

# Auditor General's Annual Report

on the

Appropriation and other Accounts of Jamaica for the Financial Year ended 31st March 2012



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December 24, 2012

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

Dear Sir,

Pursuant to the provision of Section 122(2) of the Jamaica Constitution, I have the honour to submit my report on the results of my examination of the accounts of the Island for the year ended 31st March 2012 for tabling in the House of Representatives.

Yours faithfully,

Pamela Monroe Ellis (Mrs.)

Auditor General

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#### **ABBREVIATIONS AND ACRONYMS**

**ACCA** Association of Chartered Certified Accountants

**AcGD** Accountant General's Department

**AuGD** Auditor General's Department

MDAs Ministries Departments and Agencies

CIDA Canadian International Development Agency

**CISA** Certified Information Systems Auditor

**FAA** Financial Administration and Audit

**GOJ** Government of Jamaica

IADB Inter-American Development Bank

**IBRD** International Bank for Reconstruction and Development

**INTOSAI** International Organisation of Supreme Audit Institutions

NCC National Contracts Commission

NHF National Health Fund

NHT National Housing Trust

**PAC** Public Accounts Committee

**PBMA** Public Bodies Management and Accountability

**RHPPP** Revised Handbook of Public Sector Procurement Procedures

IRD Inland Revenue Department

MOFPS Ministry of Finance and the Public Service

**SAI** Supreme Audit Institution

#### **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.

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Section 1:

Auditor General's Overview I am pleased to present my Annual Report for the financial year ended March 31, 2012. This report is divided into eight sections. It highlights the operational performance of the Department and provides a summary of the major findings for audits conducted.

The summary of performance targets and actual outcomes summarises our accomplishments as against our projections. As stated in my last report, we embarked on streamlining our operations in pursuit of our vision of "promoting a better country through effective audit scrutiny of government operations." In that regard, I engaged the services of PricewaterhouseCoopers (PwC) to conduct a comprehensive review of the AuGD's business processes and proffer capacity building recommendations. PwC has since completed its exercise, and the recommendations are grouped in three main categories: Devolution and Legal Independence, Organisational Restructure and Information Technology Support. The recommendations will form a part of a proposal, which I will be submitting to the relevant authorities for approval.

In the interim, I continue to leverage the experience of other Supreme Audit Institutions (SAIs), and maintain a close working relationship with other international bodies such as INTOSAI and ACCA. My Department remains active and committed to participating at this level. This participation has enabled us to access several training opportunities including the ability to share and learn from other SAIs best practices and new methodologies. Such participation is important to maintain, as it provides sources of indirect financial assistance that do not impose a cost on the Jamaican taxpayers.

The international community of SAIs continue to repose a high degree of confidence in the AuGD. As a consequence we received tremendous benefit of experience from international participation. Namely, four officers of the AuGD were selected by INTOSAI to participate in the development capacity building curriculum, which will be rolled out internationally. Additionally, INTOSAI, through the IDI, selected six members of the AuGD to be extensively trained in international standards for performance, compliance and financial statements audits. As required by INTOSAI, these officers all hold professional designations and will receive a diploma in the respective areas of training at the end of the exercise. Further, the officers will be responsible for the implementation of the standards in the AuGD and can be called upon to lend support regionally.

In addition, the AuGD was charged with the responsibility of developing a guideline themed "Enhancing SAIs Effectiveness through Cooperation with the Legislature, Judiciary and Executive". The AuGD partnered with France, Canada and Peru to develop this guideline. The draft will be ready for exposure in the first quarter of 2013.

Locally, I move ahead earnestly with the plan to reallocate the audit resources to areas deemed relevant to garner a greater level of efficiency and effectiveness in the use of public resources. Consequently, going forward more performance audit reports will be tabled on an annual basis and there will also be an increase in the number of Financial Statements certified annually. The aim is to provide information deemed necessary for Parliament to address policy deficiencies, system weaknesses and cauterise waste and losses.

The results of my audits are outlined in sections 4-8. In some instances, I have commented that they revealed a generally satisfactory state of affairs. Of course, I cannot guarantee that all instances of breach or malfeasance were identified as our scope is limited to the sample selected for review. 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 Ministries, Departments and

Agencies (MDAs). I take this opportunity to commend the MDAs for their acceptance and responsiveness to the issues, backed by the will to correct many of the deficiencies highlighted in my reports and the steps taken to implement same.

My investigations revealed that generally some MDAs were placing greater emphasis on ensuring that the systems of internal controls were strengthened. I am still however concerned that we have historic deficiencies in some entities.

The 2012 audit year has not been without significant challenges. However, I am excited as I anticipate 2013 and the subsequent years to see the outcome of our endeavours especially as it relates to the employment of several new initiatives and technological solutions. I must also commend my staff for their commitment, contribution, and support despite the many challenges and changes. This report would not have been possible without their zeal and efforts, which is greatly respected and appreciated. I must also thank Heads of Departments of the various MDAs for the courtesies extended to my staff, other stakeholders for their invaluable input, and the taxpayers for their demands and frank expressions of concern.

Pamela Monroe-Ellis F.C.C.A., F.C.A, C.I.S.A., Auditor General 20<sup>th</sup> DECEMBER, 2012 This page was intentionally left blank.

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. My annual report embodies the results of the examination of the accounts and financial transactions of various entities. 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, 2012. Reference is also made to the accounts and transactions of subsequent or previous financial years, as well as the accounts of local government agencies, 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 bipartisan 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 March to December 2012, 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 AuGD's major aim is promoting accountability, transparency and efficiency in government operations. This will necessitate a change in stewardship and how public officials manage government resources. Our subsequent recommendations are aimed at providing management with information to enable them to address weaknesses and improve their systems.
- 2.1.6 The audits of most Ministries, Departments, Executive Agencies and public bodies for the 2011-2012 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 included 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.
- 2.1.7 Several programmes and projects were selected for special audits aimed at assessing whether 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 proving to be 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 promote savings for the taxpayers.

# **Contents of this Report**

2.1.8 This report summarizes several matters of concern emanating from our 2011-2012 review. More detailed comments on the points mentioned, and 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 are indicated.

# Although not detailed in the body of this report, there are financial matters which I have noted in the respective appendices.

- 2.1.9 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.
- 2.1.10 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**

2.1.11 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.

#### **Improper Payments**

2.1.12 The audits identified five entities where payments amounting to JMD\$ 836,928 and US\$122,261 [Appendix E] were made in breach of the stipulated rules and guidelines or without the requisite approval.

#### **Unapproved Payments**

2.1.13 The audits identified 15 entities with unapproved expenditure totalling \$194.3 million, GBP 1.1 million, and US\$1.7 million [Appendix Ei].

# **Overpayments**

2.1.14 The audits also identified several instances of overpayments amounting to \$31.05 million. The MDAs, during the year have recovered a total of \$3.78 million. An analysis of the past four years revealed an unrecovered balance \$130.5 million [Appendix Jiii].

#### **Advances**

- 2.1.15 The Financial Administration and Audit Act, Instructions 5.39(3) and 5.42 stipulate that advances made from public monies 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 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.
- 2.1.16 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 \$3.09 billion [Appendix L].

### **Dishonoured cheques**

2.1.17 The audits identified several instances where cheques received by entities were dishonoured. This amounted to \$12.8 million [Appendix Lv].

#### **Internal Control Weaknesses**

- 2.1.18 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.
- 2.1.19 Accounting officers of MDAs 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.
- 2.1.20 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;
  - has properly safeguarded its assets; and
  - has the necessary checks and balances to prevent and detect errors and fraud.
- 2.1.21 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.

2.1.22 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**

2.1.23 The audits identified breaches of the Government's prescribed rules for the procurement of goods and services costing approximately JA\$287 million [Appendix M] involving 12 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 \$10 million. I was therefore often unable to determine how those organizations satisfied themselves that the prices paid were fair and reasonable.

#### **Financial Statements**

2.1.24 Section 6 of this report details the findings of the financial statements unit, and provides information on the financial position of MDAs, which cumulatively provide information on the financial condition of the government. These audits are conducted in line with international auditing standards.

#### **Arrears of Annual Financial Statements**

- 2.1.25 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 [Appendices A-C] of this report. However, there was marked improvement in the MDAs submission of the appropriation accounts, financial statements and receipts and payments statements when compared to previous years.
- 2.1.26 In the case of Ministries and Departments, which should submit Appropriation Accounts, up to December 20, 2012, we had not received 36 accounts for 2011-2012, 16 for 2010-2011, 6 for 2009-2010, five for 2008-2009, five for 2007-2008 and one for 2005/2006. A schedule of the outstanding appropriation accounts is shown at [Appendix A] of this report.
- 2.1.27 Some statutory bodies were also in arrears with the submission of their financial statements. Details of outstanding financial statements are shown at [Appendices B and C] of this report. Delays 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 errors and fraud going undetected.

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 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 International Organization of Supreme Audit Institutions (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 The table below illustrates planned and actual number of audits conducted by the Compliance Audit sections, during the period January to September 2012. 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 Statements Unit.

Table 1: Number of Entities Audited and Reports Dispatched

	201	1	201	.2	No. of	
Audits Conducted	Planned	Actual	Planned	Actual	Reports Dispatched	
Ministries	15	15	17	16	16	
Departments	56	54	19	15	15	
<b>Executive Agencies</b>	10	10	11	10	10	
Statutory Bodies	49	45	36	32	27	
Parish Councils & KSAC	10	9	14	8	8	
Others – Educational Institutions, Projects, High Commissions, Foreign Missions	17	16	17	17	17	
Total	157	149	114	98	93	

#### **Financial Statements Audit Unit**

3.1.4 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.

**Table 2: Number of Statements Audited and Status** 

Statements	Number Received		Certified		Returned		In House to be Audited		Work in Progress	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Appropriation Accounts: Ministries and Departments	153	59	77	59	21	32	0	33	55	11
Executive Agencies	23	6	6	6	1	0	12	17	4	0
Total MDAs	176	65	83	65	22	33	12	50	59	11
Financial Statements: Public Bodies	55	20	23	21	2	6	16	0	21	25
Parish Councils	40	11	3	5	0	0	17	28	20	20
Others as required by law: Accountant General's Dept.	5	7	4	0	0	8	1	0	0	0
Projects	8	9	7	6	1	3	0	0	0	0
Total	284	112	113	97	25	50	46	78	101	56

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.

### **Performance Audit Unit**

3.1.5 Our performance audits are conducted in accordance with the Government Auditing Standards and the Standards and guidelines for performance auditing issued by the INTOSAI. The planning process involved gaining a thorough understanding of the audited entity and developing an issue analysis which focuses on the main functions and operations of the entity. The aim of performance audit is to aid in influencing and improving efficiency and effectiveness in government's operations and promoting economy in procuring resources.

- 3.1.6 The Unit planned to undertake six audits for the period; two new audits, and four brought forward from 2011. Of the six; three were completed, and three are work in progress. Table 4 shows the status of all audits undertaken by the unit during the year.
- 3.1.7 Performance audits are designed to assess how well entities are executing their mandate, managing and evaluating their operations. 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.
- 3.1.8 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
  - 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.
- 3.1.9 Consequently, the Economic Assessment Audit Unit was established on May 1, 2011. The Unit examined the Fiscal Policy Paper for 2012-2013, which was tabled in the Houses of Parliament on May, 24, 2012.

#### **HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT**

#### **Institutional and Capacity Building**

3.1.10 We continue to develop and implement a sustained professional and technical development programme aimed at ensuring that the staff remains sufficiently competent to realise the strategic objectives of the department and is adaptable to change in keeping with Vision 2030 Jamaica - National Development Plan. See Table for listing of training undertaken and planned for the coming Financial Year (2012-2013).

- 3.1.11 We continue to ensure that the Organisation is staffed with competent personnel that will add value to each Unit and that the organisational structure is sufficiently robust to meet the changing demands of the Department. As a result, the Department engaged the services of PricewaterhouseCoopers (PwC) to do a comprehensive organisation review (processes and people) to establish the type of staff complement and organisational structure that would best suit the Department to meet its mandate, annually. The Department has reviewed (is currently reviewing) all the findings and recommendations from the PwC report and have submitted these findings to the Cabinet Office for their approval so that it can be implemented in 2013-2014. As a consequence, the recruitment process was put "on hold", pending the completion and assessment of the review by PwC and the approval from the Cabinet Office for implementation. Few persons were assigned additional acting opportunities to strengthen the Department's capacity to meet its obligations and to provide much needed developmental opportunities for the respective employees.
- 3.1.12 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 inhouse 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.
- 3.1.13 With this, we continue to make 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 Chartered Certified Accountants (ACCA), Institute of Internal Auditors (IIA) and Information Systems Audit and Control Association (ISACA). During the year, the audit staff members were exposed to technical training in Auditing Techniques, International Public Sector Auditing Standards (IPSAS), SWOT and Risk Analyses, IDI Training in Financial, Performance & Compliance Audits. In addition, the Administrative Staff members attended courses in Pensions Management, Government Accounting, Records and Information Management (Table 3).
- 3.1.14 As recognition of the Department's work, three staff members were selected to participate at the international level in the field of audit training, mentoring and the development of audit resource materials.

Table 3: Training Undertaken During the Year

Table 5. Training Ondertaken During th	STAFF TRAINING				
		2012	2013		
Operational Strategies	Planned	Actual	Planned	Actual	
Induction Courses (Internal)		1	8		
Information Technology					
<ul> <li>Internal – Microsoft Office suite (Word, Excel, Outlook)</li> </ul>			2		
• External – Microsoft Office – Powerpoint & Access			All Staff		
TEAMMATE training			All Staff		
IDEA Data Analysis Training Workshop					
Auditing Techniques (external)		1 person			
Financial Statements Audit		25 persons			
Risk Management		21 ersons			
International Training Programme in IT Auditing - India		1 person	1 person		
International Training Programme in Environmental Auditing  – India			1 person		
Financial Management Information System (FINMAN) for Accountants		2			
Management / Supervisors					
Internal, with internal facilitators	12 persons per month at EMM	12 persons per month at EMM	12 persons per month at EMM		
Internal, with external facilitators			40 persons		
		1			
External training     Supervisory Management			15		
Professional Certificate course in Industrial Relations			2 (JCSA Reps)		
Government Accounting		4	5		
Introduction to Government Procurement Procedures			6+		
. Training for Talanhana Onorators			4 (Registry/ Temp)		
Training for Telephone Operators     Public Speaking & Presentation skills		4 persons	10 Supervisors		
Records & Information Management			4 Registry		
Records & Information Management			,		

# Section 3: Introduction

• Conflict Res	olution (included in Supv Mgt)			
		4 (HR) – start	4 (HR) - continue	
	ining for HR Management			
	of function by Office of Services  Workshops	all staff	All staff	
• Devolution	of authority		All staff	
Public Sector	or Skills Training			
			All Team	
			Leaders	
<ul> <li>Human Res</li> </ul>	ources Management for Sector Officers			
Customer S	ervice (Internal facilitator)		All Staff	
Professional Training				
IDI – E-Lear to Financial	ning programme a Risk based approach Audits	3 persons x 6 weeks		
ISSAI Certifi	cation Programme for Financial Audits	2 persons x 3 months	2 persons x 3 months	
ISSAI Certifi Audits	cation Programme for Compliance	2 persons x 3 months	2 persons x 3 months	
ISSAI Certifi Audits	cation Programme for Performance	2 persons x 3 months	2 persons x 3 months	
	ellowship Programme (Mar - June 2012)		1 person	

- 3.1.15 As part of the Government's rationalisation of the public service, the AuGD is one of 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, which will involve significant changes in our operations and mind-set. No progress has been made in this area to date as the Department awaits further instructions from the Public Sector Transformation Unit (PSTU).
- 3.1.16 In order to manage the change processes, the Department has established its Human Resource Executive Committee (HREC) to handle all the relevant matters pertaining to the 'delegation of authority' and as a consequence of the PwC's report has established a Communications Committee to ensure that all staff members are provided with information and can give their feedback to the recommendations from the report. A number of meetings were successfully held with all staff in which the reports were shared and their feedback obtained as the Department prepared its final submission for consideration by the Cabinet Office.
- 3.1.17 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.
- 3.1.18 This year, staff welfare took a prominent part in our activities and the Sports & Social Committee engaged all staff in a number of activities. In addition to the regular birthday socials, fun day, sports celebrations, the Department staged a very successful 'Jamaica Day' in recognition of "Jamaica50"- the Country's celebration of its fiftieth anniversary of independence.

Section 4: Information Systems Audit

Section 4:

Information Systems Audit

#### INFORMATION TECHNOLOGY AUDIT UNIT

- 4.1.1 These audits are planned to collect and evaluate evidence on an organization'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 goals or objectives. These audits are conducted using a risk based approach in accordance with standards issued by the INTOSAI and ISACA.
- 4.1.2 We recognise the increase reliance on information and communication technology (ICT) systems within the various MDAs. Consequently, we have started the process of incorporating information systems (IS) audits as a part of our standard audit procedure. Therefore, going forward, the intention is to include an IS audit component in all other types of audits. In addition, we intend to increase the number of special Information Systems reviews of critical GOJ ICT systems.
- 4.1.3 Since 2011, we have completed and tabled three special information systems reviews, a summary of the key findings of each is highlighted below.

#### **FISCAL SERVICES LIMITED (FSL)**

4.1.4 Our audit focused on assessing the effectiveness of FSL's general computer controls to determine whether adequate systems, policies and procedures were in place in relation to FSL's core activities, i.e. the provision of ICT services and support to the Government of Jamaica. The outstanding issues relate to areas such as corporate governance, information system security and business continuity management.

#### **Corporate Governance**

4.1.5 FSL was guilty of engaging persons on fixed term employment contracts without the prior written approval of the Ministry of Finance and the Public Service (MOFPS).

#### **Action Taken by FSL**

4.1.6 FSL has since undertaken a comprehensive organizational review with the aim of restructuring its organization. We were advised that the recommendations from the review were submitted to the Ministry of Finance in November 2012 for approval.

Section 4: Information Systems Audit

#### **Information System Security**

- 4.1.7 We found that FSL did not have an information systems value assessment mechanism to effectively assess the value of each GOJ information system and the information contained within them. This reduced management's ability to evaluate the business impact of security threats and related risks.
- 4.1.8 There was no documented comprehensive information security policy to provide general direction for protecting the confidentiality, integrity and availability of corporate information within FSL. Consequently, greater reliance was placed on the experience of certain key personnel within the organization leading to a higher information security risk especially within the context of a relatively high staff turnover.
- 4.1.9 FSL did not have a designated function or officer(s) to ensure that there was a consistent and co-ordinated approach to information systems security across the organisation. This increased the risk of security vulnerabilities remaining undetected especially since there was no system in place to ensure that all log reports were reviewed periodically to quickly identify unusual activities. Furthermore, FSL lacked the appropriate mechanism to monitor the activities of privileged users and administrators to ensure that they were not abusing their access rights. Consequently, irregularities could go undetected, which may lead to the compromise of the organization's systems.
- 4.1.10 FSL did not have an automated network access control system to prevent unauthorized individuals from attaching a device on its network and accessing system resources without management's knowledge. This activity was monitored manually but this is not likely to be very effective given the size of FSL's network and the fact that security officers did not always record or log all electrical equipment at the various points of entry.

#### **Action Taken by FSL**

4.1.11 In August 2011, FSL initiated a project to develop and implement an effective Information Security Management System (ISMS) that will ensure a consistent company-wide approach to information security and bring the company's information security risks under explicit management control. A consultant was engaged by FSL for an initial period of twelve months with effect from August 2011. The engagement has, however, been extended to March 2013. The objective of the engagement is to provide FSL with the appropriate technical resources and capabilities to support the implementation of an ISO/IEC 27001 compliant Information Security Management System. This includes developing IT security governance arrangements and designing the organizational structure for effective security management as well as assessing security risks faced by the company and leading the implementation of appropriate controls to address any gaps in current security management controls. It is management's intention

that at the end of the project, FSL will be in a position to apply for ISO 27001 certification.

4.1.12 Though FSL has taken steps to improve its network monitoring and review procedures, there is still room for improvement. However, management has advised us that it intends to implement additional measures in line with the recommendations from the Information Security Consultancy.

#### **Business Continuity Management**

4.1.13 We found that there was no system in place to ensure that backup media are regularly tested to determine the integrity and completeness of the backup files. FSL's draft Disaster Preparedness and Recovery Plan did not adequately address the issue of periodic testing procedures to ensure that the plan remain relevant and effective in the event of a disaster. This may lead to further complications and delays in the event of an unplanned disruption especially if backup media are corrupted or other circumstances have changed subsequent to the last review of the plan.

