.
- 8.4.3 Management was advised to ensure that formal contracts are executed and signed before work commence, and that variations are approved in accordance with the stipulated guidelines. DLG was also reminded that the practice of a contractor starting work before a contract is executed could leave it without recourse in the event of non-performance on the part of the contractor.

# **Parish Councils**

8.4.4 The audit of the accounting records and financial transactions of six Parish Councils, identified below, revealed systemic weaknesses in the controls governing the management of their resources. These weaknesses resulted in; unsupported transactions, theft of cash, and bank overdraft charges totalling \$4M, \$243,000 and \$395,766 respectively. It is our view that, DLG must play a more proactive role in monitoring the operations of the Councils to ensure that there is consistency in the standards of operation and adherence to stipulated legislation and guidelines.

# **Constituency Development Fund**

- 8.4.5 We identified three instances in which payments under the CDF programme either breached the PMU guidelines or appeared to have circumvented the procurement procedures by the process of fragmentation. In one instance, the St. Catherine Parish Council awarded eight contracts, totalling \$13M, on the same day to the same contractor, which involved work in the same community.
- 8.4.6 Further, the CDFPMU's approval was not obtained for three projects implemented by St. Ann Parish Council and the Portmore Municipality, valuing \$2.3M and \$296,000, respectively. We found that Hanover and Trelawny Parish Councils failed to remit unexpended amounts of \$3.2M and \$834,935, respectively, to the CDFPMU in keeping with the monitoring unit's instructions vide its standard disbursement letter which states *"any unused amount must be returned forthwith to the Office of the Prime Minister for reallocation"*. The Hanover Parish Council has indicated that the unused funds have since been returned to the CDFPMU.
- 8.4.7 Satisfactory explanations were not received regarding a 20 months delay in implementing a project valuing \$8.6M for the construction of the Portsmouth Sports and Recreational Centre.

# **Revenue Collection**

8.4.8 The records of the St. Catherine and St Ann Parish Councils disclosed uncollected revenues amounting to \$13.9M as shown below:

Sources	Parish Council	Amounts Outstanding (\$)
Rents/Leases	St. Ann/Trelawny/St. Catherine	11.2M
Barbers/Hairdressers	Trelawny	384K
Water Rates	Trelawny	2.3M
Total		13.9M

# Table 13: Uncollected Revenue

# Saint Mary Parish Council

8.4.9 We discovered that a cheque payable under the Christmas Work Programme amounting to \$12,000 was missing following enquires made by the affected payee. Further, investigation revealed that the cheque was negotiated in January 2011 at a Gas Station by someone other than the payee. Up to the date of this report, the matter was still being investigated by the Council and the Police.

# **Portmore Municipality**

8.4.10 The Municipality could not account for a lodgement of \$15,150. Additionally, incorrect calculations resulted in overpayments in salary and allowances to four employees totalling \$91,387. Further, approval was not obtained from the Ministry of Finance for the post of five fortnightly paid employees.

# **Hanover Parish Council**

8.4.11 The Council incurred overdraft charges amounting to \$286,406 during the period December 17, 2010 to January 12, 2011. This contravenes the FAA Act Instruction 6.3. Additionally, the Council did not maintain a Master Inventory to record its furniture and equipment. Further, the Council did not provide the requisite documentation to substantiate fuel purchased at a cost of \$162,000.

# St. Catherine Parish Council

8.4.12 The cash book was not properly maintained and the main and salary bank accounts were not reconciled beyond May 2010. Further, the Council could not account for lodgements totalling \$191,045 and two of the Council's bank accounts incurred overdraft charges amounting to \$109,360. We found that the Council reported cash and cheque losses totalling \$231,000. Additionally, the Council did not faithfully maintain the required records; such as, furniture and equipment inventory, motor vehicle log-books, and the related operational efficiency records. Supporting documents were not presented for payments totalling \$1.3M to substantiate the authenticity of the payments made.

# St. Ann Parish Council

8.4.13 The Council did not submit the receipts from the agents to substantiate the sums collected totalling \$1.4M, which were lodged directly in to the Council's bank accounts. Additionally, the accounts of 20 delinquent occupiers of the Council's properties reflected outstanding rents/leases amounting to \$2.8M. The Council did not have a plan to reduce the arrears.

Section 8: Compliance Audits

### **Breach of Procurement Procedures**

8.4.14 Competitive quotes or tenders were not evident in the awarding of three contracts totalling \$2.7M. Also, purchases of asphaltic concrete amounting to \$1.9M were not supported by original suppliers' bills and invoices. Further, vouchers for six payments totalling \$794,820 reflected no indication that the goods and services paid for, were received and satisfactorily done.

# St. James Parish Council

8.4.15 The Bank Reconciliation Statements reflected accumulated adjustments amounting to \$6.7M on the Capital Account and \$1.04M on the Main Account. These adjustments dated back to the 1991/1992 Financial Year.

### **Trelawny Parish Council**

8.4.16 Competitive price quotes were not obtained for payments made to three contractors totalling \$7.2M. We could not determine if the Council had received value for money spent for drain cleaning services. The Council's records provided no information on the location of these drains and whether the services were satisfactorily rendered. We also found that weaknesses in the Council's system of controls contributed to overpayments totaling \$29,029.

### Portland Parish Council

8.4.17 A review of the Council's bank reconciliation statements at March 31, 2011 disclosed that statements were not prepared beyond October 2010. The statements included a number of erroneous debits and credits, some dated back to 2002. Further, fuel receipts were not posted to a quarterly Operational Efficiency Record to ensure that the consumption rate of fuel was in keeping with annual and monthly budgetary allocation.

# Kingston & St Andrew Corporation (KSAC)

8.4.18 The audit of the accounting records and financial transactions of KSAC revealed several weaknesses in the internal controls surrounding the payment process, control over motor vehicles, procurement and revenue collections. This contributed to unsupported payments, overpayments, nugatory expenditure, non-competitive quotes and short lodgements.

# **Internal control deficiencies**

8.4.19 Payments totalling \$5.7M were made on quotations or pro-forma invoices, which is in breach of Section 5.3 of the FAA Instructions. The KSAC was advised that this practice expose it to the risk of overpayments. Additionally, we noted that the KSAC overpaid two suppliers sums totalling \$160,300. The KSAC was advised to recover the overpayment and strengthen its internal controls to prevent recurrence.

- 8.4.20 The KSAC failed to obtain competitive price quotes for goods and services procured at a total cost of \$7.7M. They were advised that failure to obtain competitive tenders, not only breached the government's procurement procedures, but may have denied the KSAC the benefit of the most economical price.
- 8.4.21 The Internal Audit Unit reported breaches in the collection system at the Downtown Transportation Centre which resulted in short lodgements amounting to \$490,950.

