

R E P O R T OF THE AUDITOR GENERAL ON THE FINANCIAL TRANSACTIONS AND FINANCIAL STATEMENTS OF THE GOVERNMENT OF JAMAICA FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2013





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TO THIS COMMUNICATION SHOULD BE
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December 23, 2013

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 2013 for tabling in the House of Representatives.

Yours faithfully,

Pamela Monroe Ellis (Mrs.)

Auditor General



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ABREVIATIONS AND ACRONYMS

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

VISION AND MISSION

VISION STATEMENT

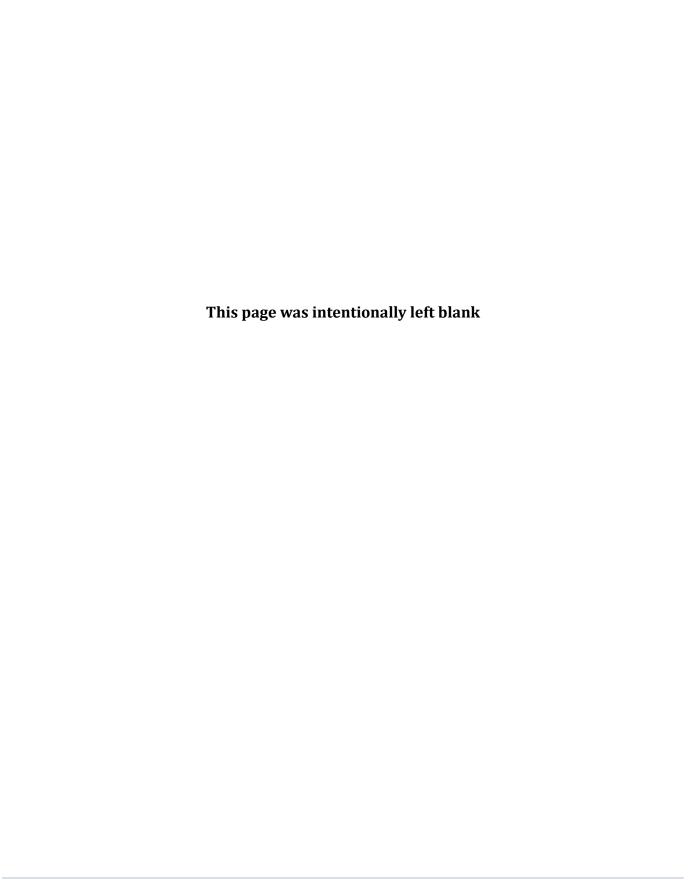
OUR VISION IS AIMED AT:

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

MISSION STATEMENT

OUR MISSION IS TO:

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



Section 1:

Auditor General's Overview



I am pleased to present my Annual Report for the financial year ended March 31, 2013. This report is divided into seven sections. It highlights the operational performance of the Auditor General's Department (AuGD) and provides a summary of the major findings for audits conducted.

The summary of performance targets and actual outcomes summarises the AuGD's accomplishments compared to the projections. During the year, I continued to streamline the operations in pursuit of the AuGD's vision of "promoting a better country through effective audit scrutiny of government operations." Consistent with the risk-based approach to auditing, greater focus was placed on reviewing the business activities of Ministries, Departments and Agencies (MDAs) through Activity Based Audits. These audits concentrated on examining significant business activities within MDAs to determine whether these activities were being conducted efficiently and were achieving the desired results. I also sought to adopt a more integrated audit approach by incorporating more information technology reviews during the performance and financial statements audits.

In line with capacity building strategies, the AuGD acquired the necessary hardware and software to enable the automation of the entire audit process so as to enhance the information management with the ultimate aim of transitioning to a paperless system. The system is scheduled for full implementation during 2014.

Internationally, I led an INTOSAI project group consisting of Peru, Canada, France and Namibia in developing a draft set of guidelines to promote "cooperation between SAIs, the legislature, the judiciary and the executive. The guideline will focus on the SAIs ability to promote accountability that leads to administrative and / or corrective sanction[s]. A draft guideline was prepared and we aim to enhance and complete it for adoption, after stakeholder consultation, at the next INCOSAI (Conference of INTOSAI), which will be held in 2016.

I continued to collaborate with our international partners to benefit from targeted training initiatives. The AuGD benefitted from training provided by ACCA and the INTOSAI Development Initiative (IDI) in the areas of risk-based auditing and audit standards.

The results of my audits are outlined in sections four to seven. For some entities, the audits revealed a generally satisfactory state of affairs. However, I cannot guarantee that all errors or irregularities were identified as our scope is limited to the sample selected for review. Nevertheless, the audits were planned in such a manner to reasonably identify instances of breaches and irregularities. All audit findings were communicated to the respective MDAs and they were provided with an opportunity to respond. 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. Many MDAs appreciated our targeted reviews of their business activities/processes which highlighted the levels of efficiency and effectiveness of these activities.

The 2013 audit year also presented significant challenges. The AuGD had to contend with the negative effect of the learning curve associated with the roll out of the activity based audit methodology. This was exacerbated by competing priorities such as, capacity building initiatives,



which placed additional burden on our already limited resources. However, I look towards 2014 and beyond with great anticipation of the significant benefits to be derived from several capacity building initiatives that are currently in progress. I must commend my staff for their commitment, contribution, and support despite the many challenges. This report would not have been possible without their relentless efforts. I must also thank Heads of Departments of the various MDAs for the courtesies extended to my staff, as well as other stakeholders for their invaluable input, expressions of concern and advice.

Pamela Monroe-Ellis F.C.C.A., F.C.A, C.I.S.A., Auditor General 23th DECEMBER, 2013 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 the accounts and financial transactions of various entities. It contains the finfings 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 and other statutory bodies and government companies where considered necessary for the information of Parliament.
- 2.1.2 Examination of the accounts and financial transactions of the Government is conducted in conformity with Section 122 of the Constitution and Section 25 of the Financial Administration and Audit Act. Section 25(1) of the Act states as follows:
 - "The Auditor General shall, in performing his functions under Section 122(1) of the Constitution ascertain whether in his opinion:
 - a) the accounts referred to in that section are being faithfully and properly kept;
 - b) the rules and procedures framed and applied are sufficient to secure an effective check on the assessment, collection and proper allocation of the revenues and other receipts of the Government;
 - c) all money expended and charged to an Appropriation Account has been applied to the purpose for which the provision made by Parliament was intended and that any payment of public money conforms to the authority which governs it, and has been incurred with due regard to the avoidance of waste and extravagance"...



Public Accounts Committee

- 2.1.3 The Public Accounts Committee of the House Representatives is a standing bi-partisan committee chaired by the opposition spokesman on Finance. Under the standing orders of the House all accounts of government agencies and annual reports of the Auditor General tabled in the House are automatically referred to the Committee. In examining the reports of the Auditor General, the Committee calls upon Accounting Officers, other heads of agencies and their support staff to explain their stewardship of the public affairs and resources assigned to them. It seeks to identify the causes for weaknesses mentioned in the Auditor General's reports, obtain information on what is being done to rectify the situation, and makes recommendations as to the corrective measures which should be pursued.
- 2.1.4 The Committee therefore plays a critical role in helping to ensure that appropriate action is taken on the findings of the Auditor General. During the period February to July 2013, the Committee examined the Auditor General's Annual Report for the financial year 2012/2013 as well as other special and performance audit reports.

Scope of the Audit

2.1.5 The Auditor General's Department'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 2012/2013 financial year consisted of examinations. inquiries and investigations assessment of the adequacy of the systems of internal control over the major areas of revenue and expenditure. It also includes obtaining the information and explanations considered necessary for certifying financial statements submitted. Additional audit emphasis was applied to those areas of governmental activity where the internal control was weak, others which had been prone to problems in the past, new programmes and areas of general public interest. Followup work was also done to ascertain what action had been taken on previous audit observations and recommendations.
- 2.1.7 This year saw the expansion of the amount of activity-based audit conducted. Activity Based Audits entail the examination of an entity's core activity to ascertain whether the management has implemented a robust system of control to guarantee the achievement of its overarching objective or mandate.
- 2.1.8 Several programmes and projects were selected for special and governance audits aimed at assessing if adequate planning had been done, proper management control systems instituted and whether the programmes and projects were achieving their intended objectives. A number of Performance audits were also conducted during the course of the year. 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 public sector entities.

Contents of this Report

2.1.9 This report summarizes several matters of concern emanating from our 2012/2013 review. More detailed comments on the points mentioned, as well as recommendations as to the corrective measures considered necessary, were communicated to accounting officers, Principal Receivers of Revenue and other heads of agencies by way of audit reports. Where appropriate the comments and reactions of those officers to my findings are indicated.

- 2.1.10 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.
- 2.1.11 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

2.1.12 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 and Nugatory Expenditure

2.1.13 The audits identified payments amounting to \$3.96 million which were made in breach of the stipulated rules and guidelines or without the requisite approval (Appendix 1). The audits also identified unapproved payments totalling JA\$213.2 million, US\$60 million and Euro 925,726 (Appendix 2).

Overpayments

2.1.14 The audits also identified several instances of overpayments amounting to \$1 million. The MDAs, during the year have recovered a total of \$100,916 (Appendix 3).



Advances

- 2.1.15 The Financial Administration and Audit Act, Instructions 5.39(3) and 5.42 stipulate that advances made from public moneys for travelling and subsistence expenses should be accounted for immediately on return. Good financial practices should ensure the prompt recovery or clearing of advances made for goods and services, on delivery of the goods and for the satisfactory completion of such services. Additionally, salaries paid in advance to officers proceeding on vacation leave should be recovered on the first pay day following the salary-in-advance disbursement.
- 2.1.16 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 US\$485,934 (Appendix 4).

Internal Control Weaknesses

- 2.1.17 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.
- 2.1.18 Accounting officers of Ministries, Departments and Agencies are charged with the responsibility of ensuring that all policy directives, as well as the provisions of the relevant Laws, are observed; guidelines issued by the Ministry of Finance are implemented and an effective system of internal control exists.
- 2.1.19 Internal control incorporates all systems instituted by management to ensure the organization:
 - achieves its objectives in an economical and efficient manner;
 - is provided with prompt and reliable accounts and other relevant information;
 - assets are properly safeguarded and
 - has necessary checks and balances exist to prevent and detect errors and fraud.

- 2.1.20 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.
- 2.1.21 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

2.1.22 The audits identified breaches of the Government's prescribed rules for the procurement of goods and services costing approximately \$24 million involving one entity (Appendix 5). 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

2.1.23 Section 5 of this report details the findings of the financial statements unit.

Arrears of Annual Financial Statements

2.1.24 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 shown in Appendices 6 - 8 of this report. However, there was marked improvement in the MDA's submission of the Appropriation Account, financial statements and receipts and payments statements when compared to previous years.

- 2.1.25 In the case of Ministries and Departments, which should submit Appropriation Accounts, to the AuGD, we had not received 108 accounts up to December 18, 2013. A schedule of the outstanding appropriation accounts is shown in **Appendix 6**.
- 2.1.26 Some statutory bodies were also in arrears with the submission of their financial statements, including receipts and payments statements. Details of outstanding financial statements are shown in **Appendices 7 and 8** to this report. Delay in the submission of the annual financial statements undermined the public accountability process; prevented a proper assessment of the entities financial performance and their state of affairs, and increased the risk of delayed or non-detection of errors and fraud.

Section 3:

Report on Performance

REPORT ON PERFORMANCE

Summary of Performance and Actual Outcomes up to December 11, 2013

3.1.1 The audits are designed so that I can express a conclusion/opinion, which provides reasonable assurance that management's stewardship, complies both with the Government of Jamaica's (GOJ's), and internationally accepted standards and procedures. All audits were conducted in accordance with the standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI). In pursuit of our vision of promoting a better country through effective audit scrutiny of government demand for public operations, and the increased accountability, more allocated to resources were performance and financial statement's audits.

Assurance Audit Unit

- 3.1.2 Compliance audits are conducted to ascertain the extent to which the MDAs follow the rules, laws and regulations, policy, established codes. The compliance audit scheduled was revised to incorporate more activity based audits. An integrated approach was taken to the conduct of compliance audits by syncing them with the review of appropriation accounts and financial statements of MDA's.
- 3.1.3 **Table 1** illustrates planned and actual number of audits performed by the Compliance Audit teams, during the period January to September 2013. The table does not include the audits of appropriation Accounts done by the Compliance Audit teams. This is reported on in Section 5.

Table 1: Number of Reports Audited and Reports Dispatched

	2012		2013				2013	
Audits Conducted	Planned	Actual	Planned		Actual		No. of Reports Dispatched	
			Compliance	ABA	Compliance	ABA	Compliance	ABA
Ministries and Departments	19	19	32	19	15	19	15	19
Projects	0	0	9	0	9	0	9	0
Total	19	19	24	19	23	19	24	19

A consolidated report was prepared for all Parish Councils.

Financial Statements Audit Unit

3.1.4 Eighty three audits were planned for the period January 2013 to December 31, 2013. Some entities had more than one financial statement audited within the year. For the calendar year, field work was completed for 77 audits and as of the date of this report 50 of those financial statements were certified. This represented approximately 65 per cent of planned audits for this calendar year. Additionally, 93 per cent of the planned audits for the financial year were completed **(Table 2)**.

Table 2: Number of Statements Audited and Status

Statements		nber eived	Certified		In House to be Audited		Work in Progress	
	2012	2013	2012	2013	2012	2013	2012	2013
Appropriation Accounts								
MDAs	65	51	65	53	50	20	44	11
Financial Statements								
Public Bodies	20	52	21	42	0	17	31	18
Parish Councils	11	7	5	0	9	16	18	18
Others as required by Law	7	7	0	0	0	2	8	12
Projects	9	8	6	8	0	0	1	0
Total	112	125	97	103	59	55	102	59

Performance Audit Unit

3.1.5 My report in relation to performance audits can be found in Section 4 of this report.

Human Resource Management and Development 2013

Institutional and Capacity Building

3.1.1 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 Appendix 9 for listing of training undertaken for the Financial Year 2013-14 and planned for 2014-15.

- 3.1.2 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. In 2012, 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 the findings and recommendations from the PwC report and has submitted them to the Cabinet Office for their approval. To date, the Corporate Management Division (CMD) of the MOF&P/Cabinet has developed an 'interim organisational *structure*' as the first step towards the achievement of the proposed structure. This has been submitted to the MOF Budget Section for costing and funding to be approved. Following discussions, it is hoped that this structure will be implemented in 2014-15.
- 3.1.3 As a consequence, the recruitment process was put "on hold", pending the approval from the Cabinet Office/MOFP&P for implementation of the structure. 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.
- 3.1.4 We have developed a change management programme to assist all levels of staff in the establishment and operationalisation of the 'new' organisational structure and the attendant processes involved. We recognise that feedback and inputs are needed to strengthen the process. This will be continuously evaluated to accommodate any new developments, whether as policy directives from the Government or as actions which arise from the interaction with the relevant stakeholders.
- 3.1.5 We recognise that trained employees are likely to apply information learned, think more critically and act more logically. They are better able to adapt to a changing environment and to work across job functions. Training tends to motivate employees as they are more equipped with the necessary skills to perform their jobs competently. Transfer of organisational knowledge by in-house training is one way of tapping the tacit knowledge of more experienced employees. Our aim is to continue to train such experienced employees to transfer their knowledge to others.
- 3.1.6 We continue to make an investment in our human resources by ensuring that the 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 Risk based approach to Auditing and Financial Statements Auditing, Forensic Auditing, Performance Measurement Framework, IDI Training in Financial, Performance & Compliance Audits, e-learning courses in Financial Statements Auditing, Risk-based approach to Financial Statements auditing, introduction to Performance Auditing from National Audit Office (NAO). In addition, the Administrative Staff members attended courses in Government Accounting, Records and Information Management, Leadership development, Leave administration (Appendix 9).

- 3.1.7 Our staff members, individually, continue to make significant contributions to the development of auditing standards at the Caribbean and International Audit levels and also have participated in International Conferences furthering the objectives of auditing throughout INTOSAI.
- 3.1.8 As part of the Government's rationalisation of the public service, the AuGD is one of 12 entities to be conferred with devolution and deconcentration 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. The Department awaits further instructions from the Public Sector Transformation Unit (PSTU) on the way forward. Some members of staff have participated in the discussions at the PSTU in the development of the centralised Corporate Services function. Phased implementation to take place within 2014 to 2015.
- 3.1.9 As we try to reward performance and the attainment of our objectives, our Human Resource Executive Committee (HREC) continues to meet monthly to review overall staff welfare and to determine appropriate actions to be taken, to examine the performance of the staff at all levels to determine their eligibility to receive increments, etc and to recommend suitable candidates for promotions, acting and appointments and any other appropriate actions to be taken by the Department.
- 3.1.10 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.

Section 3: Report on Performance

- 3.1.11 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.
- 3.1.12 Staff welfare continues to take a prominent part in our activities and the Sports & Social Committee engaged all staff in a number of activities including birthday socials, fun day and Christmas party.

Section 4:

Performance Audits

PERFORMANCE AUDITS

- 4.1.1 Government Ministries, Departments and Agencies (MDAs) exist to deliver quality services. In light of the current economic climate, there is a greater need to ensure that MDAs employ good governance principles are adopted to better manage available resources in an efficient manner to effectively achieve the desired objectives. Our performance audits are geared towards the examination of programmes, functions, activities and management systems of MDAs to assess whether these entities are achieving economy in accordance with sound administrative principles; efficiency in utilizing human, financial and other resources; and effectiveness in achieving key objectives.
- 4.1.2 We conducted our performance audits 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; assessing key risks and developing an issue analysis, which focuses on the main functions and operations of the entity. **Table 3** shows that, within this year, the Performance Audit Unit completed three audits; and have submitted draft reports for another two audits to clients for further information and clarification. Three other audits are expected to be completed by March 2014.

Table 3: Status of Current Audit Assignments

No.	Audit Assignments	Type of Audit	Status		
1	National Irrigation Commission (NIC)	Performance Audit	Brought Forward	Completed - Tabled	
2	Office of Utilities Regulation (OUR)	Performance Audit	Brought Forward	Completed - Tabled	
3	Agro-Invest Corporation	Special Audit	Current	Completed - Executive Summary included in this Report	
4	Jamaica Fire Brigade (JFB)	Performance Audit	Current	Draft Report Submitted to Entity	
5	National Insurance Fund (NIF)	Performance Audit	Current	Draft Report Submitted to Entity	
6	Traffic Ticket Management and Point System	Performance Audit	Current	Work in Progress	
7	National Housing Trust (NHT)	Performance Audit	Current	Work in Progress	
8	Debt Management	Special Audit	Brought Forward	Work in Progress	

4.1.3 The Performance Audit Unit has commenced five other performance audits scheduled for completion in early 2014 **(Table 4)**. Our focus is to continue to improve the quality and impact of our performance audits to aid in influencing and promoting efficiency, effectiveness and economy in government's operations.