#### **Action Taken by FSL**

4.1.14 FSL has since acquired an enterprise back-up solution. However, at the time of this report it was awaiting final configuration. FSL also intends to develop a comprehensive Disaster Preparedness and Recovery Plan that is consistent with the recommendations from the Information Security Consultancy project.

# THE TRANSPORT AUTHORITY

4.1.15 The audit involved a review of the Authority's general computer controls, systems and procedures as well as application controls relating to its Licence Management Information System (LMIS). We also assessed the effectiveness of the Authority's control environment and its impact on the level of service delivery. The outstanding issues relate to areas such as badge processing, access control and network security, LMIS user groups, environmental security, business continuity management, management of seized vehicles and Human Resource Management.

Section 4: Information Systems Audit

## THE ELECTORAL COMMISSION OF JAMAICA (ECJ)

- 4.1.16 Our audit focused on assessing the efficiency and effectiveness of the ECJ's general computer controls as well as the application controls relevant to its Elector Registration System (ERS) and Electronic Voter Identification and Ballot Issuing System (EVIBIS) to determine whether systems, policies and procedures were in place to preserve the integrity and confidentiality of elector information processed by the two systems. We also assessed the impact of the ECJ's control environment on its mandate and level of service delivery.
- 4.1.17 We identified several weaknesses in the ECJ's information technology control environment relating to areas such as corporate and IT governance, information and system security, elector registration, processing of dead electors and the production of the Voters' List. The Commission has since promised to implement some of the audit recommendations. We will continue to closely monitor the outstanding issues to determine whether they have been adequately addressed.

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Section 5:

Performance Audit

#### **PERFORMANCE AUDIT UNIT**

- 5.1.1 Our performance audits are conducted in accordance with the Standards and guidelines for performance auditing issued by INTOSAI. The planning process involved gaining a thorough understanding of the audited entity and developing an issue analysis, which focuses on the main functions and operations of the entity. The aim of performance audit is to aid in influencing and improving efficiency and effectiveness in government's operations.
- 5.1.2 The Unit planned to undertake six audits for the period; two new audits and the remaining four brought forward from 2011. Of the six, three were completed and three are work in progress. Table 4 shows the status of all audits undertaken by the unit during the year.

**Table 4: Performance Audits Conducted** 

Audit Assignments	Type of Audit	Status	
Urban Development Corporation (UDC)	Performance Audit	Tabled	
Management of Police Motor Vehicle	Performance Audit	Tabled	
Nutrition Products Limited (NPL)	Special Audit	Tabled	
Debt Management	Special Audit	Work Progress	in
National Irrigation Commission (NIC)	Performance Audit	Work Progress	in
Office of Utilities Regulation (OUR)	Performance Audit	Work Progress	in

#### **URBAN DEVELOPMENT CORPORATION (UDC)**

5.1.3 We found that UDC did not fully achieve its corporate objectives to make development happen through the planning and implementation of comprehensive projects and programmes in designated areas. We note that the UDC did not have an effective mechanism in place to ensure the proper planning, execution and monitoring of its development projects. This report also highlights several corporate governance failures; such as the non-presentation of the audited financial statements for the financial years 2010-11 and 2011-12 within the stipulated timeframe and the failure, since 2009, to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Further, the UDC failed to formalize its risk management framework to ensure a disciplined approach to managing risk. UDC subsequently submitted the audited financial statements for 2010-11 in November 2012.

5.1.4 Also, the UDC did not properly manage its investments in joint venture and subsidiary companies and failed in its corporate objective to improve the financial viability and solvency of the Corporation. Contrary to its Corporate Mission Statement "to conduct business in a transparent manner", the UDC failed to develop a formal process for selling and purchasing real estate holdings. In addition, the UDC did not adequately safeguard its properties from potential losses that may result from natural or man-made disasters and did not have an effective system in place to ensure that contractual agreements with tenants are maintained on a current basis.

The full report may be viewed at www.auditorgeneral.gov.jm

#### MANAGEMENT OF POLICE MOTOR VEHICLE

- 5.1.5 A performance audit of the management of the Jamaica Constabulary Force (JCF) motor vehicles was commissioned to determine the economy, efficiency and effectiveness of its fleet management processes. The audit revealed that limited funding restricted the fulfilment of JCF's mobility requirement and resulted in the decision to retain 277 vehicles deemed uneconomical to maintain. In addition, the practice of emergency purchases has contributed to the varying composition of the JCF fleet. Further, the retention of an aged fleet contributed to high fuel consumption rates and prevented savings, which could be used to better maintain its fleet. We found that inadequacies in the motor vehicle master inventory prevented the JCF from determining the exact size of its fleet. Further, the JCF did not have an effective system to manage its inventory of spare parts and the transfer of parts from one vehicle to another.
- 5.1.6 We also observed that the JCF's Fleet Management Policy was not comprehensive and that the JCF was not monitoring the operational efficiency of its fleet to allow for an effective assessment of vehicle performance. The report also highlights the concerns raised by the JCF pertaining to bills submitted by contractors to its garages. In addition, amounts totalling \$1.1 million were collected over the period January 2008 to June 2012, from various persons to purportedly effect repairs to 63 JCF motor vehicles involved in accidents. The vehicles were repaired using JCF's facilities, utilities and equipment in contravention of the Force Orders. We were informed that the funds were used to procure parts and materials to effect the repairs. However, the supporting documents were not presented to substantiate this explanation.

#### **NUTRITION PRODUCTS LIMITED (NPL)**

- 5.1.7 We conducted a special audit of NPL's operations to determine whether it is managing efficiently and effectively its resources to meet its corporate objectives. Our audit revealed that NPL is not achieving its objective to utilise local resources, wherever possible, in the snacks produced and distributed to students. NPL planned to introduce at least one local raw material to the product line and develop and introduce new products, for each of the three years 2009-2010 to 2011-2012. To date, NPL has only introduced a pilot programme to produce natural juices from local fruits for distribution to 32,000 students one day per week.
- 5.1.8 NPL has also indicated in its Corporate Objective to increase the production and distribution processes to deliver 195,000 snacks per day by 2011-2012. However, NPL is only producing 136,000 snacks per day, in line with the Ministry of Education mandate for the school year September 2011 to July 2012. This amount is 32 percent below the total capacity of 200,000 snacks per day. NPL cited the lack of funding as the main reasons for its failure in meeting the targets.
- 5.1.9 NPL is challenged by high production costs, spoilage of finished goods and high equipment down time resulting from the use of aging and inefficient equipment in the production process. The report further highlights unauthorised payments to 37 individuals engaged to posts that were not on NPL's approved establishment resulting in unapproved expenditure of \$19.2 million per annum. NPL also failed to present evidence of MOF's ratification of the lunch subsidy totalling \$12 million over the period 2008-2009 to 2010-2011.

The full report may be viewed at www.auditorgeneral.gov.jm

### Section 6:

Financial Statements Audit

#### FINANCIAL STATEMENTS AUDIT

- 6.1.1 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 annually.
- 6.1.2 The financial statements of all 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.
- 6.1.3 All audits were conducted in accordance with the auditing standards issued by 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.

#### **ANNUAL PERFORMANCE**

6.1.4 The audit of 40 entities was planned for the period January to December 2012. Some entities had more than one financial statement audited within the year. As at the date of this report, 22 statements were certified. This represented approximately 55 per cent of planned audits. Of the remaining eighteen statements, the fieldwork was completed on 14 statements which represented 78 percent; two were work-in-progress (11 percent). Two audits (11 percent) were not done because the documents were not submitted. Details of the financial statement arrears project are provided below.

#### FINANCIAL STATEMENT ARREARS PROJECT

6.1.5 The captioned project commenced on July 2, 2012. Five entities had submitted documentation to enable the commencement of the audit. The status of the Project is shown below.

Name of Entity	Financial Years Outstanding at Start of Project	Current Status
National Works Agency	2009-10 to 2011-12	Fieldwork complete for all years
Pharmacy Council of Jamaica	2004-05 to 2011-12	2004-05 and 2005-06 certified
National Council on Drug Abuse	2005-06 to 2011-12	2005-06 and 2006-07 Fieldwork complete.
Capital Development Fund	2001-02 to 2011-12	2001-02 to 2006-07 Fieldwork complete
Institute of Jamaica	2006-07 to 2011-12	Audit was postponed

#### **DECIDING ON THE FORM OF OPINION**

#### **Modified Opinions**

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

#### **Qualified opinion**

6.1.7 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**

6.1.8 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

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

#### **Unmodified Opinion**

- 6.1.10 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.
- 6.1.11 During the year 2012, six entities received modified audit opinions.

#### MODIFICATION TO APPROPRIATION ACCOUNTS

6.1.12 Section 24I (1) (b) requires that all accounting officers must submit to the Minister and the Auditor General within four months after the financial year end appropriation accounts for expenditure as against approved estimates, including explanations for major variations.

Section 6: Financial Statements Audit

- 6.1.13 Section 116 of the Jamaican Constitution states Parliamentary approval is required for expenditure that exceeds the sum provided for in the appropriation act.
- 6.1.14 The appropriation accounts for a public body will be modified for spending in excess of their voted provision without obtaining approval from Parliament and/or failing to provide explanations for variances between actual expenditure and budgeted expenditure.
- 6.1.15 During the year 2012, Modified Opinions were issued for audits conducted at five entities namely:
  - 1. Companies Office of Jamaica,
  - 2. Ministry of Agriculture and Fisheries,
  - 3. Ministry of Industry Investment and Commerce,
  - 4. Ministry of Transport & Works and
  - 5. Ministry of Water and Housing.

The reasons for the qualifications were as follows:

Entity	Head	Date Certified	2005	2006	2007	2008	2009	2010	2011	2012
Companies Office of Jamaica	5338	20/10/12								√

Expenditure for the year exceeded the voted provision by approximately \$3 million. Section 116 of the Constitution of Jamaica was breached; this section requires Parliamentary approval for expenditure in excess of the sum provided by the Appropriation Act.

Entity	Head	Date Certified	2005	2006	2007	2008	2009	2010	2011	2012
Ministry of Agriculture	5100	14/2/12						٧		

Expenditure for the year exceeded the voted provision by approximately \$1.7
million. Section 116 of the Constitution of Jamaica was breached; this section
requires Parliamentary approval for expenditure in excess of the sum provided
by the Appropriation Act.

Entity	Head	Date Certified	2005	2006	2007	2008	2009	2010	2011	2012
Ministry of Industry Investment and Commerce	5300	30/5/12						٧		

3. Expenditure for the year exceeded the voted provision by approximately \$1.7 million. Section 116 of the Constitution of Jamaica was breached; this section requires Parliamentary approval for expenditure in excess of the sum provided by the Appropriation Act.

Entity	Head	Date Certified	2005	2006	2007	2008	2009	2010	2011	2012
Ministry of Transport and Works	6500	15/2/12						٧		
Ministry of Transport and Works	6500 A	15/2/12						٧		

#### Head 6500

4. The explanatory statement of the causes for the variations between approved estimates and expenditure was not submitted as required by the Financial Administration and Audit Act.

#### Head 6500 A

- 5. Expenditure for the year exceeded the voted provision by approximately \$248 million. Section 116 of the Constitution of Jamaica was breached; this section requires Parliamentary approval for expenditure in excess of the sum provided by the Appropriation Act.
- 6. The explanatory statement of the causes for the variations between approved estimates and expenditure was not submitted as required by the Financial Administration and Audit Act.

Section 6: Financial Statements Audit

Entity	Date Certified	2005	2006	2007	2008	2009	2010	2011	2012
Ministry of Water and Housing	7/3/12						٧		

7. Expenditure for the year exceeded the voted provision by approximately \$6.9 million. Section 116 of the Constitution of Jamaica was breached; this section requires Parliamentary approval for expenditure in excess of the sum provided by the Appropriation Act.

The Department also issued 91 un-modified audit opinions during the year 2012 as follows:

#### **Unmodified Opinions**

Entity/Group	Number of Statements
Statutory Bodies and Executive Agencies (Financial Statements)	16
Internationally Funded Projects (Financial Statements)	6
Statutory Bodies (Receipts and Payments Statements)	5
Parish Council (Financial Statements)	5
Ministries & Departments (Appropriation Accounts)	59

Section 7:

Internationally Funded Project

#### **HEAD 1700 – MINISTRY OF LABOUR AND SOCIAL SECURITY**

#### PROGRAMME OF ADVANCEMENT THROUGH HEALTH AND EDUCATION -

#### PATH - SOCIAL PROTECTION PROJECT (SPP)

GOJ/IBRD LOAN # 7555 JM

#### **BACKGROUND**

- 7.1.1 The Social Protection Project (SPP) is currently one of two loans under the Programme of Advancement Through Health and Education (PATH) and is jointly funded by the Government of Jamaica (GOJ) and t\e International Bank for Reconstruction and Development (IBRD). The loan of USD\$40 million should be issued by the World Bank five years from June 10, 2008.
- 7.1.2 The objective of the Project is to support the Borrower (GOJ) in strengthening its social protection system by:
  - (a) improving the effectiveness of the PATH in fostering investment by poor families in human capital accumulation;
  - (b) developing a structural system for assisting working age members of PATH eligible households to seek and retain employment;
  - (c) enabling the formulation of a reform programme for public sector pension schemes; and
  - (d) developing a social protection strategy.

#### The Project consists of four parts:

- 1. Improving the effectiveness of PATH
- 2. Building capacity for the Steps -to- Work Programme
- Improving public sector pension system administration and building capacity for reform
- 4. Development of a social protection strategy

The audit of the Programme for the 2011-2012 financial years was conducted and the following were brought to Management's attention for correction:

#### Discrepancies in the preparation of Bank Reconciliation Statements

- 7.1.3 Bank reconciliation statements were examined for four bank accounts maintained by the Project. It was noted that for three of these accounts, the unpresented cheques lists included cheques that were already encashed and stale dated. For two of the accounts the reconciliations were five and six months in arrears.
- 7.1.4 Management explained that some cheques reported as stale dated were actually encashed. They were not removed from the un-presented cheques list due to the backlog in reconciling the accounts; this was also a result of the volume of cheques to be reconciled and the dated version of the Bank Reconciliation System (BRS) being used. Management was advised to take corrective action as the effectiveness of the bank reconciliation as a management tool may be undermined due to the number of errors contained therein. Further delays in the preparation of bank reconciliation statements may prevent the timely detection of fraud and other irregularities.

#### Failure to update Fixed Asset records

7.1.5 It was difficult to determine whether all assets owned by the Programme were adequately recorded and accounted for, as a completed Master Inventory record was not presented for audit. The records presented were last updated January 2011. Additionally, there was no evidence that the Project maintains an Office Machines and Equipment record, which serves as a life record of repairs and servicing of assets. Management expressed a willingness to address the weaknesses highlighted in keeping with the recommendations.

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

7.1.6 The Post Master General was paid forty dollars per cheque payment made, however adequate staffing was not put in place to serve the PATH beneficiaries. Management also disclosed that beneficiaries made several complaints about the inhumane treatment at various post offices across the island.

#### **Improper Payments of PATH Benefits**

- 7.1.7 PATH's Internal Auditors report dated October 27, 2011 highlighted improper payments which resulted from a failure to compare NIS and PATH databases before payments were made as under:
  - 1,394 PATH Beneficiaries were also receiving NIS Pension. It was also disclosed that 811 beneficiaries received benefits totalling \$21.8 million from PATH for the period October 2008 to August 2011;
  - payments totalling \$573,200 were made to 13 beneficiaries who were listed as deceased on the NIS database. These payments were made during the period October 2008 to August 2011.
- 7.1.8 Management explained that subsequent to the internal auditors' reports, the auditors were asked to use the Audit Command Language (ACL) to interrogate the databases. As a result 1,400 duplicated beneficiaries were removed from the system. They stated that the exercise will be continued in addition to the existing controls in place to detect other duplications. These activities should take place before each PATH payment.

PROGRAMME OF ADVANCEMENT THROUGH HEALTH AND EDUCATION -

PATH - SOCIAL PROTECTION SUPPORT TO THE FOOD PRICE CRISIS (SPSPC)

GOJ/IDB LOAN #1559/OC-JA

**BACKGROUND** 

- 7.1.9 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\$15 million to finance a new sub-programme (Sub-programme B) for Social Protection Support to the Food Price Crisis (SPSFPC).
- 7.1.10 Total expenditure from the US\$15 million loan up to February 29, 2012 was US\$14.8 million. The general objective of the SPSFPC is to contribute to the Government's strategy to reduce the inter-generational transmission of poverty

Section 7:
Internationally
Funded Project

by increasing human capital levels of the poor via the further consolidation of the Social Safety Net (SSN) Reform Programme.

- 7.1.11 The programme has two specific objectives:
  - (i) to increase the 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.
- 7.1.12 The examination of the financial transactions and accounting records of the Programme disclosed a generally satisfactory state of affairs with the exception of bank reconciliation. It was recommended that management implement adequate systems to correct the deficiency.

#### **Erroneous Debits on Bank Reconciliation**

7.1.13 Examination of the Administrative Account bank reconciliation statement for December 2011 revealed an erroneous debit of \$73,290 since February 2010. Management explained that the amount represents overdraft charges that occurred in February 2010 and they have been in dialogue with the bank to have the matter resolved.

#### PROGRAMME OF ADVANCEMENT THROUGH HEALTH AND EDUCATION—

## PATH- GRANT FOR PATH CONDITIONAL CASH TRANSFER PROGRAMME

#### IBRD/JSDF (GRANT) #TF 096923

#### **Background**

- 7.1.14 The Japan Social Development Fund (JSDF) Grant Project is an agreement between the Government of Jamaica (the recipient) and the International Bank for Reconstruction and Development (World Bank) acting as administrator of grant funds provided by Japan under the JSDF Emergency Window. The grant amount is US\$2.5 million and the closing date for withdrawal is March 31, 2013.
- 7.1.15 The objective of the Project is to improve the livelihood of approximately 10,000 poor and vulnerable elderly and disabled persons affected by the food, fuel and financial crisis, through cash transfers and improved outreach of the PATH Programme.
- 7.1.16 This should be achieved through the following three components of the Project, which are directly aligned to;
  - (i) Financing PATH grants paid to beneficiaries;
  - (ii) Improve capacity of government to protect poor, disabled and elderly persons by: conducting household surveys and preparing an inventory of the recipient's social assistance and social care services available; carrying out training and development for social workers and planning a communication campaign to disseminate the findings of the outreach experience; and
  - (iii) preparing updates on the Grant every four months; preparing reports on lessons learned from outreach; carrying out assessments on the effectiveness of PATH and providing incremental operating costs associated with the expansion of PATH.
- 7.1.17 Our examination of the financial transactions and accounting records of the Project disclosed a generally satisfactory state of affairs as under:

#### **Bank Balance Reconciled**

7.1.18 The bank balance as at March 2012, for the Project's Administration Account, was correctly reconciled. Also, the transactions and related records of the Special Bank Account revealed that the controls exercised over the operations of the account were satisfactory.

#### **Achievement of Performance Targets**

- 7.1.19 The grant agreement stipulated that a monitoring and evaluation report should be prepared every four months. It was noted, however, that only one such report was submitted to the Ministry of Finance. Management subsequently explained that the reports relating to the group of beneficiaries that fall under the Grant are included in the Social Protection Project's quarterly reports.
- 7.1.20 The MLSS progress report for February 2012, revealed the following-

#### Cash Transfer to Eligible Poor, Elderly and Disabled Persons

7.1.21 The target to increase beneficiaries in these categories by 10,000 (base year August 2010) to 67,320 by January 2012 was surpassed. In October 2011 the number of beneficiaries then was 70,446.

## Improved Capacity of Government to Protect Poor, Disabled and Elderly Persons

7.1.22 The information used from household surveys was included in the Management Information System (MIS) database and was used to register new beneficiaries. Fieldwork and assessment of appeal cases were completed in the 2011-2012 financial year and additional persons were registered to benefit from PATH. Training of social workers began in May 2012. The communication strategy is to target the group of persons that were eligible for the benefit (poor, disabled and elderly persons).

#### **Project Administration, Supervision, Monitoring and Evaluation**

7.1.23 At the time of the audit progress reports for the Grant were submitted up to December 2011.

## HEAD 5600, 5600A, 5600B – MINISTRY OF ENERGY AND MINING AND AGENCIES

## ENERGY SECURITY AND EFFICIENCY ENHANCEMENT PROJECT (ESEEP)

GOJ/IBRD Loan Contract No. 8007-JM

- 7.1.24 ESEEP is funded by a US\$15 million loan from the International Bank for Reconstruction and Development (IBRD) and is geared towards increasing energy efficiency and security through the implementation of the Government of Jamaica National Energy Policy.
- 7.1.25 The Project is expected to be implemented over a four year period from May 2011 to June 2015 and consists of three components:

**Component 1**: Strengthening the regulatory and institutional framework

to improve sector performance, increase private

investment and transition to cleaner fuels.