# **Rental of Motor Vehicle**

8.4.22 There was no evidence that the KSAC sought the Ministry of Finance's approval for the rental of motor vehicle for a senior officer for 276 days (June 2010 to February 2011) at a cost of \$1.6M.

# HEADS 6500, 6500A & 6500B - Transport & Works (MOTW) and Agencies

# Ministry of Transport and Works

8.4.23 The audit of the accounting records and financial transactions of the MOTW revealed a generally satisfactory state of affairs. However, we identified internal control weaknesses and poor management practices in the Ministry's portfolio entities, which contributed to a loss to the government of \$2.1M. The Ministry must take the action necessary to ensure that its portfolio entities operate in compliance with relevant legislations and guidelines, and that they engage good corporate governance and management practices.

# Jamaica Urban Transit Company (JUTC)

# **Audited Financial Statements**

8.4.24 The audit revealed that for financial year 2009/2010, the Company recorded total losses of \$2.2B, resulting in an accumulated deficit as at March 31, 2010 of \$8.3B. JUTC indicated that *it 'has not been able to make a profit due to a number of factors, including an uneconomical fare structure, inadequate Government subvention, and a preponderance of illegal transport operation within the Kingston Metropolitan Transport Region (KMTR)'.* 

# **Un-remitted Statutory Deductions**

8.4.25 JUTC did not remit statutory deductions which totalled \$4.9B as at August 31, 2011, to the relevant Authorities. Of the \$4.9B, \$1.2B relates to National Housing Trust and the National Insurance Scheme. The Company was advised that failure to remit statutory deductions not only breaches the relevant Acts, but will deprive the employees of their benefits. JUTC indicated that it "continues to grapple with insufficient fare revenue from operations, and an unrealistic subvention to cover the gap in its operating costs".

# Inadequate Control over Motor Vehicles

8.4.26 We found that the Company did not maintain a history of the repairs, maintenance and fuel transactions for its fleet vehicles. This is in direct contravention of the Ministry of Finance's policy, which requires that an operational efficiency record is maintained for all fleet vehicles. In the absence of this, the JUTC has compromised its ability to readily determine whether a vehicle is operating economically.

- 8.4.27 Contrary to FAA Act Instructions, the JUTC failed to report to me, 1,231 instances of accidents involving JUTC buses and, an additional three accidents involving fleet vehicles, which occurred during the period April 2009 to August 2010. JUTC reported that as at March 31, 2011, outstanding accident claims were estimated at \$614.3M. These involved claims made by employees and passengers arising from major bus accidents and claims submitted by the insurance brokers and companies. We found that the JUTC did not have a robust system in place to record all accident claims.
- 8.4.28 The relevant officers at the JUTC did not submit receipts to allow for verification that fuel related payments totalling \$624,308 were bona fide.
- 8.4.29 Management was advised to properly record and track all accident claims and institute steps to reduce the high incidence of vehicular accidents by the bus operators.

# **Termination of Contract of Employment**

8.4.30 The JUTC incurred legal fees totalling \$2.7M arising from its failure to adhere to the provisions of the Labour Relations and Industrial Dispute Act 1975, and the Company's Personnel Policies and Procedural Manual when terminating contracts of employment.

# Airports Authority of Jamaica

8.4.31 The audit of the accounting records and financial transactions of the Airports Authority of Jamaica revealed a generally satisfactory state of affairs. The areas of concern raised were adequately addressed.

# **Road Maintenance Fund (RMF)**

8.4.32 The audit of the financial transactions and accounting records of the RMF revealed a generally satisfactory state of affairs.



# APPENDIX A

# OUTSTANDING APPROPRIATION ACCOUNTS AS AT DECEMBER 2011, IN RESPECT OF FINANCIAL YEARS 2005/2006 TO 2010/2011

HEAD	MINISTRY/DEPARTMENT		OUTST	ANDING APPR	OPRIATION AC		
	,	2005/2006	2006/2007	-	2008/2009	2009/2010	2010/2011
0200	Houses of Parliament	,	,	v	,	,	V
1548	National Environment and Planning Agency					V	V
1600A	Office of the Cabinet					v	
1649	Management Institute for National Development		v			V	
1700A	Ministry of Tourism					v	V
1700B	Ministry of Tourism				v		V
1800B	Local Government Department						V
2000B	Ministry of Finance					v	V
2012	Customs Department						V
2018	Public Debt Charges (Interest Payments)					v	V
2019	Pensions						V
2622	Police Department						V
2800	Ministry of Justice						V
2800A	Ministry of Justice						V
2800B	Ministry of Justice						V
2826	Family Court						V
2827	Resident Magistrates' Court						V
2829	Supreme Court						V
2833	Office of the Parliamentary Counsel						V
3000	Ministry of Foreign Affairs and Foreign Trade				V		
3000A	Ministry of Foreign Affairs and Foreign Trade					v	V
3000B	Ministry of Foreign Affairs and Foreign Trade			v	V		
4234	Bellevue Hospital						V
4235	Government Chemist						V
4251	Child Development Agency	V	V	V	٧	V	V
4300A	Ministry of Information, Culture, Youth and Sports					V	
4300B	Ministry of Information, Culture, Youth and Sports					V	
5147	National Land Agency			V	V		V
5200	Ministry of Industry, Technology, Energy and Commerce				V	V	V
5200A	Ministry of Industry, Technology, Energy and Commerce				V	V	V
5200B	Ministry of Industry, Technology, Energy and Commerce				V	V	V
5900	Ministry of Energy, Mining and Telecommunications					V	
5900A	Ministry of Energy, Mining and Telecommunications					V	
5900B	Ministry of Energy, Mining and Telecommunications					V	
6300B	Ministry of Water and Housing				V		
6500A	Ministry of Transport and Works				V		
6650	National Works Agency			V	V	V	V
7200	Ministry of Local Government and Environment					V	
7200A	Ministry of Local Government and Environment					V	
7200B	Ministry of Local Government and Environment					V	
7248	National Environment and Planning Agency						V
TOTAL		1	2	5	11	20	27
Outstan	ding Reported Last Year	1	4	10	13	25	-