Table 4: New Audit Assignments for 2014

No.	Audit Assignments	Type of Audit
1	Administration of Justice - Case Management	Performance Audit
2	Tax Administration	Performance Audit
3	Debt and Treasury Management	Performance Audit
4	Management of Chronic Diseases	Performance Audit
5	Correctional Services – Rehabilitation and	Performance Audit
	Reintegration	

PERFORMANCE AUDIT REPORTS TABLED

National Irrigation Commission (NIC)

4.1.4 The performance audit report of NIC revealed that the entity has been challenged to fulfil its mandate due to financial constraints and its inadequate irrigation infrastructure. The report also highlighted NIC's declining productivity due to its aging and inefficient irrigation infrastructure, which contributed to aggregate water losses of \$1.2 billion over the period 2007 to 2012. Further, the absence of proper monitoring, maintenance and project management systems impaired NICs ability to better manage its irrigation infrastructure. And, NIC did not implement planned capital projects under the National Irrigation Development Programme (NIDP) owing to financial constraints. In addition, NIC's distribution of water is exposed to contaminants, which poses health and environmental risks and threatened its ability to supply safe water to agricultural and commercial users.

The full report, including our recommendations, may be viewed at: www.auditorgeneral.gov.jm/reports



Office of Utilities Regulation (OUR)

4.1.5 The report highlighted inadequacies in the regulatory, legislative and monitoring framework of the OUR, which impair its ability to effectively fulfil its objective to assure the supply of quality service to consumers. The report further identified an inconsistency with the appointment of the Director General and the Deputy Directors General, which could undermine the independence of the holders of these offices. The report also concludes that OUR's monitoring strategy is reactive and does not facilitate the prompt detection, prevention and sanction of un-licensed activities. And that, OUR's Guaranteed Standards Scheme is not achieving its intended objective to ensure that utility providers maintain an acceptable level of service delivery to consumers.

The full report, including our recommendations, may be viewed at www.auditorgeneral.gov.jm/reports

Follow-up of Previous Performance Audit Reports

4.1.6 The final stage of our performance audit process is to follow-up with the audited entities to verify the progress of implementing the recommendations contained in the audit reports. We conducted a follow-up review of the audit of the Urban Development Corporation (UDC), Management of Police Motor Vehicle and the Nutrition Products Limited (NPL). The audit reports of these entities were tabled in the House of Representatives in 2012.

Urban Development Corporation (UDC)

4.1.7 UDC has made progress in adopting some of the recommendations made in the Performance audit report tabled in the House of Representative in November 2012. Except for 2011-12, UDC submitted all outstanding annual reports and audited financial statements to the portfolio Minister for tabling in the House of Representatives. Further, UDC has formalised its risk management framework. However, the position of Risk Manager to oversee the risk management process remains vacant. The UDC also completed the draft development plans for five special development areas – Downtown Kingston and Port Royal, Caymanas, Ocho Rios, Falmouth, and Montego Bay – in January 2013.

- 4.1.8 In light of the reported investment losses, we recommended that UDC adopts a robust investment management strategy to better guide future investment decisions and conduct a rigorous assessment of its existing investment portfolio. This, with a view to formulate appropriate strategies to reverse the negative impact the performance of the investments are having on the financial viability of UDC. UDC has developed a Business Turnaround Plan (Operation Phoenix) which aims, in the medium term, to restore the Corporation to financial health and to be the premier development agency in Jamaica.
- 4.1.9 However, UDC continues to face challenges in collecting rent from their tenants. As at January 2013, the impairment provision, stood at 85 per cent (\$1.146 billion) of its total receivables balance of \$1.354 billion. Rent and lease receivable, as at February 2013, stands at \$184 million, of which 73 per cent (\$135 million) is outstanding for over 120 days. Further, statutory deductions of \$242.16 million remain outstanding as at February 2013; whereas, NHT and NIS are outstanding for January to February 2013 amounting \$6.24 million and 4.25 million respectively.
- 4.1.10 UDC wound up five of the six dormant companies and indicated that the recommended policy to guide the prompt winding up of dormant subsidiaries would be completed in 2013-14. UDC established an escrow account to which customers' land deposits are transferred.
- 4.1.11 The UDC has not yet repaid the amount withdrawn from the Self Insurance Fund. Further, properties valued at \$1.7 billion as at March 2012 are still not insured. We recommended that UDC should periodically conduct the required assessment of the physical conditions of all properties to assist in developing its annual maintenance plan. However, this recommendation was not implemented. UDC managed to recover some of the Boards fees paid to directors who did not attend meetings. However, an amount of \$186,500 remains outstanding from eight former board members; \$271,500 was recovered. Further, UDC discontinued the payment of petrol allowances to its staff. This benefit has been rolled into staff travelling allowance.

Management of Police Motor Vehicle

- 4.1.12 MNS has made progress in adopting some of the recommendations made in the Performance Audit report dated November 2012. We obtained a draft of the Fleet Management Policy and a Standard Operating Procedural Manual. which addresses the recommendations I made in that regard. I was informed that the document is awaiting the approval of the Commissioner of Police, by In addition, MNS has since established a December 2013. Centralised Motor Vehicle Inventory System (CMVIS) to improve the inventory and fleet management capabilities of its motor vehicles and spare parts. MNS noted that the CMVIS, which is 90 per cent completed is also configured to capture information relating to the cost of repairs and maintenance of each vehicle, frequency of repair and is capable of generating an operational efficiency report. Details of 1,356 motor vehicles were imputed in the system as at November 2013. We observed that MNS completed data input in relation to spare parts.
- 4.1.13 Further, MNS has implemented necessary internal controls to improve transparency and accountability around the transfer of parts from one vehicle to another. This system involved the segregation of duties, authorisation and approvals and proper recording of the process. We observed that the general security at the T&T garages has improved.
- 4.1.14 We observed that the MNS implemented stringent security measures at the repair depot. We also found that between March and October 2013, MNS boarded 307 vehicles that were deemed uneconomical and unserviceable. Further MNS has instituted a policy regarding acceptance of donated vehicles.

Nutrition Products Limited (NPL)

4.1.15 NPL has made progress in adopting some of the recommendations made in the Performance audit report tabled in the House of Representative in November 2012. I recommended that NPL should, in the medium term, consider introducing snacks for which the primary ingredients can be sourced locally. NPL has been working with the MOA&F/RADA, MOE, BSJ and the SRC in an effort to introduce local ingredients into the snacks produced by NPL in the effort to support local agricultural production.

- 4.1.16 NPL has also since been in consultation with key players, such as the Jamaica Exotic Flavours & Essence, Jamaica Egg Farmers Association, Southern Fruits and Food Processors, the Four H Club, CASE and HEART Ebony Park. These are the partial replacement of the fat content in baked products using liquefied whole eggs and the production of a mango flavoured juice drink. The research and trials associated with the liquid egg project are completed and the mango drink is in an advanced state, having been submitted to the BSJ for compositional and microbiological analysis. In addition, the production of natural juices using puree from local farmers, through JEFEL, has been fully introduced to the product line. NPL also requested \$67.33 million in the 2013/2014 budget to introduce local raw materials (Liquid eggs, Banana, Carrot etc.); however, the amount was not funded.
- 4.1.17 NPL indicated that it has still not received capital funding for the acquisition of machinery and equipment required for improving the packaging of products, in order to reduce leakage/waste. The estimated cost is over US\$1.5 million. However, in an effort to reduce leakage/waste, NPL purchased better quality packaging material from a direct source (overseas). Additionally, to give further protection, sachets are placed in bags to reduce further waste in transit.
- 4.1.18 NPL, with its present plant and machinery, is capable of producing 195,000 snacks per day with the requisite funding. NPL did not achieve its objective to increasing the daily production by 4,000 snacks per day, from 136,000 to 140,000 per day, by the start of the 2013-14 school year. Instead, NPL increased production by 1,000 snacks per day (from 136,000 to 137,000 per day).
- 4.1.19 NPL informed us that it is now securing better prices, with savings of up to 20 per cent, by purchasing raw material and packaging material directly from primary sources rather than from third parties. For example, NPL is now directly purchasing flour from the Jamaica Flour Mill, sugar from Jamaica Cane Products Ltd, and liquid packaging material from Dupont (overseas). Further, the procurement process for the conversion of the ovens/boilers to use LPG, which is a cleaner and cheaper alternative energy source to diesel oil, has been completed. Installation at all three plants is not yet completed.
- 4.1.20 NPL said it is committed to improve on efforts to contain spoilage/waste. Currently spoilage/waste is averaging below one per cent due to strategies that are in place which include:



- i. formation of a spoilage/waste task force in each plant;
- ii. disciplinary action against repeated offenders that cause spoilage;
- iii. timely changing of utility and packaging containers that are deemed defective;
- iv. planned preventative maintenance for production equipment.
- 4.1.21 Further, the Board has approved a new staff giveaway policy which took effect in January 2013. The policy has revised staff giveaways moving from four times per month to two times per month, reflecting a 50 per cent reduction.

Section 5:

Financial Statements Audit

FINANCIAL STATEMENTS AUDIT

- 5.1.1 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.
- 5.1.2 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.
- 5.1.3 All audits were conducted in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). These standards require that I comply with ethical requirements, plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatements.

ANNUAL PERFORMANCE

- 5.1.4 At the start of the calendar year 2013, we increased the staff complement of the Financial Statement Audit Unit through a merger with the Statutory Audit Section. This was in keeping with the overall strategic plan of the Department to create an Assurance Services Unit. This resource shifting has enabled the staff levels to increase from 12 to 27 persons, without adding to the overall compensation cost of the Department. The main intention of this move was to increase the number of financial statements audited and certified within the financial year. Although there were challenges experienced during this transitional phase, the move was considered to be successful.
- 5.1.5 Eighty-three audits were planned for the period January 2013 to December 2013. Some entities had more than one financial statement audited within the year. For the calendar year field work was completed for 77 audits and as of the date of this report 47 of those financial statements were certified. Further details are included in **Table 5**:

Table 5: Financial Statements Audits Conducted During the Year

Details	Number of Audits
Planned January 2013 to December 2013	83
Completed Audits January 2013 to December 2013	77
Statements Certified between January 2013 to December 2013	50
Details	Percentage
Statements certified as a percentage of completed audits for calendar year 2013	64.93%
Audits completed as a percentage of audits planned for January 2013 to December 2013	92.77%

DECIDING ON THE FORM OF OPINION

Modified Opinions

5.1.6 International Standards of Supreme Audit Institutions ISSAI 1700 states that an auditor can express three types of modified opinions as outlined below:

Qualified Opinion

- 5.1.7 A qualified opinion is given when:
- a) The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or
- b) The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

Adverse Opinion

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



Disclaimer of Opinion

5.1.9 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.

Modified opinion for Appropriation Accounts

5.1.10 In addition to the basis of modified opinions provided above in paragraphs 5.1.7(a) to 5.1.9, compliance with the Constitution of Jamaica and the FAA Act is considered during the audit of Appropriation Accounts.

Unmodified Opinion

- 5.1.11 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.
- 5.1.12 During the year 2013, seven entities received modified audit opinions.

Modified Opinions

5.1.13 Modified Opinions were issued for seven audits conducted during the year as outlined in **Table 6**.

Table 6: Modified Opinions Issued During the Year

Entity	Head	Date Certified	Financial Year	Reason for Qualification
Attorney General's Department	2831	13/03/2013	2009-10	Excess on head of \$657,045.67
Resident Magistrates Court	2827	13/03/2013	2009-10	Excess on head of \$7,749,059.78
Supreme Court	2829	13/03/2013	2009-10	Excess on Head of \$5,744,031.60
Ministry of Justice	2800A	08/10/2013	2009-10	Excess on Head of \$3,332,462.92 A-I-A Excess 13,118,000
Ministry of Agriculture	5100A	01/07/2013	2011-12	Excess on Head of \$4,612,314.45
Ministry of National Security	2600A	06/06/2013	2011-12	Excess on Head of (\$25,878,654.55)
Ministry of Government and Community Development	7200	04/02/2013	2011-12	Excess on Head of \$69,148,614.20

- 5.1.14 Section 116 of the Constitution requires the House of Representatives approval for expenditure in excess of the sum provided for by the Appropriation Law. Section 7.69 of the FAA Act (Instructions) stipulates that "the actual receipts up to an amount equal to the total of the approved estimate of the Appropriations-In-Aid (original and supplementary) should be included in the column headed expenditure."
- 5.1.15 This provision denotes that Ministries, Departments and Agencies are not permitted to use sums collected in excess of the approved Appropriation-In-Aid (A-I-A) amount. Amounts collected in excess of the approved A-I-A should be remitted to the Accountant General's Department as miscellaneous revenue prior to the close of these statements.
- 5.1.16 As shown in **Table 7**, the Department also issued 99 unmodified audit opinions during the year 2013.

Unmodified Opinions

Table 7: Unmodified Opinions Issued During the Year

Entity/Group	Number of Statements
Statutory Bodies and Executive Agencies (Financial Statements)	32
Internationally Funded Projects (Financial Statements)	8
Statutory Bodies (Receipts and Payments Statements)	10
Parish Libraries (Financial Statements)	4
Parish Council (Financial Statements)	-
Ministries & Departments (Appropriation Accounts)	45
TOTAL	99

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INTERNATIONALLY FUNDED PROJECTS

HEAD 1700 - MINISTRY OF LABOUR AND SOCIAL SECURITY

PROGRAMME OF ADVANCEMENT THROUGH HEALTH AND EDUCATION (path) GRANT FOR PATH CONDITIONAL CASH TRANSFER PROGRAMME IBRD/JSDF (GRANT) #TF 096923

- 6.1.1 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 was March 31, 2013.
- 6.1.2 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.
- 6.1.3 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.
- 6.1.4 Our examination of the financial transactions and accounting records of the Project disclosed a generally satisfactory state of affairs.

PROGRAMME OF ADVANCEMENT THROUGH HEALTH AND EDUCATION (PATH)

SOCIAL PROTECTION SUPPORT FOR FOOD PRICE CRISIS (SPSFPC)

- 6.1.5 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 re-orient US\$15 million to finance a new sub-programme (Sub-programme B) for SPSFPC.
- 6.1.6 The general objective of the SPSFPC is to contribute to the Government's strategy to reduce the intergenerational transmission of poverty by increasing human capital levels of the poor via the further consolidation of the Social Safety Net (SSN) Reform Programme.
- 6.1.7 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; and (ii) to increase human capital levels of poor families through attendance at school and health clinics.
- 6.1.8 In order to achieve these objectives, the sub-programme has the following three components:
 - 1: Cash Transfers to Vulnerable Groups
 - 2: Institutional Strengthening to Support Programme Expansion
 - 3: Monitoring and Evaluation
- 6.1.9 Our examination of the financial transactions and accounting records of the Programme disclosed a generally satisfactory state of affairs, except for the controls over fixed assets. Additionally, a review of the Project's achievements revealed that expenditure under the project should have been completed in August 2012. However, two of the main targets for 2012-13 were not achieved.
- 6.1.10 It was recommended that Management implement adequate systems to ensure that fixed asset records are updated and all outstanding targets are completed.

ACCOUNTS 2011/2012 PROGRAMME OF ADVANCEMENT THROUGH HEALTH AND EDUCATION (PATH) - SOCIAL PROTECTION PROJECT (SPP) GOJ/IBRD LOAN # 7555 JM

- 6.1.11 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 the International Bank for Reconstruction and Development (IBRD). The loan of US\$40 million should be disbursed by the World Bank over five years from June 10, 2008.
- 6.1.12 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.
- 6.1.13 The Project consists of four parts:
 - i. Improving the effectiveness of PATH
 - ii. Building capacity for the Steps -to- Work Programme
 - iii. Improving public sector pension system administration and
 - iv. building capacity for reform
- 6.1.14 The examination of the financial transactions and accounting records of the Project for the financial year ended March 31, 2013 revealed weaknesses in the system of controls relating to preparation of bank reconciliations, maintenance of fixed asset records and monitoring of advances.

Improperly reconciled bank accounts

i. The SPP Administrative account was not accurately reconciled as stale dated cheques totalling J\$283,200 were included in the list of un-presented cheques. Additionally, the Poor Relief and the New Beneficiaries Accounts showed reconciling items that were not adequately addressed.

Outstanding Advances

- ii. Contrary to GOJ guidelines, advances totalling US\$485,934 remained outstanding at March 31, 2013.
- 6.1.15 Management was advised to take the necessary actions to correct all the discrepancies highlighted.

PROGRAMME OF ADVANCEMENT THROUGH HEALTH AND EDUCATION (PATH) - GRANT FOR PATH CONDITIONAL CASH TRANSFER PROGRAMME IBRD/JSDF (GRANT) #TF 096923

- 6.1.16 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 was March 31, 2013.
- 6.1.17 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.
- 6.1.18 Our examination of the financial transactions and accounting records of the Project disclosed a generally satisfactory state of affairs.

HEAD 4100 - MINISTRY OF EDUCATION

EDUCATION SYSTEMS TRANSFORMATION PROJECT (ESTP) EDUCATION TRANSFORMATION CAPACITY BUILDING PROJECT GOJ/IBRD LOAN CONTRACT NO. 7815 - JM/OC-JA.

- 6.1.20 The International Bank for Reconstruction and Development (IBRD)/World Bank supports components 1, 2 and 3 of the Education System Transformation Project in the amount of US\$16M. 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.

Failure to Execute Bond Agreements

6.1.21 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, except for the Management's failure to ensure that bond agreements were completed for each employee who received Fellowship Training costing over \$300,000. Management was advised to take action to ensure the bond agreements are completed. Management subsequently indicated that the requisite bond agreements were being executed and that measures have been put in place to prevent a recurrence.



EDUCATION SYSTEMS TRANSFORMATION PROGRAMME (ESTP) SUPPORT FOR EDUCATION SECTOR REFORM 11 (ESPR 11)

- 6.1.22 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:
 - i. decentralizing decision making;
 - ii. increasing the capacity of teachers and administrators;
 - iii. strengthening monitoring and evaluation to provide more targeted support to schools; and
 - iv. creating mechanisms to mobilize more resources to meet the educational needs.
- 6.1.23 The Project comprises four 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
- 6.1.24 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;
 - iii. conducting a literacy survey; and
 - iv. staff support for the Programme.
- 6.1.25 There was general compliance with the Contractual Clauses of the project and the transactions and related records of the Special Bank Account were examined and found to be generally satisfactory.

5600, 5600A, 5600B - MINISTRY OF ENERGY AND MINING AND AGENCIES

ENERGY SECURITY AND EFFICIENCY ENHANCEMENT PROJECT (ESEEP) GOJ/IBRD Loan Contract No. 8007-JM

- 6.1.26 ESEEP is funded by a US\$15 million loan from the IBRD and is geared towards increasing energy efficiency and security through the implementation of the Government of Jamaica National Energy Policy.
- 6.1.27 The Project is expected to be implemented over a four year period from May 2011 to June 2015 and consists of three components:
 - i. Component 1: Strengthening the regulatory and institutional framework to improve sector performance, increase private investment and transition to cleaner fuels.
 - ii. Component 2: Developing the energy efficiency and renewable energy potential of Jamaica.
 - iii. Component 3: Project monitoring and evaluation.
- 6.1.28 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

6.1.29 The audit noted that the project was still running significantly behind schedule, and concerns were raised as to whether the project will be able to achieve its objectives. The management shared my concerns on this matter and has since indicated that they have implemented significant steps to ensure that Project Targets 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

- 6.1.30 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 agroprocessing value chain.
- 6.1.31 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.