**Component 2:** Developing the energy efficiency and renewable energy

potential of Jamaica.

**Component 3:** Project monitoring and evaluation.

7.1.26 The audit of ESEEP revealed a generally satisfactory state of affairs. A few weaknesses were noted in the payment process and fixed asset management. However, management has taken steps to address the weaknesses noted.

#### **Unaccomplished Project Targets**

7.1.27 The audit noted that two of the five targets for the financial year had not been fully met. The management shared my concerns on this matter and indicated that planned activities have been adjusted to ensure that the objectives are achieved in tandem with the agreed timetable.

## HEAD 5100 – MINISTRY OF AGRICULTURE & FISHERIES (MAF) AGRICULTURAL COMPETITIVENESS PROGRAMME (ACP)

GOJ/IADB LOAN NO. 2444/OC-JA -

- 7.1.28 The Agricultural Competitiveness Programme's overall aim is to increase the competitiveness in the agricultural sector. The specific objectives are:
  - i) to increase the capacity of small and medium farmers to access national and international markets;
  - ii) to increase the performance of the country's food quality and safety management systems; and
  - iii) to foster the development of agricultural and agro-processing value chain.
- 7.1.29 The Project is executed by the Ministry of Agriculture and Fisheries through the Agro Investment Corporation (AIC) with a loan of US\$15 million from the Inter-American Development Bank (IADB). The project commenced in November 2010.
- 7.1.30 The implementation of the project commenced a year after the effective date of the project due to difficulties in the recruitment of project staff. Consequently, this impeded the overall accomplishment of targets budgeted for the period under review. Management indicated that it is cognizant of the delay and that it intends to complete the project within the stipulated deadline.

# HEADS 4100, 4100A & 4100B – MINISTRY OF EDUCATION (MOE) EDUCATION SYSTEMS TRANSFORMATION PROGRAMME (ESTP) SUPPORT FOR EDUCATION SECTOR REFORM II (ESPR II)

#### GOJ/IDB LOAN CONTRACT NO. 2301/OC-JA.

- 7.1.31 The Education System Transformation Programme (ESTP) aims at more effective and efficient service delivery by expanding access, improving teaching and learning and transforming the governance structure of the education system. It seeks to bring greater levels of accountability and improved quality to the system by:
  - a. decentralizing decision making;
  - b. increasing the capacity of teachers and administrators;
  - c. strengthening monitoring and evaluation to provide more targeted support to schools; and
  - d. creating mechanisms to mobilize more resources to meet the educational needs.
- 7.1.32 The Project comprises four (4) components:
  - i) Component 1 Enhanced Performance and Accountability
  - ii) Component 2 Mechanisms to Mobilize Resources to the National Education Trust (NET).
  - iii) Component 3 Communications, Project Management, Monitoring and Evaluation.
  - iv) Component 4 Support for Education Sector Reform 2.
- 7.1.33 The funding provided by the Inter-American Development Bank (IDB) of US\$15 million supports the activities under component 4 of the project as follows:
  - i) construction of a limited number of secondary schools (providing approximately 2,100 additional spaces);
  - ii) expansion of IT systems within the Ministry of Education (MOE) to improve use of data for policy and decision making;

Section 7: Internationally Funded Project

- iii) conducting a literacy survey; and
- iv) staff support for the Programme.
- 7.1.34 The transactions of the Special Bank Account and the operations of the project were examined and found to be generally satisfactory. There was general compliance with the contractual clauses of the project. The areas of weakness identified during the audit were promptly addressed by management.

#### **Anticipated Physical Targets**

7.1.35 The anticipated physical targets for 2011-2012 were substantially realized. However, the Ministry of Finance Monitoring Unit's report indicated that there were delays in the commencement of construction of the two schools to be built under the programme.

#### ENHANCEMENT OF BASIC SCHOOLS PROJECT

#### GOJ/CDB LOAN NO.13/SFR-OR-JAM

- 7.1.36 The Enhancement of Basic Schools 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;
  - Public Education.
- 7.1.37 The project is executed by the Ministry of Education with joint funding from the Caribbean Development Bank (CDB) through a loan of US\$13.4 million and the Government of Jamaica (GOJ), with estimated counterpart funding of US \$2.5 million.
- 7.1.38 The examination of the financial transactions and accounting records of the Programme for the 2011-2012 financial year disclosed a generally satisfactory state of affairs, except for the following areas of concerns:

#### Unreported theft of fixed assets

- 7.1.39 Six computers and appliances worth approximately \$515,785 were stolen from a practicing school. This incident was not reported to either the Auditor General or the Financial Secretary, as required by the FAA Act -Financial Management Regulations 2011.
- 7.1.40 Management was advised to ensure that this matter is reported to the required authorities at the earliest possible date.

#### **Civil Works Contract**

7.1.41 A construction contract to renovate and extend a basic school and construct a teacher resource centre for \$72.8 million was not completed at the revised completion date of April 4, 2011. An amount of \$1 million representing liquidated damages was claimed for a 30 day overrun. However, there were several defects to be remedied by the contractor. Management was advised to ensure that all defects are addressed by the contractor within the defects liability period and to withhold the retention funds until they are corrected.

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#### **Financial Statements**

7.1.42 Up to the date of this report, the financial statements for the years 2009-2010 and 2010-2011, which were audited and returned for amendments in February 2012, have not been resubmitted. The financial statements for 2011-12 were not submitted for audit.

## EDUCATION SYSTEM TRANSFORMATION PROGRAMME (ESTP) EDUCATION TRANSFORMATION CAPACITY BUILDING PROJECT

GOJ/IBRD LOAN CONTRACT NO. 7815-JM/0C-JA.

- 7.1.43 The International Bank for Reconstruction and Development (IBRD) supports components 1, 2 and 3 of the Education System Transformation Project in the amount of US\$16 million. The estimated life of the project for World Bank is 4 years from March 4, 2010 to March 3, 2014 and the components are:
  - I. Enhanced Performance and Accountability;
  - II. Mechanisms to Mobilize Resources to the National Education Trust (NET);
  - III. Communications, Project Management, Monitoring and Evaluation.
- 7.1.44 The transactions and related records of the special Bank Account as well as the operations of the project were examined and found to be generally satisfactory. However management failed to implement adequate controls over fixed assets in keeping with Ministry of Finance's Procedures Manual for Control of Government Furniture. The Ministry did not adequately explain how US\$121,629 for tuition fees paid to educational institutions on behalf of staff, met the criteria stipulated in the Project's revised operational plan.

#### **Anticipated Physical Targets**

7.1.45 The anticipated physical targets for 2011-2012 were substantially realized. However, the Ministry of Finance Monitoring Unit's report indicated the need for adequate staffing at the National Education Inspectorate (NEI) and National Education Trust (NET), to continue meeting the targets of the World Bank and the wider goals set out in the Education Transformation Programme.

#### **Project Restructuring**

7.1.46 A restructuring paper of the Education Transformation Capacity Building Project Loan 7815-JM was prepared. The paper's primary focus was the review of subcomponent 1.3 - Regional Education Authorities (REAs) and Regional Education Entities (REEs). The changes include support to establish and operationalize the Central Policy Ministry (CPM) and to replace the Regional Education Authorities

(REAs) with the Department of School Services (DSS) in line with the approved configuration of the modernized Ministry of Education.

## EARLY CHILDHOOD COMMISSION AND THE EARLY CHILDHOOD DEVELOPMENT PROJECT

GOJ/IRDB LOAN AGREEMENT NO. 7554-JM -

- 7.1.47 The Early Childhood Development Project was realized out of the recognition by the Early Childhood Commission of the need to develop a National Strategic Plan (NSP) for the Early Childhood Development sector.
- 7.1.48 The overarching objective of the Project is to improve child development. This objective coincides with the higher level goals of the NSP. The project will support the NSP's implementation, focusing on three specific development objectives, as follows:
  - i) to improve the monitoring of children's development, the screening of household-level risks, and early intervention systems;
  - ii) to enhance the quality of early childhood institutions; and
  - iii) to strengthen early childhood organizations and institutions.
- 7.1.49 The loan agreement #7554 JM for US\$15 million was signed in June 2008 between the Government of Jamaica and the World Bank to assist in financing the three specific objectives stated above. The project is scheduled for completion in 2013.
- 7.1.50 The audit revealed a generally satisfactory state of affairs. However, the final report was not received from a consultant who was hired to carry out the development of a screening and documentation system for high risk households. This delay resulted in a time overrun of 24 months on the contract. Management was advised to pursue measures that will result in the submission of the report.

#### **HEAD 1600B - OFFICE OF THE CABINET**

#### PUBLIC SECTOR MODERNISATION PROGRAMME PHASE - II

#### GOJ/DFID/CIDA/IADB GRANT

7.1.51 The Public Sector Modernisation Programme Phase II, which is jointly funded by the Government of Jamaica, the UK Department for International Development (DFID) and the Canadian International Development Agency (CIDA) aims to enable the Government of Jamaica to establish an efficient, transparent and responsible Public Service and to improve the outcomes achieved in pursuance of its pro-poor policy objectives. The PSMP II is also intended to build upon previous and current public sector modernisation initiatives. The Programme which is executed by the Office of the Cabinet commenced in November 2002. The audit of the captioned Programme, for the period under review, disclosed a generally satisfactorily state of affairs.

Section 8:

Compliance Audits

#### **COMPLIANCE AUDITS**

#### **HEAD 0100 - HIS EXCELLENCY THE GOVERNOR GENERAL AND STAFF**

8.1.1 The audit of the accounting records and financial transactions of His Excellency the Governor General and Staff revealed a satisfactory state of affairs, except for overdraft interest and fees totalling \$21,670 that were incurred on two of its bank accounts. The occurrence of overdraft interest and fees on the bank accounts, which resulted from poor cash management, breached Financial Instruction 6.3. The authorizing and certifying officers responsible for the payments will be recommended for possible surcharge. Management has advised that steps have been taken to ensure proper cash control and a non-recurrence of this concern.

#### **HEAD 0200 – Houses of Parliament (HoP)**

8.1.2 The audit of the accounting records and financial transactions of the HoP revealed weaknesses in the controls exercised over preparation of payment vouchers and cash management resulting in bank overdraft charges totalling \$177,165. Failure to resolve outstanding items on the bank reconciliation statement was also noted.

#### **HEAD 0400 – Office of the Contractor General (OCG)**

8.1.3 The audit of the accounting records and financial transactions of the Office of the Contractor General revealed a generally satisfactory state of affairs.

## **HEAD 0800 - Independent Commission of Investigations** (INDECOM)

8.1.4 The audit of the accounting records and financial transactions revealed weaknesses in the payment procedure, management of fixed assets and unauthorised payment of emoluments. There was also need to strengthen the controls relating to procurement of goods and services and adherence to the procurement guidelines. The weaknesses identified were subsequently addressed by INDECOM.

#### HEAD 1500, 1500A, 1500B – Office of the Prime Minister

8.1.5 The audit of the financial transactions, accounting records, and operations of the Office of the Prime Minister for 2011-2012 revealed a generally satisfactory state of affairs.

#### **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.

## HEAD 1548- NATIONAL ENVIRONMENT AND PLANNING AGENCY (NEPA)

8.1.7 The Agency did not submit Appropriation Accounts for examination and certification for financial years 2010 to 2012 as required by Sections 24 (1) (2) of the FAA Act. Further, the audit revealed unresolved erroneous credits and overpayments totalling \$85,523 and \$15,575 respectively. Management was advised to take corrective measures to ensure compliance with the regulations.

#### **CHASE FUND**

- 8.1.8 The Culture, Health, Arts, Sports and Education (CHASE) Fund was registered under the Companies Act to receive, distribute, administer, and manage the monetary contributions from the lottery companies pursuant to Section 59(G) of the Betting Gaming and Lotteries Act, in connection with Sports Development, Early Childhood Education, Health, and Arts and Culture.
- 8.1.9 The audit of the Fund revealed weaknesses in the internal controls governing the management of revenue, project management, bonding arrangements, and fixed assets. CHASE has indicated that steps will be taken to address the control deficiencies. However, the following matters are yet to be resolved:

#### **Tax Refunds**

8.1.10 Refunds of withholding tax from Tax Administration Jamaica totalling \$207.6 million have been outstanding since April 2004.

Section 8: Compliance Audits

#### No Bonding for Scholarship Awardees

8.1.11 For the period 2007-2008 to 2011-2012, a total of 87 awardees received scholarship assistance amounting to \$127.6 million for which no bonding agreements were executed. It was noted that an amount of \$932,000 was paid to a training institution for an individual who abandoned the programme of training. Subsequently, CHASE made arrangements with the Ministry of Finance to execute bonds.

#### **HEAD 0600 - OFFICE OF THE SERVICES COMMISSION (OSC)**

8.1.12 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 Commission has advised that steps will be taken to have the amounts recovered.

#### **HEAD 1600, 1600A, 1600B – OFFICE OF THE CABINET**

8.1.13 The audit of the accounting records and financial transactions of the Office of the Cabinet revealed a generally satisfactory state of affairs.

## HEADS 2000, 2000A - MINISTRY OF FINANCE AND PLANNING (MOF&P) AND AGENCIES

#### **HEAD 2011 – ACCOUNTANT GENERAL'S DEPARTMENT (ACGD)**

8.1.14 We examined the under listed financial statements, which the Accountant General is required by Section 24 of the Financial Administration and Audit (FAA) Act to present for review. However, these statements had a number of errors, and were returned for correction.

Statement F – Capital Investments of the Consolidated Fund showing transactions for the year of account, the Securities held and the Proportion of Equity held on behalf of the Government for the periods 2008-2009 to 2010-2011.

8.1.15 The audit of the Statement revealed that the Accountant General's Department (AcGD) did not implement adequate controls over the preparation of the Statement to ensure that it was fairly presented. Also, the AcGD did not properly manage the equity held on behalf of the government to ensure that the shares owned, and dividend entitlements were accounted for. The following discrepancies were noted:

#### **Non-Maintenance of Shares Register and Files**

8.1.16 The system used by the AcGD to record information on shares held by GOJ was inadequate. For example, the AcGD did not maintain files for nine companies in which GOJ had 2.5 million shares with face values of approximately J\$2.5 million and US\$779,000. Additionally, the 2010-2011 Statement indicated that GOJ held 25 billion shares in 66 companies; however, AcGD did not maintain a shares register. Management has since indicated that files have been created for the nine companies.

#### **GOJ Shares Not Vested in the Accountant General**

8.1.17 Section 47(2) of the FAA Act stipulates that any shares acquired by public bodies should be vested in the Accountant General. We identified that share certificates for 180,903 shares held in the Development Bank of Jamaica (DBJ) were not in the custody of the AcGD. Also, the name of the AcGD was not on 17 share certificates for five companies in which the GOJ held 1.04 billion shares.

#### **Absence of Adequate Controls to Prevent Misstatements**

- 8.1.18 Six companies in which the GOJ held approximately 67.3 million shares wound up operations; however, they were still reported on Statement F.
- 8.1.19 Further, two ministries bought approximately 16.4 million shares in two companies; however, this was not reflected on Statement F.
- 8.1.20 Acquisitions of approximately 1.7 billion shares in DBJ and approximately 16.3 million shares by National Insurance Fund in Capital and Credit Holdings Ltd, transfers of 600 shares from Montego Bay Metro Company Limited, and disposal of 10 million GOJ shares in Air Jamaica Express Limited were not reflected on the Statement.
- 8.1.21 There were discrepancies between reported shares and the supporting evidence.

#### **Outstanding Financial Records**

8.1.22 The AcGD did not routinely monitor the submission of annual audited financial statements by companies in which the GOJ held investments. We found that 17 companies did not submit current audited financial statements.

#### **Institutional Loans**

- 8.1.23 We were unable to place reliance on the system of controls implemented by management to give assurance that the statement was free of material errors and misstatements. For example, we identified under and over stated amounts in the following instances:
  - i. The Statements for 2008-2009 to 2010-2011 reported €15 million or J\$1.2 billion as the sum received by the National Water Commission. We were unable to verify that the NWC had received this amount in full. However, in 2009-2010, AcGD was instructed to disburse J\$28.1 million to the Ministry of Water and Housing, on behalf of the NWC, for the European Investment Bank (EIB) component of the Port Antonio Water and Sewerage Project.
  - iii Two outstanding loans for the Airport Authority valued at J\$19 million and ECU7. 1 million were removed from the 2009-2010 Statement. However, the AcGD did not present the authority and reason for their removal.

#### **Compliance Audits**

8.1.24 The Department operated in breach of the financial regulations and fixed assets guidelines promulgated by the Ministry of Finance and Planning. Management was reminded of the consequences of these breaches and encouraged to comply with the guidelines, investigate and correct errors and recover amounts accordingly.

#### Weaknesses in the Bank Reconciliation Process

- 8.1.25 At the time of audit, September 2012, the reconciliation of the recurrent bank account was seven months in arrears.
- 8.1.26 Our audit disclosed debit and credit memos totalling \$23.7 million and \$11.6 million, respectively that were being carried on seven recurrent reconciliation statements from as far back as April 2010. Additionally, overdraft charges of \$1.5 million which accumulated since 2004 were reflected on the salaries account reconciliation statement. The AcGD did not provide any documentary evidence to confirm that these concerns were being followed up for resolution. We advised management to resolve these issues at the shortest possible time as failure to do so may conceal irregularities. The AcGD has since indicated that the debits and credits on the accounts are being investigated.

#### **Inadequate Safeguard of Assets**

8.1.27 We found that computer equipment costing \$7.4 million were not adequately safeguarded, as the AcGD did not mark the assets with the established inventory coding system. Management was advised to take corrective action.

#### **Weaknesses in the Procurement Process**

8.1.28 Deposits ranging from 38 to 70 percent of total contract sums were paid to the respective suppliers of goods and services. However, these advances were not secured by guarantee as required by the procurement guidelines.

#### **Contract for the Upgrading of the Pension Payroll**

8.1.29 We found general weaknesses in the management of a three year contract, valued at US\$94,000 for the upgrade of the pension payrolls. We noted that the commencement date was eight months before the contract agreement was signed. The dates for the completion of the various activities or deliverables were not included in the agreement. Also, non presentation of technical or progress reports, absence of approval of procedures for progress reports. Management was advised to strengthen this area to prevent breaches of the procurement guidelines.

#### **HEAD 2012 – JAMAICA CUSTOMS DEPARTMENT (JCD)**

8.1.30 The audit of the captioned Department for the financial year under review revealed several issues to be resolved by the entity. The major areas of concerns were:

#### **Outstanding Appropriation Account**

8.1.31 The JCD did not submit the Appropriation Account for the financial year 2011-2012. Failure to submit the Account, within the stipulated four months following the end of the financial year, constitutes a breach of the Financial Administration and Audit Act.

#### **Absence of Approved Virement for Excess Expenditure**

8.1.32 We did not see evidence that JCD obtained the requisite approval of the Accounting Officer for the virement of expenditure totalling \$71.1 million between two objects, contrary to the MOFP guideline. The Department was advised to comply with the guideline.

#### **Improper Payment of Crown Overtime**

8.1.33 The Ministry of Finance and the Public Service guideline prohibits the payment of crown overtime to annually paid staff. Despite our previous audit report, the Department made overtime payments totalling \$86.9 million for the period April to December 2011. The overtime paid to warehouse employees was not preapproved as required. We advised management to conduct a workload assessment and recommended ways to reduce the need for overtime and also to ensure compliance with MOFP guidelines.

#### **Appropriations-in-Aid Discrepancies**

8.1.34 Approval was granted for appropriations-in-aid collected from local agents to be used to pay overtime and travel expenses to employees on behalf of agents. We observed, however, that JCD transferred \$43.1 million from the salaries account to pay these expenses before the monies were received from the agents. Consequently, from April to December 2011, JCD made payments to employees, which exceeded receipts from the agents by \$5.8 million. There was an absence of adequate internal checks to ensure the accuracy of the amounts transferred. We advised management to ensure that such overtime and travel payments should only be made after monies are collected from the agents.

#### Inadequate Controls at Free Zones to Protect Revenue

- 8.1.35 JCD did not implement adequate internal controls over the movement of goods in and out of the ports of entry to the Free Zones to ensure that GOJ revenue was protected as indicated by the findings below:
  - JCD did not monitor to ensure that its standard operating procedures regarding the level and type of security arrangement that an operator should institute at the Free Zones were implemented.
  - ii) JCD did not have control over the Free Zone goods after Customs Officers completed their working hours. Our examination revealed that Customs Officers assigned to the Free Zones only worked the normal 40 hour work week, 8.30 am to 5 pm. However, the Free Zones are accessible on a 24 hour basis by the operators.
  - iii) Our review revealed that goods valued at \$18.5 million were brought into a Free Zone, while goods valued at \$18.9 million were released into the domestic market for the periods January 2011 and January 2012. However, we did not see any evidence that a perpetual inventory system to identify the goods on hand at any given time was maintained by the Customs Department.