## APPENDIX B

# OUTSTANDING FINANCIAL STATEMENTS AS AT DECEMBER 2011 IN RESPECT OF THE FINANCIAL YEARS 2003/2004 TO 2010/2011

Entity			Outsta	anding Fina	ncial State	ments		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Management Institute of National Development	-	-	-	-	-	-	-	-
Registrar General Department	-	-	-	-	v	v	v	v
Administrator General's Department	-	-	-	-	-	-	-	V
National Land Agency	-	-	-	-	-	-	v	v
National Works Agency	-	-	-	-	-	-	-	v
National Environment & Planning Agency	-	-	-	-	-	-	-	v
Passport Immigration and Citizenship Agency	-	-	-	-	-	-	-	V
Companies Office of Jamaica	-	-	-	-	-	-	-	-
National Youth Service	-	-	-	-	v	V	v	v
Pharmacy Council of Jamaica	-	-	-	-	-	-	V	v
Institute of Jamaica	-	-	-	-	-	_	-	v
National Council on Drug Abuse	-	-	-	v	v	v	v	v
Social Development Commission	-	-	_	-	V	V	V	v
Jamaica National Heritage Trust	-	v	v	v	v	v	v	V
Jamaica 4H Clubs	-	-	-	v	V	V	V	V
Fair Trading Commission	-	-	-	-	-	v	v	v
Water Resources Authority	-	-	-	v	v	v	v	v
Creative Production & Training Centre	-	-	-	-	v	V	V	v
Child Development Agency	-	-	-	v	v	v	V	v
Parochial Revenue Fund	-	-	-	-	V	V	V	v
Council of Community Colleges of Jamaica	-	-	-	-	-	_	_	V
Police Public Complaints Authority	_	_	-	-	-	-	v	v

#### **APPENDIX B**

# OUTSTANDING FINANCIAL STATEMENTS AS AT DECEMBER 2011 IN RESPECT OF THE FINANCIAL YEARS 2003/2004 TO 2010/2011

Entity			Outsta	anding Fina	ncial State	ments		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Firearm Licensing Authority	-	-	-	-	-	-	-	v
Pesticides Control Authority	-	_	_	-	_	-	-	v
Anti-Dumping & Subsidies Commission	-	-	-	-	-	-	V	V
Jamaica Intellectual Property Office	-	-	-	-	-	-	-	V
Police Civilian Oversight Authority	-	-	-	-	-	-	-	-
Capital Development Fund	-	-	-	-	v	V	v	v
National Insurance Scheme	-	-	_	-	-	-	v	v
National Gallery of Jamaica	-	-	-	-	-	V	V	v
Ministry of Agriculture - Export Division	-	-	-	-	-	-	-	V
Total	-	2	2	6	12	14	18	28
Outstanding for 2009/2010	1	2	4	11	15	20	20	-
Outstanding for 2008/09	1	2	4	11	15	20	-	-

# **APPENDIX C**

# OUTSTANDING RECEIPTS AND PAYMENTS STATEMENTS AS AT DECEMBER 2011 IN RESPECT OF THE YEARS 2004/2005 TO 2010/2011

Entity	Outstanding Receipts and Payments Statements												
-	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11						
Bath Fountain Hotel & Spa	-	-	-	-	-	-							
National Library of Jamaica	-	-	-	-	-	-							
Land Tenure	-	-	-	-	-								
Milk River Bath	-	-	-	-	-	-							
Apprenticeship Board	-	-	-	-									
Jamaica Veterinary Board	_	-	-	_	_	_							
Professional Supplementary to Medicine	-	_	-	-	_	-							
Total	-	-	-	-	1	2	7						
Outstanding for 2009/2010	1	1	3	6	6	6							
Outstanding for 2008/2009	1	1	3	6									

Head	Min./Dept.	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	TOTAL
	Public Service &																	
18	Environment	810,051																810,051
100	His Excellency the Governor General & Staff				250,114	4,621												254,734
	Accountant																	
2000A											272,642,626				9,378,001,014			9,650,643,640
200	Houses of Parliament								959,197				357,354					1,316,551
600	Office of the Services Commission			750,591				294,147								276,602	16,976	1,338,316
000	Jamaica Information			100,001				204,147								210,002	10,070	1,000,010
1510	Service			2,237,051			8,382,541	31,523	11,096,535	3,854,148								25,601,797
1547	National Land Agency																53,799,744	53,799,744
1640	Management Institute for National Dev						9,500,964											9,500,964
	Accountant						-,,											
2011	General					1,662,042				45 000 000		4 0 4 0 4 0 0						1,662,042
2012 2014	Customs Income Tax			3,002,591		19,862,421	492,070			15,806,868		4,618,493						40,287,782 3,494,661
2011	Inland			0,002,001			102,010											
2015	Revenue			4,463,497		1,018,021		174,497			25,444,654							31,100,669
2019	Pensions				49,239,356						272,642,626							321,881,983
2041	Taxpayer Audit and Assessment												712,295					712,295
	National Security and																	
2600	Justice National	50,893,738	4,004,492			23,182,220						42,689,830						120,770,280
2600A	Security and						17,780,291						3,703,307					21,483,598

Head	Min./Dept.	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	TOTAL
	National																	
	Security and												0 700 007					0 700 007
2600A	Justice National												3,703,307					3,703,307
	Security and																	
2600B	Justice		10,023,748	780,705														10,804,453
	Police																	
2622	Department			12,541,925			50,009,094					48,079,531						110,630,550
0004	Correctional							~~~~~										00 740 004
2624	Services							20,746,204										20,746,204
2823	Court of Appeal													1,788,555				1,788,555
2626	Family Court					819,140								2,256,359				3,075,499
	Resident					,								_,,				-,,
	Magistrates'																	
2627	Court			2,133,960	3,454,037		8,320,356	563,841										14,472,194
2829	Supreme Courts			2 704 695	6 004 010									5,737,179				14,536,774
2029	Bankruptcy			2,704,685 38,622	6,094,910									5,757,179				38,622
2152	Admin.			00,022														50,022
	General's																	
2830	Dept.											941,674	13,536,880		10,933,749	16,812,229		42,224,532
	Foreign																	
	Affairs and Foreign																	
3000	Trade		15,270,651			3,366,722		67.386.122	11,866,549		52,984,550							150,874,594
	Labour,		,,			-,,			.,		,,							,
	Social																	
4000	Security &			0 400 457														0 400 457
4000	Sport Education			6,196,457														6,196,457
4100	and Culture					2,940,184		19,682,028										22,622,212
1100	Education					2,010,101		10,002,020										,0,_ 1_
4100A	and Culture						4,993,908											4,993,908
	Education																	
4100B	and Culture						2,989,909				8,588,112							11,578,021
4200	Health		40,819,084	64,400,944		155,472,442		8,966,725					907,509					270,566,704
4200B	Health				0.000 750				40 444 705	50,651,444								50,651,444
4234	Bellevue				2,986,752				10,411,705									13,398,458