Unauthorized bonus payments

6.1.32 For the financial year 2012-13 bonus payments totalling \$1.07 million were made to five employees. However, management failed to present the relevant authority for these payments. In light of this, the payments were deemed unauthorized. Management was advised to provide evidence that the bonus payments were legitimate or otherwise recover the amounts paid.

Delays in project implementation

- 6.1.33 Continued difficulties in the recruitment of project staff throughout the period under review contributed to the Programme's failure to complete and implement some planned activities during the period.
- 6.1.34 Management was again advised to carefully direct and monitor the components of the Programme to attain the Project's objectives and meet the set timelines.

EARLY CHILDHOOD COMMISSION AND THE EARLY CHILDHOOD DEVELOPMENT PROJECT -GOJ/IBRD LOAN AGREEMENT NO. 7554-IM

- 6.1.35 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.
- 6.1.36 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:
 - 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.
- 6.1.37 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 was scheduled for completion in September 2013.
- 6.1.38 We observed weaknesses in fixed asset management and information system controls and the payments process.

Outstanding Statutory Deductions

6.1.39 We noted that the Commission did not pay the employer's portion of National Insurance Scheme (NIS) and National Housing Trust (NHT) contributions related to teacher salary subsidies paid to Early Childhood Practitioners. The outstanding balance as at March 31, 2012 was \$90 million.

Overpayments

6.1.40 The Commission failed to take appropriate steps to ensure that practitioners were removed from the payment cycle upon separation from Early Childhood Institutions. Consequently, practitioners were overpaid sums totalling \$1.74 million during the period under review. Additionally, the Commission has not recovered \$6.4 million from practitioners for over payments made in prior periods.

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Section 7:

Activity Based and Compliance Audits

ACTIVITY BASED AND COMPLIANCE AUDITS

HEAD 0400 - OFFICE OF THE CONTRACTOR GENERAL (OCG)

7.1.1 The audit of the Office of the Contractor General revealed a generally satisfactory state of affairs. The few weaknesses identified were subsequently addressed by Management.

HEAD 0600 -OFFICE OF THE SERVICES COMMISSION (OSC)

- 7.1.1 The Office of Services Commission (OSC) is the administrative secretariat for the five Services Commissions. The role of the OSC is guided and defined by the constitutional provision for the existence of the Public Service Commission, the Police Service Commission, the Judicial Service Commission, and the provision in the statute for the Municipal Service and Parish Councils Service Commissions.
- 7.1.2 An audit of the OSC was conducted to ascertain whether the present governance activities of the OSC adequately and effectively support its mandate in the areas of:
 - i. Strategic Management and Risk Assessment;
 - ii. Management of Human Resources;
 - iii. Operational Processes; and
 - iv. Internal Control Activities.
- 7.1.3 OSC has the proper organizational structure to govern its operations. However, its ability to deliver human resource services to the public sector was adversely affected by numerous administrative and internal control weaknesses. These weaknesses include the failure to document and implement various processes and non-maintenance of proper and complete records.



HEAD 1510 - Jamaica Information Service (JIS)

7.2.1 An audit of the accounting records and financial transactions of the Jamaica Information Service revealed a generally satisfactory state of affairs.

HEADS 1700, 1700A - MINISTRY OF TOURISM (MOT) AND AGENCIES

MILK RIVER BATH HOTEL AND SPA

- 7.2.2 We audited the accounting records and financial transactions of the Milk River Bath Hotel and Spa to assess whether its operations were in compliance with the Milk River Bath Act and the Government of Jamaica regulations. The audit revealed a generally satisfactory state of affairs; however, there were some weaknesses in the controls governing the preparation of payment vouchers.
- 7.2.3 Payments totalling \$222,031 were made without evidence that the payment vouchers were certified. Additionally, the relevant supporting documents detailing the terms and conditions of employment for two officers who were paid amounts totalling \$97,950 was not seen.

HEAD 1800 - OFFICE OF THE PRIME MINISTER (LOCAL GOVERNMENT

Jamaica National Heritage Trust (JNHT)

- 7.2.4 The audit revealed a generally satisfactory state of affairs. However, a few weaknesses were noted in, staff loans and advances, fixed asset management, internal audit and corporate governance.
- 7.2.5 In the area of corporate governance, the Trust was not compliant with sections 144 and 145 of the Financial Administration Audit Act. Financial Management Regulations 2011 as an approved risk management policy was not presented. In addition, the Trust was not compliant with section 7(1) of the Public Bodies Management and Accountability Act and section 12(2) of the Financial Management Regulations 2011 as it relates to the submission of a corporate plan and operation plan to the Minister.

HEAD 2000, 2000A, 2000B - MINISTRY OF FINANCE AND PLANNING

HEAD 2011- ACCOUNTANT GENERAL'S DEPARTMENT

7.2.6 The audit of the Accountant General's Department (AcGD) accounting records and financial transactions revealed weaknesses in the internal controls governing the management of bank and trust fund accounts and preparation of related financial statements. Many of the weaknesses highlighted were the subject of previous audit reports. We have identified that one of the major causes of the recurring problems is the manual system used by the AcGD to prepare the statements. The AcGD record keeping system is still manual. We have identified this as a major contributing factor to the recurring discrepancies.

Statement Discrepancies

7.2.7 The AcGD did not implement adequate control over the preparation of Financial Statements to ensure that all loan transactions were accurately recorded therein, in accordance with the financial reporting framework. Consequently, I could not express an opinion due to the discrepancies identified between the statements and the audit evidence gathered.

Discrepancies in Accounting Records for Loans Agreements between MOF and AcGD

- 7.2.8 We identified differences of J\$129.2 billion and US\$109.4 million between the accounting records maintained at the MOF and those maintained at the AcGD (Appendix 10). Our investigation also disclosed that the MOF is not submitting GOJ's loan obligations concerning the JDEX and NDEX on a timely basis. This will impair the AcGD's ability to prepare and present reliable statements on the public debt. These omissions may contribute to inaccurate reports, which might adversely affect the Government's strategic decisions. Failure to maintain proper and accurate records also constitutes a breach of Section 24A (2) of the FAA Act.
- 7.2.9 The AcGD advised that there has been a problem with the reconciliation, since the implementation of Jamaica Debt Exchange (JDEX) and the National Debt Exchange (NDEX). The AcGD also reported that the nominal values of instruments continue to change without any explanation. The AcGD also indicated that letters have been written to the Financial Secretary on the matter.

Failure of the MOF to Reconcile Old Investments Exchanged in JDEX and NDX

7.2.10 Since the implementation of the debt exchange in February, 2010 and February, 2013, the MOF failed to reconcile the value and number of old investments, which were exchanged in the JDEX and NDX issues. In the absence of proper reconciliation, the AcGD will not be able to identify errors that may have occurred during the debt exchange process. Further, this has impacted on accurate and timely reporting of transactions in connection with the public debt.

Inadequate System to Verify Loan Receipt

7.2.11 The system used by the AcGD to verify loan proceeds lodged to the Consolidated Fund was not working as intended. Consequently, the AcGD did not present evidence to indicate whether loan proceeds from 21 loans, shown in **Table 8**, were lodged to the Consolidated Fund. Section 114 of the Constitution of Jamaica requires that all revenue received by the Government must be lodged to the Consolidated Fund.

Table 8

Amount of Loans	Loan Amounts
17	US\$1.792 billion
2	Euro 350 million
1	Yen 2.025 billion
1	RMBY487.0 million

7.2.12 Additionally, the AcGD was not aware of loan disbursements made to the Government, totalling US\$12.244 million, until the lender submitted invoices in subsequent periods. Furthermore, the AcGD did not present evidence to indicate whether US\$4.046 million of these disbursements was deposited into the Consolidated Fund.

No Evidence to Support Approval for Advances Made From Universal Access Fund

7.2.13 We noted that amounts totalling US\$78.415 million were advanced from the Universal Access Fund (UAF), in 2009, for public debt payments. We were not provided with the requisite approval for the transfer of US\$60.09 million.

Bank Reconciliation not Completed in a Timely Manner

7.2.14 The reconciliations of five bank accounts were in arrears for periods ranging from three to 10 months. Our review of bank reconciliation statements for 10 accounts revealed several reconciling items being carried on the statements for protracted periods, (earliest date noted was 1980). We were therefore unable to determine whether authenticity of unresolved debits and credits totalling \$401.2 million and \$19.3 million respectively. The AcGD may be exposed to the risk of fraud and loss of public funds if the bank accounts are not reconciled monthly and adjusting items are not investigated and cleared on a timely basis.

HEAD 2012 - JAMAICA CUSTOMS DEPARTMENT

- 7.1.4 In April 2013, the Jamaica Customs Department began to fully operate as an executive agency known as Jamaica Customs Agency (JCA). This arm of Government was established with the primary responsibility for the assessment and collection of customs duties, fees, penalties and taxes due on imports. It is a principal contributor to the Government's treasury and collects approximately 35 per cent of the annual tax revenue. The JCA's activities are governed by the Jamaica Customs Act and Customs Regulations (1955). Section 19, of the Customs Act outlines the methods of valuation, which is in keeping with the World Trade Organization (WTO) Agreement.
- 7.1.5 The JCA's Valuation Verification Unit (VVU) is one of three sections of the Valuation Division. The VVU is responsible for the pre-clearance verification of declared values of imported goods for duty purposes.
- 7.1.6 An audit was conducted to assess the efficiency and effectiveness of the system governing the levying of duties on imports. The audit focused on three areas, namely research conducted for custom value/verification, the JCA and operation of the VVU, and the appeals process.
- 7.1.7 The findings of the audit highlighted operational weaknesses at the JCA, which impair its ability to consistently determine appropriate and objective valuation of imports.

JCA did not have a Uniformed Research Methodology for Customs Valuations

7.1.8 The JCA did not establish formal guidelines to ensure that research activities are conducted in a structured and transparent manner. We found that the JCA does not have centralized data storage of information, to facilitate research for valuation. Further, the valuation process was manual, cumbersome and inefficient, and there was no common methodology to aid research for customs' valuations. The values imposed on the commodities were based on pricing reference information maintained by individual officers. In the absence of centralised data on commodity prices, each customs officer compiled their own file with copies of supplier invoices, catalogues and prices from internet sources which they use to value imports. These invoices are reportedly from trustworthy importers, and are maintained in files according to countries and item type.

JCA did not maintain a Valid Price Reference to Aid Valuation Verification

- 7.1.9 Valuation verification is conducted to confirm the correctness of the price declared by the importer for its goods. The primary basis used for the valuation of imports for customs purpose is the transaction value of the imported goods. However, in the absence of an invoice alternative methodologies, such as the transaction value of similar goods or identical goods are used. The Valuation Research Unit (VRU) is expected to gather, sort and maintain accurate pricing information on imported commodities for use by the VVU. However, we found that they do not maintain data on current commodity prices to allow the VVU to verify the declared value.
- 7.1.10 Our review of the system revealed the JCA did not have valid price reference data for most products imported. Further, the price reference files maintained by officers contained outdated invoices up to 360 days. This contravenes Section 19 of the Customs Act, which requires that price reference data should be 90 days prior to or subsequent to importation. The use of dated invoices creates inconsistencies and inaccuracies in the valuation of imported goods.

RECOMMENDATION

JCA should develop and implement formal policies and procedures for conducting valuation research. We believe that this will ensure consistency in the valuation process.

Metacube Explorer System is not Meeting the Needs of JCA

- 7.1.11 The Metacube Explorer System is a software used by JCA to analyse and interpret historical information extracted from C78 entries to enable research. However, it only facilitates research for Bill of Sight items such as motor vehicles. We found the following short comings with this system:
 - a) The system was not integrated with the Valuation Intelligence Risk Management System (VIRMS) to allow customs officers access to information on current commodity price valuation for verification purposes. Further, the system does not enable valuation research, as the unit value of commodities are not recorded to facilitate comparison with the unit values declared on the import entries. This impedes the prompt verification of declared values to detect under invoicing and ensure that the correct duties are charged. To update the research system, customs officers employ a

- laborious and time consuming process to filter price reference data from the system so that they can arrive at an appropriate valuation for commodities.
- b) Further, the prices maintained on Metacube were the values declared by the importer on the C78 entry. In cases where imports were revalued, Metacube does not allow the declared value to be updated.

Lack of Interconnectivity of JCA Software Creates Difficulties for Valuation

- 7.1.12 We found that the electronic systems, such as the Cargo Processing System, Customs New Cashier Remittance System (CNCRS), E-Manifest, E-payment, used by the JCA to process revenue at the various locations island-wide, are not interconnected.
- 7.1.13 Additionally, the two systems used in valuation activities, VIRMS and the Cargo Processing System (CPS) were not integrated, thus preventing the automatic upload of details relating to unit prices of imports to facilitate research. Consequently, customs officers are denied access to a single database of updated information on commodity prices. We found that to update the VIRMS with commodity prices, the two officers in the Valuation Research Unit are required to employ a manual process of inputting data on commodity prices. This may have contributed to the system containing outdated price reference data, since it takes a longer time to update the system manually. The lack of inter-connectivity of all systems provides loopholes for importers to manipulate the system without detection, by shifting transactions from one location to another.

Inconsistencies in Operations

7.1.14 We noted that in Kingston, additional duties for revalued imports are paid by way of a Revenue Deposit Receipt (RDR), while the RDR is not used in Montego Bay. The Montego Bay operations do not allow JCA to account for the revenue earned by way of revaluations, because the new entry would be treated as the original transaction value. This deficiency exposes the JCA to the risk of under reporting of revenue. We believe that the Montego Bay operations could benefit from greater efficiencies if the RDR system used in Kingston is replicated there.

Documents were not Maintained to Support Valuation Methodology

7.1.15 The VVU should maintain appropriate records of invoices and other documentary evidence to support the basis of the valuations used to decide on customs duties. We examined a sample of 22 files, which were referred to VVU and found that these files were not properly maintained and stored, to preserve the information regarding the research method used for price determination. Consequently, we were unable to determine the bases for nine rejections and five acceptances, of transaction values totalling US\$222,474 and US\$128,636 respectively. These weaknesses may hamper JCA's ability to analyse and make realistic forecasts on revenue collections.

JCA did not Ensure that Provisional Values are Finalised

7.1.16 The JCA's current practices do not ensure that, in all instances, documents presented by importers reflect the true value of the items, and that amounts duly owed to government are collected. Our review of 22 customs entries revealed that the JCA failed to determine the final assessments for eight entries for which it applied provisional values totalling US\$716,944. The related files for these entries did not provide any evidence that the JCA sought additional information to satisfy itself that the goods were not undervalued.

RECOMMENDATION

JCA should implement the necessary procedures, which will ensure that the entries for which provisional valuations are determined are finalized within three months, in keeping with Section 82 of the Customs Act.

Inadequate Training of Staff in the Valuation Unit

7.1.17 We found that staff members engaged to conduct valuation activities possessed the required entry level qualifications for their job. However, the JCA did not have a development plan that ensures that staff members assigned to conduct valuation verification activities are equipped with the specific knowledge and skills to properly undertake their function. For example, only 5 of the 22 officers assigned to the Unit had been formally trained in valuation and verification techniques. The lack of adequately trained staff will impact the efficiency and effectiveness of the valuation and revenue collection processes.



POOR GOVERNANCE OF THE JCA'S APPEALS PROCESS

The Administration of the Internal Review Committee Lacked Transparency

- 7.1.18 An Internal Review Committee was formed to address appeals of the JCA's valuation process. We found that no terms of reference were established outlining the main functions and objectives on which the committee can be held accountable. The Committee comprises three officers of the JCA. The Committee had no set quorum and we were unable to determine the criteria for selection of its members. JCA informed us that persons were selected based on the nature of the importer's appeal. JCA did not provide training in valuation techniques to the officers who served on the Committee.
- 7.1.19 JCA did not maintain minutes of the appeals proceedings. Only an action sheet was seen on file with the decisions taken. Additionally, we were unable to determine the reporting responsibilities of the Committee. We were advised that the Committee meets at least twice per week to deal with appeals, but we were unable to verify this due to the absence of minutes of the meetings held. The foregoing constitutes a weakness in the administration of the Internal Review Committee, which lacks transparency and provides no assurance that the review was conducted in an unbiased and fair manner.

Inadequacies in the Review Process led to Refunds to Importers

7.1.20 The JCA refunded approximately \$100 million to importers during the financial period 2010-11 to 2012-13 as a result of appeal rulings, which were in favour of the importers. We examined four appeal files and found that they did not contain adequate information on the methodology and additional documents, which the committee used to arrive at its decisions. The decisions reached by the Tax Appeals Department (TAD) in these cases stated, among other things, that JCA did not conduct proper research to satisfy themselves of the accuracy and truth of documents presented by the importers in keeping with Section 19 (2) of the Customs Act.

RECOMMENDATION

The JCA should formalise the operations of the Internal Review Committee to establish a charter, which sets out, among other things, the composition of the Committee, roles and responsibilities of members, tenure, and reporting requirement. Further, the JCA should ensure that minutes of meetings are maintained and Committee members are trained. Internal audit should conduct independent reviews in this area to ensure that the policies and procedures implemented are being adhered to and applied consistently.

JAMAICA CUSTOMS AGENCY WAIVERS

- 7.1.21 The Minister of Finance, under the Customs Act, has the discretionary power to grant waivers. The waivers provide special allowances or incentives to individuals, organizations or targeted sectors, which in the Government's estimation will spur production and economic development. Individuals or organizations wishing to obtain exemption of duty must apply to the Minister of Finance and Planning for the waiver of such duties before the importation of goods. Having received approval, the Jamaica Customs Agency (JCA) is responsible to apply the waiver to the items imported.
- 7.1.22 In granting waivers, the Government is foregoing taxes and duties on certain imports. Therefore, the process should be managed efficiently and effectively to ensure reciprocal benefits for the country. In keeping with the terms of the Memorandum of Understanding dated November 9, 2010, between the Jamaica Customs and the Auditor General's Department, we conducted an audit of waivers granted. The main objective was to assess the effectiveness of the administration of waivers.

Inefficient and Inadequate Write-off Process

7.1.23 The JCA did not implement a proper system to ensure that import duty waivers were only granted in accordance with the letter of approval given by the Minister of Finance. We found that the system implemented by the JCA to write off the actual imports against the approved waivers was inefficient and inadequate. The system was manual, thus resulting in the process being tedious for balancing and providing the proper audit trail. The JCA wrote information relating to the actual cost and quantity of items imported on the back of the waiver document, or sheets of paper, which were at times unclear. This shortcoming limited the scope of the audit verification.