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- iv) We did not see evidence that goods valued at \$18.5 million (cleared on 35 entries) were escorted from Berth 11 to a Free Zone for the periods January 2011 and 2012, as required by the JCD operating policy.
- v) The system of internal checks, to ensure that all goods entered as commercial imports attracted duties, was not working as intended. For example, we observed that three entries valued at \$127.2 million that were recorded as commercial imports, were processed as Free Zone entries and exempted from customs duties.
- vi) JCD did not present the consent of the Minister of Industry, Investment and Commerce for the removal of goods valued at \$1.27 million from the Free Zone to the local market, as required by the Free Zone Act.
- 8.1.36 It was recommended that adequate controls be implemented to maximize revenue collection.

#### **Letters of Clearance**

- 8.1.37 Importers submit letters requesting clearance of goods which is approved for release by the Commissioner of Customs. In these instances, an importer pays a deposit, representing an estimate of the duty to be paid. Within three days (72 hours), the importer must submit the final invoice and the import entry for calculation of the duty to be paid.
- 8.1.38 We were unable to determine the value of goods that were exempted from custom duties and whether additional duties should have been paid in instances where letters of clearance were used to clear goods. The JCD failed to ensure that Customs Brokers made the final entries within three days (72 hours), in accordance with the Regulations. Our audit disclosed that 513 letters of clearance over the period January 2008 to December 2011 were outstanding for over 90 days. Also, we identified 10 customs brokers who had between seven and 316 outstanding clearance letters that were not finalized. This breakdown in internal control could impact the collection of customs duty and consequently the fiscal targets.

#### **Travelling Allowance Claimed on Improper Motor Vehicle Documents**

8.1.39 A customs officer submitted improper motor vehicle documents and received travelling allowances totalling \$1.53 million for the period February 2005 to March 2012. We advised management to investigate and forward the report to the Police and other relevant departments, recover the amounts overpaid and strengthen its internal controls to prevent recurrence.

### **Overpayment of Travelling Allowance**

8.1.40 JCD failed to periodically review the motor vehicle documents and inspect the vehicles of travelling officers. This resulted in 47 officers being overpaid \$6.89 million over the period July 2009 to April 2012. Although the officers sold their motor vehicles they continued to claim travelling allowances. Checks revealed that the officers had no other vehicles registered in their names during the period highlighted nor was permission granted to use other motor vehicles for their official duties. At the date of this report, \$519,498 was recovered from 13 officers.

#### Inadequate verification exercise

- 8.1.41 Travelling allowance vouchers representing payments of \$2.25 million over the period July 2009 to April 2012 were not signed, evidencing certification and authorization by the responsible officers, as required by the Financial Instructions. Further, JCD failed to implement adequate internal checks resulted in seven officers being overpaid mileage totalling \$34,830, for the period November 2011 to January 2012. We noted that the officers submitted duplicate mileage claims, used the Government fleet vehicles, then claimed mileage for the same trips, and also claimed mileage for which they were not entitled.
- 8.1.42 Additionally, we observed that there were differences between the ending mileage and the beginning mileage recorded in the log book of six fleet vehicles. This resulted in mileage of 4,771km that was not accounted for during the period July 2011 to March 2012. We advised management to recover the sums overpaid and implement and monitor controls to stem these weaknesses.

#### **HEAD 2056 - TAX ADMINISTRATION JAMAICA (TAJ)**

8.1.43 The audit of the captioned Department for the financial year under review revealed the following concerns:

#### **Outstanding Appropriation Account**

8.1.44 TAJ did not submit the Appropriation Account for the financial year 2011-2012. The FAA Act required MDAs to submit the Accounts within four months of the end of the financial year. The absence of the Appropriation Account prevented a proper assessment of whether the Department's expenditure was in keeping with Parliament's approval.

# Absence of Approved Virement for Excess Expenditure on 2010-11 Appropriation Account

8.1.45 We did not see evidence that TAJ obtained the requisite approval of the Accounting Officer for the virement of expenditure totalling \$32.3 million between various objects for the financial year 2010-2011. We encouraged management to comply with the guidelines.

#### **Overpayment of Travelling Allowance**

8.1.46 We noted that TAJ did not update the travel registers with the required information and did not periodically review the motor vehicle documents and inspect the related vehicles. Consequently, 10 officers were overpaid \$987,671 over the period 2010-2011 to 2011-2012 because the officers sold their motor vehicles and continued to claim monthly travelling allowances. The review of the Automated Motor Vehicle System (AMVS) database revealed that these officers had no other vehicles registered in their names for the periods highlighted nor was permission received to use other motor vehicles for their official duties.

#### **Non-Presentation of Motor Vehicle Documents and Payment Vouchers**

8.1.47 We were unable to verify the legitimacy of travelling allowance paid to 13 officers as TAJ failed to present the requisite motor vehicle documents. Additionally, expenditure vouchers to support 37 payments totalling \$4.7 million were not presented. We urged management to present these documents to enable verification of the legitimacy of the amounts paid.

#### PETROCARIBE DEVELOPMENT FUND (PDF)

8.1.48 The audit of the financial transactions and accounting records of the PDF revealed weaknesses in the management of investment, loans, procurement and debt servicing. Our review disclosed 17 shortcomings, which were brought to the attention of management for appropriate corrective action. Management has since indicated that corrective steps will be taken.

# JAMAICA PROMOTIONS CORPORATION (JAMPRO)

- 8.1.49 JAMPRO's mission is to enhance trade and investment for the economic benefit of Jamaica by providing facilitation, promotion and advisory services to investors, exporters and producers, as well as, policy and technical support to the Government.
- 8.1.50 The audit of JAMPRO's financial transactions and accounting records revealed a generally satisfactory state of affairs, except for inconsistencies in the key performance indicators (KPIs).

#### **Key Performance Indicators**

8.1.51 We found that JAMPRO paid incentives totalling \$17.6 million and \$15.1 million for the 2010-2011 and 2011-2012 financial years, respectively. However, the Ministry of Finance's approval was not presented for the operation of the Incentive Awards Policy. Further, the 50 percent minimum limit for the award of incentive payments for the individual element is below the prescribed limits of 75 percent and 80 percent for Central Government and Executive Agencies, respectively. The calculation of the corporate performance incentive is based on a weighting of 110 percent instead of 100 percent of the criteria necessary for satisfactory achievement. This resulted in the Agency's corporate achievement being 93.2 percent instead of 86.25 percent, which also influenced the rates paid for incentives. JAMPRO responded that they have since 'written to the Ministry of Finance and provided the Performance Management Instrument Policy, which prescribed JAMPRO's incentive payment system', for guidance and approval.

# HEAD 1700 AND 1700A – MINISTRY OF TOURISM (MOT) AND AGENCIES

8.2.1 The audit disclosed that the financial transactions and operations of the Ministry for 2011-2012 were conducted in a generally satisfactory manner. However, there was need for improvement in the controls over salary payments and the use of credit cards.

#### **Inadequate Control Over the use of Credit Cards**

8.2.2 The Government guidelines on the use of the credit cards state that payments should relate to unforeseen expenditure, which could not be met through the normal payment process. However, the audit revealed that credit cards were used to purchase fuel and food costing J\$167,092 and US\$632 and also to pay for hotel accommodation of J\$47,094. Management was advised to ensure that the cards are used as stated by the guidelines in keeping with the Government's objective to maintain efficiency and proper accountability of public resources.

#### **BATH FOUNTAIN HOTEL AND SPA**

8.2.3 The audit of Bath Fountain Hotel and Spa revealed weaknesses in corporate governance and internal controls governing emoluments, expenditure vouchers, fixed assets, and cash receipts. The matters were subsequently resolved.

#### **MILK RIVER BATH HOTEL**

8.2.4 The audit of Milk River Bath revealed weaknesses in the controls governing preparation of payment vouchers, management of fixed assets, and the cheque signing process. Consequently, payments amounting to \$639,896 were made without being either certified or approved. Further, the requisite certification that goods and services acquired for \$665,205 were received in good condition or satisfactorily rendered was not seen. Also, fixed assets records were still not faithfully maintained and the cheque signing process needed to be rectified.

# HEADS 2600, 2600A & 2600B – MINISTRY OF NATIONAL SECURITY (MNS) AND AGENCIES

8.2.5 The audit of the captioned entity, for the year under review, revealed weaknesses in the internal controls governing payment procedures, fixed assets, receipt books and motor vehicle control. This resulted in the entity's inability to locate a computer and UPS purchased for \$91,750. The Ministry was reminded that its failure to properly safeguard its assets could increase the risk of theft and unauthorised use. The Ministry was also advised to update the inventory records and present the computer and UPS for inspection.

# JAMAICA DEFENCE FORCE (JDF)

#### **Internal Control Weaknesses**

8.2.6 We found that the JDF recovered overpayments amounting to \$1.9 million, which resulted from delays in communicating salary information to the pay offices. However, the JDF failed to open the required advance accounts for overpayments made. Consequently, we were unable to determine the extent of the overpayments and balances outstanding.

#### **Payments made on Quotations**

8.2.7 We found that 697 payments amounting to \$119.1 million for the financial year 2011-2012 were in breach of the FAA Instructions, as the vouchers were only supported by quotations and not the final tax invoices. This resulted in the overpayment of \$754,291 to a supplier, which was subsequently recovered. Management was advised that they could suffer significant losses if this weakness is not corrected. The entity has since advised that only 146 tax invoices totalling \$9.1 million remain outstanding.

#### **Unauthorized Payments for Leave**

8.2.8 Breaches of the JDF Leave Policy have resulted in unauthorized payments of approximately \$135 million. The leave policy stipulates that no rank should be paid beyond the fourth entitlement or 56 days at the highest rank. However, leave was being allowed to accumulate up to 569 days and payments were made for up to \$4.9 million to officers. Management was advised to exercise strict adherence to the policy. The Chief of Defence Staff has advised that the Leave Policy will be strictly adhered to.

#### Flight Accounts Receivables

8.2.9 At the date of this report, \$11.9 million was owed to JDF by private and public institutions for airlift services provided during the period April 2011 to March 2012. Management was encouraged to take necessary actions to collect the outstanding balances.

# **HEAD 2624 – DEPARTMENT OF CORRECTIONAL SERVICES (DCS)**

#### **Internal Control Weaknesses**

8.2.10 The audit of the accounting records and financial transactions of the DCS revealed weaknesses in the control over key activities. Management has endeavoured to implement corrective actions.

### **HEAD 2653 - PASSPORT IMMIGRATION & CITIZENSHIP AGENCY (PICA)**

8.2.11 The audit of the financial transactions and accounting records of PICA revealed weaknesses in the internal controls governing cash management, expenditure and emoluments. This resulted in improper payments, unsubstantiated transactions and overpayment of emoluments. We have reported similar weaknesses in the payment of emoluments in previous audit reports.

# Overpayments

8.2.12 Three officers, one of whom has resigned, were overpaid \$264,955. This was attributed to delays in communication between the personnel and salaries units. The Agency was advised to make recovery as soon as possible.

#### **Breaches in the Payment Process**

8.2.13 Approval was not obtained from the Office of the Services Commission for an advance payment of \$380,000 made to an officer for frozen leave.

#### **Absence of Contractual Agreements**

8.2.14 The Agency paid \$13.7 million to a company for security services without a formal contract being in place. Also, the contract for the lease of offices occupied by the Agency has expired. Management was advised to ensure that formal contracts were in place to protect the Government's interest. A security contract with a new company is now in place.

Section 8: Compliance Audits

# **Dishonoured Cheques and Overdraft Charges**

8.2.15 Twelve cheques received totalling £110 and US\$1,848 for services rendered by the Agency were dishonoured by the bank. Further, overdraft charges totalling \$55,695 were incurred without the approval of the Financial Secretary in breach of the Financial Management Regulations.

# MINISTRY OF JUSTICE - HEADS 2800, 2800A, 2800B

#### **Obsolete Cheques**

8.2.16 We found 21,773 obsolete cheques in the Ministry's vault; some from a cheque series last used in 2003. The storing of obsolete cheques for an inordinate period may foster irregularities and lead to the loss of public funds. The Ministry subsequently sought approval from the Ministry of Finance and Planning for the destruction of these cheques.

#### **Overdrawn Bank Account**

8.2.17 The weakness in the Ministry's commitment control caused the Capital 'A' bank account to be overdrawn by \$5.8 million, resulting in overdraft charges of \$44,120. The Ministry was reminded that the responsible officer(s) may be sanctioned under section 30(1) (b) of the Financial Management Regulations, 2011.

#### **Overpaid Emoluments**

8.2.18 An employee was overpaid \$99,651 as a result of poor communication between the Human Resources Department and the Accounts Section. The Ministry was advised to recover the amount and to ensure that information is communicated to the accounts section on a timely basis.

#### **Deficiencies with Construction Contract**

8.2.19 We found that a contractor was paid amounts totalling \$3.4 million to supervise work at the Lucea Family Court. However, a contract was not presented to facilitate an assessment of whether payments were in keeping with the agreed terms and conditions. In addition, the contractor was reportedly overpaid \$190,000. Management was advised to recover the overpayment and reminded of the Government's Financial Regulations that require contracts to be in writing. Management has indicated that they are in dialogue with the Contractor with a view to recover the overpayment.

#### **COURT MANAGEMENT SERVICES – HEAD 2854**

#### **Procurement Breaches**

8.2.20 The Agency displayed flagrant disregard for the provisions of the Government's procurement guidelines in the award of seven telecommunication contracts costing approximately \$20 million. In addition, we found that competitive tendering was not used to employ a consultant being paid annual emoluments

Section 8: Compliance Audits

of \$2.98 million. The Court Management Services' failure to adhere to the government procurement rules has impaired the transparency and accountability of the procurement process. Management was advised to ensure future strict compliance to the procurement guidelines.

#### **Unrecorded Assets**

8.2.21 The Court Management Services failed to maintain its fixed assets records in keeping with the Government's guidelines. Consequently, fixed assets valued at \$31.8 million were not placed on the inventory records. Recommendations were made to immediately implement the mentioned asset control mechanisms to effectively account for all its fixed assets. The Agency has since indicated that the inventory records were being updated.

#### **Overdrawn Bank Account**

8.2.22 Weaknesses in the Agency's commitment control resulted in overdraft charges and interest amounting to \$108,671. Management was urged to ensure that the bank account is adequately funded to meet its salary expenses.

#### **Outstanding Payroll Taxes**

8.2.23 It was noted that Education Tax and National Housing Trust contributions, amounting to \$734,694, were not remitted to Tax Administration Jamaica and the National Housing Trust. The Agency's failure to comply with the relevant laws will negatively impact the government's revenue and deprive employees of benefits from the National Housing Trust.

## KINGSTON TRAFFIC COURT

8.2.24 The audit of the financial transactions and operations of the Court revealed that controls governing the commitment register, warrants, cash book, cash receipts and assets needed to be strengthened.

#### **Outstanding Warrants of Distringas and Capias**

8.2.25 We found that of 296 warrants that were sent to the Bailiff's office during the calendar year 2011, amounting to \$6.9 million, only 92 warrants valuing \$2.1 million were executed. Therefore, 204 warrants totalling \$4.8 million were still outstanding. Failure to execute warrants and carry out the orders of the Courts could result in the guilty parties going unpunished. The Ministry was again advised to institute appropriate corrective measures to reduce the present backlog. In addition, the system of storing warrants at the Bailiff's office was inadequate, as the warrants were stored in boxes in no sequential order. The absence of proper storage facilities at the Bailiff's office will make it difficult to properly manage the execution of these warrants.

# **HEAD 2830 - ADMINISTRATOR GENERAL'S DEPARTMENT**

8.2.26 The audit of the financial transactions and accounting records of the Administrator General's Department disclosed weaknesses in the maintenance of fixed asset records, emoluments, losses and irregularities, risk management, blank cheques, and staff loans. The Department was advised to effect remedial actions in order to strengthen the system of controls. Additionally, the Department reported losses of \$957,750 in rent collected by an estate rent collection agent. The matter was reported to the Police and the officer was arrested and charged.

#### **HEAD 2832 - OFFICE OF THE TRUSTEE IN BANKRUPTCY**

8.2.27 The audit of the accounting records and financial transactions of the Office of the Trustee in Bankruptcy disclosed satisfactory conditions, except for the bank reconciliation statement. Seven cheques dated between March and April 2011 totalling \$449,750, which were stated to be cashed, were not returned by the bank up to October 2012, despite several requests by the entity.

# **HEAD 3000 – M**INISTRY OF FOREIGN AFFAIRS AND FOREIGN TRADE (MOFAFT)

**EMBASSY OF JAMAICA -TOKYO, JAPAN** 

**EMBASSY OF JAMAICA – BRUSSELS, BELGIUM** 

8.2.28 The audit of the accounting records and financial transactions of the Ministry of Foreign Affairs and Foreign Trade for the year under review, revealed a generally satisfactory state of affairs. The Ministry advised that corrective action will be taken in respect of the discrepancies we identified during the audit.

# HEADS 4000, 4000A & 4000B – MINISTRY OF LABOUR & SOCIAL SECURITY (MLSS)

8.2.29 The audit of the accounting records and financial transactions of MLSS for the year under review revealed the following weaknesses:

#### **Inadequate Control of Advances**

8.2.30 The MLSS did not exercise adequate controls over advances. This resulted in 15 accounts with balances of \$1.2 million remaining un-cleared for periods in excess of 12 months. Further, management did not present documents to support the clearance of eight advances totalling \$617,950. Therefore, we were unable to determine whether the amounts advanced were used for the intended purpose. We advised the Ministry to promptly clear all outstanding balances and present the outstanding supporting documents.

#### Weaknesses in the Bank Reconciliation Process

- 8.2.31 We identified 277 stale-dated cheques recorded on four different bank reconciliation statements totalling \$11.95 million, some dating as far back as 2003. Management was advised that stale-dated cheques should be written back to the accounts.
- 8.2.32 Erroneous debits totalling \$1.54 million, which have been accumulating since January 2009, were noted on the bank reconciliation statement. This represents a potential loss, and although the MLSS informed the bank, more concerted efforts need to be made to resolve the matter. Furthermore, the MLSS did not present the requisite supporting documents for 170 debits totalling \$1.36 million and six credits totalling \$142,166, dated from as early as 2004 and 2009, respectively. Therefore, we could not determine the authenticity of these transactions. We recommended that the MLSS improve the reconciliation process and correct the errors to mitigate the risk of irregularities.

### **Payroll Risks**

8.2.33 The Ministry's payroll was susceptible to errors, as it did not implement adequate controls over the preparation and payment of salaries. For example, we did not see evidence that exception reports of changes to the payroll were checked. Letters of approval for acting assignments were not always placed on employees' personal files. The parish offices did not submit Returns evidencing distribution of cheques to the Head Office. We recommended to management a number of controls that if implemented should mitigate the risks.

8.2.34 The requisite approval was not presented for the operation of 265 posts in excess of the Ministry's approved establishment. Additionally, the Human Resource Department did not maintain an up-to-date staff list.

#### **Excessive and Unplanned Overtime**

8.2.35 Overtime paid ranged from 11 percent to 129 percent of the employees' gross salary per annum. We found that \$31 million was paid in 2011 without the submission of the requisite work plans and estimates for the work to be undertaken. MLSS has since indicated that overtime or honorarium activities will be curtailed with the restriction of weekend activities.

#### **Weaknesses in the Management of Departmental Deposits**

8.2.36 We were unable to authenticate payments totalling \$2.5 million made from the deposit account and lodgments amounting to \$5.2 million, as the Ministry did not present for audit inspection, the supporting documents to substantiate the transactions.

#### NATIONAL INSURANCE SCHEME

#### **Outstanding Annual Returns**

8.2.37 We found that 1,092 employers did not submit Annual Returns for the periods 1990 - 2011 compared to 1,165 employers in the previous annual report. There was also the need for improvement in the Ministry's IT system to allow the processing of annual returns using the new SO2 forms.

#### **Outstanding Contributions**

8.2.38 We noted that 1,518 employers did not pay over contributions totalling \$1.35 billion at March 2012 compared to 1,561 employers with outstanding contributions of \$1.23 billion reported at March 2011.