## APPENDIX D

Head	Min./Dept.	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	TOTAL
	Hospital																	
5100	Agriculture							51,038										51,038
5100A	Agriculture										2,196,669							2,196,669
5100B	Agriculture										15,513,744							15,513,744
5146	Forestry										2,577,956		752,752					3,330,708
	Industry, Investment &																	
5200	Commerce			14,971,056				2,981,234										17,952,290
0200	Companies			,,				_,										,002,200
	Office of																	
5238	Jamaica					17,068		5,284,809	16,459,883	2,296,133	18,706,745	6,329,023	2,376,915					51,470,576
5239	Post & Tel.					20,546,418	7,951,014		11,693,233		11,216,164							51,412,268
	Commerce and																	
5400	Technology						20,408											20,408
0100	Commerce						20,100											20,100
	and																	
5400A	Technology						230											230
																		0
	Commerce																	
5400B	and Technology						299											299
CICCE	Mining &						200											200
5500	Energy							2,981,234										2,981,234
	Mining &																	
5500A	Energy					982,651	1,033,101											2,015,753
5500D	Mining & Energy									500,000								500,000
5500B	Public									500,000								500,000
	Utilities &																	
6000A	Transport			12,541,070	25,891,124													38,432,193
	Public																	
00000	Utilities &			04 400 000														04 400 000
6000B	Transport Water and			81,489,332														81,489,332
6300	Housing										8,540,586							8,540,586
5000	Environment										0,010,000							0,010,000
6400	& Housing						5,977,619											5,977,619
6400A	Environment			26,119,083			7,516,657											33,635,740

Head	Min./Dept.	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	TOTAL
	& Housing																	
6400B	Environment & Housing						4,591,537											4,591,537
6500	Transport and Works				25,576,503													25,576,503
6500A	Transport and Works									1,534,338	32,549,957							34,084,296
6500B	Transport and Works										44,491,068							44,491,068
7100	Local Government & Works				1,792,124													1,792,124
7100A	Local Government & Works			6,278,696														68,757,388
	Local Government, Youth and Community			0,270,030	02,470,032			000 040 070	50.044.540	00.007.044		0.447.000						
7200	Dev. TOTAL	51,709,228	70,117,975	240,650,263	177,763,613	229,873,950	129,559,999	266,012,070 395,155,472	50,344,549 112,831,652		768,095,458	3,417,368 <b>106,075,919</b>	26,050,318	9,782,093	9,388,934,763	17,088,831	53,816,720	402,871,631 <b>11,935,246,830</b>

#### **APPENDIX E**

Improper Payments	2007/2008	2008/2009	2009/2010	2010/2011
SDF	1,177,270.54			
National Irrigation Commission		1,763,252.31		
Development Bank of Jamaica		855,119.00		
Harmonisation Limited		51,820,000.00		
SHRA		1,264,532.00		
Inland Revenue			315,446	
Jamaica Customs			9,163,953	
Ministry of Labour & Social Security		30,511,209.00		
Ministry of Justice		15,600,000.00		
RGD	2,714,810.00			
Bellevue Hospital		400,000.00		
Ministry of Labour	199,045.00			
Spectrum Management Authority		3,111,375.00		
Jamaica Customs	5,000,000.00			
Fiscal Service	810,714.00			
Anti-Dumping	710,915.00			
Jamaica 4-H Clubs	200,040.00			
Church Teachers College			214,989	
Anti-Dumping & Subsidies Commission				144,831.00
TOTALS	10,812,794.54	105,325,487.31	9,694,388.00	144,831.00

# **APPENDIX Ei**

Unapproved Payments	2007/2008	2008/2009	2009/2010	2010/2011
Jamaica Customs			9,163,953.00	
Church Teachers College			203,786.00	
NERHA			1,108,451.80	
Coffee Industry Board			920,096.67	
NWC			1,644,883.26	
Electoral Office of Jamaica			2,106,145.93	
Education System Transformation Programme				16,700,000.00
Education System Transformation Programme				6,700,000.00
MOFPS				4,300,000.00
Jamaica Customs				4,800,000.00
Council Of Community Colleges Of Jamaica				715,130.00
Mico Care Centre				421,454.00
Constituency Development Fund - St. Ann Parish Council				2,300,000.00
Constituency Development Fund - Portmore Municipality				296,000.00
KSAC				1,600,000.00
TOTAL			15,147,316.66	37,832,584.00
Canadian Farm - Work Programme			CAD 25,185.61	
TOTAL			CAD 25,185.61	

# **APPENDIX Fi**

Nugatory Expenditure	2007/2008	2008/2009	2009/2010	2010/2011
Inland Revenue		7,743,000.00		
Enhancement of Basic School Project	108,305.00			
Harmonisation Ltd		74,488.00		
Rural Water Supply	49,642.00			
Moneague Teachers College		99,000.00		
DBJ		85,290.75		
Edna Manley			913,315.34	
Ministry of Justice			1,191,619.80	
Ministry of Labour & Social Security		306,210.00		
Jamaica Fire Brigade	2,700,000.00			
KSAC	6,496.00			
JBDC	19,745.00			
TOTAL	2,884,188.00	8,307,988.75	2,104,935.14	

#### **APPENDIX Fii**

Nugatory Expenditure	2007/2008 USD	2008/2009 USD	2009/2010 USD	2010/2011 USD
Harmonisation Limited		55,514.00		
Ministry of Labour and Social Security			13,000.00	
TOTAL	0.00	55,514.00	13,000.00	

## **APPENDIX Gi**

	2007/2000	2000/2000	2000/2010	2010/2011
Unsupported Payments/ Transaction	2007/2008	2008/2009	2009/2010	2010/2011
Trelawny Parish Council Fire Brigade	133,996.00 191,320.00	15,820,541.00	1,070,000.00	
Portmore Community College	191,520.00	3,137,402.00	1,070,000.00	
Ministry of Finance		5,157,402.00	611,311.00	
· · · ·		11 010 740 00	011,511.00	
Harmonisation Limited		11,010,749.00		
Provident Fund	261 574 00	79,440.00		
Rural Water Supply Ltd.	361,574.00			
Local Government	283,904.00			
Portmore Municipal	197,933.00			
NSWMA	12,400,000.00			
Ports Security Corps Ltd.	137,609.00			
Road Maintenance Fund	101,383,165.00			
Companies Office of Jamaica	187,474.84			
NSWMA - WPM	6,700,000.00			
Sugar Company of Jamaica	10,000,000.00			
Sugar Industry Authority	133,600,000.00			
National Gallery of Jamaica	674,882.41			
Ministry of National Security	66,475.00			
Electoral Office of Jamaica	196,829.00	250 000 00		
SDC	072 000 00	350,000.00		
EOJ	973,989.00			
Houses of Parliament	2,790,047.00			
Transport of Works	222,417.00			
NWA	9,029,973.00			
Inland Revenue	181,746.72			
Fiscal Service	366,393.00	524 020 00		
JIS	50.000 00	531,038.00		
TASD	50,836.00			
Accountant General	4,958,032.24		4 635 000 00	
KSAC			4,635,000.00	
NERHA			6,542,508.00	
St. Joseph's Hospital			8,897,000.00	
Edna Manley College			1,395,487.79	
Ministry of Labour & Social Security			2,700,000.00	
Correctional Services	5,080,902.00		8,474,378.00	
Education System Transformation Programme				1,900,000.00
Council Of Community Colleges Of Jamaica				10,308.00
Pharmacy Council Of Jamaica				107,000.00
Hanover Parish Council				162,000.00
St. Catherine Parish Council				1,300,000.00
JUTC				624,308.00
TOTAL	290,169,498.21	30,929,170.00	34,325,684.79	4,103,616.00