JCA Failed to Reconcile Actual Imports to Approved Waivers

7.1.24 We also identified that letters of approval (waivers) were granted in one currency; however, the JCA applied different currencies against the waiver. Further, we saw no evidence that the JCA converted and reconciled the actual value of imports against the currency authorised in the waiver letter. Items imported under approved waivers were not always shipped on one entry or on the same date. Again the JCA did not tally, balance or reconcile actual imports against the approved waiver. Based on this inadequate system, we could not determine whether there were entries outstanding to be applied or whether actual imports had exceeded the limit of the approved waiver. These deficiencies could give rise to revenue

leakage, as imports that did not receive tax exemption could be applied against approved waivers.

Failure to Close Expired Waivers

7.1.25 At the date of reporting, the JCA did not close 41 waivers that had expired between December 2010 and July 2013. The JCA's failure to close these waivers exposes the Department to the risks of irregularities and revenue losses, as imports not entitled to waivers could be applied against the waivers that are not closed.

Discrepancies in the Application of Imports Against Waivers

7.1.26 Our checks of the waiver records and C78 query system revealed that imports valued at US\$1,654, J\$6.2 million and £46,442 were incorrectly applied against four approved waivers. These discrepancies were not identified by the JCA. The failure of the JCA to implement independent checks and a proper write off process may impede the JCA's ability to detect, prevent and correct errors and irregularities in a timely manner. The Government could be losing significant revenue from these shortcomings.

RECOMMENDATION

Given the heightened risk environment and weak control over the write-off process, the JCA should review the process underpinning the application of actual imports against the approved waivers. One option to mitigate the risk outlined is through automation of the write-off process. In doing so, the JCA should ensure that actual imports are reconciled against approved waivers. This system should be maintained on a perpetual basis to show the actual imports applied to a particular waiver, and the balance that is available at any given time. Additionally, imports invoiced in currencies, other than the currency approved in the waiver, should be translated and reconciled to ensure that actual imports are in keeping with the approved value.

Discretionary Waivers Granted Before Importers are Investigated

7.1.27 It is prudent that the Government implements a process of evaluation of prospective beneficiaries of waivers with respect to financial, legal and other pertinent information. The information obtained should be used to inform decision making process for the granting of waivers. We found that the process of approving waivers does not lend itself to detailed checks prior to the granting of waivers. We noted that the Revenue Protection Division (RPD) conducts investigations after the waivers are approved by the Minister of Finance. Therefore, the Government will not know

whether the applicant is actively engaged in the stated sector, or is operating lawfully or contributing to the economy.

Importers receive waivers despite tax non-compliance

7.1.28 Consequent to the above, we found that 11 importers who were granted waivers valued at \$4.2 billion, for the period under review, owed the government \$1.4 billion in Company PAYE, Education and General Consumption taxes for periods up to 2011-12. The Country does not stand to benefit, as tax waivers represent potential revenue that the government has given up. This, therefore, means that the GOJ is deprived of revenue both ways when importers who benefit from tax waivers are not paying taxes.

Absence of a System to Track Certain Goods Imported Under Concession

- 7.1.29 We identified that 106 excavators, valued at CIFJ\$1.2 billion, were imported during the period 2011-12 under a 100 per cent duty concession. However, these excavators were not registered on any system to capture the stipulated conditions of the concession or restriction of transfer. Section 32 (1) of the Customs Act stipulates that goods imported under the special concession should not be transferred before three years, otherwise the full duty becomes payable.
- 7.1.30 Our review also noted that five forklifts with CIF value of J\$11.6 million were imported on condition that they should not be disposed of within a year of acquisition. The forklifts did not attract import duty, and we did not see where they were registered on any system to capture the restriction of transfer.
- 7.1.31 In the absence of a system to record the special conditions for importation of goods/equipment of this nature, it would be difficult to determine whether they were disposed of before the stipulated timeframe, as well as whether the other conditions of the waivers were fulfilled. This could result in the Government losing much-needed revenue if these goods are transferred before the statutory timeframe. The equipment could also be sold by unscrupulous importers at windfall profits from which the Government would not benefit.

STATISTICAL INSTITUTE OF JAMAICA (STATIN)

7.1.32 An audit was conducted to assess the corporate governance practices at the Statistical Institute of Jamaica (STATIN) to determine whether STATIN was operating within the Corporate Governance Framework and the regulatory requirements that govern its operations.

Weak Oversight of Internal Control Systems and Internal Audit

- 7.1.33 STATIN's internal control structure and systems were not being monitored. At the time of our review, the "Audit Committee", which has oversight responsibility for this area, was non-functional. Our investigations revealed that the Audit Committee has only met on four occasions with the Internal Auditor since 2006; the last of, which was in June 2011. STATIN explained that the "Audit Committee" seldom had meetings because it did not have a quorum.
- 7.1.34 STATIN's ability to generate additional income from the execution of local and international projects may be impeded, as adequate controls were not implemented over the management of these projects. We found that STATIN did not have documented policies and procedures to govern the management of projects. We were unable to determine whether nine projects carried out at a cost of J\$1.6 billion were completed within the budgeted timeframe, as the project files did not clearly state the actual dates of completion. Project close out reports, which should be done at the end of each project to provide details of how projects were managed were not done for two of the 10 projects files we reviewed.
- 7.1.35 STATIN's inability to identify competent project managers and staff negatively impacted the efficient completion of two projects, and contributed to its failure to meet one of its performance targets. The delay in the execution of a project resulted in the loss of grant funding amounting to US\$259,162.
- 7.1.36 In addition, STATIN did not have documented policies and procedures for costing projects. Consequently, we were unable to determine whether STATIN was recovering all its overhead costs in the pricing of projects.



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

HEAD 2622: POLICE DEPARTMENT

- 7.2.15 The audit of the Appropriation Accounts, financial transactions, accounting and other operational records of the JCF revealed weaknesses in the controls over motor vehicles, furniture, and equipment. There was no evidence that the JCF maintained the prescribed log books for 16 motor vehicles that were assigned to various divisions.
- 7.2.16 Additionally, the JCF's Fixed Assets Register had not been updated since 2008. The JCF's records show expenditure on the purchase of equipment (capital goods) amounting to \$208.4 million during the period April 2010 to March 2013, however, the Fixed Assets Register was not updated to reflect the items acquired in accordance with the Government's Procedure Manual on Control of Government Furniture, Office Machines and Equipment.
- 7.2.17 We also found discrepancies relating to the preparation and presentation of the Appropriation Accounts in particular the treatment of virements. Additionally, the JCF failed to submit Annual Returns for 2011 and 2012 to the relevant agencies in accordance with the Income Tax Act.
- 7.2.18 Management was advised to take the appropriate corrective actions to strengthen its system of internal controls and reduce the risk of loss.

THE FORENSIC SERVICE LABORATORY (FSL)

- 7.2.19 The Forensic Service Laboratory (FSL), which falls under the ambit of the JCF, has the responsibility to conduct pathological examinations and forensic analyses of physical evidence submitted by law enforcement officers and other investigative agencies. Reports generated by FSL are used by law enforcement and other investigative agencies during their investigations in addition to the presentation and interpretation of forensic evidence in the courts. FSL's goal is to provide scientific, technical and advisory services in crime detection, civil matters and natural disasters through the distinctive and effective use of science, medicine and technology.
- 7.2.20 We conducted an audit of the operations of FSL to determine whether FSL has systems in place to monitor performance to ensure the achievement of its objectives; and to assess the robustness of FSL's quality control systems. The audit also assessed FSL's governance framework.

FSL not Driven by a Single Legislative Framework

- 7.2.21 We found that FSL is not governed by a specific legislative framework in the execution of its mandate. Instead, FSL conducts forensic analyses in an administrative capacity based on the provisions designated under 16 separate Acts. These Acts allow for the analysis of evidence and exhibits by government analysts, chemists or ballistic experts for the preparation of certificates as evidence in court proceedings. However, they do not perform a regulatory role. The International Standard Organisation (ISO) 17025 dictates that the legal identity of laboratories be defined to ensure that they comply with international standards in conducting tests and are operating with documented standard operating procedures.
- 7.2.22 FSL has taken steps to obtain accreditation from the Jamaica National Agency for Accreditation (JANAAC), to attest that it is operating in line with best practice. JANAAC will base its accreditation of FSL on the International Laboratory Accreditation Corporation (ILAC) Standard. We reviewed 20 ILAC standards and found that FSL has only met 10. FSL informed us that based on its own estimation the laboratory is 40 per cent compliant with ILAC Standards. FSL also indicated that the MNS in collaboration with the Department of Foreign Affairs and International Trade (DFAIT) in Canada developed a two-year capacity-building project proposal for the strengthening of FSL. However, the project proposal is still awaiting the approval of DFAIT.
- 7.2.23 In keeping with international standards, FSL is required to be an independent body and its key personnel should be free from any

undue influence and potential conflicts of interest. However, FSL is a department within JCF and receives its budgetary allocations under the JCF recurrent budget, managed by JCF Finance Branch. In addition, 24 ballistic experts and technical officers assigned to FSL are police officers, who inevitably conduct forensic analyses on evidence in cases involving their colleagues. These circumstances could give rise to potential conflicts of interest and FSL's independence and that of the 24 ballistic experts and technical officers could be compromised. ISO/IEC 17025 (4.1.4) states, "If the laboratory is part of an organization performing activities other than testing and/or calibration, the responsibilities of key personnel in the organization that have an involvement or influence on the testing and/or calibration activities of the laboratory shall be defined in order to identify potential conflicts of interest."

7.2.24 The Standard further notes, "If the laboratory wishes to be recognized as a third-party laboratory, it should be able to demonstrate that it is impartial and that it and its personnel are free from any undue commercial, financial and other pressures which might influence their technical judgment." During a focus group discussion with FSL's stakeholders, concerns were expressed that FSL's current structure may expose its staff to undue influence, which might impair its technical judgments.

Slow progress in Enacting DNA Database Legislation

- 7.2.25 Slow progress in enacting DNA database legislation is delaying improvements in FSL's forensic capability to meet international standards. In 2007, JCF engaged the services of the United Kingdom-based Forensic Science Service (FSS) to conduct a Scoping Study to evaluate the existing capabilities of FSL and to make recommendations for the upgrading of the laboratory to meet international standards. The Study recommended the development of a programme of work under four strands, to upgrade the forensic science capabilities in Jamaica. The first strand of work recommended by the Study was for the development of a National DNA Database with all associated legislation to support it. To date, this legislation is not yet in place.
- 7.2.26 MNS informed us that the Chief Parliamentary Counsel (CPC) completed the first draft Bill to support the DNA legislation and the MNS made relevant comments and suggestions and returned the document to the CPC for the preparation of the second draft. Six years after the study, MNS was still unable to give a proposed timeline for the completion of the process for the enactment of the legislation to support the National DNA Database in order to improve FSL's forensic capabilities to international standards.

FSL's Quality Control Process Remains Undocumented and Driven by Informal Practices

- 7.2.27 FSL's operations comprise five scientific disciplines, which support the investigation of crimes and presentation of evidence in the courts. These are Ballistics, Chemistry, Biology, DNA and Pathology services. Except for the Biology Unit, FSL does not have in place Quality Assurance (QA) Manuals establishing the quality procedures for its general operations. Instead, these units follow a set of informal QA practices. ILAC Guidelines for Forensic Science Laboratories 5.9.1(a) states, "Analytical performance should be monitored by operating quality control (QC) schemes which are appropriate to the type and frequency of testing undertaken by a laboratory. The quality control procedures necessary should be determined by the laboratory responsible for the work, based on professional practice documented and records retained to show that all appropriate QC measures have been taken, that all QC results are acceptable or, if not, that remedial action be taken." FSL only maintains a QA Manual to direct the activities of the Biology Unit.
- 7.2.28 In addition, FSL did not engage the service of a Quality Manager, in line with best practice, to ensure consistency in quality assurance across operational units. ISO/IEC: 17025 (4.1.5) states, "The laboratory shall appoint a member of staff as quality manager (however named) who, irrespective of other duties and responsibilities, shall have defined responsibility and authority for ensuring that the management system related to quality is implemented and followed at all times; the quality manager shall have direct access to the highest level of management at which decisions are made on laboratory policy or resources."

Increased Demand for Forensic Analysis and Resource Shortage Negatively Impacting FSL's Effectiveness

7.2.29 Demand for forensic analyses for three scientific disciplines, Chemistry, DNA and Biology increased by 47 per cent over six years. FSL's records show that between January 2007 and December 2012, FSL received 52,657 case submissions for forensic analyses under the three disciplines. However, FSL was able to complete only 65 per cent of these cases.

- 7.2.30 The total annual submissions, under the three forensic disciplines, increased from 6,782 in 2007 to 9,966 in 2012, representing a 47 per cent increase. However, we noted a reduction in the percentage of cases FSL completed each year. In 2007, FSL completed 73 per cent of the 6,782 cases submitted, while it only completed 52 per cent (5,132) of the 9,966 cases submitted in 2012. Consequently, the number of outstanding cases has increased from 1,821 (27 per cent) in 2007 to 4,834 (49 per cent) in 2012. FSL's only completed 31 per cent of the cases submitted for DNA analyses and 51 per cent of biological cases. We noted that FSL completed 99 per cent of the cases requiring chemistry analyses.
- 7.2.31 FSL's stakeholders indicated that delays in preparing forensic certificates negatively affect the speed with which they can complete their investigations. A stakeholder indicated that as at August 2013 it was awaiting 634 certificates, of which 75 (12 per cent) relate to cases initiated in 2013. On the other hand, we found that 1,633 completed certificates were at FSL's office as at May 2013 to be collected by police officers from various divisions island wide, some of which were prepared in 2011.

FSL's Reported Turnaround Time for Forensic Analyses Ranges from 14 Days to 12 Months:

- 7.2.32 It is taking FSL up to one year to conduct forensic analysis and prepare the related forensic certificate for criminal cases. The United Nations Office on Drugs and Crime (UNODC) Criminal Assessment Toolkit measures turnaround time as, "the average number of days/weeks a case remains in the laboratory before being reported". However, FSL measures turnaround time from the date the analysis process commences, instead of the date it receives the exhibit from the agency. FSL's method of measuring its analysis process understates the time actually taken to conduct its examinations.
- 7.2.33 Information obtained from the Fourth Report of a Joint Select Committee in Trinidad and Tobago (T&T), for the period 2006-07, revealed that the average turnaround time to process narcotics is one month; while FSL's turnaround time is two to three months. T&T's turnaround time for toxicology testing, which deals with bodily fluids in respect of drugs and poisons, ranges from three weeks to one month; while FSL's turnaround time ranges from three to seven months. It is important to note that T&T methodology for measuring turnaround time is in keeping with best practice.

7.2.34 Our effort to validate FSL's actual turnaround time was futile, as FSL did not maintain a consistent unique reference number for exhibits from submission through to the preparation of forensic certificates. The practice of changing the reference number of the exhibits as they pass through the various departments for analysis prevented us from linking the initial reference number to the final reference number on the forensic certificate. The length of time it takes FSL to complete forensic analyses and certificates, according to stakeholders, contributes greatly to delay in investigations and backlog of cases in the courts.

Staff and Equipment Shortage Affecting FSL's Ability to Complete Timely Forensic Analyses:

- 7.2.35 FSL attributed the inefficiency in the timely completion of forensic analyses and resulting backlog in outstanding forensic certificates to the issue of staff and equipment shortage. FSL requires the service of qualified forensic and ballistic experts to perform forensic analyses on exhibits; forensic analysts to conduct peer reviews of forensic analyses; and administrative personnel to prepare written forensic certificates. In addition to conducting peer reviews, the analysts are also required to attend court as expert witnesses on a regular basis, which further reduces the time to analyze evidence. All tests and analyses are conducted by 27 forensic and scientific officers employed to FSL in addition to 24 ballistics officers (Police Officers) and three pathologists from the Legal Medicine Unit of ICF.
- 7.2.36 FSL noted that it requires, in the medium-term, an additional eight technical officers at minimum three analysts, four forensic officers and one ballistic expert to improve efficiency.
- 7.2.37 In 2007, JCF engaged the services of the United Kingdom-based Forensic Science Service (FSS) to conduct a Scoping Study to evaluate the existing capabilities of FSL and to make recommendations for the upgrading of the laboratory to meet international standards. The Scoping Study report highlighted the issue of staff shortage as a problem negatively affecting FSL's operation and noted that the current available staff is not being efficiently utilized. The Study recommended the upgrading of FSL's existing laboratory. This would involve a programme of staff training and recruitment, investment in scientific equipment, and implementation of a quality management system.

7.2.38 In addition, except for the Biology and DNA Unit, FSL failed to set performance targets to ensure the monitoring and measurement of actual work performed by each team or individual staff to improve operational efficiency. Performance targets are critical benchmarks to ascertain whether employees are performing efficiently and by extension meeting the objectives of the organisation. The absence of performance targets presents difficulties in accurately assessing the efficiency of FSL. While the stakeholders concurred that accuracy of forensic certificates and FSL's analysts testimony remain unquestioned and were able to stand up to scrutiny, issues such as turnaround time, outstanding forensic certificates, lack of staff and insufficient equipment were their main concerns.

RECOMMENDATION

FSL should conduct a review of its operational processes with a view to identify deficiencies and implement initiatives geared towards greater productivity and efficiency. FSL should also seek to set targets against which they can measure their productivity. JCF and MNS should also review the current staffing arrangement of FSL to determine the extent to which the current structure can be reorganized to improve the staff/case ratio.

THE FIREARM LICENSING AUTHORITY (FLA)

- 7.2.39 The Firearm Licensing Authority (FLA) was established in 2005 by an Act of Parliament as a statutory organization within the Ministry of National Security in accordance with Section 26A of the Firearms Act. The authority is commissioned to execute the functions of 26 B(1) of the Firearms Act which are to:
 - 1) receive and consider applications for firearm licences, certificates or permits;
 - 2) grant or renew firearm licences, certificates or permits;
 - 3) revoke any firearm licence, certificate or permit granted under the act;
 - 4) amend the terms of the firearm licence, certificate or permit; and;
 - 5) receive and investigate any complaint regarding a breach of a firearm licence certificate or permit,
- 7.2.40 The Authority commenced operations in February 2006 and until September 2009 was partially funded from the Consolidated Fund. However, FLA became a self financing public body in October 2009.
- 7.2.41 The audit revealed a generally satisfactory state of affairs. However, weaknesses were noted in payment of mileage allowances and controls over the Authority's closed user group telephone facility. The Authority also failed to present a contract for the security services provided during the year at a cost of \$17.5 million.