# **Outstanding Contributions**

Parish	No. of Employers	Amount Outstanding	No. of Employers	Amount Outstanding
	March 31, 2012	March 31, 2012	March 31, 2011	March 31, 2011
Hanover	12	721,418.81	7	454,076.83
Westmoreland	11	4,572,437.55	14	8,102,384.74
Portland	99	5,249,200.00	81	3,697,885.00
Trelawny	37	7,177,697.98	39	6,180,416.99
St. Catherine	73	10,095,578.12	143	21,766,198.67
St. Thomas	36	11,926,341.07	38	12,600,678.07
St. Mary	33	12,057,590.28	29	9,953,959.79
St. Elizabeth	238	24,086,967.17	252	20,697,895.81
Clarendon	204	27,808,458.25	371	33,850,581.43
St. Ann	97	31,159,579.00	116	37,528,632.49
St James	207	49,330,342.82	74	22,070,432.34
Manchester	326	56,531,863.35	103	51,620,564.86
Kingston & St. Andrew	145	1,108,388,077.69	294	997,985,087.81
Total	1,518	1,349,105,552.09	1,561	1,226,508,794.83

# **Dishonoured Cheques**

- 8.2.39 Up to the time of this report, replacement cheques were not received for 526 dishonoured cheques tendered by employers between 2007-2008 and 2011-2012 with values amounting to \$12.8 million.
- 8.2.40 We encouraged management to take the necessary actions to improve compliance in the submission of annual returns and payment of contributions. Efforts should also be made to obtain the replacement cheques within the shortest possible time.

#### Irregularities committed under the HIV/ AIDS Workplace Programme

8.2.41 The MLSS reported to the Auditor General and the Financial Secretary that irregular payments, amounting to \$2.5 million were discovered under the captioned programme. Our review of the internal audit reports revealed that a lapse in the management of the programme and weaknesses in the controls over procurement and payment procedures, contributed to this state of affairs. The matter was reported to the Police. Based on the recommendations of the internal auditors, corrective measures such as, improvement in management and internal controls, and termination of the employment of the culpable officer, were taken.

# CANADIAN FARM WORK PROGRAMME (CFWP)

8.2.42 The audit of the financial statements for the captioned period was completed satisfactorily. I did not identify any control deficiency that would cast doubt on the credibility of the financial reports prepared. Further, the management of the Farm work programme took steps to implement my recommendations proffered last year and strengthened the control system; this appeared to have worked effectively. However, the audit detected the following areas of concern in the governance practices of the executive and senior management:

#### **Poor Governance Practices**

- 8.2.43 The members of the Management Committee of the Canadian Farm Work Programme did not have terms of reference or specific guidelines to govern the affairs of the Committee and the decision making process. This weakness became pronounced based on decisions that were made, which appeared not to have met the expected level of due diligence that Board/Committee members are expected to undertake, as illustrated below.
- 8.2.44 The Management Committee granted a loan of US\$1.3 million to the British West Indies Labour Organisation Trust /Jamaica Central Labour Organisation (JCLO). With the exception of the minutes of the meeting held on November 16, 2011 the Management Committee could not provide me with any additional details regarding the loan. The Committee's conditional approval was based on the copy of a draft submission prepared by the Chief Liaison Officer of the JCLO. A formal request was not received from the Management Committee of the JCLO/ BCWLO. The minutes provided no evidence that the committee conducted rigorous analyses of information to support the loan request.

- 8.2.45 The Management Committee's conditional approval for the loan was on the basis that the:
  - 1) properties be appraised at values satisfactory to the Management Committee;
  - 2) said properties be used as collateral for the loan;
  - 3) appropriate documentation be settled between the JCLO and the JLS.

The minutes of the meeting held on November 16 2011 also reflected that:

- 8.2.46 All expenses associated with the transaction are to be reflected as part of the loan. It was suggested by the Solicitor General that a "no objection" statement be obtained from the Auditor General in relation to the granting of the loan.
- 8.2.47 The Chairman promised that this would be discussed with her once the full documentation becomes available.
- 8.2.48 There is no evidence that the Committee followed up on the matters mentioned above. The Chairman did not follow through on the commitment he gave to the members regarding consultation. The matter of the loan was not addressed in the minutes of the subsequent meeting, which was held on May 18, 2012. Further, the minutes did not provide any evidence regarding the Committee's decision about the applicable interest rate for the loan. I noted that the draft submission from JCLO indicated an interest rate of four percent, which the Management Committee approved. However, based on the Trust Deed the Management Committee only charged interest of one percent. There is no evidence that the Committee deliberated the change in interest rate.
- 8.2.49 As a direct result of the action of the Management Committee, the Canadian Farm Workers Programme has absorbed the foreign exchange conversion risk associated with this loan. As stated above, no consideration appeared to have been given to the relevant risks associated with the loan before arriving at an interest rate of one percent. I found no evidence that the Committee considered the prevailing lending rates in the US and the risks associated with using the JCLO property to secure the loan, such as, property value and marketability, US regulations and taxes.
- 8.2.50 The loan was disbursed on December 15, 2011. The BCWLO is required to settle the full amount of the loan no later than June 2013.
- 8.2.51 The Management Committee did not obtain the approval or ratification of either the Cabinet or the Ministry of Finance to grant the loan.

- 8.2.52 We noted that the Chairman, Solicitor General and the representative of the Ministry of Finance are members of the Management Committee for the Farm Work Programme as well as the JCLO (Regional Labour Board). As such, they may have had knowledge of the genesis of the borrower's requests. This may have contributed to the breakdown in transparency in the process.
- 8.2.53 I asked the Management Committee to explain why an interest rate of one percent was applied against the loan and indicate the authority by which this was done.
- 8.2.54 Further, I recommended that the Ministry of Finance or Cabinet Office should prepare terms of reference to guide the operation of the Management Committee.
- 8.2.55 The Committee is chaired by the Permanent Secretary of the MLSS. It has the responsibility to manage the affair of the Farm Work Programme. However the MLSS and the JLS are the executing agencies of this programme. This structure has the same person as the helm of both the policy making and implementing arms of the Programme; thereby weakening the element of effective oversight. On that basis, I believe it is necessary to review the current governance structure with a view to appointing a chairman independent of the Permanent Secretary.

#### **Employment Anomalies**

- 8.2.56 I found that an employee made false representations to support her employment to the Jamaican Liaison Service. I advised the Management Committee of the Canadian Farm and Factory Workers Programme to investigate the matter and institute disciplinary action. The Chairman of the Management Committee advised that appropriate action will be taken.
- 8.2.57 The JLS reported that all officers recruited directly from Jamaica are in full compliance with the Canadian work permit requirement. However, we were unable to verify this, as copies of permits were not retained by the office.
- 8.2.58 The employment of a clerical officer directly from Jamaica appears to be uneconomical. Our analysis disclosed that since the employment of the officer, on February 13, 2012, it has cost the Programme CDN\$ 3,796.90 more than it would cost to employ a resident of Canada. The officer will also be entitled to periodic payments for two way airfares to Jamaica (assisted passage), and warm clothing allowance. The practice of the JLS has been to employ Jamaicans residing in Canada to clerical positions. Though MLSS reported that due diligence was followed in the engagement of this officer, evidence of this was not presented, despite being requested. I am of the view that this method of

Section 8: Compliance Audits

employment should be re-considered against the background of the cost savings benefit that will accrue to the programme.

# HEADS 4100, 4100A & 4100B – MINISTRY OF EDUCATION (MOE) AND AGENCIES

8.2.59 The audits of the Ministry of Education and its entities revealed deficiencies in the control environment and corporate governance practices. There was need for improvement in the accounting and monitoring controls over the management of cash, emoluments, bank reconciliation, contracts, investments, blank cheques, fixed assets, storage and distribution of textbooks, loans and advances. The weaknesses in payroll management resulted in salary overpayments totalling \$7.3 million, while more than \$410 million was owed to the Government for un-served bonds by teachers. The Ministry has acknowledged our concerns and indicated that corrective actions will be taken.

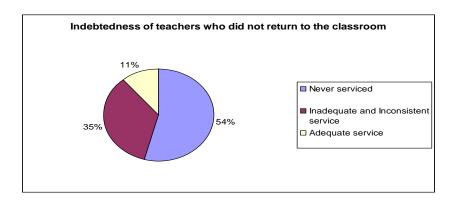
#### MINISTRY'S HEAD OFFICE

#### **Outstanding Appropriation Accounts**

8.2.60 At the time of this report, Appropriation Accounts for 2010-2011 – Recurrent, Capital A, and Capital B were not presented for audit. This contravenes the Financial Administration and Audit Act, which requires that the Accounts be submitted within four months following the end of the respective financial year.

# **Abandonment of Bond Agreement**

8.2.61 At March 31, 2012, 212 teachers owed the Government \$410 million because they did not honour their bond agreements. Of the 212 teachers who reneged, 114 (54 percent) have never repaid, 74 (35 percent) were inconsistent, and 24 (11 percent) were servicing their loans on a monthly basis. We have since been advised that the matter is with the Ministry's legal department.



#### **Absence of Progress Reports**

8.2.62 The Ministry did not request progress reports from the teachers who were granted study leave. Consequently, we were unable to determine how the Ministry satisfied itself that the teachers were pursuing the course of study. The Ministry was advised to ensure that annual progress reports are submitted by teachers on study leave, in accordance with the Education Regulation.

#### **Weaknesses in Motor Vehicle Control**

8.2.63 The Transport Manager did not ensure that the log books, daily assignment records, operational efficiency records, and motor vehicle inventory records were faithfully maintained. Contrary, to the Ministry of Finance's guideline the Ministry did not report four accidents to the Financial Secretary and the Auditor General. The MOE failed to retrieve two vehicles that were involved in accidents three and six years ago, from the Duncan's Police Station and the Blood Bank. Additionally, the MOE failed to recover \$417,230 expended for repairs to two vehicles, which were damaged due to the drivers' negligence.

#### **Advance Debit Cards**

8.2.64 The responsible officer did not perform the required reconciliation between the MCIS statements and the signed receipts from drivers. Consequently, we were unable to ascertain how the Ministry assured itself that \$16.2 million paid for the year was correct. Management was advised to ensure that the reconciliations are performed, as this is an important control activity.

#### **Overpayment of Teachers' Salary**

8.2.65 We examined a sample of 100 teachers' salaries from Regions three and five and observed that the Ministry overpaid 18 teachers totalling \$1.95 million, due mainly to untimely communication to the Salaries Unit.

#### **Payment and Procurement Breaches**

- 8.2.66 Contrary to the FAA Instruction 5.3, the responsible individuals did not cancel invoices totalling \$28.7 million and \$9.3 million for the Recurrent and Capital heads, respectively. Also, the certifying officer approved a payment for \$138,683 although it was supported by a pro-forma invoice. Failure to cancel supporting invoices and to support payments with tax invoices could result in duplicate or fictitious payments.
- 8.2.67 We noted that the Ministry paid \$6.2 million for payroll services without a formal contract with the supplier, even though the matter was brought to their attention from 2005.

8.2.68 We were unable to establish whether three contracts amounting to approximately \$36.9 million, were awarded in keeping with the procurement guidelines. The MOE failed to present the advertisement, bid documents, tender reports, and procurement minutes. Also, the Ministry engaged a contractor, who was not on the NCC's approved list, to provide school furniture costing \$708, 917.

#### **Un-presented Assets**

8.2.69 The Ministry acquired canteen utensils costing \$405,394 in October 2011; however, they were not presented for inspection, despite request. Further, our investigations revealed that the canteen had not been in operation for over seven years and no information was provided that the Ministry intends to restart operations.

#### **Inadequate Management of Textbook Programme**

- 8.2.70 The Ministry's policy on the operational procedures for the secondary textbook programme in schools is still in the draft stage. Consequently, schools have varying interpretations on matters such as transfers between schools and accounting for book replacements.
- 8.2.71 There was need for improvement in the management of the book inventory at the Media Services Unit and in the schools. A perpetual inventory record was not maintained to account for receipts and issues. The Unit did not establish reorder levels, which resulted in overstocking of books. During the period January to May 2011 the Unit recalled approximately 285,000 excess books supplied to schools. Further, at the Caenwood Storage Centre 3,000 books, which cost \$1.7 million, were not distributed 10 months after purchase.

#### **Un-presented Documents**

8.2.72 The Ministry did not present the relevant Cabinet approvals for the procurement of textbooks from two suppliers, which totalled £1.1 million. Also, the contract for one of the suppliers was not presented.

#### **Inadequate Storage in Schools**

8.2.73 We conducted site inspections at four schools; in three schools, books costing approximately \$2.1 million were kept in deplorable conditions.

Pictures 1 & 2 - Storage of undistributed text books at Mico Practicing





# **Internal Audit and Risk Management**

8.2.74 The MOE did not provide any evidence that a risk management strategy was in place; or that risk management procedures were performed. Further, the MOE did not prepare the required three year rolling strategic internal audit plan based on its assessment of the key risk areas, and those identified in the risk management strategy. This contravenes Sections 144, 145 and 147 of the FAA Act - Regulations. Consequently, we were unable to determine how the Ministry identified, analyzed, and responded to risk exposures.

#### **Internal Audit Review-Irregularities and Losses**

- 8.2.75 The Ministry's Internal Audit reports on three schools revealed losses and overpayments totalling \$4.2 million and \$5 million, respectively. To date only \$350,000 has been recovered.
- 8.2.76 The MOE internal auditors also reported unreceipted cash totalling \$3.8 million and bank charges of \$35,585 due to overdrawn accounts. They further reported that the relevant records were not presented to confirm how grant funds of \$2.8 million were utilized in one school from 2002 to 2009.
- 8.2.77 Additionally, the bursars at four schools failed to deduct and remit statutory deductions totalling \$14.4 million to the relevant agencies over the period April 2009 to March 2011.

# SHORTWOOD TEACHERS' COLLEGE

#### **Inadequate Salary Controls**

8.2.78 The College overpaid emoluments of \$879,959 and failed to make statutory deductions of \$2.7 million from the salaries of part-time employees. To date, sums totalling \$150,494 and \$107,213 respectively have been recovered.

# **Breaches of Payment Procedure**

8.2.79 The designated officers did not approve payments totalling \$1.4 million, or cancel the vouchers to prevent re-use. These shortcomings contravened the FAA Act Instructions.

#### Staff Loan

8.2.80 The staff loan policy was not approved by the Board and the Ministry of Finance. We found that the loans were not secured, unauthorized moratoria were granted and a committee was not in place to approve loans.

#### **Liquidated Damages**

8.2.81 The College incurred interest charges totalling \$1.1 million from January 2010 to March 2011 arising from an arbitrator's ruling regarding the deduction of liquidated damages of \$2.9 million on a construction contract. The College was advised that the responsible officers may be surcharged in accordance with Section 20 of the FAA Act.

#### ST JOSEPH'S TEACHERS' COLLEGE

#### **Outstanding Financial Statements**

8.2.82 The audited financial statements for the years 2010-2011 and 2011-2012 were not submitted to the portfolio Ministry as required by Section 89 (1d) of the Education Regulation. The auditor qualified the accounts for the years ended March 31, 2008 to 2010, because the College did not provide sufficient and appropriate evidence to account for \$689,728.

#### **Inadequate Control over Subvention Account**

8.2.83 The College did not maintain adequate accounting records. Therefore, we were unable to attest to the accuracy and completeness of the account balances. Further, the bank reconciliation as at March 31, 2012, included reconciling items of \$90,968 and stale dated cheques of \$1.1 million from as far back as 2007.

#### **Management of Private Funds**

8.2.84 The Board has the responsibility to ensure private funds are managed with the same level of accountability and probity that apply to government funds. However, the responsible officers did not keep proper records or prepare financial statements to give account of their stewardship. Additionally, reconciliation of one of the bank accounts was 32 months in arrears.

# Inadequate Control over Employees' Records and Payroll System

8.2.85 The College did not ensure that formal letters of employment and leave records were on file. The internal controls over the payroll system needed to be strengthened. The Bursar did not present to the auditors the requisite control records and validation reports from the bank to confirm the accuracy of the payroll. Additionally, the salary changes bore no evidence that they were checked by a senior officer. The watchmen were paid overtime but an attendance register was not in place to enable verification of the hours claimed.

#### **Overpayments**

8.2.86 The College overpaid 21 officers approximately \$4.6 million, due to erroneous computation of salary, travel allowances and overtime. Further, several persons were paid travel allowances although the relevant documents and claims were not presented.

#### **Inadequate Control over Cash**

8.2.87 The Cashier did not always lodge cash collected intact and in a timely manner. We found that cash totalling \$543,097 was held for up to 21 days. This practice of delayed lodgements facilitated encashments of cheques totalling \$1.3 million. Management was advised to implement internal controls to ensure adequate supervisory checks and prompt lodgements.

# **Breach of Payment Procedures**

8.2.88 We were unable to verify the authenticity of payments totalling \$11.1 million, as the vouchers and supporting documents were not presented. One or both of the signatures of approval were not seen for payments totalling \$656,389. The responsible officers did not cancel payment vouchers totalling \$67.3 million to prevent re-use. Further, we were unable to verify the basis on which refunds of \$1.9 million were made to students, as the only supporting documents presented were the students' requests for refunds.

#### **Receivables**

8.2.89 The College was owed school fees totalling \$1.8 million dating from as far back as 2007 and the latest reminders were sent in 2009. Management was advised to implement stricter controls to collect fees before the completion of courses and to pursue other rigorous ways to collect outstanding amounts.

#### Investment

8.2.90 The management did not obtain the required approval of the Board of Directors for investments totalling \$27 million. The responsible officers did not maintain investment schedules and general ledger accounts to ensure the accuracy and completeness of the financial information.

#### **Absence of Contract**

8.2.91 We note that a contract for the engagement of a security company expired on March 8, 2011. This company was paid a total of \$3.9 million for the period under review. Further, a formal contract was not executed for the construction of the gateway, which cost \$19.8 million. Management was advised to ensure that formal contracts are executed for all works and services in order to protect the College's interests.

### **Inadequate Controls over Fixed Assets**

8.2.92 The College did not maintain all the required inventory records, and assets costing \$2.63 million were not marked and recorded in the inventory records.

Section 8: Compliance Audits

Additionally, assets costing \$1.3 million were not posted to the accounting system. We advised management to account for and safeguard the assets.

# COUNCIL OF COMMUNITY COLLEGES OF JAMAICA (CCCJ)

8.2.93 The audit of the financial transactions and accounting records of the Council revealed a generally satisfactory state of affairs. However, the Council failed to comply with Sections 144 and 145 of the Financial Management Regulations 2011 to develop a risk-management strategy. The weaknesses identified were subsequently addressed by management.

## JAMAICAN FOUNDATION FOR LIFELONG LEARNING (JFLL)

8.2.94 The examination of financial transactions and accounting records of the JFLL, disclosed overpayment of salaries totalling \$65,379. There was also the need to strengthen the internal audit review, risk management process and administration of salary advances. Management was advised to take the necessary corrective action. I was subsequently advised that recovery of the overpayments has begun and the outstanding balance is \$35,381.

# JAMAICA LIBRARY SERVICE (JLS)

8.2.95 The audit revealed a generally satisfactory state of affairs. However, a documented risk management policy and fraud prevention plan was not in place as required by Sections 144 and 145 of the Financial Management Regulations 2011. Management was advised to take steps to develop and implement a risk management process in keeping with the Regulations.

# HEADS 4200, 4200A, 4200B – MINISTRY OF HEALTH (MOH) AND AGENCIES

#### **MINISTRY'S HEAD OFFICE**

8.2.96 The audit of the accounting records and financial transactions of the Ministry of Health and its agencies revealed internal control weaknesses in the management of cash, fixed assets, stores, payables, contracts, payments and emoluments.

## **PESTICIDES CONTROL AUTHORITY (PCA)**

8.2.97 The audit of the accounting records and financial transactions of the Pesticides Control Authority revealed a generally satisfactory state of affairs.

#### **HEAD 4235-GOVERNMENT CHEMIST**

8.2.98 Our audit of the accounting records and financial transactions of the Government Chemist Department (GCD) for the year under review revealed generally satisfactory conditions. However, we were concerned that the storage facility for chemicals was inadequate and the stock included obsolete chemicals. GCD responded that temporary measures have been implemented as the necessary funding is not available to effectively address the problem.

## **SOUTHEAST REGIONAL HEALTH AUTHORITY (SRHA)**

- 8.2.99 The entity did not submit audited financial statements for the years ended June 30, 2010, 2011 and 2012. There was still inadequate control over the stores, receipt books, blank cheques, and bank reconciliation. Cash surveys conducted at five health facilities revealed cash shortages of \$35,883 and excess cash of \$3,130. Additionally, cash collected was not lodged in a timely manner, while the petty cash books were not promptly updated.
- 8.2.100 The Authority did not submit statutory returns for the calendar years 2004 to 2010. The payroll officer overpaid four amounts that totalled \$151,808, due to erroneous computations. Although bank accounts should be reconciled monthly, the Authority's last certified reconciliation was for August and

- December 2010 for the General and Salaries Bank accounts, respectively. Additionally, it was difficult to confirm the existence of fixed assets costing \$82,950 because they were not marked with the entity's unique inventory code.
- 8.2.101 At March 2012, the payables report showed the sum of \$1.3 billion owed to creditors. Of this amount, \$607 million was outstanding for more than 90 days, in breach of the FAA Act Regulations.