# **APPENDIX Gii**

Unsupported Payments/ Transaction	2007/2008 USD	2008/2009 USD	2009/2010 USD	2010/2011 USD
Ministry of Finance			740.47	
TOTAL			740.47	

**APPENDIX H** 

Unrecorded Assets	2007/2008	2008/2009	2009/2010	2010/2011
SDC	2,937,383.00			
PATH - Social Protection Project			81,848.50	
Trelawny PC	1,201,890.00			
Ministry of Labour & Social Security		4,700,000.00		
Ministry of Finance		9,300,000.00	1,361,336.84	
Accountant General			549,990.00	
SHRA		26,797,913.00		
PSMP	6,600,000.00			
NEPA				1,100,000.00
TAJ- Inland Revenue				388,772
Correctional Services	119,025.00			
Local Government Department	1,135,567.00			
Jamaica Fire Brigade		1,084,985.00		
Ministry of Foreign Affairs		10,800,000.00	1,354,412.00	
Ministry of Health		5,161,260.00		
NRHA		3,555,018.00		
Bellevue Hospital		6,738,925.00		
Child Development Agency		4,447,470.00	1,091,270.74	
National Works Agency		11,000,000.00		
NEPA	3,670,000.00		15,663,983.14	
NYS	2,360,000.00			
Edna Manley College			7,269,021.00	
Firearm Licensing Authority				3,100,000
TOTAL	18,023,865.00	83,585,571.00	27,371,862.22	4,588,772.00

# **APPENDIX I**

Reported Losses, Fraud, Larceny, etc	2007/2008	2008/2009	2009/2010	2010/2011
Ministry of Tourism			58,920.00	
PATH - Social Protection Project			42,920.00	
NSWMA			80,850.00	
Fiscal Services Ltd			368,000.00	
Ministry of Finance		21,400,000.00		
Accountant General		14,000,000.00		
MOH & Regional Authority	20,702,363.00	1,445,511.00		
Bellevue Hospital		140,000.00		
Post and Telecommunications			30,500,000.00	
Department				
Ministry of Education		9,173,627.00		
Lift Up Jamaica	61,686.00			
Ministry of Justice	435,000.00			
Electoral Office of Jamaica	45,500,000.00			
St Catherine PC				231,000
MOFPS				38,500,000
Western Regional Health Authority				1,200,000
PATH				725,920
TOTAL	66,699,049.00	46,159,138.00	31,050,690.00	40,656,920.00

#### **APPENIDIX Ji**

Rental Arrears	Prior Years	2008/2009	2009/2010	2010/2011
St. Catherine Parish Council	542,696.00			
UDC	108,780,000.00	115,846,935.00		
Portmore Com. College		1,000,000.00		
NWC			34,000,000.00	
St Ann Parish Council		3,860,300.00	5,200,000.00	
St James Parish Council	430,500.00			
Trelawny PC	1,364,795.00			
Ministry of Mining	37,781,374.00			
Hanover Parish Council	878,750.00	645,200.00		
Manchester Parish Council	824,971.00	519,992.61		
Westmoreland Parish Council	1,700,000.00			
Portland Parish Council	1,168,489.00			
Clarendon Parish Council	1,895,964.00	2,752,274.00	3,336,586.00	
St. Elizabeth Parish Council	2,471,273.00	2,738,128.00		
Port Authority Management Services		127,400,000.00		
PCJ	37,781,374.00			
TOTAL	195,620,186.00	254,762,829.61	42,536,586.00	

Contractors Levy	Prior Years	2008/2009	2009/2010	2010/2011
CDA			204,130.30	
Clarendon Parish Council	779,439.35			
SDC		186,158.00	240,194	
Trelawny PC	2,350,000.00			
St. Elizabeth Parish Council	2,286,547.00			
St. James Parish Council	206,905.00	11,446,840.00	740,278.60	
Ministry of Health		75,178.00		
Clarendon Parish Council	38,513.72			
Flood Damage - Transport & Works	343,109.00			
NYS	4,446.80			
Fiscal Service	158,845.00			
National Library of Jamaica	19,090.51			
JSIF	28,599.54			
Arterial Roads Programme	1,477,463.00			
TOTAL	7,692,958.92	11,708,176.00	1,184,602.90	

Ministries/Departments & Agencies	Overpayments (J\$)					Recover	ry (J\$)		Outstanding Balance
	2007/ 2008	2008/2009	2009/2010	2010/2011	2007/2008	2008/2009	2009/2010	2010/2011	bulance
Ministry of Finance	169,123.00	93,196.27	544,631.98	170,100.00	124,917.65	73,000.00	176,151.12		602,982.48
TAJ		223,140.00	24,243.00	1,398,106.00				338,395.00	1,307,094.00
Jamaica Customs			320,157.00						320,157.00
Police Public Complaints Authority			170,000.00						170,000.00
Ministry of Education- Teachers Salaries	3,800,000.00	6,830,847.31	3,239,198.00		2,659,179.00	355,579.92			10,855,286.39
Ministry of Education- Admin salary		70,116.11							70,116.11
Ministry of Education (personal deductions)	4,700,000.00				4,300,000.00				400,000.00
National Library of Jamaica			63,310.69						63,310.69
Medical Council	80,223.12		270,169.00		80,223.12				270,169.00
Aeronautical Telecommunications Ltd			123,462.50						123,462.50
Cabinet Office	700,087.00				700,087.00				0.00
Bellevue Hospital		16,366.00							16,366.00
Lift-up Jamaica	37,069.73								37,069.73
Police Department	562,045.00								562,045.00
PCJ	3,476.00								3,476.00
Milk River	21,133.56		85,477.00						106,610.56
Pharmacy Council of Jamaica				22,164.42					22,164.42
Sugar Company of Jamaica	138,811.00								138,811.00
Jamaica National Heritage Trust	16,119.99								16,119.99
E - learning Company	3,476.00		18,197.67						21,673.67
Ministry of Mining & Energy	3,476.00		34,561.20						38,037.20
Office of The Services Commission	39,794.00			500,323.00	39,794.00				500,323.00
Department of Correctional Services	264,835.00	414,177.00	860,987.00	3,800,000.00	140,572.00	154,246.34			5,045,180.66
Electoral Office	151,811.00		480,250.03		78,161.53				553,899.50
National Youth Service	35,000.00		138,351.21	107,097.00	35,000.00				245,448.21
Portmore Com. College		724,335.71				198,564.00			525,771.71