HEAD 2800, 2800A, 2800B - MINISTRY OF JUSTICE

HEAD 2830 - ADMINISTRATOR GENERAL'S DEPARTMENT

- 7.2.42 The Administrator General's Department (AGD) was established in 1873, to administer the estates of deceased persons on behalf of minors, beneficiaries and creditors of estates. The Administrator General is subject to the control of the Supreme Court Judicature and, being an Officer of that Court, is accountable to it for the due and efficient discharge of his duties.
- 7.2.43 We conducted an audit to determine whether the Administrator General's Department was efficiently and effectively administering estates under its control.

Insufficient Information Prevented Assessment of the Effectiveness of Backlog Project:

7.2.44 As at May 2013, AGD was administering approximately 8,000 estates, of which 4,332 (54 per cent) valued at approximately \$405 million were categorized as backlog. These 4,332 estates comprised of cases dated between 20 to 70 years after the death of the estate owners. The AGD implemented a project in 2009, to reduce the number of backlog cases. Over the period 2009 to May 2013, the AGD closed 1,075 (19 per cent) of the case files. At the current average rate of 864 backlog cases per year, it may take AGD at least five years to clear the existing backlog.

Arrears in Estate and Trust Accounts Delays Payments to Beneficiaries:

- 7.2.45 AGD was in breach of the Administrator General's Act by not updating estates' records on a timely basis. As at September 4, 2013, 945 estate accounts were in arrears for periods up to three years. We found that AGD's inability to locate related ledger cards and the volume of transactions being processed manually contributed to the delays in updating the estate accounts. This will impede the AGD's ability to determine the true value of each estate account in its portfolio at any given time.
- 7.2.46 AGD reported that although their policy is to disburse funds only to beneficiaries with updated accounts, beneficiaries whose accounts are in arrears are given advances. AGD is currently conducting a tender process to acquire the Trust Estate Management software to automate its internal business processes to address some of the inefficiencies in the system. The software is expected to process all aspects of the Agency's estate administration and it is anticipated

that the new software will facilitate a smoother flow of and easier access to information.

AGD Faces Challenges Collecting \$22 Million Rental Income:

7.2.47 As at April 2013, 365 (68 per cent) of the tenants occupying dwellings administered by the AGD were in arrears of rental payments for amounts totalling \$22 million for periods up to 10 years. Of the \$22 million, \$4.1 million is deemed unrecoverable, despite legal actions taken by AGD, as these tenants had no assets to settle their debt. We found that AGD was not making any effort to have the tenants evicted from the properties. However, AGD indicated that it might be more beneficial to leave the tenants on the property to avoid vandalism and squatting.

RECOMMENDATION

The AGD should ensure strict adherence to the Administrator General's Act by keeping complete and accurate account of all transactions with respect to estates and trusts vested in or administered by the Department. We encouraged AGD to have the proposed acquisition and implementation of a trust and estate management software (TEMS) completed as soon as possible. Additionally, management should aggressively pursue delinquent tenants to collect outstanding rent, whilst devising strategies to alleviate vandalism and squatting on the related properties.



HEAD 2832 - OFFICE OF THE TRUSTEE IN BANKRUPTCY

- 7.2.48 The Office of the Trustee in Bankruptcy (OTB) administers the affairs of bankrupt individuals and companies that are being wound up through the courts. The Trustee in Bankruptcy is the constituted Provisional Liquidator.
- 7.2.49 The OTB is required to implement a system of corporate governance to ensure openness, transparency and accountability in its operations. Our audit focused on an assessment of the frameworks in place to support good governance.

Governance Practices

7.2.50 We found that the OTB has in place the necessary infrastructure to support proper planning, implementation and monitoring of its strategic and operational plans. We also noted that reasonable procedures were followed in the execution of certain administrative aspects of the management of human resources. However, despite its best efforts, the entity failed to achieve certain strategic objectives.



HEAD 2854 - THE COURT MANAGEMENT SERVICES (CMS)

ADMINISTRATION OF WARRANTS AND COMMITMENTS

7.2.51 The Court Management Services (CMS) was established to provide administrative support to the Judiciary. We conducted an audit of CMS to assess the efficiency and effectiveness of its systems, policies and procedures, as well as those applied at the Resident Magistrates Courts, over the administration of Writs of Distringas and Capias¹ (D&Cs), Commitments and Fines.

Delays in the Preparation and Issue of Warrants and Other Processes

- 7.2.52 We found that there were delays in the preparation and issue of warrants and other processes to the Bailiffs. A review of the records at the Corporate Area Resident Magistrate Court (Criminal Division) disclosed that, as at September 2013, Court staff failed to prepare processes for 850 orders, some of which are dated as far back as 2009. Our computation of the processes revealed that the 850 orders comprised 310 D&Cs valued at approximately \$5.3 million and 540 warrants for disobedience of summonses valued at approximately \$1million.
- 7.2.53 In addition, we counted approximately \$1 million cash at the Resident Magistrate Court (Civil Division) representing Bailiff fees paid by plaintiffs, which were collected by the Court as far back as 1992, for processes to be served by the Bailiff. These processes were never prepared by the Court for delivery to the Bailiffs.
- 7.2.54 Further, we identified 127 instances in which the Corporate Area Resident Magistrate Court (Traffic and Criminal Divisions), took between 10 and 150 weeks to issue D&Cs, valued at approximately \$3.3 million, to the Bailiff.
- 7.2.55 The delay in the preparation and issuing of warrants and other processes increase the risk that these matters will not be served resulting in a possible denial of justice for the plaintiffs and in some cases lost revenue for the Government. CMS indicated that a review of court processes will be carried out under the Justice Undertakings for Social Transformation (JUST) Project aimed at strengthening the justice system in Jamaica. This multi-year Project which is currently in progress seeks also to strengthen the judicial institutional administration.

¹ A Distringas and Capias is served on a Surety where a bail bond has been breached.

Unexecuted Processes and Missing D&Cs

- 7.2.56 We found that an effective system was not in place to ensure that adequate information is captured to facilitate the timely execution of D&Cs and other processes especially as it relates to the addresses of the sureties and other persons to be served. We identified 2,972 outstanding D&Cs valuing approximately \$95.7million at the Corporate Area Resident Magistrate Courts. Of this amount, 459 D&Cs valuing approximately \$12 million were returned to the Courts because the sureties could not be found at the addresses given. In one instance, an individual who executed nine bails during 2011 totalling \$160,000 and one in 2009 valued at \$50,000 at the Corporate Area Resident Magistrate Criminal and Traffic Courts could not be found at the address given.
- 7.2.57 Additionally, we found that 13 D&Cs valued at \$485,000, which were ordered by the Corporate Area Family Court in 2009, could not be accounted for.

RECOMMENDATION

CMS should take steps to ensure that measures are implemented to capture or verify the detailed addresses of all sureties. CMS should also continue to engage the police as part of this process in order to improve the quality of information recorded for persons who are granted station bail. Additionally, the courts should explore the possibility of attaching a photograph of each surety to the respective D&C before hand over to the bailiff to facilitate ease of identification during execution.

Outstanding Commitments

- 7.2.58 CMS does not have an effective system in place for the verification of prison sentences served or fines received from the Department of Correctional Services (DCS). Therefore, CMS could not consistently confirm that the funds received from the DCS were correct or whether funds were being submitted on a timely basis. We tested a sample of 39 commitments and found that the DCS did not provide any supporting documents detailing the time served, the calculation of fines or the date that the prisoner was released. Furthermore, the Courts did not maintain sufficient records that would facilitate reconciliation with information and payments submitted by DCS. This therefore increases the risk that the amounts transmitted to the Courts may be inaccurate.
- 7.2.59 We identified 900 un-cleared commitments valued at approximately \$87.5million at the Corporate Area Resident Magistrate Court (Criminal Division) for sentences that should have been completed

as early as 2009. We found that the delay by DCS in submitting prison reports to the Courts contributed to the commitments remaining un-cleared for protracted periods. This prevented the Court from determining whether the relevant fines were paid or the appropriate sentences were served.

RECOMMENDATION

CMS should collaborate with the Department of Correctional Services (DCS) and the police to develop a system that facilitates efficient and effective reconciliation and verification of prison returns and fines received from the DCS and the police stations. The DCS and the police should be encouraged to remit the relevant returns to the courts in a timely manner so that the commitments may be appropriately cleared.

Significant Amounts Remain Un-collected for Protracted Periods

7.2.60 CMS failed to inform judgement creditors² of payments received amounting to approximately \$21.5M from judgment debtors as required by the Rules and Forms of the Resident Magistrates Courts. Our analysis of the bank statements from 2010 showed a trending increase from \$11M to \$21.5M in 2013. Additionally, CMS did not conduct any periodic review to determine whether the account contained unclaimed amounts over five years that should be remitted to the Accountant General in keeping with the Rules and Forms of the Resident Magistrates Courts. This increases the risk of unauthorised movement of the funds as monies are lying idly in the account. Furthermore, the judgement creditors are not aware that funds are available for them.

² A Judgement Creditor is a party that is awarded a monetary sum in a lawsuit.

RECOMMENDATION

CMS should ensure that funds received by the court in relation to judgment debts that are lodged to the suitor's account are dealt with according to the rules and forms of the Resident Magistrates' Courts. In the first instance, the judgment creditor should be notified of the payment. All unclaimed sums over five years should be remitted to the accountant general in accordance with the rules

Inadequate Controls over the Storage of Evidence and other Valuables

7.2.61 During our examination of the vault located at the Corporate Area Resident Magistrate Court (Civil Division), we found court exhibits such as dangerous drugs, jewellery and money in the custody of the Accountant. The safe contained 44 pellets of crack cocaine, 41 different items of jewellery including gold and precious stones and several parcels containing Jamaican and United States currencies that were submitted as items in evidence. However, there was no inventory of these items and there was no other record available to confirm that the items currently in the safe were what were initially deposited.

Inadequate Controls over the Payment of Mileage Allowance

7.2.62 CMS does not have an effective system in place to ensure that mileage claims are independently validated. For the period January 2011 to August 2013, mileage allowances of approximately \$6.8M was paid to two Bailiffs, however, the mileage claims submitted by these officers often lack relevant information such as the details of each leg of the journey and the processes served.

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

MINISTRY OF LABOUR & SOCIAL SECURITY (MLSS)

7.2.63 The audit of the accounting records and financial transactions of the Ministry revealed the following weaknesses:

PROCUREMENT BREACHES

Absence of Requisite Competitive Quotations

7.2.64 The Ministry did not obtain the requisite competitive quotations, and or advertise the procurement opportunities for eight purchases totalling \$15.8 million. In six instances, the MLSS used the Direct Contracting method; however, the reasons given for the use of this method of procurement did not meet the criteria stipulated in the Procurement Guidelines. Also, in four of these cases we did not see the requisite approval of the Accounting Officer. The failure to invite quotations from other eligible suppliers may prevent MLSS from receiving the best possible market value.

Round Robin Approvals

- 7.2.65 For the period under review, we noted that 17 of the 25 requests for purchases were done through round robin approvals. Section 2.2.5.1 of the Procurement Guidelines states, "In a situation of urgency a 'round-robin' may be carried out." However, the nature of these purchases was not deemed to be urgent, as they formed part of the Ministry's procurement plan.
- 7.2.66 Further, we could not determine the basis on which these round robin approvals were made; as there was no evidence that the quotations were reviewed by the individuals granting the approval, the basis on which the decisions were taken, and the criteria used to form the decisions were not documented. The frequency with which requests for procurement is approved by round robin indicates that the system employed by the Ministry to do procurement planning is not working as intended. Furthermore, this practice undermines the transparency objective of the Procurement Guidelines, as detailed scrutiny of quotations and documentary evidence of proceedings and deliberation will not be achieved.

7.2.67 The MLSS engaged, on a sole source basis, a supplier to supply 66 desktop computers and two laptops at a cost of \$6 million without presenting the requisite Tax Compliance Certificate (TCC) and National Contracts Commission Certificate (NCC) prior to the award of the contract. We were unable to determine if the Ministry obtained the best price for the computers.

Conflict of Interest

7.2.68 We did not see evidence that a consultant that was engaged on a sole source basis, at a cost of \$2.7 million, submitted the requisite Tax Compliance Certificate prior to the award of the contract. Further, the Ministry did not disclose that the consultant is a Board Member of the same organisation to which the service was rendered. The engagement of the Board member without proper disclosure and declaration is a conflict of interest and brings into question the transparency of the process, and also contravenes the objectives of the procurement guidelines.

Contract Variations

- 7.2.69 The Ministry did not carry out proper planning to identify the need for repairs and servicing of its air conditioning units and elevators, as costs relating to these charges were not included in its procurement plan. Consequently, the Ministry entered in two contracts for \$\$2.3 million and \$312,000 to repair and service, air conditioning units and elevators, respectively. However, for the period under review, \$13.6 million and \$1.4 million were paid to the companies. The Ministry explained that the company was engaged to service and repair the air conditioning units at its North Street office, but was given additional work island wide. The requisite prior written approval from the Accounting Officer was not seen for the other services rendered, as required by the Procurement Guidelines. Further, the variations were not reported to the NCC or the Contractor General as stipulated in Sections 1.5 1.5.5 of the Procurement Guidelines.
- 7.2.70 The failure of the Ministry to do proper planning has resulted in scope creeping to the original contracts and the Ministry bypassing the competitive bidding selection.

Payments with no Valid Contracts

7.2.71 The Ministry's interest was not protected, as during the period under review, it made payments totalling \$37.4 million to eight suppliers on expired contract. The absence of a valid contract could create a difficulty in verifying the obligations of the contracting parties, and may expose the Ministry to certain risks such as price increases and unsatisfactory performance.

Contracts in Perpetuity

7.2.72 Further to the above, two companies received payments totalling \$33.9 million to provide security services to the Ministry. However, the contracts did not include an expiration date.

RECOMMENDATION

Management should review the procurement practices of the Ministry, with a view to ensure that:

- a) Procurement opportunities are open to all eligible suppliers by the submission of the requisite competitive quotes or advertisement in keeping with the Procurement Guidelines;
- b) A proper procurement plan, aligned to the Ministry's needs, and taking into account all lead time of the procurement process is developed. This will ensure that the Ministry fulfils its procurement needs in a timely manner and at a reasonable cost and reduce the incidence of round robin approvals:
- c) The requisite approval and reporting of the contract variations is done and future adherence is observed at all times.
- d) The Contract duration or expiry date is included in a clause to all contracts; and expired contracts should be put to tender in keeping with the Government's Procurement Guidelines.

Weak Internal Control over the Payment Process

7.2.73 There was need for the Ministry to strengthen the internal control over its payment process, as contrary to the Financial Instructions, five payment vouchers with transactions totalling \$102.5 million were not cancelled or stamped "paid" to prevent reuse. Four payments totalling \$1.7 million were not supported with the requisite supporting documents.

- 7.2.74 Contrary to Section 19C of the FAA Act, the responsible officers did not affix their signatures to respective payment vouchers and journals to indicate that 10 transactions amounting to \$555 million were certified and authorised. The authenticity of the payments could not be guaranteed in the absence of the authorising signature.
- 7.2.75 Further, we were unable to determine how the Ministry satisfied itself that goods and services relating to five payments, totalling \$1.9 million, were received in satisfactory condition; as the requisite certification to attest to this, was not affixed to the supporting documents or payment vouchers. Absence of the certificate could facilitate abuse and irregularities.
- 7.2.76 Additionally, the Accountable Officer(s) incorrectly classified four transactions totalling \$520,891. This could result in the misstatement of the accounts, which might negatively affect the economic decisions of management.

RECOMMENDATIONS

- i. The MLSS should strengthen the system of internal check over the payment process, to ensure that all payments conform to the requisite guidelines to prevent future breaches.
- ii. The original suppliers' invoices should be submitted for audit verification. Additionally, management should ensure that there is proper certification that goods/services have been received to comply with the guidelines.

Failure to update Inventory Records and Mark Assets

7.2.77 The Ministry did record in the inventory records, items of furniture and equipment costing \$2.6 million, which were acquired during the period under review. Further, these items were not given identification codes in keeping with the MOFP guidelines and accounting best practice. These weaknesses not only undermine the accountability procedures for the Ministry's assets but expose them to unauthorised use and misappropriations.

Non-maintenance of Office Machines and Equipment Record

7.2.78 We observed that for the period under review, the MLSS spent \$21.8 million for servicing and repairs to furniture and equipment. However, the MLSS did not maintain the requisite Office Machines and Equipment Record to reflect this expenditure. The Office Machines and Equipment Record provides a history of repairs and servicing to office machines and equipment. Failure to maintain this record will hinder management's ability to make informed decisions on whether it is economical to keep or dispose of assets.

RECOMMENDATION

The MLSS should ensure that inventory items are suitably marked with the Ministry's identification code, inventory records are updated to include all its assets and information pertaining to repairs and servicing.

The MLSS did not Implement Adequate Systems to Identify AIA Collections

7.2.79 Since September 2011, the Appropriations-in-Aid (A.I.A) account was merged with the Deposit account. However, the MLSS did not implement proper control systems to identify direct deposits by clients to this account. Further, we could not verify A.I.A collections totalling \$3.4 million because the deposit slips to agree the lodgements to the Deposit bank statement were not presented. Consequently, it was difficult to determine whether all A.I.A collections were accounted for. Further, the reported AIA collection may be misstated and could result in management making decisions based on misstated amounts.

RECOMMENDATION

Management should implement a unique identification code to be used by each client making AIA deposits so that collections can be easily identified and present the deposit slips to facilitate verification of the AIA lodgment.

OUTSTANDING ANNUAL RETURN

7.2.80 Up to the time of reporting, the MLSS did not file annual returns for the calendar years 2011 and 2012. In keeping with the Income Tax Act, Annual Income Tax Returns are due on March 15. Returns filed after March 15, are considered late and penalties or sanctions may be brought against the Ministry.

Overpayment of Salaries

7.2.81 Up to the time of reporting the MLSS did not recover two of four overpayments amounting to \$269,939 identified during the audit. The overpayments may be difficult to recover as time passes. Failure to recover these overpayments, the responsible officer may be recommended for surcharge action in accordance with Section 20 of the F.A.A Act.

Payroll in Excess of Approved Establishment

7.2.82 We compared the approved establishment of the Ministry with the payroll and found that the Ministry employed 224 persons in excess of the approved staff complement. MLSS reported that the positions were authorised; however, the requisite approval from the Ministry of Finance was not presented. Employment of persons in excess of the approved establishment represents a breach of the Civil Service Establishment Act. In the absence of the approval, we have deemed the related payments unauthorized and the culpable officer(s) may be recommended for surcharge.

RECOMMENDATIONS

- The MLSS should ensure that persons are employed in keeping with the Civil Service Establishment Act. Where deviation exists, the requisite approval should be obtained and retained for audit scrutiny.
- ii. The MLSS should ensure that annual returns are prepared and submitted to the tax authority in compliance with the statutory deadline to prevent penal interest.
- iii. The MLSS should recover the overpayment and strengthen internal checks to prevent recurrence.