#### **WESTERN REGIONAL HEALTH AUTHORITY**

- 8.2.102 There was need for improvement in the internal controls over fixed assets, payables, and expenditure and revenue transactions. The Authority failed to submit its audited financial statements and annual reports for 2010-2011 and 2011-2012.
- 8.2.103 The Authority reported overpayments of \$4.1 million of which only \$2.0 million has been recovered. In addition, the Internal Auditor reported that an officer was overpaid subsistence allowance of \$668,544, due to incorrect computation. However, up to the time of this report, no recovery had been made.
- 8.2.104 The audit also revealed that family benefit contributions were not deducted from the salary of four employees. The payroll officer did not make income tax deduction of \$8,928 from the salary arrears of one employee. Additionally, the gross salary of \$721,847 of another officer was not subject to income tax for 2011.

#### ST. JOSEPH'S HOSPITAL

- 8.2.105 We noted inadequacies in the internal controls over the reconciliation of stores records, maintenance of inventory records and fixed assets.
- 8.2.106 The Hospital has not prepared financial statements since its acquisition by the government in November 2008. At March 2012, the payables and receivables reports showed balances of \$18.4 million and \$52.4 million respectively. \$4.1 million of the payables was outstanding for over 90 days. Management's inability to collect outstanding amounts may prevent the hospital from meeting its financial obligations.

8.2.107 The audit disclosed discrepancies between stores records and physical counts. No office machines and equipment record was kept. Operational efficiency reports were not prepared for the hospital's two motor vehicles. Additionally, there was no evidence of periodic independent checks of the inventory records. Fixed assets totalling \$124,219 were not coded or entered on the inventory. Management was advised to implement proper controls over assets to safeguard against misuse and losses.

## NORTHEAST REGIONAL HEALTH AUTHORITY (NRHA)

#### **Outstanding financial statements**

8.2.108 The audited financial statements for the years 2009-2010 to 2011-2012 were not submitted to the portfolio Minister for tabling in the Houses of Parliament, as required by the PBMA Act.

#### Inadequate control over assets

8.2.109 Despite being the subject of previous audit reports, the Authority did not maintain office machines and equipment records to show the costs of general repairs and servicing. Further, assets acquired costing \$392,909 were not marked with the entity's fixed assets codes. We recommended that management prepare the requisite records and mark the assets.

#### **Unpaid Statutory Deductions**

8.2.110 The Authority did not remit National Housing Trust contributions and contractors levy of \$18.2 million and \$391,038, respectively to the relevant offices in breach of the law.

#### **Amounts owed to creditors**

8.2.111 As at March 31, 2012 \$200.8 million was owed to creditors and of this amount \$88 million was over 90 days.

#### Contract

8.2.112 The Authority did not receive two infant incubators for which an unsecured deposit of \$477,300 was made in December 2010 to an overseas supplier, for delivery by March 2011. The matter was brought to the attention of the Accounting Officer in February 2012. The supplier has since refunded \$20,000. The Ministry was advised that its inability to recover the balance of the deposit could result in loss of public funds. In addition, an amount of \$40.8 million was paid to a security company without a formal contract.

## **NURSING COUNCIL OF JAMAICA (NCJ)**

8.2.113 The audit of the accounting records and financial transactions of the Nursing Council revealed weaknesses in the computation of emoluments, resulting in overpayments totalling \$72,125. The payments, fixed assets and cash management processes needed strengthening. We also noted weaknesses in the management of investments.

#### **Unauthorized Payments of Emoluments**

8.2.114 The Council did not obtain approval from the Ministry of Finance for the employment of five officers whose posts were not included on the Council's staff establishment.

#### **Weaknesses in Controls over Payments**

8.2.115 The audit noted weaknesses in controls over the payments process. This included unauthorized payments totalling \$1.2 million. The required certification that goods and services were satisfactorily received was not evident. Also, cheques were disbursed to persons other than the payees without written authorisation. Additionally, travelling officers were not required to complete the stipulated claim forms for the payment of travelling allowances. Management subsequently advised that corrective action had been taken to address the shortcomings.

#### PHARMACY COUNCIL OF JAMAICA

8.2.116 The audit of the accounting records and financial transactions of the Council revealed that controls related to the payment of increments, fixed assets and cash management needed strengthening. The Council did not establish risk management processes and an audit committee. These weaknesses in governance may deprive management of the oversight and monitoring necessary for its proper functioning. Management was advised to correct the deficiencies noted.

## **GOLDEN AGE HOME (GAH)**

8.2.117 The audit of the accounting records and financial transactions of the GAH revealed a generally satisfactory state of affairs. However, there was need to strengthen the internal audit system of the Home as a functional audit committee was not in place. There was also the need to improve the controls related to corporate governance with emphasis on risk management, and to ensure that all contracts are secured on a competitive basis. Management subsequently advised that several subcommittees of the Board have been formed including an audit committee and steps are being taken to develop a risk management plan. It has been noted that measures have been implemented to ensure that contracts are awarded on a competitive basis.

#### NATIONAL COUNCIL ON DRUG ABUSE (NCDA)

8.2.118 The audit revealed weaknesses in the areas of procurement, the maintenance of payment vouchers, and emoluments, which led to unauthorised payments totalling \$186,242. There was need to strengthen the management of fixed assets, advances, staff loans, cash receipts, and the closed user group telephone system. Similar weaknesses were identified in previous audits and though efforts have been made to correct the specific breaches identified, the systems for preventing recurrence were not addressed. The Council was advised to improve the internal audit function and develop a risk management process to identify and mitigate its risks. Management was further advised to correct the systemic weaknesses and recover the unauthorised payments.

Section 8: Compliance Audits

#### Non-existence of Signed Copy of Rental Agreement

8.2.119 The 2010-2011 audit inspection noted that the Council did not possess a signed copy of the rental agreement for the property which it occupied. This remained outstanding for the period under review.

# Head 4251- CHILD DEVELOPMENT AGENCY (CDA)

8.2.120 The Agency did not submit audited financial statements to the portfolio Minister for the financial years ending March 31, 2010 to 2012 as required by the PBMA Act. Additionally, the CDA has not submitted Appropriation Accounts to the Auditor General for certification since it became an Executive Agency in June 2004. The Agency owed its creditors \$47.5 million at March 31, 2012. Of this amount, \$12.8 million was outstanding in excess of 90 days. And the reconciliation of the Salaries Bank account was seven months in arrears.

# HEADS 4500, 4500A & 4500B — MINISTRY OF YOUTH AND CULTURE (MYC) AND AGENCIES

8.2.121 The audit of the accounting records and financial transactions of the Ministry of Youth and Culture revealed a generally satisfactory state of affairs.

#### **INSTITUTE OF JAMAICA (IOJ)**

8.2.122 The audit revealed that management needed to strengthen the controls over staff loans, salary advances, cash receipts, expenditure vouchers, and fixed assets. Management has since taken steps to correct the weaknesses highlighted.

# **JAMAICA NATIONAL HERITAGE TRUST (JNHT)**

8.2.123 The audit of the financial transactions and accounting records revealed weaknesses in the management of payroll, the payment process, staff loans, advances, cash receipts, and fixed assets. The Trust was also not compliant with the Financial Management Regulations 2011, as a documented risk management process was not in place. Management was advised to take corrective action and to implement the requisite risk management policy and procedure. Management has since taken corrective action as it relates to the preparation of a risk management policy.

#### **NATIONAL GALLERY OF JAMAICA (NGJ)**

8.2.124 The audit of the accounting records and financial transactions of the National Gallery revealed a generally satisfactory state of affairs. Weaknesses identified in the areas of fixed assets management, bank reconciliation and investments were subsequently corrected.

# **NATIONAL LIBRARY OF JAMAICA (NLJ)**

8.2.125 The audit of the accounting records and financial transactions of the National Library of Jamaica, revealed a generally satisfactory state of affairs. Weaknesses were identified in the areas of corporate governance, expenditure vouchers, and bank reconciliation. However, management has since addressed the weaknesses identified.

# **HEAD 5100 – M**INISTRY OF AGRICULTURE & FISHERIES (MAF) AND AGENCIES

8.2.126 The audit of the accounting records and financial transactions of the Ministry revealed systemic weaknesses in the controls governing the management of its resources. Consequently, we found unsatisfactory conditions such as: arrears in the reconciliation of bank accounts; payment and procurement breaches; delays in lodgements; inadequate control over fixed assets and advances. The Ministry was urged to strengthen the internal controls to safeguard their assets and ensure strict compliance with the government's guidelines.

#### **Internal Control Weaknesses**

8.2.127 Weaknesses were observed in the controls governing blank cheques and fixed assets. We found that 9,000 cheques were not included on the cheque register and fixed assets totalling \$853,474 were not recorded on the Ministry's inventory records. Further, 58 items of electronic equipment were not presented for audit inspection, despite requests. We recommended that the Ministry comply with the relevant government guidelines and present the equipment for inspection. Management has since taken corrective action to strengthen the control weaknesses identified.

#### **Procurement Breaches**

- 8.2.128 A contract to install an electronic security system at a value of \$6 million did not include a completion date and a defects liability clause. We recommended that the Ministry ensure compliance with government procurement guidelines and related regulations.
- 8.2.129 The Ministry failed to report to the Office of Contractor General (OCG) the award of 10 contracts totalling \$29.7 million, in breach of the Contractor General Act. Two contracts with variations exceeding 50 percent of the original contract sum were not reported to the National Contracts Commission. The Ministry indicated that the relevant reports were subsequently submitted to the OCG.
- 8.2.130 Contrary to the Ministry of Finance's payment procedures, the Ministry made payments totalling \$653,944 from its Deposit and Capital B accounts to meet its recurrent expenses. The Ministry has since advised that these types of payments will not recur.

Section 8: Compliance Audits

### **Outstanding Advances**

8.2.131 We found no evidence to indicate that the Ministry was actively pursuing the clearing of outstanding balances for 1,250 accounts totalling \$114.7 million as at December 2011. Included in the amount were credit balances totalling \$3.3 million. Management's failure to monitor the advance accounts may result in the understatement of expenditure. Management was advised to institute an appropriate system to ensure the timely clearing of advances and regularize the credit balances. The Ministry has indicated that more than 70 percent of the advances have been cleared and that efforts are being made to ensure full clearance by March 31, 2013.

# HEAD 5600, 5600A, 5600B – MINISTRY OF SCIENCE, TECHNOLOGY, ENERGY & MINING (MSTEM) AND AGENCIES

8.2.132 The audit of the accounting records and financial transactions of the Ministry of Science, Technology, Energy and Mining revealed a generally satisfactory state of affairs.

#### MINES AND GEOLOGY DIVISION

8.2.133 An audit of the financial transactions and accounting records of the Mines and Geology Division for 2011-2012 disclosed a generally satisfactory state of affairs. However, we found weaknesses in the controls governing fixed assets. We noted that furniture and equipment totalling \$76,718 were not reflected in the inventory records. Two of the assets costing \$45,320 could not be located. Recommendations were made for the inventory records to be updated and future acquisitions recorded immediately.

## HEAD 5300, 5300A, 5300B - MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE

8.2.134 The audit of the Ministry revealed weaknesses in the internal controls governing the management of expenditure transactions, deposits, advance debit cards, motor vehicles and fixed assets.

#### **Inadequate Control over Furniture Inventory records**

8.2.135 Despite previous audit reports there is still need for improvement in the maintenance of the Master Inventory and the Office Machines and Equipment records as they were not faithfully maintained. Items purchased during the year totalling \$2.2 million were not recorded on the Master Inventory. Management was advised to ensure that inventory records are updated on a timely basis.

#### **Unauthorised Virement**

8.2.136 Ministry of Finance approval was not sought for the transfer of funds totalling \$353,838 between heads, in breach of Ministry of Finance directives.

#### **Un-presented Contract Documents**

8.2.137 A contract for the amount of US\$278,411 and related procurement documents, in respect of the installation of a communication system, was not presented for audit, despite request. Therefore, we were unable to determine whether proper procurement procedures were followed.

#### **ANTI-DUMPING & SUBSIDIES COMMISSION (ADSC)**

8.3.1 The audit of the financial transactions and accounting records revealed weaknesses in the controls governing computation of emoluments and expenditure vouchers. There was need to improve the management of blank cheques and bank reconciliation statements. We also noted that the Commission did not have a risk management strategy in place. Management has since addressed the weaknesses identified however a risk management strategy is yet to be prepared.

#### **Overpayment of emoluments**

8.3.2 The payroll review process failed to detect errors in one officer's salary over an eight month period, which resulted in overpayments totalling \$47,687.

Section 8: Compliance Audits

Management has indicated that the overpaid amount will be fully recovered by December 2012.

## HEAD 5639 – POST AND TELECOMMUNICATIONS DEPARTMENT

8.3.3 The audit of the financial transactions and accounting records of the Post and Telecommunications Department disclosed concerns in the areas of cash management, losses and irregularities, emoluments, expenditure transactions, bank reconciliation, contracts, internal audit and risk management.

#### **Central Sorting Office**

#### **Control Weaknesses**

8.3.4 The Department failed to observe the procurement guidelines and paid approximately \$40.4 million to a security firm without a formal contract. Consequently, the government's interest was not protected and it may prove difficult to claim remedy in the event of non-performance. Further, One officer was overpaid \$52,055 and another officer was short paid \$8,396 due to errors in the calculation of salaries.

#### **Mail Van Contracts**

8.3.5 Procurement breaches were observed in the award of contracts to mail van contractors whose NCC registration and Tax Compliance Certificates had expired. Management was advised to adhere to the procurement guidelines.

#### **Post Office Inspections**

### **Losses and Irregularities**

8.3.6 The PTD suffered losses of approximately \$14 million because one of its mail vans was intercepted and its contents stolen. The matter was reported and is being investigated by the police.

## HEAD 6700 – MINISTRY OF WATER, LAND, ENVIRONMENT AND CLIMATE CHANGE

8.4.1 The Appropriation Accounts for the financial year 2011-2012 were not presented for audit. This breached the FAA Act, which requires the Ministry to submit its appropriation accounts within four months of the end of the respective financial year. The audit also revealed weaknesses in the internal controls governing emoluments, fixed assets, motor vehicles, bank reconciliations and cash management. The weaknesses identified resulted in the overpayment of emoluments totalling \$144,201 to four officers. Further, the Ministry was unable to account for four digital cameras, and failed to report the loss of two mobile phones to the Financial Secretary and the Auditor General as required by the FAA Act.

#### **HEAD 1547 – NATIONAL LAND AGENCY (NLA)**

8.4.2 The audit of the financial transactions and operations of the Agency revealed a need for improvement in the monitoring of the award of contracts and its payment and collection processes. The required approval of the portfolio Minister was not presented for the payment of amounts totalling \$26.7 million to three referees of titles. The NLA has advised that a written request has been made to the Minister seeking his approval to regularize the situation. The other concerns raised with the Agency were satisfactorily addressed.

#### **PARISH COUNCILS**

8.4.3 The audit of the accounting records and financial transactions of eight Parish Councils revealed systemic weaknesses in the controls governing the management of their resources. These included arrears in the reconciliation of bank accounts; poor maintenance of stores records; ineffective internal audit function; inadequate motor vehicle controls; and payroll concerns. The Ministry of Local Government and Community Development was urged to have these issues resolved, and ensure adequate monitoring of the internal control systems at the Councils and strict compliance with government's guidelines.

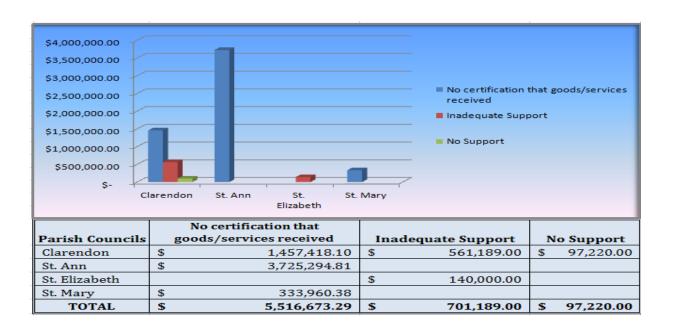
#### **Lodgements Not Verified**

8.4.4 We were unable to verify the correctness of Parochial Revenues amounting to \$3.9 million lodged to bank accounts of three Parish Councils, as employees of the Councils failed to present the related receipts. The Councils were advised to take urgent steps to ensure that all the outstanding receipts are presented. Details as under:

Parish Council	Period of Lodgement	Amount Lodged (\$)
KSAC	December 2011	709,300.00
St. Ann	November 2011	759,794.53
St. Mary	March 2011 to January 2012	2,392,958.12
	TOTAL	3,862,052.65

#### **Breach of Payment Procedures**

8.4.5 The graph below shows that payments amounting to \$6.3 million at four Councils were, in some instances, not supported by original invoices and certified that goods or services were satisfactorily received. In addition, information on supporting documents was not always sufficient to facilitate verification of the payments. This represents a breach of the Parochial Rates and Finance Act - Instructions and could lead to duplication of payments. The Councils have indicated that their payment processes have since been strengthened.

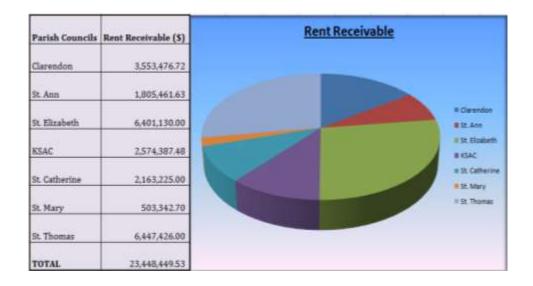


#### **Contracts Breaches**

- 8.4.6 There was no evidence that both the Clarendon and St Catherine Parish Councils used a competitive process to award road rehabilitation and security contracts amounting to \$2.98 million and \$2.2 million respectively. Further, evidence was not presented to indicate that the government's sole source procedures were adhered to. Hence, there was doubt as to whether the Councils obtained the best available prices.
- 8.4.7 The Portland Parish Council failed to remit contractors levy totalling \$188,323 to Tax Administration Jamaica. The St. Ann Parish Council did not include retention clauses in nine works contracts amounting to \$2.1 million. Management was reminded that the retention provision should be included in works contracts to safeguard the Council's interest. We found that for the period April 2011 to March 2012, payments totalling \$3.5 million were made to a security firm without a formal contract. The company was also not registered with the Private Security Regulation Authority or the National Contracts Commission. We recommended that these deficiencies be addressed to ensure strict adherence to the government's procurement guidelines. Management advised that the security services were subsequently terminated.

#### **Chronic Arrears in Rent Payments and Other Fees**

8.4.8 The St. Mary Parish Council was owed \$18.6 million for water supplied to clients, while the KSAC was owed \$6.9 million for market fees. Also, delinquent tenants owed seven councils \$23.45 million in rent, as illustrated in the table below. Recommendations were made to the councils to collect the outstanding amounts. In addition, they should devise appropriate strategies to ensure timely collection of receivables.



#### **Fixed Assets Not Recorded**

8.4.9 Poor fixed assets management at the Clarendon, St. Ann and Portland Parish Councils resulted in their failure to record assets costing \$1.9 million in the inventory records. The Councils were reminded to ensure strict adherence to the government's asset management guidelines.

#### **Unapproved Rental of Motor Vehicle**

8.4.10 Despite being a concern in my last report, the KSAC continued to disregard the Ministry of Finance's directive to obtain prior approval for the renting of motor vehicles. For the period April to September 2011, the KSAC paid amounts totalling \$1.4 million for rental of vehicles without the requisite approval from the Ministry of Finance. Also, competitive price quotations were not obtained for the motor vehicle rentals. It was again recommended that the Corporation adhere to the directive of the Ministry of Finance and the government's procurement guidelines.

#### **Unapproved Emoluments and Overpayment**

- 8.4.11 The St. Mary Parish Council failed to provide evidence of the Ministry of Finance's approval for the payment of commuted travelling allowance to an officer. Management was advised that prior approval should be obtained from the Ministry of Finance. In addition, the responsible officer(s) may be referred for possible surcharge under the FAA Act.
- 8.4.12 The St. Thomas Parish Council paid transportation allowance amounting to \$34,098 to an officer, despite the officer being assigned a fully maintained motor vehicle. The Council was advised to recover the amount overpaid.