Ministries/Departments & Agencies		Overpayn	nents (J\$)			Recover	ry (J\$)		Outstanding Balance
	2007/ 2008	2008/2009	2009/2010	2010/2011	2007/2008	2008/2009	2009/2010	2010/2011	Balance
Nutrition Products Ltd		82,006.00							82,006.00
Moneague College		244,300.34							244,300.34
MOH- Head Office		1,550,490.00		7,200,000.00		562,866.00			8,187,624.00
UTECH	478,500.00				478,500.00				0.00
Local Government	17,866.00	358,836.00			17,866.00	24,779.00			334,057.00
Jamaica Fire Brigade	27,210.11	1,146,821.00	1,060,827.00		16,130.00	477,300.00			1,741,428.11
NSWMA		42,935,775.00	191,207.35						43,126,982.35
FSL	206,503.00	157,142.86				25,574.00			338,071.86
Administrator General's Department		27,039.00				27,039.00			0.00
СРТС	1,226,142.65	1,045,546.00			183,414.07				2,088,274.58
JIPO		236,134.19							236,134.19
Registrar General's Department	278,427.00	153,636.08	421,497.84	83,720.00	119,497.00	121,794.74		38,446.00	657,543.18
National Gallery	139,038.71	71,291.00							210,329.71
JCDC	172,025.00	191,291.00	106,540.73	142,616.00	138,645.94	12,252.00			461,574.79
NEPA		56,238.00	236,828.00			20,243.00			272,823.00
Bath Fountain		38,141.00							38,141.00
Ministry of Foreign Affairs	75,606.00	26,333.00			75,606.00				26,333.00
Ministry of Agriculture		124,416.20				60,051.74	64,364.46		0.00
Forestry		6,722.61					6,722.61		0.00
Houses of Parliament		15,248.00				5,000.00			10,248.00
Office of the Contractor General		337,935.00				273,077.00			64,858.00
SDC		373,772.85		946,578.00					1,320,350.85
Council of Community Colleges of Jamaica	58,989.02								58,989.02
Jamaica Library Service	10,160.00			15,202.00	10,160.00				15,202.00
TASD	57,479.00								57,479.00
Development Bank of Jamaica		1,029,534.00				58,150.00			971,384.00

Ministries/Departments & Agencies		Overpayn	nents (J\$)				Outstanding Balance		
	2007/ 2008	2008/2009	2009/2010	2010/2011	2007/2008	2008/2009	2009/2010	2010/2011	Datance
Statistical Institute of Jamaica		57,520.51				55,204.91			2,315.60
Office of The Disaster Preparedness and Emergency Management		33,939.34				29,769.34			4,170.00
National Land Agency		113,374.57				95,023.07			18,351.50
Companies Office of Jamaica		5,077,517.00		210,182.00		554,983.18		70,000.00	4,662,715.82
TAAD	113,000.00	1,105,983.00	107,058.54		58,345.00	890,185.60			377,510.94
Accountant General	25,426.95	1,177,261.00			25,255.20	56,925.00			1,120,507.75
Spectrum Management Authority		2,783,189.15				616,480.16			2,166,708.99
Micro Investment Development Agency		371,240.00				235,544.30			135,695.70
BATCO		1,630,363.00				1,630,363.00			0.00
Jamaica Information Service			33,861.00						33,861.00
Jamaica Social Investment Fund			157,780.00						157,780.00
Office of the Prime Minister	700,087.00		117,208.00	55,015.00	700,087.00				172,223.00
Public Defender	78,274.82	38,350.00				13,766.00			102,858.82
Kingston and St. Andrew Co-operation (markets)		74,000.00				65,649.20	8,530.00		-179.20
Kingston and St. Andrew Co-operation	344,074.00	597,720.00		160,300.00	146,810.77	101,937.50			853,345.73
Ministry of Labour & Social Security			52,450.65						52,450.65
Manchester Parish Council	366,087.00				366,087.00				0.00
St Elizabeth Parish Council	264,193.00				264,193.00				0.00
Jamaica 4H Clubs	8,290.98	1,965,976.00			8,290.98				1,965,976.00
National Council on Drug Abuse	47,109.00				47,109.00				0.00
Bureau of Standards, Jamaica			7,152.50						7,152.50
Coffee Industry Board			4,208,881.65						4,208,881.65
Institute of Jamaica			242,468.90						242,468.90
NERHA			11,242.85	2,800,000.00				1,500,000.00	1,311,242.85
SERHA			143,302.00						143,302.00
SRHA			169,909.98						169,909.98

Ministries/Departments & Agencies	Overpayments (J\$)						Outstanding Balance		
	2007/ 2008	2008/2009	2009/2010	2010/2011	2007/2008	2008/2009	2009/2010	2010/2011	
St. Joseph's Hospital			70,861.00						70,861.00
Edna Manley College			871,260.00				149,887.14		721,372.86
PICA				117,682.00					117,682.00
Child Development Agency			98,417.34				35,374.40		63,042.94
Bureau of Woman's Affairs				92,692.00					92,692.00
Firearm Licensing Authority				654,639.00					654,639.00
Sam Sharpe Teachers' College				1,400,000.00					1,400,000.00
Fisheries Division				23,818.00				16,489.00	7,329.00
Jamaica Business Development Corporation				852,100.00					852,100.00
Portmore Municipality				91,387.00					91,387.00
Trelawny Parish Council				29,029.00					29,029.00
TOTAL	15,420,969.64	73,607,261.10	14,681,751.61	20,872,750.42	10,813,931.26	6,795,348.00	441,029.73	1,963,330.00	104,569,093.78