CANADIAN FARM WORK PROGRAMME

- 7.2.83 The audit of the Canadian Farm and Factory Workers' Programme was conducted over the period September 9 to 19, 2013. The audit sought to determine if the programme was managed in keeping with prescribed policies instituted by the Management Committee of the Canadian Farm and Factory Workers' Programme and guidelines and policies issued by the Ministry of Finance.
- 7.2.84 The audit of the financial statements for the captioned period was completed satisfactorily. We identified errors in the financial statements, which were brought to the attention of the Financial Controller and appropriately addressed. The audit of the financial records and system of internal controls revealed a generally satisfactory state of affairs.

Weak Corporate Governance Practiced by the Board

7.2.85 Reference is made to my report dated September 12, 2013 in relation to the audit conducted on the Canadian Farm and Factory Workers Programme in August 2012. That report listed a number of concerns and resultant recommendations arising from noted weaknesses in the governance practices and structure of the Management Committee. There is no evidence that the Management Committee gave serious consideration to the findings outlined in that report.

HEADS 4100, 4100A & 4100B - MINISTRY OF EDUCATION AND AGENCIES

AUDIT OF GOVERNANCE PROCESSES AND ADMINISTRATION OF GRANTS TO JUNIOR HIGH SCHOOLS

- 7.2.86 The Ministry of Education (MoE) is responsible for the management and administration of public education in Jamaica. The Ministry is comprised of 11 agencies, six regional offices and a central office with approximately 40 units arranged in five divisions. The organisational structure of the Ministry establishes the Minister of Education as the person with 'ultimate policy responsibility and authority for the development of education for Jamaican citizens. The Permanent Secretary, who is the accounting officer, has responsibility for the daily operations of the Ministry and is supported by the Chief Education Officer and several Divisional Heads.
- 7.2.87 The education system consists of early childhood, primary, secondary and tertiary levels. Governance of the system is further delegated at the level of the educational institutions. Sections 70 75 of the Education Regulations 1980 require the establishment of boards of management for primary and secondary schools.
- 7.2.88 There is a governance framework in place for school boards, which includes the Education Regulations 1980. However, the Boards of Management of some schools visited did not always meet at least once per term as required by those Regulations.
- 7.2.89 At one school visited bursar duties, including collections of money, were carried out by an employee who was not on the school's permanent establishment.
- 7.2.90 Bursars were not adequately monitored to ensure that they adhered to standard accounting practices and complied with Ministry guidelines. This resulted in:
 - i. Tardiness in producing audited financial statements
 - ii. Delays in the preparation of bank reconciliations
 - iii. Accounting records not being properly prepared
 - iv. Overdraft balances and related charges

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

CRITICAL MEDICAL EQUIPMENT

- 7.2.91 Effective delivery of healthcare requires adequate resources including proper functioning medical equipment. The Ministry of Health (MOH), through its four Regional Health Authorities (RHAs), has the responsibility to equip healthcare facilities with adequate and safe medical equipment. This includes identifying and filling medical equipment needs through purchases and donations; and ensuring an efficient and effective maintenance process. The four RHAs are South East Regional Health Authority (SERHA), Southern Regional Health Authority (NERHA) and Western Regional Health Authority (WRHA).
- 7.2.92 SERHA and SRHA maintain over seven thousand medical equipment valued in excess of \$221 million. The control exercised over equipment in the health service should be guided by a formal framework, which addresses all aspects of the management of the equipment, from acquisition through to disposal. This framework should also govern issues such as standardisation and training for both users of the equipment and those responsible for maintenance.
- 7.2.93 An audit was done to determine whether the MOH and the RHAs have an effective mechanism in place to acquire medical equipment and whether there was an efficient and effective system in place to ensure that critical medical equipment were adequately maintained. We noted several weaknesses in the acquisition and maintenance process of medical equipment that rendered health facilities, including the island's two final referral centres, ineffective in the diagnosis and treatment of patients.

RHAs Failed to Provide Evidence of Required Acceptance Testing and Commissioning for New Medical Equipment

7.2.94 The RHAs indicated that the process of acquiring medical equipment includes needs assessment and specifications development. However, we found that the process was not supported by a formal policy to ensure standardization across the RHAs and that the desired procedures are faithfully adhered to. For example, there was no evidence that the RHAs' management consulted with the clinical specialists in determining the specifications for the acquisition of 12 medical equipment costing approximately \$17 million.

7.2.95 There was no documentary evidence to indicate that the RHAs undertook the required acceptance tests and commissioning procedures before medical equipment was put into service. Acceptance testing ensures the equipment matches the purchase order; functioning as specified; installed correctly; and training for users has been arranged. While, commissioning ensures that the equipment is tested and installed in accordance with the manufacturers' specifications. The RHAs' Biomedical Units did not provide evidence of acceptance testing for 106 donated biomedical equipment or commissioning certificates for 33 medical equipment acquired at a cost of \$60.4 million. The absence of documentary evidence of acceptance testing and the failure of the RHAs to provide commissioning certificates provide no assurance that the medical equipment were tested and installed in accordance with the manufacturers' specifications.

RECOMMENDATION

The MOH should develop and implement a formal comprehensive medical equipment acquisition policy detailing the various steps in the procurement process. The policy should make needs assessment and specifications development, including consultation with clinical specialists, mandatory. The policy should also make it compulsory for acceptance testing and commissioning to be undertaken on relevant equipment before they are put in use. This should be evidenced in writing.

Absence of Formal policy Governing Donations

7.2.96 We found that the lack of a formal policy governing the acceptance of medical equipment through donations has resulted in the poor management of donated medical equipment. The RHAs provided a list of 1,070 biomedical equipment donated to the four RHAs during the period April 2010 to March 2013. The RHAs could not provide details on the location, value and functional status of the donated medical equipment as the inventory records were not faithfully maintained. Consequently, we were unable to verify the existence of 15 items of medical equipment donated to the Spanish Town Hospital. The entity reported that they were not functional but was unable to provide the equipment for inspection. In the absence of a formal policy governing the acceptance of donated medical equipment, the MOH and the RHAs run the risk of accepting medical equipment, which are not suitable for use or economical to maintain, resulting in costly storage and disposal.

RECOMMENDATION

The RHAs should ensure that donations of medical equipment to institutions in the regions are promptly recorded and reported so that they can be properly accounted. A suitable valuation system for donated medical equipment should be implemented. Improvement is also needed in the donations process to include proper record-keeping and inventory management. RHAs should strengthen the donations acceptance process to include refusal of medical equipment that are non-functional. The medical equipment that was not presented should be located and presented for audit inspection.

Critical Diagnostic and Treatment Equipment in Seven Public Hospitals Non-functional

- 7.2.97 We found that public health institutions are challenged to provide effective radiology services to the public due to the non-functioning and non-availability of critical imaging equipment. Our visits to seven hospitals revealed that of the 50 radiology equipment at the hospitals, 28 (56 per cent) were non-functional.
- 7.2.98 The Cobalt Unit at the Kingston Public Hospital (KPH) has been without a treatment planning system to calculate patients' dosage of radiation since October 2012. Consequently, the process is being done manually, which makes it very difficult to calculate the correct dosage for patients. The absence of such machines may have contributed to approximately 800 cancer patients waiting to be treated at the KPH Unit up to June 2013. It has also resulted in the RHAs incurring additional costs by outsourcing the services to private institutions. For the financial year 2012-13, the total cost to treat such patients was estimated at \$25.8 million. However, SERHA/KPH could only afford \$2.5 million due to the lack of funds.

Medical Equipment Out of Service for Periods up to Seven Years

7.2.99 We found that health care is severely affected, as some equipment in the RHAs have been out of service for extended periods ranging from six months to seven years, with most over five years. The lengthy downtime, without repair and maintenance, for these critical equipment can cause further depreciation in the equipment and increased repair costs.

RECOMMENDATION

The MOH should make every effort to replace critical medical equipment to improve healthcare and reduce the cost to government of outsourcing radiology services. We further recommend prompt corrective maintenance of failed medical equipment to reduce further depreciation and repair costs. Inspection and preventative maintenance (IPM) should also be implemented so that impending failure can be identified ahead of time, spare parts sourced and repairs carried out more efficiently. There is also a need to replace equipment that cannot be repaired.

7.2.100We noted that there was under-utilization of the fluoroscopy machine at the Spanish Town Hospital (STH). This machine is one of three within the public health service and was acquired at a cost of US\$293,563 in 2007. A physical inspection in June 2013 revealed that the machine was not being used to provide fluoroscopy services and is currently only being used to perform general x-rays.

RHAs do not have a Formal Policy for the Maintenance of Medical Equipment

- 7.2.101 The MOH/RHAs did not have a formal maintenance policy outlining the specific procedures that should be adopted, or the records that should be maintained, to enable effective administration and oversight of the maintenance function, and ensure standardization of the processes. In addition, there was no procedural manual to guarantee the standardization of the maintenance function. Consequently, there are no performance standards to guide the maintenance undertaken by the various Biomedical Maintenance Units (BMUs) and private repairers.
- 7.2.102 Our research found that a computerized maintenance management system could be used to enhance the current maintenance practice. This system would also facilitate preventative maintenance work order generation, maintenance costing, parts and materials inventory control with automated reorder capability.

RECOMMENDATION

The MOH needs to coordinate its maintenance activities to ensure that the process is in keeping with best practice. To achieve this, the MOH should develop and implement a medical equipment management policy to include, but not restricted to, the areas highlighted in this report. In addition, a procedural manual should be developed and instituted to drive the implementation of the various functions outlined in the policy.

Absence of Preventative Maintenance Plan for Critical Equipment

- 7.2.103 A condition of the procurement contract for two digital 40-slice CT scanners that were procured in 2007 at a cost of US\$2.2 million and installed at the KPH and the Cornwall Regional Hospital (CRH) in 2008, provided for training for one technologist. However, the MOH did not capitalize on the technologist (repair) training and did not provide a satisfactory explanation for not doing so. We found that the lack of the requisite internal competencies to properly assess and repair the machines, resulted in outsourcing of the services to overseas engineers. The 40-slice CT scanners at KPH and CRH reported downtimes of 352 days and 337 days respectively for the period 2010 to 2013. The corresponding maintenance costs amounted to \$21.2 million and \$12.7 million, respectively.
- 7.2.104The MOH also failed to take corrective actions and implement recommendations made by the contracted agent for effective performance of the CT scanner and fluoroscopy machines. This included the use of a Virtual Private Network to allow the manufacturer to remotely diagnose the machines' repair needs. The fluoroscopy machine at the KPH was out of service for 974 days between April 2010 and March 2013 and incurred maintenance costs totalling \$6.6 million. At the time of the audit, June 2013, the CT scanner at the CRH was fully functional, while the one at KPH was non-functional. This resulted in the KPH being unable to provide critical diagnostic and treatment services to the public.

RECOMMENDATION

The RHAs should implement preventative maintenance plans for high value and more sophisticated medical equipment to eliminate or reduce the periods these critical equipment are out of use. There could be collaboration or shared contractor arrangements between the WRHA and SERHA for the servicing of the CT scanner and fluoroscopy machines since the same overseas contractor is currently being used. There could also be centralization of the maintenance process or contracting for these types of equipment to reduce the high service costs.

MOH Failure to Supply Spare part Resulted in Suspension of Cuban Bio-Medical Repair Project

- 7.2.105 The MOH and the Cuban Medical Services (CMS) of the Ministry of Public Health of the Republic of Cuba, entered into an agreement under the Cuban Biomedical Repairs Project in June 2011 for the provision of rehabilitative repairs and maintenance to medical equipment. Under the agreement, the MOH agreed to pay the CMS US\$350,000 plus related expenses, such as accommodation and food. We found that the Cuban team of Biomedical Engineers and Technicians (BMET) completed Component 1 of Phase 1 of the Project, while the activities under Components 2 and 3 were suspended. The MOH paid CMS \$31.5 million (approximately US\$350,000, which is the contracted sum) plus an additional \$17.6 million for related expenses under Phase 1 of the Project.
- 7.2.106The MOH explained that its inability to obtain the requisite spare parts prevented the necessary repairs to medical equipment under Components 2 and 3 of the Project. The MOH informed us that the CMS has satisfactorily worked for 44 of the 87 contracted manmonths. However, from the reports provided, we were unable to verify the 44 man-months purportedly worked by CMS. In an undated report to the NHF, the MOH indicated that it will complete components 2 and 3 under a proposed Phase 2 of the Project.
- 7.2.107 Our review noted that the RHAs do not have sufficient and adequately trained biomedical engineers and technicians to meet the maintenance needs of the 25 hospitals. The 22 biomedical engineers and technicians employed did not have the required certification. Of the 22 employees, only six had certificates in biomedical technology or engineering, 14 had certification in electro-mechanical, computer and electrical engineering and two had no form of job related qualifications. The shortage of these engineers and technicians resulted in some hospitals not being adequately served as maintenance functions were left to other staff, such as artisans, who are not properly trained in the maintenance process. The BMETs are

crucial in effective healthcare delivery, as they ensure equipment are functional and safe.

RECOMMENDATION

The RHA structures should be strengthened to ensure that engineers and technicians are available to meet maintenance needs. Management should implement a robust recruitment plan to attract staff with the requisite qualifications. Training plans should also be developed to ensure that biomedical technicians employed are kept abreast of new medical equipment technology, and are advanced towards engineering or technology certification.

HEAD 4234 - BELLEVUE HOSPITAL

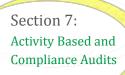
- 7.2.108 The Hospital is a tertiary care specialist institution with a capacity of 800 beds that provides treatment and care for mental illnesses. It has the legal responsibility to accept all persons needing psychiatric care and is committed to the provision of medical, nursing and rehabilitative services in a clean and safe environment. The hospital aims to return individuals to functioning levels in their communities in the shortest possible time, with referral to appropriate agencies, while facilitating teaching and research.
- 7.2.109 We found that the Bellevue Hospital failed to ensure compliance with Sections 144 and 145 of the FAA Act, Regulation 2011. This requires the Hospital to have in place an effective risk management process, and a risk management strategy, which should include a fraud prevention plan. In the absence of a risk management strategy, the entity will be unable to determine how to manage material risks that may threaten the achievement of the entity's objectives outlined in its business plan.

RECOMMENDATION

Management should put in place a risk management strategy and risk management processes to manage material risks that may threaten the achievement of the entity's objective.

PESTICIDES CONTROL AUTHORITY

7.2.110 An audit of the accounting records and financial transactions of the Pesticides Control Authority was undertaken. The audit revealed a generally satisfactory state of affairs. However, there were some weaknesses in the controls governing the recording and maintenance of fixed assets and inventory records. Management indicated that steps will be taken to improve controls governing fixed assets. Additionally, the audit revealed instances of misclassifications and unrecorded transactions for the accounting period. These were subsequently corrected by management.



HEAD 5100 – MINISTRY OF AGRICULTURE & FISHERIES (MAF) AND AGENCIES

HEAD 5146- FORESTRY DEPARTMENT

- 7.2.111 The Forestry Department, falls under the ambit of the Ministry of Water, Land, Environment and Climate Change., The entity became an Executive Agency in May 2010. The Forestry Department has the responsibility to manage Jamaica's forest, crown lands and privately owned areas that are declared forest reserve, protected areas or forest management areas.
- 7.2.112 An audit was undertaken to determine whether Forestry Department is utilising its resources efficiently.

Lack of Promotion of Development of Forest on Private Lands

7.2.113 Forestry Department (FD) is responsible for 33 per cent of the forests in Jamaica while private individuals own the remaining 66 per cent. Notwithstanding this, Forestry Department did not maintain adequate data on the private owners of forests. This impaired its ability to promote the development of forest on private lands, which may significantly impact reforestation and climate change. We advised FD to consult with National Land Agency (NLA) in an effort to obtain data on the private owners of forest areas.

Local Forest Management Plans not prepared for Forest Reserves and Forest Management Areas.

7.2.114 Since the amendment to the Forest Act (1996), Forestry Department has only prepared four Local Forest Management Plans over the 17-year period. Section 8(1) of the Forest Act requires that a plan be prepared for all forest reserves every five years and approved by the Minister. FD should have prepared at least 78 plans over the 17-year period to comply with the Act. The four plans prepared covered 12 forest reserves. The portfolio Minister approved one plan, in February 2011, which covers the Bull Head Forest Reserve. The 12 forest reserves covered in the plans represent only 21 per cent (24,163 hectares) of the total reserves managed by FD.

7.2.115 The four plans were also incomplete as, contrary to the Act, they excluded the allowable annual cut, and the production of other forest products. Proposed Forest plantations and other silvicultural practices to be carried out were also excluded. The partially implemented executive Agency structure proved to be the cause for the deficiency in these plans. There are 76 vacant forest technician posts. These forest technicians should conduct fieldwork assessments for the annual allowable cut and the silviculture plans.

EXPORT DIVISION

- 7.2.116 An audit of the accounting records and financial transactions of the Export Division was undertaken for the financial year ended March 31, 2012. The following weaknesses were noted:
 - i. There were inadequate controls governing fixed assets, payment vouchers, management of receivables, human resource practices, internal audit, and investment activities.
 - ii. A notebook computer costing \$225,000.00 was stolen from a senior officer's motor car. The matter was not reported to the Auditor General's Department or the Ministry of Finance as required by the MOF guidelines. Additionally, there was no evidence that an internal investigation was conducted by the Division.
 - iii. The Division granted a loan to the Jamaica Citrus Growers Association, which was due to be repaid in July 2009; however, to date it has not been repaid. The balance as at March 31, 2012 and 2013 was \$83.9 million and \$91.4 million respectively.
 - iv. The Division invested \$40 million to purchase securities without the prior written consent of the MOF being obtained as required by Section 2.5 of the Ministry of Finance Circular No.14, dated March 24, 2007.

RECOMMENDATION

Management should take steps to strengthen the controls and ensure that the necessary corrective measures are implemented to prevent breaches of established regulations.

AGRI-INVESTMENT CORPORATION (AIC)

- 7.2.117 The Agro-Investment Corporation (AIC) was established in July 2009 from the merger of the Agricultural Development Corporation (ADC) and the Agricultural Support Services Productive Projects Fund Limited (ASSPFL). The function of the Corporation is to stimulate, facilitate and undertake the development of agriculture in Jamaica. The development of the agricultural sector is a key driver of the Jamaican economy, and is critical to the achievement of the objectives outlined in the Jamaica Vision 2030 National Development Plan.
- 7.2.118We conducted a special audit to determine whether AIC is managing its operations effectively and efficiently to achieve its core business objective, which is to contribute to the sustainable development of the agricultural sector.
- 7.2.119 The audit revealed serious managerial weaknesses over the administration of AIC's agricultural assets. There was a general lack of strategy towards the fulfillment of AIC's mandate. AIC did not develop an operational plan to define priorities, outline performance targets and optimize its revenue potential. We observed no clear and measurable performance indicators for most of the 21 performance objectives highlighted. In addition to reported losses incurred by AIC between 2009 and 2013, the audit identified that the Board of Directors did not provide adequate oversight during this period.
- 7.2.120 AIC withdrew moneys totalling \$202.5 million from two accounts; \$168.6 million from the ASSPPFL account and \$33.9 million from the Agricultural Development Fund (ADF) during the period March 2009 to January 2012. We noted that the contract of employment of one of the signatories to the ASSPPFL account ended in February 2009. However, during the period July 2009 to November 2011, the individual was a signatory to 91 cheques valuing \$112 million drawn on the ASSPPFL account, and signed documents authorising the encashment of investments amounting to \$56.6 million from the ASSPPFL fixed deposit account during the period March 2009 to November 2011. We note that the individual is still a signatory to the ASSPPFL account and other accounts, despite the approval being granted by the Ministry of Finance in May 2013 to change the signatories.