Appendix:

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#### **APPENDIX "A"**

## OUTSTANDING APPROPRIATION ACCOUNTS AS AT DECEMBER 2012, IN RESPECT OF FINANCIAL YEARS 2005/2006 TO 2011/2012

HEAD	MINISTRY/DEPARTMENT			ANDING ON ACCOUNTS				
		2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
0200	Houses of Parliament			√				
1548	National Environment and Planning Agency						٧	٧
1649	Management Institute for National							٧
	Development (MIND)							
1700A	Ministry of Tourism					٧	٧	٧
1700B	Ministry of Tourism				٧		٧	٧
2012	Customs Department							٧
2012	Public Debt Charges						٧	
0600	Office of the Services Commissions							٧
2015	Inland Revenue Department							٧
2041	Taxpayer Audit and Assessment Department							V
2042	Taxpayer Appeals Department							٧
2044	Tax Administration Services Department							٧
2622	Police Department						٧	V
2800	Ministry of Justice						٧	٧
2800A	Ministry of Justice						٧	٧
2800B	Ministry of Justice	1					٧	٧
2823	Court of Appeal							٧
2826	Family Court						٧	٧
2827	Resident Magistrates' Court						٧	٧
2828	Revenue Court							٧
2829	Supreme Court							٧
2854	Courts Management Service						٧	٧
3000	Ministry of Foreign Affairs and Foreign Trade							
3000A	Ministry of Foreign Affairs and Foreign Trade			,	,	٧	√	٧
3000B	Ministry of Foreign Affairs and Foreign Trade			٧	٧			,
4000 4000A	Ministry of Labour and Social Security  Ministry of Labour and Social Security					٧		√ √
4000A 4000B	Ministry of Labour and Social Security					v		V √
4000B 4234	Bellevue Hospital							V √
4234	Government Chemist						٧	V
4251	Child Development Agency	٧	٧	٧	٧		v	
4500	Ministry of Information, Culture, Youth and	•	·	v	· · · · · · · · · · · · · · · · · · ·			
	Sports							٧
4500A	Ministry of Information, Culture, Youth and Sports							V
4500B	Ministry of Information, Culture, Youth and Sports							٧
5147	National Land Agency			٧	٧		٧	٧
5300	Ministry of Industry, Technology, Energy and Commerce							٧
5300A	Ministry of Industry, Technology, Energy and							٧
5300B	Commerce Ministry of Industry, Technology, Energy and							٧
5600B	Commerce Ministry of Energy, Mining and					٧		
6300	Telecommunications  Ministry of Water and Housing							V
6300A	Ministry of Water and Housing							V √
6300B	Ministry of Water and Housing							√
6650	National Works Agency			٧	٧	٧	٧	V √
5550	Electoral Office of Jamaica	<u> </u>		•	•	٧	•	<u> </u>
7248	National Environment and Planning Agency (NEPA)					•	٧	٧
TOTAL		1	1	5	5	6	16	36
	ding Reported Last Year	1	2	5	11	20	27	-

**Key:**  $\sqrt{-\text{Outstanding}}$ 

### APPENDIX "B" OUTSTANDING FINANCIAL STATEMENTS AS AT DECEMBER 2012, IN RESPECT OF FINANCIAL YEARS 2003/2004 TO 2011/2012

NAME OF ENTITY		OUTSTAN	DING FINAN	CIAL STATEN	/IENTS				
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Management Institute for National Development						٧	٧		
Registrar General						_	_		
Department Parochial Revenue Fund					٧	√ √	<b>√</b>	√ √	√ √
National Environment and					V	V			•
Planning Agency									٧
National Land Agency							٧		٧
Passport Immigration and Citizenship Agency									٧
National Insurance Scheme									٧
National Council on Drug Abuse					٧	٧	٧	٧	٧
Fair Trading Commission									٧
Water Resources Authority				٧	٧	٧	٧	٧	٧
Jamaica National Heritage Trust			٧	٧	٧	٧	٧	٧	٧
Social Development Commission			ı	ı	Outse	ourced	I		ı
Creative Production and Training Centre					٧	٧	٧	٧	٧
Capital Development Fund				٧	٧	٧	٧	٧	٧
National Youth Service									٧
Institute of Jamaica							٧	٧	٧
National Gallery of Jamaica	٧	٧	٧						
Jamaica 4H Clubs				٧	٧	٧	٧	٧	٧
Pharmacy Council							٧	٧	٧
INDECOM							٧	٧	٧
Pest Control Authority					٧	٧	٧	٧	٧
Pesticides Control Authority									
Anti-Dumping & Subsidies Commission							٧	٧	٧
Child Development Agency				٧	٧	٧	٧	٧	٧
TOTAL	1	1	2	5	9	11	16	14	20
Outstanding Reported Last Year	1	1	2	6	12	14	18	28	-

**Key:**  $\sqrt{-}$  Outstanding

## APPENDIX "C" OUTSTANDING RECEIPTS & PAYMENTS STATEMENTS AS AT DECEMBER **2012, IN RESPECT OF FINANCIAL YEARS 2008/2009 TO 2011/2012**

NAME OF ENTITY	OUTSTANDING RECEIPTS & PAYMENTS STATEMENTS									
	2008/09	2009/2010	2010/2011	2011/2012						
Milk River Bath Hotel			٧	٧						
Police Public Complaints Authority			٧	٧						
Bath Fountain			٧	٧						
Land Tenure		V	V	٧						
National Commission on Science & Technology			٧	٧						
Medical Council Of Jamaica										
Jamaica Veterinary Board			٧	٧						
Professions Supplementary to Medicine										
			٧	V						
Apprenticeship Board	V	√	٧	٧						
Jamaica Library Service				٧						
Outstanding for 2011/2012	1	2	8	9						
Outstanding for 2010/2011	1	2	7	-						

# EXCESS ON VOTES NOT COVERED BY PARLIAMENTARY APPROVAL AS SHOWN BY THE APPROPRIATION ACCOUNTS RECEIVED

_	_	_	_	_	_	_		_	_	_	_	_	_	_	_	_			
Head	Ministry/Department	1994/1995 1	.995/1996	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008 200	08/2009	2009/2010 2010/2011	2011/2012	TOTAL
	Public Service &																		
18	Environment	810,051																	810,051
	His Excellency the				***************************************														
100	Governor General & Staff				250,114	4,621													254,734
	Accoutnant General																		
2000A	Department										272,642,626				9,378,001,014				9,650,643,640
200	Houses of Parliament								959,197				357,354						1,316,551
	Office of the Services				***************************************														
600	Commission			750,591				294,147								276,602	16,976		1,338,316
	Jamaica Information																		
1510	Service			2,237,051			8,382,541	31,523	11,096,535	3,854,148									25,601,797
1547	Natiional Land Agency																53,799,744		53,799,744
1640	National Dev						9,500,964												9,500,964
***************************************	Accoutnant General																		
2011	Department					1,662,042													1,662,042
2012	Customs					19,862,421				15,806,868		4,618,493							40,287,782
2014	Income Tax			3,002,591			492,070												3,494,661
2015	Inland 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
•••••	Taxpayer Audit and																		
2041	Assessment				***************************************								712,295						712,295
	National Security and												,,						,,
2600	Justice	50,893,738	4,004,492		***************************************	23,182,220						42,689,830							120,770,280
2000		30,033,730	7,007,732			23,102,220						72,003,030							120,770,200
2600A	National Security and Justice						17,780,291						3,703,307						21,483,598
2000A							17,760,231						3,703,307						21,403,330
2600B	National Security and	1,	0 022 740	790 705															10 004 452
2600B		1,	0,023,748	780,705			FO 000 004					40 070 F21							10,804,453
2622	Police Department			12,541,925			50,009,094	20.746.204				48,079,531							110,630,550
2624	Correctional Services							20,746,204						1 700 555					20,746,204
2823	Court of Appeal					010 1 10								1,788,555					1,788,555
2626	Family Court					819,140								2,256,359					3,075,499
	Resident Magistrates'																		4.4.470.404
2627	Court			2,133,960	3,454,037		8,320,356	563,841											14,472,194
	Supreme Courts			2,704,685	6,094,910									5,737,179					14,536,774
2732	Baankruptcy			38,622															38,622
	Administrator General's																		
2830	Dept.											941,674	13,536,880		10,933,749 16,8	812,229			42,224,532
	Foreign Affairs and																		
3000	Foreign Trade	1.	5,270,651			3,366,722		67,386,122	11,866,549		52,984,550								150,874,594
	Labour, Social Security &				rocorrocorro		venenenenen					was a second							
4000	Sport			6,196,457															6,196,457
4100	Education and Culture					2,940,184		19,682,028											22,622,212
4100A	Education and Culture						4,993,908												4,993,908
4100B	Education and Culture						2,989,909				8,588,112								11,578,021
4200	Health	40	0,819,084	64,400,944		155,472,442		8,966,725					907,509						270,566,704
	Health									50,651,444									50,651,444

# EXCESS ON VOTES NOT COVERED BY PARLIAMENTARY APPROVAL AS SHOWN BY THE APPROPRIATION ACCOUNTS RECEIVED

Ministry/Department	1994/1995 1995/1996	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008 2008/2009	2009/2010 2010/2011	2011/2012	TOTAI
Bellevue Hospital			2,986,752				10,411,705									13,398,458
Agriculture						51,038								1,689,121		1,740,159
Agriculture									2,196,669							2,196,669
Agriculture									15,514,164							15,514,164
orestry									2,577,956		752,752					3,330,708
ndustry, Investment &																
Commerce		14,971,056				2,981,234								1,713,223		19,665,512
Companies Office of																
amaica				17,068		5,284,809	16,459,883	2,296,133	18,706,745	6,329,023	2,376,915					51,470,576
Post &																
Telecommunication				20,546,418	7,951,014		11,693,233		11,216,164							51,406,829
Commerce and																
Technology					20,408											20,408
Commerce and																
Technology					230											230
Commerce and																
Technology					299											299
Mining & Energy						2,981,234										2,981,234
Mining & Energy				982,651	1,033,101											2,015,753
Mining & Energy								500,000								500,000
Public Utilities &																
ransport		12,541,070	25,891,124													38,432,193
Public Utilities &																
ransport		81,489,332														81,489,332
Nater and Housing									8,540,586							8,540,586
nvironment & Housing					5,977,619											5,977,619
Environment & Housing		26,119,083			7,516,657											33,635,740
Environment & Housing					4,591,537											4,591,537
Fransport and Works			25,576,503		, ,											25,576,503
ransport and Works			, , ,					1,534,338	32,549,957					248,047,061		282,131,357
ransport and Works									44,491,068							44,491,068
ocal Government &									· · · · · · · · · · · · · · · · · · ·							
Norks Vermineme			1,792,124				***************************************									1,792,124
ocal Government &			, , , , , , , , , , , , , , , , , , , ,													, , <b></b>
Norks		6.278.696	62,478,692													68,757,388
The Companies Office of		3,2,3,330	, 0,002													
amaica															3,000,387	3,000,387
arriarea															3,000,007	3,000,307
Aire in terms of C. I.							***************************************									
Ministry of Local							ver and the second seco									
						266 012 070	EO 244 E40	02 007 644		2 417 200						402 074 624
		240 650 060	477 762 662	220 072 076	420 550 000	·····		······	······			0.700.000	0.200.024.702.47.002.024	205 266 425	2 000 00-	402,871,631 <b>12,185,988,29</b> 6
Sovernment , Youth an Community Develpome		nt	nt	nt	nt	nt	nt 266,012,070	nt 266,012,070 50,344,549	nt 266,012,070 50,344,549 83,097,644	nt 266,012,070 50,344,549 83,097,644	nt 266,012,070 50,344,549 83,097,644 3,417,368					

APPENDIX E				
Improper Payments	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012
National Irrigation Commission	1,763,252			
Development Bank of Jamaica	855,119			
Harmonisation Limited	51,820,000			
SHRA	1,264,532			
Inland Revenue		315,446		
Jamaica Customs		9,163,953		
Ministry of Labour & Social Security	30,511,209			
Ministry of Justice	15,600,000			
Bellevue Hospital	400,000			
Spectrum Management Authority	3,111,375			
Church Teachers' College	3,111,373	214,989		
Anti-Dumping & Subsidies Commission		214,303	144,831	
Edna Manley College		J\$235,433.43	144,031	
		13233,433.43		25 542
Accountant General's Department				35,512
Independent Commission of Investigations				170,000
Ministry of Tourism and Agencies				214,186
Ministry of Education				417,230
=	10-00-10-	0.604.000	444.004	222
TOTAL	105,325,487	9,694,388	144,831	836,928
Ministry of Tourism and Agencies				USD 632
Education System Transformation Programme				USD 121,629
Ludeation System Transformation Programme				122,261.00
				111,101,100
APPENDIX Ei				••••••
Unapproved Payments	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012
Jamaica Customs		9,163,953	4,800,000	73,350,000
Church Teachers' College		203,786		
NERHA		1,108,452		••••••
Coffe Industry Board		920,097		
NWC		1,644,883		
Electoral Office of Jamaica		2,106,146		
Education System Transformation Programme		2,100,140	16,700,000	
Education System Transformation Programme			6,700,000	
Ministry of Finance			4,300,000	
Council of Community Colleges of Jamaica			715,130	
Mico Care Centre			421,454	
Constituency Development Fund -St. Ann Parish Council			2,300,000	
Constituency Development Fund - Portmore Municipality			296,000	
KSAC			1,600,000	1,400,000
Petrocaribe Development Fund				37,600,000
Milk River Bath Hotel				639,896
PICA				380,000
Shortwood Teachers' College				1,400,000
St. Joseph's Teachers' College				27,000,000
Nursing Council of Jamaica				1,200,000
National Council of Drug Abuse				186,242
Ministry of Agriculture & Fisheries				9,323,944
National Land Agency				26,700,000
JAMPRO			17,600,000	15,100,000
TOTAL	0.00	15,147,317	37,832,584	194,280,082
Canadian Farm - Work Programme			CAD 25,185.61	USD 1,300,000
Petrocaribe Development Fund				USD 439,000
Ministry of Education and Agencies				GBP 1,100,000

APPENDIX F				
Unsupported Payments/Transaction	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012
Fire Brigade	15,820,541	1,070,000		
Portmore Community College	3,137,402			
Ministry of Finance		611,311		
Harmonisation Limited	11,010,749			
Provident Fund	79,440			
SDC	350,000			
JIS	531,038			
Accountant General				258,198
KSAC		4,635,000		
Clarendon				2,115,827
St. Elizabeth				140,000
St. Ann Parish Council				3,725,295
St. Mary Parish Council				333,960
Parochial Revenue Fund NERHA		6 542 509		3,862,053
		6,542,508		
St. Joseph's Hospital Edna Marley College		8,897,000		
Ministry of Labour & Social Security		1,395,488 2,700,000		25 125 701
Ministry of Labour & Social Security - Receipts		2,700,000		35,435,784 5,200,000
Correctional Services		0 171 270		3,200,000
Education System Transformation Programme		8,474,378	1,900,000	
Council of Community Colleges of Jamaica			1,900,000	
Pharmacy Council of Jamaica			107,000	
Hanover Parish Council			162,000	
St. Catherine Parish Council			1,300,000	
JUTC			624,308	
Child Development Agency			021,300	133,203
Tax Administration Jamaica				4,690,000
St. Joseph's Teachers' College				11,100,000
Accountant General				333,300,000
Jamaica Customs Department				18,500,000
TOTAL	30,929,170	34,325,685	4,103,616	418,794,320
			, ,	2, 2, 1, 2
•				
APPENDIX Fi				
APPENDIX Fi Unsupported Payments/Transaction	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012
	2008 / 2009	2009 / 2010 US\$740.47	2010 / 2011	2011 / 2012
Unsupported Payments/Transaction	2008 / 2009		2010 / 2011	
Unsupported Payments/Transaction Ministry of Finance	2008 / 2009		2010 / 2011	
Unsupported Payments/Transaction Ministry of Finance	2008 / 2009		2010 / 2011	
Unsupported Payments/Transaction  Ministry of Finance  Ministry of Industry, Invstment and Commerce  APPENDIX G		US\$740.47		US\$278,411.00
Unsupported Payments/Transaction  Ministry of Finance  Ministry of Industry, Invstment and Commerce  APPENDIX G  Unrecorded Assets	2008 / 2009	US\$740.47 2009 / 2010	2010 / 2011	
Unsupported Payments/Transaction  Ministry of Finance  Ministry of Industry, Invstment and Commerce  APPENDIX G  Unrecorded Assets  PATH - Social Protection Project	2008 / 2009	US\$740.47		US\$278,411.00
Unsupported Payments/Transaction  Ministry of Finance  Ministry of Industry, Invstment and Commerce  APPENDIX G  Unrecorded Assets  PATH - Social Protection Project  Ministry of Labour & Social Security	2008 / 2009	US\$740.47 2009 / 2010 81,849		US\$278,411.00
Unsupported Payments/Transaction  Ministry of Finance  Ministry of Industry, Invstment and Commerce  APPENDIX G  Unrecorded Assets  PATH - Social Protection Project  Ministry of Labour & Social Security  Ministry of Finance	2008 / 2009	2009 / 2010 81,849 1,361,337		US\$278,411.00
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General	2008 / 2009 4,700,000 9,300,000	US\$740.47 2009 / 2010 81,849		US\$278,411.00
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA	2008 / 2009 4,700,000 9,300,000 26,797,913	2009 / 2010 81,849 1,361,337		US\$278,411.00
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade	2008 / 2009 4,700,000 9,300,000 26,797,913 1,084,985	2009 / 2010 81,849 1,361,337 549,990		US\$278,411.00
Unsupported Payments/Transaction  Ministry of Finance  Ministry of Industry, Invstment and Commerce  APPENDIX G  Unrecorded Assets  PATH - Social Protection Project  Ministry of Labour & Social Security  Ministry of Finance  Accountant General  SHRA  Jamaica Fire Brigade  Ministry of Foreign Affairs	2008 / 2009 4,700,000 9,300,000 26,797,913 1,084,985 10,800,000	2009 / 2010 81,849 1,361,337		US\$278,411.00
Unsupported Payments/Transaction  Ministry of Finance  Ministry of Industry, Invstment and Commerce  APPENDIX G  Unrecorded Assets  PATH - Social Protection Project  Ministry of Labour & Social Security  Ministry of Finance  Accountant General  SHRA  Jamaica Fire Brigade  Ministry of Foreign Affairs  Ministry of Health	2008 / 2009 4,700,000 9,300,000 26,797,913 1,084,985 10,800,000 5,161,260	2009 / 2010 81,849 1,361,337 549,990		US\$278,411.00
Unsupported Payments/Transaction  Ministry of Finance  Ministry of Industry, Invstment and Commerce  APPENDIX G  Unrecorded Assets  PATH - Social Protection Project  Ministry of Labour & Social Security  Ministry of Finance  Accountant General  SHRA  Jamaica Fire Brigade  Ministry of Foreign Affairs  Ministry of Health  NRHA	2008 / 2009 4,700,000 9,300,000 26,797,913 1,084,985 10,800,000 5,161,260 3,555,018	2009 / 2010 81,849 1,361,337 549,990		US\$278,411.00
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925	2009 / 2010 81,849 1,361,337 549,990		US\$278,411.00
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990		US\$278,411.00
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925	2009 / 2010 81,849 1,361,337 549,990 1,354,412	2010 / 2011	US\$278,411.00 2011 / 2012
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271		US\$278,411.00 2011 / 2012
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412	2010 / 2011	US\$278,411.00 2011 / 2012
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	US\$278,411.00 2011 / 2012
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011	US\$278,411.00 2011 / 2012 11,200,000
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority Independent Commission of Investigations	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	US\$278,411.00 2011 / 2012 11,200,000 20,300,894
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority Independent Commission of Investigations Ministry of National Security	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	2011 / 2012 2011 / 2012 11,200,000 20,300,894 91,750
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority Independent Commission of Investigations Ministry of National Security Court Management Services	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	2011 / 2012 2011 / 2012 11,200,000 20,300,894 91,750 31,800,000
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority Independent Commission of Investigations Ministry of National Security Court Management Services Ministry of Education	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	2011 / 2012 2011 / 2012 11,200,000 20,300,894 91,750 31,800,000 405,394
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority Independent Commission of Investigations Ministry of National Security Court Management Services Ministry of Education St. Joseph's Teachers' College	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	2011 / 2012 2011 / 2012 11,200,000 20,300,894 91,750 31,800,000 405,394 2,630,000
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority Independent Commission of Investigations Ministry of National Security Court Management Services Ministry of Education St. Joseph's Teachers' College St. Joseph's Hospital	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	2011 / 2012 2011 / 2012 11,200,000 20,300,894 91,750 31,800,000 405,394 2,630,000 124,219
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority Independent Commission of Investigations Ministry of National Security Court Management Services Ministry of Education St. Joseph's Teachers' College St. Joseph's Hospital Northeast Regional Health Authority	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	2011 / 2012 2011 / 2012 11,200,000 20,300,894 91,750 31,800,000 405,394 2,630,000 124,219 392,909
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority Independent Commission of Investigations Ministry of National Security Court Management Services Ministry of Education St. Joseph's Teachers' College St. Joseph's Hospital Northeast Regional Health Authority Ministry of Agriculture & Fisheries and Agencies	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	2011 / 2012 2011 / 2012 11,200,000 20,300,894 91,750 31,800,000 405,394 2,630,000 124,219 392,909 853,474
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority Independent Commission of Investigations Ministry of National Security Court Management Services Ministry of Education St. Joseph's Teachers' College St. Joseph's Hospital Northeast Regional Health Authority Ministry of Agriculture & Fisheries and Agencies Mines and Geology Division	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	2011 / 2012 2011 / 2012 11,200,000 11,200,000 31,800,000 405,394 2,630,000 124,219 392,909 853,474 76,718
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority Independent Commission of Investigations Ministry of National Security Court Management Services Ministry of Education St. Joseph's Teachers' College St. Joseph's Hospital Northeast Regional Health Authority Ministry of Agriculture & Fisheries and Agencies Mines and Geology Division Ministry of Industry, Investment and Commerce	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	2011 / 2012 2011 / 2012 11,200,000 11,200,000 405,394 2,630,000 405,394 2,630,000 124,219 392,909 853,474 76,718 2,246,646
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority Independent Commission of Investigations Ministry of National Security Court Management Services Ministry of Education St. Joseph's Teachers' College St. Joseph's Hospital Northeast Regional Health Authority Ministry of Agriculture & Fisheries and Agencies Mines and Geology Division Ministry of Industry, Investment and Commerce Clarendon, St. Ann and Portland Parish Councils	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	2011 / 2012 2011 / 2012 11,200,000 11,200,000 405,394 2,630,000 405,394 2,630,000 124,219 392,909 853,474 76,718 2,246,646 1,900,000
Unsupported Payments/Transaction Ministry of Finance Ministry of Industry, Invstment and Commerce Ministry of Industry, Invstment and Commerce  APPENDIX G Unrecorded Assets PATH - Social Protection Project Ministry of Labour & Social Security Ministry of Finance Accountant General SHRA Jamaica Fire Brigade Ministry of Foreign Affairs Ministry of Health NRHA Bellevue Hospital Child Development Agency National Works Agency NEPA Edna Manley College TAJ - Inland Revenue Firearm Licensing Authority Independent Commission of Investigations Ministry of National Security Court Management Services Ministry of Education St. Joseph's Teachers' College St. Joseph's Hospital Northeast Regional Health Authority Ministry of Agriculture & Fisheries and Agencies Mines and Geology Division Ministry of Industry, Investment and Commerce	2008 / 2009  4,700,000  9,300,000  26,797,913  1,084,985  10,800,000  5,161,260  3,555,018  6,738,925  4,447,470	2009 / 2010 81,849 1,361,337 549,990 1,354,412 1,091,271	2010 / 2011 1,100,000 388,772	US\$278,411.00