#### **APPENDIX Jiv**

Receivables	2007/20	800	2008 / 2009	2009 /2010			2010 /2	011	
	JMD	USD	JMD	JMD	USD	JMD	USD	CAD	GBP
NIS			364,500,000.00	2,206,581,278.56					
JDF			9,600,000.00						
Ministry of Justice			45,900,000.00	45,292,460.00					
Government Chemist			117,850.00						
SRHA			30,686,036.00	12,864,379.81					
Jamaica Trade & Investment	507,551.00								
Ministry of Education	248,100,000.00								
TAJ-TAAD									
TAD	1,590,585.00								
MIND	20,700,000.00								
SDC			467,917.00						
Ministry of Finance	169,123.00								
Rural Water Supply	361,574.00		564,000.00						
UDC	9,190,000.00		26,488.00						
Ministry of Justice	17,190,000.00								
NSWMA - WPM	20,000,000.00		5,127,564.00	7,400,000.00					
ВАТСО			1,530,000,000.00						
NWA	585,821,985.00		654,463,991.00						
JDF	26,770,000.00								
Manchester Parish Council	117,400.00								
Jamaica Mortgage Bank			2,700,000,000.00						
Port Authority			1,274,000.00						
Petro Caribe Fund		1,777,373.00							
Ministry of Tourism	196,042.00								
Development Bank of Jamaica			1,600,000.00						
JIS			32,130,000.00						
TPDco	196,042.00		, ,						
RGD	3,578,447.00								
Fiscal	11,029,400.78								
MOA	632,059.00								
NIS	237,116.00								
Ministry of Foreign Affairs	1,360,000.00								

Receivables	2007/2	008	2008 / 2009	2009 /2010			2010 /20	)11	
	JMD	USD	JMD	JMD	USD	JMD	USD	CAD	GBP
Health Corporation	290,900,000.00								
Factories Corporation			29,000,000.00						
Accountant General	1,400,000.00								
Child Development Agency			10,100,000.00	16,610,680.01					
Nutrition Products Limited			14,922,883.00						
PCJ	98,335.00								
National Water Commission				7,657,834,357.23					
St. Ann Parish Council				804,000.00		2,800,000.00			
Clarendon Parish Council				705,050.00					
Trelawny Parish Council				2,823,510.00		2,684,000.00			
St. Joseph's Hospital				47,800,000.00					
Edna Manley College				43,878,748.00					
СРТС						7,800,000.00			
National Irrigation						82,400,000.00			
Commission									
TOTAL	1,240,145,659.78	1,777,373.00	5,430,480,729.00	10,042,594,463.61	0.00	95,684,000.00	0.00	0.00	0.00

#### **APPENDIX Jv**

Unremitted Statutory Deductions	Prior Years	2008/2009	2009/2010	2010/2011
St. Josephs Hospital			17,090,000.00	
RGD			20,696,127.21	
Port Security Corp - PAYE/Ed.	82,300,000.00			
NHT	6,100,000.00			
NERHA	34,048,561.00			39,200,000.00
SERHA	113,475,411.00			
St. James Parish Council	7,179,505.29			
Portmore Muncipal Council	4,256,267.31			
St. Thomas Parish Council	16,138,259.00			
Trustee in Bankruptcy	259,375			
Rural Water Supply	13,838,796.00			
Factories Corporation of Jamaica		3,440,000.00		
KSAC – Market		32,926,986.00		
National Water Commission			399,683,417.68	
NSWMA	229,600,000.00			
JUTC				4,900,000,000.00
TOTAL	507,196,174.60	36,366,986.00	437,469,544.89	4,939,200,000.00

# **APPENDIX K**

PAYABLES	2007/2008	2008 / 2009	2009 / 2010	2010/2011
NSWMA			5,908,276.41	
St Joseph's Hospital			15,660,000.00	
WRHA		185,684,243.00		
Bellevue Hospital		32,708,450.00		
NERHA		111,374,805.00	180,074,414.90	
JDF	150,000,000.00	181,800,000.00		
NWA	363,073,714.00	852,621,988.17		
National Irrigation Commission		38,592,813.00		
SRHA		79,740,650.00		
SERHA		300,871,503.00	133,113,756.73	
Road Maintenance Fund	101,383,165.00	108,060,097.87		
National Water Commission			704,671,213.42	
JIS		15,573,411.00		
Child Development Agency		69,207,940.00	140,698,196.71	
National Irrigation Commission				96,900,000.00
Ministry of Education	11,000,000.00			
TOTAL	625,456,879.00	1,976,235,901.04	1,180,125,858.17	96,900,000.00

#### **APPENDIX L**

Uncleared Advances	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011
Ministry of Finance-Recurrent		560,505,663.70		574,000,000.00
Ministry of Finance-Cap A		152,726,810.70		
Accountant General	1,004,628.36	592,120.17	414,757.15	
Inland Revenue Department	27,429,708.00	61,878,625.84	10,900,000.00	
Jamaica Customs Department		12,815,300.27	122,130.00	
Jamaica Fire Brigade	2,015,531.00	437,540.00		
Lift Up Jamaica	39,018,498.00			
Ministry of Foreign Affairs	227,000,000.00			
Electoral Office	645,346.00		245,000.00	
Local Government	3,750,000.00			
Jamaica Customs				
JNHT			419,829.00	
Ministry of Labour	45,811.00			
Ministry of Health			9,560,000.00	
TOTAL	300,909,522.36	788,956,060.68	21,661,716.15	574,000,000.00

#### **APPENDIX Li**

Uncleared Advances	2007/ 2008 (£)	2008/ 2009 (£)	2009/ 2010 (£)	20010/2011 (£)
JHC London		74,099		
TOTAL		74,099		

## **APPENDIX Lii**

Uncleared Advances	2007/ 2008	2008/ 2009	2009/ 2010	20010/2011
	CAD	CAD	CAD	CAD
JHC Ottawa (as at June 2008)		19,731		
TOTAL		19,731		

## **APPENDIX Liii**

Uncleared Advances	2007/ 2008 USD	2008/ 2009 USD	2009/ 2010 USD	20010/2011 USD
Jamaican Embassy - Washington			7,802.00	
Ja. Consulate General - New York			29,160.41	
PRUN		11,176		
TOTAL		11,176	36,962.41	

# **APPENDIX Liv**

Uncleared Advances	2007/ 2008	2008/ 2009	2009/ 2010	20010/2011
	TTD	TTD	TTD	TTD
Jamaica High Commission Trinidad & Tobago			15,520.14	
TOTAL			15,520.14	