- 7.2.121 Implementation of the Agricultural Competitiveness Programme funded by the IDB is slow (paragraph 6.1.33). At March 31, 2013 only US\$2.1 million (14 per cent) of the US\$15 million loan was disbursed, and of the 11 targets established in the contract, only three were 100 per cent completed; two at different stages of completion and six were not started. Two years and four months of eligibility during the period November 25, 2010 to March 31, 2013 have elapsed, representing more than 45 per cent of the project time. The Loan Contract projects that cumulative expenditure for the period November 25 at March 31, 2013 should be US\$7.6 million. However, actual expenditure at this date was US\$0.8 million.
- 7.2.122 AIC's management failed to act upon the Board's recommendation to develop three critical policy documents. The Board's recommendation for these policy documents was in relation to its dissatisfaction with the manner in which bad debts, along with assets, were being managed and how AIC was treating the various funds under its control.
- 7.2.123 AIC is not earning enough to cover its cost to ensure self sustainability of its operations. During 2009-10 to 2012-13, AIC's income covered, on average, less than 50 per cent of expenditure incurred. In 2012-13, AIC expended \$166 million, while only generating income of \$72 million. AIC also incurred high operating expenditure, whilst being faced with challenges in collecting rent from delinquent tenants.
- 7.2.124 AIC did not have a suitable system in place to ensure that all moneys collected from farmers, at the agro-parks for field preparation, are properly accounted for. We found that fees were collected by AIC's Farm Managers before services were rendered. However, these sums were not forwarded to AIC's head office, nor lodged to an authorized bank account. Instead, the moneys collected were kept in the Farm Managers' possession, and purportedly used to purchase fuel, to pay tractor operators and effect repairs to the tractors. The poor maintenance of records and inadequate security of the funds made it difficult to verify the completeness of the transactions. Management has since advised that this practice has been discontinued.
- 7.2.125 AIC was unable to demonstrate that it had implemented good practices as it relates to reimbursement claims, amounting to \$3.2 million, honoured during the period 2009-10 to 2012-13. We noted that one officer was reimbursed \$168,580 for the use of personal funds to procure UK visa application and air ticket to London for a former senior officer. We could not verify the legitimacy of the payment and whether the trip was made for official purposes, as the supporting documents were not presented. AIC acknowledged the

concerns with the practice of reimbursement claims, and have indicated that such practices have since been discontinued.

- 7.2.126 AIC did not adhere to policies and guidelines in the payment of benefits or claims to avoid loss of public funds. We observed that 11 officers were paid gratuity totalling \$12.9 million for contract period September 1, 2009 to August 31, 2011, despite there being no evidence that requisite performance appraisal was done. In addition, contrary to policy requirements³, AIC did not require travelling officers to submit a travelling claim for the payment of motor vehicle upkeep allowance. Over the period April 2009 to March 2013, 26 travelling officers were paid motor vehicle upkeep allowance amounting to \$28.9 million, without being required submit a travelling claim.
- 7.2.127 It is the practice of AIC to include the amount payable for electricity by individual tenants in their rental agreement. Therefore, tenants at the Agricultural Market Complex (AMC) are not billed for actual electricity usage. The policy of charging fixed rates for electricity to tenants has resulted in AIC subsidizing the tenant's electricity costs. In 2012-13, the total electricity charges incurred for the AMC complex increased by 62 per cent over charges for 2009-10, while the amount recovered from tenants for electricity charges significantly decreased from \$7.5 million in 2009-10 to \$3.7 million in 2012-13. Of the \$41.6 million in electricity cost incurred by the Complex over the four year period 2009-10 to 2002-13, AIC recovered only \$18.4 million (44 per cent).

RECOMMENDATIONS

- i. The Ministry of Agriculture should review the capacity of AIC to effectively manage the properties under its stewardship to determine where improvement is needed in order to maximize the revenue earned from property rental.
- ii. In the interim, urgent efforts should be made, legal or otherwise, to collect all outstanding rents and a suitable basis of determining the tenant's utility charges should be developed.
- iii. AIC's Board should, in the shortest time, develop and implement appropriate measures to improve its financial position. The measures should lead to improved efficiencies and ensure stricter budgetary controls to minimize AIC's costs, as this may serve to reduce AIC's reliance on Government subsidies.

 $^{^3}$ Staff Order 11.4.1 and Ministry of Finance Circular 12, Revised Instructions Motor Vehicle Travel Allowance, dated May 16, 2012

HEAD 5300 - Ministry of Industry, Investment and Commerce

HEAD 5338- Companies Office of Jamaica (COJ)

- 7.2.128 The Companies Office of Jamaica (COJ) was established as an Executive Agency in 2009. The mission of the COJ is to enable the legal creation and operation of businesses in order to promote trade, commerce and wealth creation. Our audit focused on evaluating the adequacy and effectiveness of the COJ's administrative and accounting controls.
- 7.2.129We found weaknesses in the established accounting procedures and deviations from the standards set out in the Executive Agencies Act, and other guidelines issued by the Ministry of Finance. The audit detected three areas of concern, one of which was the subject of previous audit reports.
- 7.2.130 Two officers were overpaid emoluments totalling \$16,862 during periods of no-pay leave. Travelling allowances totalling \$385,000 were paid to another officer although the requisite motor vehicle documents were not presented. COJ has since recovered the overpayments made to the two officers. They have however indicated that it would be difficult to recover the \$385,000 as the officer has since retired and currently resides overseas.
- 7.2.131The COJ undertook a project to redevelop its website in-house. We could not determine the basis for this decision, however, it appeared that a thorough analysis was not conducted and no consultations were done with agencies such as CITO and Fiscal Services before the decision was made. The project has been ongoing for the past five years and actual expenditure has exceeded the original budget of \$26 million by \$29.8 million as at April 2013. COJ estimates that a further \$30 million will have to be spent to complete the project. The actual expenditure exceeds the amount the head of the Entity is authorized to approve, and would require the approval of the Cabinet and the endorsement of the NCC, as outlined by the procurement guidelines.
- 7.2.132 Management cited challenges in attracting and retaining developers with the requisite skills and changes in the design of the project as reasons for the cost and time overruns.

ANTI-DUMPING & SUBSIDIES COMMISSION (ADSC)

7.2.133 The audit of the accounting records and financial transactions of the Anti-Dumping and Subsidies Commission revealed weaknesses in the controls over emoluments which led to overpayments of \$35,733 to two officers. At the date of this report \$24,822 was recovered. Management has indicated that the outstanding amount will be fully recovered by December 2013.

JAMAICA INTELLECTUAL PROPERTY OFFICE (JIPO)

7.2.134An audit of the accounting records and financial transactions of the Jamaica Intellectual Property Office revealed a generally satisfactory state of affairs. However, weaknesses were noted in the controls governing fixed assets. Management was advised to take steps to correct the control weaknesses noted and ensure that breaches of the established regulations are adequately addressed.



HEADS 6500, 6500A & 6500B - TRANSPORT & WORKS (MOTW) AND AGENCIES

HEAD 6550 - NATIONAL WORKS AGENCY (NWA)

IT Review - Business Continuity and Change Management

- 7.4.1 The National Works Agency (NWA), became an Executive Agency on April 1, 2001 under the Public Sector Modernization Programme. NWA assumed the responsibilities of the now defunct Public Works Department (PWD). NWA is mandated to build and maintain a reliable, safe and efficient main road network and flood control system.
- 7.4.2 We sought to determine whether NWA is managing its operations effectively and efficiently to achieve its core business objectives. The audit focused on the effectiveness of NWA's Information Technology policies and procedures. The key findings are outlined in the paragraphs below.

Business Continuity/Disaster Recovery Plan (DRP)

- 7.4.3 NWA was not placing sufficient focus on developing and implementing a formal Business Continuity and Disaster Recovery Plan to manage the impact of unplanned service disruption. Review of NWA's Information Technology Work Plan Report dated May 2013 indicated that the DRP should have been completed by September 2013. However, at the time of our audit, NWA was only able to present a template of an ICT Business Continuity Plan.
- 7.4.4 Further, NWA did not establish an IT Steering Committee to provide the requisite strategic oversight to ensure that issues such as IT performance management, strategic alignment, risk and resource management are adequately addressed. We also found no evidence that the required periodic testing of backup files was done to determine the integrity and completeness of the files. This may lead to undue delays in the event of a disruption especially if backup media are corrupted.
- 7.4.5 NWA indicated that following the recruitment of a key personnel, the completion of the DRP has been rescheduled to March 2014. NWA'S CEO has also established an ICT Steering Committee to provide strategic oversight of the Agency's IT function.

Change Management

7.4.6 NWA does not have a documented change management policy to control the authorization, testing and implementation of changes to its information technology infrastructure and applications. This could result in unauthorized program changes or unreliable and unstable applications that do not meet the users' requirements. Furthermore, NWA did not maintain a log of all software changes, therefore we were unable to determine whether critical software updates were tested prior to their implementation. Inadequate testing of applications or systems changes before implementation could lead to significant delays and disruption and ultimately user/customer dissatisfaction and increased cost.

RECOMMENDATION

NWA should develop and implement a formal change management policy to provide guidance for changes relating to both internally developed and acquired software, hardware, network equipment and related procedures. The policy should ensure that before changes are implemented an analysis is done to determine the precise reason(s) for the proposed change as well as the financial and non-financial cost and expected benefits of the change.

Network Security and Administration

7.4.7 We found that the Agency's finance and accounting systems are not integrated with its enterprise network but instead operates as a separate network. This reduces the IT Department's ability to effectively monitor the Agency's finance and accounting network. The system administrator has to physically visit the Accounts section to perform routine administrative functions, such as updating of each computer's operating system, antivirus scans and security updates. While for the enterprise network, the administrator can carry out these administrative functions remotely. Additionally, network and or system problems may go un-detected resulting in an increased risk of service disruption.

NORTHERN COASTAL HIGHWAY IMPROVEMENT PROJECT FUEL SUPPLY

- 7.4.8 The Auditor General's Annual Report for the financial year ended March 31, 2010 highlighted concerns regarding the National Works Agency's (NWA) management of Discretionary Waivers granted to a road works contractor. The report indicated that NWA did not provide us with any evidence to confirm that a contractor received 2 million litres of fuel, for which discretionary waivers of \$34.75 million were granted. This matter was examined by the Public Accounts Committee (PAC).
- 7.4.9 In our attempt to verify the representations made by the NWA to the PAC, we identified more anomalies. In that regard, we conducted an audit to examine the extent to which NWA established an effective monitoring system to ensure that usage of the fuel is in accordance with pre-set guidelines.
- 7.4.10 The NWA did not establish an effective system to monitor and control the usage of fuel imported under special waivers, as stipulated in the letters of approval from the Ministry of Finance and the Public Service. The NWA indicated that it did not implement a formal system to monitor the fuel used by the contractor, because the contractor did not have one central point for fuel storage. Instead, fuel was stored and dispensed at the contractor's five major work sites.
- 7.4.11 NWA's failure to implement an appropriate system to monitor the use of fuel was exacerbated by its failure to maintain records for the delivery of fuel to the contractor. In fact, NWA in its attempt to provide that information to us, requested delivery notes and invoices from the fuel importer and contractor to confirm the quantity of fuel supplied. Consequently, the NWA did not present evidence to account for 6.5 million litres of fuel that were imported under waivers. This represents \$84.5 million in taxes and duties that were waived.
- 7.4.12 The letters of approval (granting the waivers) issued by the Ministry of Finance and the Public Service (MOF) were open ended and neither included the quantity of fuel to be imported under the waivers, nor an expiry date. Consequently, under Segments 2a and 3 of the project, 12.99 million litres of fuel were imported in excess of the 13.03 million litres of fuel for which waivers were requested. The MOF indicated that prior to October 2010, the Minister could grant open-ended waivers. However, with the advent of the IDB policy based loan of 2010, this is no longer allowed.

7.4.13 Segments 1, 1a and 2 of the project were not audited, as the NWA did not retain the requisite records in accordance with the Financial Instructions. Therefore, the scope of our audit was limited to Segments 2a and 3. Failure by the NWA to retain records in accordance with the Financial Instructions could delay management's query and or in house investigations.

RECOMMENDATIONS

- NWA should establish pre-set guidelines to control and monitor the usage of fuel imported under special waivers to prevent misuse, and Implement proper systems to account for the delivery of fuel imported under special concession to prevent recurrence.
- ii. NWA should submit, to the AuGD, the delivery notes and invoices for the 6.5 million litres of fuel imported.
- 7.4.14 The MOFP should ensure that the correspondence granting waiver of taxes and duties for fuel importation indicates the quantity of fuel and the period that the fuel is to be imported under such approval. The Ministry should also cancel all approval of waivers for all Segments and communicate this to the Commissioner of Customs forthwith.

THE JAMAICA URBAN TRANSIT COMPANY (JUTC)

- 7.1.37 The Jamaica Urban Transit Company (JUTC) was established in 1998, to provide a centrally managed state of the art public bus service. The company is responsible for the provision of public transportation within the Kingston Metropolitan Transport Region (KMTR).
- 7.1.38 We sought to determine whether JUTC is managing its fleet to ensure the achievement of its mandate "to provide 25,000 seats per day to meet the demands of the public within the KMTR". The audit focused on fleet management which included acquisitions, repairs and maintenance activities.

Fleet Management Policy Non-existent at JUTC

- 7.1.39 We found that whereas the JUTC had some procedures to govern elements of the repairs and maintenance function; it lacked a comprehensive fleet management policy to guide the acquisition and replacement of buses.
- 7.1.40 The absence of a comprehensive policy was exacerbated by JUTC's failure to adhere to its own internal inventory policy. Minimum stock re-orders levels were not established as dictated by the policy. The absence of this information impeded its ability to forecast stock shortages and bus downtime. This weakness was evidenced by the number of buses that were garaged.

There was no Manual Guiding the Repairs and Maintenance Activities

- 7.1.41 We observed that 66 per cent of JUTC's fleet consists of Volvo buses, for which JUTC did not obtain the required manufacturer's manual. The manual is needed to effectively guide the repairs and maintenance activities of the buses in accordance with the manufacturer's specifications. JUTC reported that not having access to the manufacturer's manual has created some problems in the maintenance and servicing of these buses.
- 7.1.42 In addition, JUTC does not have the required diagnostic tool (V-CAD) to effectively identify electrical and mechanical issues and guide repairs and maintenance of the Volvo buses. This negatively impacts the efficient preventative repairs and maintenance activities, which include on-road service of these vehicles. The JUTC has been using a private dealer to provide diagnostic, repair and maintenance services to its fleet of Volvo buses. Between April 2008 and June 2013, JUTC paid the dealer a total of \$331.7 million for these services.

RECOMMENDATION

JUTC should urgently seek to obtain the manufacturer's manual for its fleet of Volvo buses, to effectively conduct in-house repairs and maintenance activities in accordance with the manufacturer's specifications. In addition, JUTC should conduct a cost benefit analysis to determine whether it would be more cost effective to procure the required diagnostic tool, and carry out its own in-house diagnostic and repairs services.

JUTC did not Monitor the Operational Efficiency of its Fleet

- 7.1.43 JUTC's fleet inventory records showed that of the 485 buses, 107 were between 11 to 19 years old. We found that the JUTC does not have a system in place to track the operational efficiency of its fleet of buses. The absence of such a system prevented JUTC from assessing, for example, the operational cost per vehicle.
- 7.1.44 Further, we analyzed JUTC's Management Information System and observed that there was no data in pertinent fields, such as parts used and odometer reading. Additionally, the cost of the repairs for each vehicle was not recorded. The absence of such basic information will impair the JUTC's ability to adequately forecast its cash requirement for fleet management. JUTC noted that acquisition of a maintenance software is being explored to achieve the tracking and monitoring of operational efficiency of its fleet.

Buses Out of Service for Prolonged Periods

7.1.45 JUTC's records disclosed that as at March 2013, 99 buses were out of service for periods ranging from 60 to 537 days. The records also revealed that 88 of the buses were awaiting basic parts, such as tyres; and 11 required major repairs. Management indicated that the long delays were due to a lack of resources and the length of time for the receival of parts.

Inadequate Control over Scrapped Parts

7.1.46 We observed that JUTC was removing parts from buses to repair other buses. However, JUTC failed to maintain adequate control over the removal and transfer of parts. A formal policy, setting out the procedure for the removal and transfer of parts, was not in place.

Unaccounted for and Unused Specialized tools

7.1.47 We found that despite the acquisition of 260 specialised tools at a cost of €42,888, JUTC failed to utilise 83 per cent or 215 (valued at €30,597) of these tools; because the mechanics were not trained to use these tools. In addition, the remaining 45 (17 per cent) valued at €12,291 were missing. These tools were to be used to effect repairs and maintenance to the fleet. JUTC indicated that they were not aware of the missing tools.

HEAD 7200 - MINISTRY OF LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT

PARISH COUNCILS

- 7.4.15 Local Authorities are those entities through which the Ministry of Local Government and Community Development (MLG&CD) carries out its functions within communities. These entities are: the Kingston and St. Andrew Corporation (KSAC), the Portmore Municipal Council and the 12 Parish Councils. The Local Authorities specific responsibilities include developing, managing and maintaining infrastructure and public facilities such as parochial roads, water supply, parks, recreational centres, markets, drains and gullies. This also includes the provision of local services such as poor relief, public cleansing, public health and street lighting. The Councils have regulatory powers in respect of building and planning approvals and development control, licensing of trades and businesses, street parking and control of public vending.
- 7.4.16 The Government of Jamaica (GOJ) allocated \$2.9 billion to the Ministry and the local authorities in 2012-13, to execute its function at the local level towards national development.
- 7.4.17 We sought to determine whether the local authorities are managing the properties under their portfolio to ensure the achievement of maximum returns from their real estate assets. Our review was limited to the KSAC and the St. Catherine Parish Council, because we did not receive the information requested from the Councils within a timeframe that would allow for proper audit examination of data related to all Councils. Our limited audit review revealed a few deficiencies, which are outlined below.

Property Management policies and Legislations are lacking in the Local Authorities

7.4.18 We found that a comprehensive governance framework that guides Property Management was lacking within the Local Authorities. It was noted that a Sale and Lease of lands policy dated July 3, 1996 was in place and being adhered to at the MLG&CD and the local authorities. This policy dictates the procedures to be carried out prior to the sale or lease of Council properties. However, there was no policy guiding the daily operations, which should cover extensive monitoring and maintenance, site inspections and revenue management. We advised the Ministry of Local Government to consider implementation of a Property Management Policy outlining standard operating procedures for the local authorities. The Policy should provide for scheduled inspections and the submission of

property management status report, which should include projected development plan, revenue and expenditure statements.