APPENDIX H				
Reported Losses, fraud, Larceny, etc	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012
Ministry of Tourism		58,920		
Path - Social Protection Project		42,920		
NSWMA		80,850		
Fiscal Services Ltd  Ministry of Finance	21 400 000	368,000	1 200 000	
Ministry of Finance Accountant General	21,400,000 14,000,000		1,200,000	
MOH & Regional Authority	1,445,511			
Bellevue Hospital	140,000			
Post & Telecommunications Department	110,000	30,500,000		14,000,000
Ministry of Education	9,173,627			
Electoral Office of Jamaica			231,000	
St. Catherine Parish Council			38,500,000	
Western Regional Health Authority			725,920	
Ministry of Education				4,200,000
Administrator General's Department				957,750
National Insurance Scheme				2,500,000
Southeast Regional Health Authority				32,753
PATH				22,373,200
Ministry of Education: Enhancement of Basic School	46.450.400	24 050 600	40.575.000	515,785
TOTAL	46,159,138	31,050,690	40,656,920	44,579,488
APPENDIX Hi				······
Reported Losses	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012
Ministry of Finance		US\$2,032.00		
APPENDIX JI				
Rental Arrears	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012
St. Catherine Parish Council	445.046.005			2,163,225
UDC	115,846,935			
Portmore Com. College	1,000,000	24,000,000		
NWC St Ann Parish Council	2 860 200	34,000,000		
Hanover Parish Council	3,860,300 645,200	5,200,000		
Manchester Parish Council	519,993			
Clarendon Parish Council	2,752,274	3,336,586		3,553,477
St. Elizabeth Parish Council	2,738,128	3,330,300		6,401,130
St. Mary	2,7.00,120			503,343
St. Ann				1,805,462
KSAC				2,574,387
Port Authority Management Services	127,400,000			
Post and Communications Department				18,000
TOTAL	254,762,830	42,536,586	0	17,019,024
APPENDIX JII				
Contractors Levy	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012
CDA	106.150	204,130		
SDC	186,158	240,194		
St. James Parish Council	11,446,840	740,279		
Minnistry of Health Shortwood Teachers' college	75,178			42 504
Northeast Regional Health Authority				43,584 391,038
Portland Parish Council				188,323
TOTAL	11,708,176	1,184,603	0	622,945
		_,,,,,,		0,0 10
APPENDIX J IV				
Unremitted Statutory Deductions	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012
NERHA			39,000,000	
St. Joseph's Hospital		17,090,000		
RGD		20,696,127		
Factories Corporation of Jamaica	3,440,000			
KSAC - Market	32,926,986			
National Water Commission		399,683,417		
Ministry of Education (Schools)				14,400,000
Court Management Services				734,694
Shortwood Teachers college			4 000 000 000	2,600,000
JUTC	26.26C 006	427.460.E44	4,900,000,000	17.724.604
TOTAL	36,366,986	437,469,544	4,939,000,000	17,734,694

APPENDIX JIII											
Overpayments			,		_						
Ministries/Departments &						2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	Outstanding
Agencies	2007/ 2008	2008/2009	2009/2010	2010/2011	2011/2012	Recovery	Recovery	Recovery	Recovery	Recovery	Balance
Accountant General	25,427	1,177,261				25,255	56,925				1,120,508
Administrator General's											
Department		27,039									27,039
ВАТСО		1,630,363									1,630,363
Bath Fountain		38,141									38,141
Bellevue Hospital		16,366									16,366
Bureau of Standards, Jamaica			7,153	92,692							99,845
Child Development Agency			98,417		14,529			95,524			17,422
Coffee Industry Board			4,208,882								4,208,882
Companies Office of Jamaica		5,077,517		210,182					70,000		5,217,699
Council of Community Colleges											
of Jamaica	58,989					55,877					3,112
СРТС	1,226,143	1,045,546				183,414					2,088,275
Department of Correctional											
Services	264,835	414,177	860,987	3,800,000		140,572	154,246				5,045,181
Development Bank of Jamaica		1,029,534					58,150				971,384
E-Learning Company	3,476	· · · · · ·	18,198				· · · · · · · · · · · · · · · · · · ·				21,674
Electoral Office	151,811		480,250			78,162		10,000	<del> </del>	<u> </u>	543,900
Firearm Licensing Authority				654,639				430,072			224,567
Fisheries Division				23,818					16,489		7,329
FSL	206,503	157,143					25,574		<u> </u>		338,072
Institute of Jamaica			242,469								242,469
Jamaica 4H Clubs	8,291	1,965,976				8,291					1,965,976
Jamaica Business Development										j	
Corporation				852,100					67,342		784,758
Jamaica Customs			320,157		8,311,583					869,499	7,762,241
Jamaica Defence Force					754,291						754,291
Jamaica Fire Brigade	27,210	1,146,821	1,060,827			16,130	920,809				1,297,919
Jamaica Information Service			33,861								33,861
Jamaica Library Services	10,160			15,202	10,160	10,160					25,362

APPENDIX JIII											
Overpayments Ministries/Departments &						2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	Outstanding
Agencies	2007/ 2008	2008/2009	2009/2010	2010/2011	2011/2012		Recovery	Recovery	Recovery	Recovery	Balance
Agencies	2007/ 2008	2008/2003	2003/2010	2010/2011	2011/2012	Recovery	Recovery	Recovery	Necovery	Recovery	Datatice
Jamaica National Heritage Trust	16,120										16,120
Jamaica Social Investment Fund			157,780								157,780
Jamaican Foundation for											
Lifelong Learning					65,380					29,998	35,382
JCDC	172,025	191,291	106,541	142,616	138,646	138,646	12,252				600,221
JIPO		236,134									236,134
Kingston and St. Andrew											
Corporation	344,074	597,720		160,300		146,811	101,938	50,000			803,346
Kingston and St. Andrew											
Corporation (markets)		74,000					65,649	8,530			(179)
Lift-up Jamaica	37,070										37,070
Local Government	17,866	358,836				17,866	24,779				334,057
Medical Council	80,223		270,169			80,223					270,169
Micro Investment Development											
Agency		371,240					81,826				289,414
Milk River	21,134		85,477								106,611
Ministry of Education (personal											
deductions)	4,700,000					4,300,000					400,000
Ministry of Education- Admin											
salary		70,116									70,116
Ministry of Education- Teachers'											
Salaries	3,800,000	6,830,847	3,239,198		9,250,000	2,659,179	355,580				20,105,286
Ministry of Foreign Affairs	75,606	26,333				75,606					26,333
Ministry of Justice					289,651						289,651
Ministry of Labour & Social											
Security			52,451		293,723						346,174
Ministry of Mining	3,476		34,561								38,037
Ministry of Tourism					14,620					13,535	1,085
Minstry of Finance and the											
Public Service	169,123	93,196	544,632	170,100		124,918	73,000	176,151			602,982

APPENDIX JIII											
Overpayments											
Ministries/Departments &						2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	Outstanding
Agencies	2007/ 2008	2008/2009	2009/2010	2010/2011	2011/2012	Recovery	Recovery	Recovery	Recovery	Recovery	Balance
MOH- Head Office		1,550,490		7,200,000			562,866				8,187,624
Moneague College		244,300									244,300
National Gallery	139,039	71,291									210,330
National Land Agency		113,375					95,023				18,352
National library of Jamaica			63,311								63,311
National Youth Service	35,000		138,351	107,097		35,000					245,448
NEPA		56,238	236,828		15,575		20,243				288,398
Northeast Regional Health											
Authority			11,243	2,800,000					1,500,000		1,311,243
NSWMA		42,935,775	191,207								43,126,982
Nursing Council of Jamaica					72,125						72,125
Nutrition Products Ltd		82,006									82,006
Office of the Contractor General		337,935					273,077				64,858
Office of Disaster Preparedness											
and Emergency Management		33,939					29,769				4,170
Office of The Services											
Commission	39,794			500,323		39,794			430,877		69,446
PCJ	3,476										3,476
Pharmacy Council of Jamaica				22,164							22,164
PICA				117,682	264,955				78,000		304,637
Police Department	562,045										562,045
Police Public Complaints											
Authority			170,000								170,000
Portmore Com. College		724,336					198,564				525,772
Portmore Municipality				91,387					83,483		7,904
Post and Telecommunications											
Department					52,055						52,055
Public Defender	78,275	38,350				78,275	33,501				4,849

APPENDIX JIII											
Overpayments											
Ministries/Departments &						2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	Outstanding
Agencies	2007/ 2008	2008/2009	2009/2010	2010/2011	2011/2012	Recovery	Recovery	Recovery	Recovery	Recovery	Balance
Registrar General's Deprtment	278,427	153,636	421,498	83,720	119,497	278,427	153,636	306,186	77,948		240,581
Sam Sharpe Teachers' College				1,400,000					182,894		1,217,106
SDC		373,773		946,578							1,320,351
Shortwood Teachers' College					879,959					150,494	729,465
South Regional Health Authority			169,910					15,560			154,350
Southeast Regional Health											
Authority			143,302		151,808						295,110
Spectrum Management											
Authority		2,783,189					1,517,310				1,265,879
St. Joseph's Teachers' College			70,861		4,600,000						4,670,861
Statistical Insitute of Jamaica		57,521					55,205				2,316
Sugar Company of Jamaica	138,811										138,811
TAAD	113,000	1,105,983	107,059			58,345	890,186				377,511
TASD	57,479										57,479
Tax Administration Jamaica		223,140	24,243	1,398,106	987,671				338,395		2,294,765
Trelawny Parish Council				29,029							29,029
Western Regional Health											
Authority					4,768,544					2,000,000	2,768,544
Subtotal	12,864,907	73,460,874	13,569,821	20,817,735	31,054,772	8,550,950	5,760,108	1,092,024	2,845,428	3,063,526	130,456,074

APPENDIX JV				
Recievables	2008 / 2009 IAS	2009 / 2010 JA\$	2010/2011 IA\$	2011/2012 IA\$
NIS	364,500,000	:	1,226,508,795	
JDF	9,600,000	<del> </del>		
Ministry of Justice	45,900,000	<del>;</del>		
Government Chemist	117,850	<del> </del>		
SRHA	30,686,036	<del>}</del>		
Independent Commission of Investigations				19,163,644
Chase Fund				207,600,000
SDC	467,917			
Rural Water Supply	564,000			
UDC	26,488			
NSWMA - WPM	5,127,564			
BATCO	1,530,000,000			
NWA	654,463,991			
JDF				11,900,000
Jamaica Mortgage Bank	2,700,000,000			
Port Authority	1,274,000			
Development Bank of Jamaica	1,600,000			
JIS	32,130,000			
Factories Corporation	29,000,000			
Child Development Agency	10,100,000	16,610,680		
Nutrition Products Limited	14,922,883			
National Water Commission		7,657,834,357		
St. Catherine Parish Council				2,163,225
St. Ann Parish Council		804,000	2,800,000	4,605,462
St. Elizabeth Parish Council				6,401,130
St. Thomas Parish Council				6,447,426
St. Mary Parish Council				19,103,343
KSAC				9,444,387
Clarendon Parish Council		705,050		3,553,477
Trelawny Parish Council		2,823,510	2,684,000	2,684,000
St. Joseph's Hospital		47,800,000		52,400,000
СРТС			7,800,000	7,800,000
St. Joseph's Teachers' College				1,800,000
National Irrigation Commission			82,400,000	82,400,000
Edna Manley College		43,878,748		
TOTAL	5,430,480,729	10,042,594,464	1,322,192,795	1,786,571,645

APPENDIX K					
PAYABLES	2007/2008	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012
NSWMA			5,908,276		
St. Joseph's Hospital			15,660,000		18,400,000
WRHA		185,684,243			
Bellevue Hospital		32,708,450			
NERHA		111,374,805	180,074,415		
JDF	150,000,000	181,800,000			
NWA	363,073,714	852,621,988			
National Irrigation Commission		38,592,813.00			
SRHA		79,740,650.00			
SERHA		300,871,503	133,113,757		1,300,000,000
Road Maintenance Fund	101,383,165	108,060,098			
National Water Commission			704,671,213		
JIS		15,573,411			
Child Development Agency		69,207,940	140,698,197		47,500,000
Ministry of Education	11,000,000			96,600,000	410,000,000
TOTAL	625,456,879	1,976,235,901	1,180,125,858	96,600,000	1,775,900,000
APPENDIX L					
APPENDIX L					
Uncleared Advances	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012
Ministry of Finance-Recurrent		560,505,664		574,000,000	
Ministry of Finance-Cap A		152,726,811			
Accountant General	1,004,628	592,120	414,757		7,600,000
Accountant General - Public Debt charge	!S				62,300,000
Accountant General - Treasury Deposit					2,900,000,000
Ministry of Agriculture & Fisheries					114,700,000
Inland Revenue Department	27,429,708	61,878,626	10,900,000		
Jamaica Customs Department		12,815,300	122,130		
Jamaica Fire Brigade	2,015,531	437,540			
Lift Up Jamaica	39,018,498				
Ministry of Foreign Affairs	227,000,000				
Electoral Office	645,346		245,000		
Local Government	3,750,000		213,000		
JNHT	3,730,000		419,829		
Ministry of Labour	45,811		413,023		1,400,000
Northeast Regional Health Authority	45,611		457,300		1,400,000
· · · · · · · · · · · · · · · · · · ·					
Ministry of Health TOTAL	300,909,522	788,956,061	9,560,000	574,000,000	3,086,000,000
TOTAL	300,909,522	766,950,001	22,119,016	374,000,000	3,080,000,000
APPENDIX LIII					
ALL LINDIA LIII			2009/ 2010		
Uncleared Advances	2007/ 2008	2008/ 2009	USD	2010/ 2011	2011/ 2012
Jamaican Embassy - Washington			7,802		
Ja. Consulate General- New York			29,160		
PRUN		US\$11,176	-,		
TOTAL		US\$11,176	36,962		
APPENDIX LIV					
Uncleared Advances	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012
	,	2008/ 2009	2003/ 2010	15,520	
Hamaican High i Ammiccian - Frintaga V. 1	UUJOU	:		13,320	
Jamaican High Commission - Trinidad & T TOTAL	opago			15,520	
-	obago			15,520	
-	obago			15,520	
TOTAL  APPENDIX LV		2008/ 2009	2009/ 2010		2011/ 2012
TOTAL	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012 12,800,000

APPENDIX M				
Procurement Breaches	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012
Ministry of Labour & Social Security	13,744,000			
Aeronautical Telecommunications Ltd.		17,777,104		
Court Management Services				22,980,000
Ministry of National Security- JDF	6,900,000			
Portmore Community College	3,989,190			
Ministry of Foreign Affairs	10,538,841			
JCDC	3,419,863			
SDC	19,096,246	13,400,000		
Ministry of Education				81,808,917
Moneague College	175,324,800			
Local Government Dept	518,857		133,300,000	
Development Bank of Jamaica	2,600,000			
Jamaica Customs		8,900,000	47,300,000	
Tax Administration Jamaica		160,400,000	202,600,000	
SIA		4,482,804		
Clarendon Parish Council				2,980,000
St. Catherine Parish Council				2,230,000
MIND	3,786,475	7,800,000		
Electoral Office		51,468,497		
Ministry of Health- HQ	960,158			
Bellevue Hospital	52,301,578		31,000,000	
NRHA	38,949,857	6,848,567		
SERHA	1,933,879			
WRHA	17,700,413			
Child Development Agency	13,300,000	1,292,393		
Trelawny Parish Council			7,200,000	
JIS	444,025			
Ministry of Agriculture & Fisheries				29,700,000
Ministry of Finance		9,484,672	8,500,000	······································
Coffee Industry Board		23,290,000		
Edna Manley College		37,293,658		
Northern Coastal Highway Project		4,156,864		
Jamaica Fire Brigade		24,123,000		
Accountant General's Department		3,983,882		16,100,000
Church Teachers' College		3,119,623		
Education System Transformation Programme			2,200,000	
TAAD			38,100,000	
Northeast Regional Health Authority			34,200,000	40,800,000
Constituency Development Fund - St. Catherine Parish				
Council			13,000,000	
St. Ann Parish Council			2,700,000	3,500,000
KSAC			7,700,000	
PICA				13,700,000
St. Joseph's Teachers' College				23,700,000
Jamaica Defence Force				9,100,000
Post and Telecommunications Department				40,400,000
TOTAL	365,508,182	398,821,064	527,800,000	286,998,917
APPENDIX MI				
Dragurament Branches	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012
Procurement Breaches  Ministry of Carolina Affairs & Carolina Trade Jamaica	(US\$)	(US\$)	(US\$)	(US\$)
Ministry of Foreign Affairs & Foreign Trade- Jamaica		20.074		
Consulate General - New York		20,071		
Transport and Works		103,130		04.000
Accountant General				94,000
TOTAL	0	123,201	0	94,000

APPENDIX N			
Interest and overdraft charges	2009 / 2010	2010 / 2011	2011 / 2012
Northern Coastal Highway Project	13,962,968		
Ministry of Labour & Social Security	1,600,000		17,300
Hanover Parish Council	30,400	286,406	
Coffee Industry Board	13,594		
KSAC	982,763		
Accountant General's Department		19,484	1,531,409
Edna Manley College		15,777	
St. Catherine Parish Council		109,360	
Governor General and Staff			21,670
Houses of Parliament			177,165
Ministry of Justice			44,120
Court Management Services			108,671
Ministry of Education and Agencies			35,585
Shortwood Teachers' College			1,100,000
TOTAL	16,589,725	431,027	3,035,920