## **APPENDIX Mi**

Procurement Breaches	2007/ 2008	2008 / 2009	2009 / 2010	2010/2011
Ministry of Labour & Social Security		13,744,000.00		
Aeronautical Telecommunications			17,777,103.75	
Ministry of National Security- JDF		6,900,000.00		
Portmore Community College	38,340,000.00	3,989,190.00		
Ministry of Foreign Affairs		10,538,841.00		
JCDC		3,419,863.00		
Fiscal	50,916,632.40			
NYS	106,000,000.00			
SDC		19,096,246.18	13,400,000.00	
St. James Parish Council	147,377.00			
Ministry of Education	4,487,910.00			
Moneague College		175,324,800.00		
Development Bank of Jamaica		2,600,000.00		
Jamaica Customs	1,700,000.00		8,900,000.00	47,300,000.00
Inland Revenue Department			160,400,000.00	
SIA	12,100,000.00		4,482,804.00	
Clarendon Parish Council	6,282,419.00			
Rural Water Supply	827,865.00			
SDF	190,173.00			
UDC	1,987,940.00			
Companies Office of Jamaica	1,397,721.00			
Correctional Services	15,106,806.00			
Excel Community College	9,700,000.00			
MIND	1,791,939.00	3,786,475.00	7,800,000.00	
NSWMA	1,061,296.00			
UTECH	17,500,000.00			
Electoral Office	274,455,128.00		51,468,497.24	
Ministry of Health- HQ		960,158.00		
NRHA		38,949,857.00	6,848,567.40	
SERHA		1,933,879.00	21,000,000.00	
WRHA		17,700,413.00		
Child Development Agency		13,300,000.00	1,292,393.39	
Office of the Prime Minister	3,583,392.00	, ,		
Portmore Municipal Council	1,134,268.00			
Ministry of Transport & Works	117,369,839.00			
Flood Damage	45,052,059.00			
Jamaica 4H Clubs	2,195,868.00			
JIS	_,,	444,025.00		
PCJ	4,761,124.00			
RGD	5,512,630.00			
Jamaica Library Services	2,250,429.97			
CPTC	7,203,374.00			
Jamaica National Heritage Trust	2,040,760.00			
Ministry of Finance	2,040,700.00		9,484,672.00	
Coffee Industry Board			23,290,000.00	

Procurement Breaches	2007/ 2008	2008 / 2009	2009 / 2010	2010/2011
Edna Manley College			37,293,657.84	
Northern Coastal Highway Project			4,156,863.66	
Jamaica Fire Brigade (JFB)			24,123,000.00	
Accountant General Department			3,983,882.00	
Church Teachers College			3,119,623.00	
EDUCATION SYSTEM TRANSFORMATION PROGRAMME				2,200,000
MOFPS				8,500,000
TAJ				202,600,000
TAAD				38,100,000
Bellevue Hospital		52,301,578.00		31,000,000
North East Regional Health Authority				34,200,000
Department of Local Government		518,857.00		133,300,000
Constituency Development Fund - St. Catherine Parish Council				13,000,000
St. Ann Parish Council				2,700,000
Trelawny Parish Council	726,610.00			7,200,000
KSAC				7,700,000
TOTAL	735,823,560.37	365,508,182.18	398,821,064.28	527,800,000.00

## **APPENDIX Mii**

Procurement Breaches	Prior Year	2008 / 2009	2009 / 2010	2010/2011
	USD	USD	USD	USD
Fiscal Services	2,214,480.00			
UTECH	49,375.00			
Ministry of Foreign Affairs & Foreign Trade - Jamaica Consulate General - New York			20,070.70	
Transport and Works			103,130.00	
TOTAL	2,263,855.00		123,200.70	

#### **APPENDIX N**

Interest & Overdraft Charges	2007/2008	2008 / 2009	2009 / 2010	2010/2011
Northern Coastal Highway Project			13,962,968.20	
MLSS - Overdraft Charges			1,600,000.00	
Hanover Parish Council - Overdraft Charges			30,400.00	
Coffee Industry Board - Bank Overdraft			13,594.13	
KSAC - Overdraft Charges			982,763.00	
Accountant General				19,484.00
Edna Manley College				15,777.00
Hanover Parish Council				286,406.00
St. Catherine Parish Council				109,360.00
TOTAL			16,589,725.33	431,027.00

# **APPENDIX O**

Advance Card Breaches	2007/2008	2008 / 2009	2009 / 2010	2010/2011
NSWMA			228,727.97	
MOFPS			59,522.00	
Department of Correctional Services			228,978.00	
Min of Water & Housing			77,508.62	
EOJ			5,238,269.01	
North Eastern Parks & Markets			60,500.00	
TOTAL			5,893,505.60	

# **APPENDIX P - SURCHARGE MATTERS**

Entity	Date of report	Particulars	Value of Loss/Improper Payment\$	Total Loss/Year	Surcharge Imposed/Yr	Amount Recovered as at December, 2011	Remarks
Period 2007/2008							
Registrar General's Department	12/10/2007	Improper salary Payment	3,968,322.91			637,200.00	
Companies Office of Jamaica	01/10/2007	Improper Salary/overpayment	980,052.62			137,500.00	Initial surcharge was \$756, 230.00; reduced to \$150,000 after appeal
National Environment and Planning Agency	27/03/2008	Nugatory Expenditure	700,000.00				Withdrawn - 3 years had elapsed
Ministry of Agriculture	04/10/2007	Nugatory Expenditure	595,697.54			180,225.50	
				6,244,073.07	1,177,220.22		
2008/2009							
Ministry of Education	06/03/2008	Salary Overpayments	1,305,861.83			81,550.00	21 officers were issued with surcharge letters to make responses. However, surcharge was only enforced against one individual. Deductions are on-gong
	19/06/2008	Improper Payments	261,796.50				Up to December 2011 the Financial Secretary had not responded.
				1,567,658.33	139,779.94		
2009/2010							
Clarendon Parish Council	15/07/2010	Improper Payments	962,195.38				withdrawn - 3 years had elapsed

Entity	Date of report	Particulars	Value of Loss/Improper Payment\$	Total Loss/Year	Surcharge Imposed/Yr	Amount Recovered as at December, 2011	Remarks
KSAC	26/04/2010	Overdraft Charges	642,708.82				Additional Information requested
	15/07/2010	Salary overpayments and unrecovered loan balances	816,472.00				No response from the Financial Secretary
Office of the National Reconstruction	15/04/2010	Damage to Property	584,000.00				No response from the Financial Secretary
Department of Correctional Services	11/08/2010	Overpayments of Salary & Allowance	201,767.10				No response from the Financial Secretary
Accountant General's Department	23/02/2010	Overpayment of Salary	1,263,846.05				Withdrawn - Financial Secretary cited misinterpretation of Guidelines by officers concern.
Ministry of Education	18/03/2010	Overpayment of Salary	313,456.82			27,427.47	
Inland Revenue Department	23/02/2010	Bank Charges	453,500.00				No response from the Financial Secretary
				5,237,946.17	219,419.47		
2010/2011							
Ministry of Labour and Social Security	14/10/2011	Penalties- Dishonoured cheques	1,581,852.00				No response from the Financial Secretary
TOTAL				13,049,677.57	1,536,419.63	1,063,902.97	