KSAC's Property Listing Incomplete

7.4.19 We identified 13 properties, which are registered to St. Andrew Corporation (KSAC) that were not itemized on the list of properties submitted to us by KSAC. The properties comprised vacant lots, parks and properties with existing buildings. KSAC was also unable to provide representation on the status of these properties including proposed plans and current activities. The KSAC indicated that it will provide an updated property list by December 15, 2013.

Revenue not accounted for and Arrears

- 7.4.20 There was no evidence that the KSAC received lease payments from one of its Lessees, even though it was evident that the lessee's business was still in operation. The Lease agreement reviewed indicates that KSAC should have received \$312,000 under this lease up to November 2013.
- 7.4.21 Documents pertaining to the sale of 7 Argyle Road (upper St. Andrew) a property previously leased by the KSAC, were not presented for audit scrutiny. The title reflected that the property was transferred to the Sports Development Foundation on May 2, 2007 for a consideration of \$22.5 million. We noted for the purposes of this sale that NLA valued the property at \$70 million. Whereas, a private valuator appraised the property at \$22.5 million. Despite our request, KSAC has not provided evidence to account for the proceeds of the sale.

APPENDICES

APPENDIX 1 IMPROPER PAYMENTS

Improper Payments	2009-10	2010-11	2011-012	2012-13
Inland Revenue	315,446			
Jamaica Customs	9,163,953			
Church Teachers College	214,989			
Anti-Dumping & Subsidis Commission		144,831		
Edna Manley College	235,433.43			
Accountant General's Department			35,512	
Independent Commission of Investigations			170,000	
Ministry of Tourism and Agencies			214,186	
Ministry of Education			417,230	3,961,243.40
TOTAL	9,694,388	144,831	836,928	3,961,243

APPENDIX 2 UNAPPROVED PAYMENTS

Unapproved Payments	2009 -10	2010 -11	2011 -12	2012 -13
Jamaica Customs	9,163,953	4,800,000	73,350,000	
Church Teachers College	203,786			
NERHA	1,108,452			
Coffee Industry Board	920,097			
NWC	1,644,883			
Electoral Office of Jamaica	2,106,146			
Education System				
Transformation Programme		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	
Ministry of Labour and Social				
Security				11,241,050
AIC				202,000,000
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	15,147,317	37,832,584	194,280,082	213,241,050

APPENDIX 3 OVERPAYMENTS

Ministries/Departments & Agencies	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	2012-13 \$	Total Recoveries \$	Outstanding Balance \$
Accountant General	1,202,688					82,180	1,120,507.75
Administrator General's Department	27,039					-	27,039.00
Aeronautical Telecommunication Ltd.	-	123,462				123,463	-
BATCO	1,630,363					-	1,630,363.00
Bath Fountain	38,141					-	38,141.00
Bellevue Hospital	16,366					-	16,366.00
Bureau of Standards, Jamaica	-	7,153	92,692			-	99,844.50
Child Development Agency	-	98,417		14,529		95,524	J\$17,421.94
Coffee Industry Board	-	4,208,882				-	4,208,881
Companies Office of Jamaica	5,077,517		210,182		401,862	86,862	5,602,699
Council of Community Colleges of Jamaica	58,989					55,877	3,112
CPTC	2,271,689					183,414	2,088,274
Department of Correctional Services	679,012	860,987	3,800,000			294,818	5,045,180.66
Development Bank of Jamaica	1,029,534					58,150	971,384
Edna Manley College	-	871,260				871,260	-
E-Learning Company	3,476	18,198				-	21,673
Electoral Office	151,811	480,250				88,162	543,899

Ministries/Departments & Agencies	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	2012-13 \$	Total Recoveries \$	Outstanding Balance \$
Firearm Licensing Authority	-		654,639			430,072	J24,567
Fisheries Division	-		23,818			16,489	7,329.00
Forestry	6,723					6,723	-
FSL	363,646					25,574	338,071
Houses of Parliament (HoP)	15,248					15,248	-
Institute of Jamaica	-	242,469				-	242,468
Jamaica 4H Clubs	1,974,267					8,291	1,965,976
Jamaica Business Development							
Corporation	-		852,100			67,342	784,757
Jamaica Customs	-	320,157		8,311,583		869,499	7,762,241
Jamaica Defence Force	-			754,291		-	754,291
Jamaica Fire Brigade	1,174,031	1,060,827				936,939	1,297,919
Jamaica Information Service	-	33,861				-	33,861.00
Jamaica Library Services	10,160		15,202	10,160	15,202	10,160	40,564.00
Jamaica National Heritage Trust	16,120					-	16,119.99
Jamaica Social Investment Fund	-	157,780				-	157,780.00
Jamaican Foundation for Lifelong							
Learning	-			65,380		29,998	35,381.50
JCDC	363,316	106,541	142,616	138,646		150,898	600,220.73
JIPO	236,134					-	236,134.19
Kingston and St. Andrew Corporation	941,794		160,300			298,748	803,345.73
Kingston and St. Andrew						74,179	-179

Ministries/Departments & Agencies	2008-09 \$	2009-10	2010-11 \$	2011-12 \$	2012-13 \$	Total Recoveries \$	Outstanding Balance \$
Corporation (markets)	74,000						
Lift-up Jamaica	37,070					-	37,069
Local Government	376,702					42,645	334,057
Manchester Parish Council	366,087					366,087	-
Medical Council	80,223	270,169				80,223	270,169
Micro Investment Development Agency	371,240					81,826	289,4134
Milk River	21,134	85,477				-	106,610
Ministry of Agriculture	124,416					124,416	-
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	10,630,847	3,239,198		9,250,000		3,014,759	20,105,286
Ministry of Foreign Affairs	101,939					75,606	26,333
Ministry of Justice	-			289,651		-	289,651
Ministry of Labour & Social Security	-	52,451		293,723	329,733	59,231	616,675
Ministry of Mining	3,476	34,561				-	38,037
Ministry of Tourism	-			14,620		13,535	1,085
Ministry of Finance and the Public							
Service	262,319	544,632	170,100			374,069	602,982
MOH- Head Office	1,550,490		7,200,000			562,866	8,187,624
Moneague College	244,300					-	244,300
National Council on Drug Abuse	47,109					47,109	-

Ministries/Departments & Agencies	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	2012-13 \$	Total Recoveries \$	Outstanding Balance \$
National Gallery	210,330					-	210,329
National Land Agency	113,375					95,023	18,351
National library of Jamaica	-	63,311				-	63,310
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	1,311,242
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 The Disaster Preparedness and							
Emergency Management	33,939					29,769	4,170
Office of the Prime Minister	700,087	117,208	J\$55,015.00			872,310	-
Office of The Services Commission	39,794		500,323			470,671	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	-			52,055		-	52,055

Ministries/Departments & Agencies	2008-09	2009-10	2010-11	2011-12	2012-13	Total Recoveries	Outstanding Balance
Agenties	\$	\$	\$	\$	\$	\$	\$
Department							
Public Defender	116,625					111,776	4,849
Court Management System	-				88,734	-	88,733
Anti-dumping & Subsidies Commission	-				35,734	24,822	10,911
Registrar Generals Department	432,063	421,498	83,720	119,497		816,197	240,581
Sam Sharpe Teacher's College	-		1,400,000			182,894	1,217,105
SDC	373,773		946,578			-	1,320,350
Shortwood Teachers College	-			879,959		150,494	729,465
South Regional Health Authority	-	169,910				15,560	154,349
Southeast Regional Health Authority	-	143,302		151,808		-	295,110
Spectrum Management Authority	2,783,189					1,517,310	1,265,879
St Elizabeth Parish Council	264,193					264,193	-
St. Joseph's Teachers College	-	70,861		4,600,000		-	4,670,861
Statistical Institute of Jamaica	57,521					55,205	2,315
Sugar Company of Jamaica	138,811					-	138,811
TAAD	1,218,983	107,059				948,531	377,510
TASD	57,479					-	57,479
Tax Administration of Jamaica	223,140	24,243	1,398,106	987,671		338,395	2,294,765
Trelawny Parish Council	-		29,029			-	29,029
UTECH	478,500					478,500	-
					J\$186,500.0		
Urban Development Corporation	-				0	-	186,500

Ministries/Departments & Agencies	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	2012-13 \$	Total Recoveries \$	Outstanding Balance \$
Western Regional Health Authority	-			4,768,544		2,000,000	2,768,544
						-	-
TOTAL	88,328,145	14,681,753	20,872,750	31,054,772	1,057,765	24,582,259	133,793,058

APPENDIX 4 UNCLEARED ADVANCES

Uncleared Advances	2007-08 JA\$	2008-09 JA\$	2009-10 JA\$	2010-11 JA\$	2011-12 JA\$	2012-13 JA\$	Outstanding
Ministry of Finance-Recurrent		560,505,664		574,000,000			1,134,505,664
Ministry of Finance-Cap A		152,726,811					152,726,811
Accountant General	1,004,628	592,120	414,757		7,600,000		9,611,506
Accountant General - Public Debt charges					62,300,000		62,300,000
Accountant General - Treasury Deposit					2,900,000,000		2,900,000,000
Ministry of Agriculture & Fisheries					114,700,000		114,700,000
Inland Revenue Department	27,429,708	61,878,626	10,900,000				100,208,333
Jamaica Customs Department		12,815,300	122,130				12,937,430
Jamaica Fire Brigade	2,015,531	437,540					2,453,071
Lift Up Jamaica	39,018,498						39,018,498
Ministry of Foreign Affairs	227,000,000						227,000,000
Electoral Office	645,346		245,000				890,346
Local Government	3,750,000						3,750,000
JNHT			419,829				419,829
Ministry of Labour	45,811				1,400,000		1,445,811
Northeast Regional Health Authority			457,300				457,300

Ministry of Health			9,560,000				9,560,000
TOTAL	300,909,522	788,956,061	22,119,016	574,000,000	3,086,000,000	0	4,771,984,599
APPENDIX LIII							
Uncleared Advances	2008-09 US\$	2009-10 US\$	2010-11 US\$	2011-12 US\$	2012-13 US\$	2008-09 US\$	Outstanding
Jamaica Embassy - Washington				7,802			7,802
Ja. Consulate General- New York				29,160			29,160
PRUN		11,176					11,176
PATH						485,934	485,934
TOTAL		11,176		36,962		485,934.32	534,072.73
APPENDIX LIV							
Jamaica High Commission Trinidad & Tobago				15,520			
TOTAL				15,520			
APPENDIX LV							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Outstanding
Dishonoured Cheques	JA\$	JA\$	JA\$	JA\$	JA\$	JA\$	Outstanding
National Insurance Scheme					12,800,000		
TOTAL							

APPENDIX 5 PROCUREMENT BREACHES

MDAs	2008-09	2009-10	2010-11	2011-12	2012-13
Ministry of Labour & Social Security	13,744,000				24,470,821.62
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				
Social Development Commission	19,096,246	13,400,000			
St. James Parish Council					
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 of Jamaica		160,400,000	202,600,000		
SIA		4,482,804			
Clarendon Parish Council				2,980,000	

MDAs	2008-09	2009-10	2010-11	2011-12	2012-13
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	21,000,000			
WRHA	17,700,413				
Child Development Agency	13,300,000	1,292,393			
Trelawny Parish Council			7,200,000		
Jamaica Information Service	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			

MDAs	2008-09	2009-10	2010-11	2011-12	2012-13
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	24,470,822
APPENDIX MI					
Procurement Breaches	2008 / 2009 (US\$)	2009 / 2010 (US\$)	2010 / 2011 (US\$)	2011 / 2012 (US\$)	2012 / 2013 (US\$)
Ministry of Foreign Affairs & Foreign Trade- Jamaica Consulate General - New York		20,071			
Transport and Works		103,130			
Accountant General				94,000	
TOTAL	0	123,201	0	94,000	0

APPENDIX 6 OUTSTANDING APPROPRIATION ACCOUNTS

LIEAD	MINISTRY/DEPARTMENT/AGEN	OUTSTANDING APPROPRIATION ACCOUNTS									
HEAD	CY	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13			
100	Governor General							٧			
200	Houses of Parliament		√								
1548	National Environment and Planning Agency						٧	٧			
1700A	Ministry of Tourism				٧	٧	٧				
1700B	Ministry of Tourism			٧		٧	٧				
2012	Public Debt Charges					٧					
700	Office of the Children's Advocate							٧			
600	Office of the Services Commissions						٧	٧			
2015	Inland Revenue Department						٧				
2041	Taxpayer Audit and Assessment Department						٧				
2011	Accountant General's Department							٧			
100	Accountant General's Department - Statutory							٧			
200	Accountant General's							٧			

LIEAD	MINISTRY/DEPARTMENT/AGEN	OUTSTANDING APPROPRIATION ACCOUNTS									
HEAD	CY	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13			
	Department - Statutory										
300	Accountant General's Department - Statutory							٧			
400	Accountant General's Department - Statutory							٧			
500	Accountant General's Department - Statutory							٧			
600	Accountant General's Department - Statutory							٧			
2018	Accountant General's Department - Statutory							٧			
2019	Accountant General's Department - Statutory							٧			
2823	Accountant General's Department - Statutory							٧			
2825	Accountant General's Department - Statutory							٧			
2829	Accountant General's Department - Statutory							٧			
2833	Chief Parliamentary Council							٧			
2042	Taxpayer Appeals Department						٧	٧			
2044	Tax Administration Services						٧				

LIFAD	MINISTRY/DEPARTMENT/AGEN		OUT	STANDING A	APPROPRIAT	ION ACCOU	INTS	
HEAD	CY	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Department							
2653	Passport Immigration and Citizenship Agency							٧
2800	Ministry of Justice					٧	٧	٧
2800A	Ministry of Justice					٧	٧	٧
2800B	Ministry of Justice					٧	٧	٧
2838	Court of Appeal						٧	٧
2826	Family Court					٧	٧	٧
2827	Resident Magistrates' Court					٧	٧	٧
2828	Revenue Court						٧	٧
2829	Supreme Court						٧	٧
2832	Trustee in Bankruptcy							٧
2835	Director of Public Defender							٧
2854	Courts Management Service					٧	٧	٧
3000	Ministry of Foreign Affairs and Foreign Trade							
3000A	Ministry of Foreign Affairs and Foreign Trade				٧	٧	٧	
3000B	Ministry of Foreign Affairs and Foreign Trade		٧	٧				
4000	Ministry of Labour and Social Security						٧	٧

LIEAD	MINISTRY/DEPARTMENT/AGEN		OUT	STANDING A	APPROPRIAT	ION ACCOL	JNTS	
HEAD	CY	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
4000A	Ministry of Labour and Social Security				٧		٧	٧
4000B	Ministry of Labour and Social Security						٧	٧
4100	Ministry of Education							٧
4100A	Ministry of Education							٧
4100B	Ministry of Education							٧
4200	Ministry of Health							٧
4200A	Ministry of Health							٧
4200B	Ministry of Health							٧
4220	Registrar General's Department							٧
4234	Bellevue Hospital						٧	
4235	Government Chemist					٧		
4251	Child Development Agency	٧	٧	٧				
1547	National Land Agency		٧	√		٧	٧	٧
5300	Ministry of Industry, Technology, Energy and Commerce						٧	
5300A	Ministry of Industry, Technology, Energy and Commerce						٧	
5300B	Ministry of Industry,						٧	

LIEAD	MINISTRY/DEPARTMENT/AGEN	OUTSTANDING APPROPRIATION ACCOUNTS									
HEAD	CY	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13			
	Technology, Energy and Commerce										
5600B	Ministry of Energy, Mining and Telecommunications				٧						
6300	Ministry of Water and Housing						٧				
6300A	Ministry of Water and Housing						٧				
6300B	Ministry of Water and Housing						٧				
6650	National Works Agency		٧	٧	٧	٧	٧	٧			
	Electoral Office of Jamaica				٧						
TOTAL		1	5	5	6	14	31	46			
Outstanding R	eported Last Year	1	6	11	17	31	62	108			

APPENDIX 7 OUTSTANDING FINANCIAL STATEMENTS

NAME OF ENTITY	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Management Institute for National Development						٧	٧	٧	٧	٧
Registrar General Department										٧
Parochial Revenue Fund					٧	٧	٧	٧	٧	٧
National Environment and Planning Agency										٧
National Land Agency							٧	٧	٧	٧
Passport Immigration and Citizenship Agency								٧	٧	٧
National Insurance Scheme									٧	٧
National Council on Drug Abuse					٧	٧	٧	٧	٧	٧
Fair Trading Commission										٧
Water Resources Authority				٧	٧	٧	٧	٧	٧	٧
Jamaica National Heritage Trust			٧	٧	٧	٧	٧	٧	٧	٧

NAME OF ENTITY	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Social Development Commission			Outsourced							
Capital Development Fund				٧	٧	٧	٧	٧	٧	٧
National Youth Service							٧	٧	٧	٧
Institute of Jamaica							٧	٧	٧	٧
National Gallery of Jamaica	٧	٧	٧							٧
Jamaica 4H Clubs				٧	٧	٧	٧	٧	٧	٧
Pharmacy Council								٧	٧	٧
INDECOM							٧	٧	٧	٧
Anti-Dumping & Subsidies Commission								٧	٧	٧
Child Development Agency				٧	٧	٧	٧	٧	٧	٧
TOTAL	1	1	2	5	7	8	12	15	16	21
Outstanding Reported Last Year	1	1	2	6	13	21	33	48	64	85

APPENDIX 8 OUTSTANDING RECEIPTS AND PAYMENTS STATEMENTS

NAME OF FRITITY	C	OUTSTANDING R	RECEIPTS & PAYN	IENTS STATEMEN	ITS
NAME OF ENTITY		2009-10	2010-11	2011-12	2012-13
Milk River Bath Hotel			٧	√	٧
Police Public Complaints Authority			٧		
Bath Fountain			٧	√	٧
Land Tenure		٧	٧	٧	٧
National Commission on Science & Technology			٧	٧	٧
Medical Council Of Jamaica				٧	٧
Jamaica Veterinary Board					
Professions Supplementary to Medicine			٧	٧	٧
Apprenticeship Board		٧	٧	٧	٧
Outstanding for 2011/2012		2	7	7	7
Outstanding for 2010/2011		2	9	16	23

APPENDIX 9 TRAINING UNDERTAKEN DURING THE YEAR

STAFF TRA	COMMENTS				
Operational Strategies	2013		2014		
	Planned	Actual	Planned	Actual	
Induction Courses (Internal)	5		12		2013 On hold – New positions to be filled in 2014
Information Technology					
Microsoft Office suite (Word, Excel, Outlook) – to be done inhouse			20		Ancillary, Admin, Audit
Microsoft Office – PowerPoint & Access	10		10		AS1 + Admin (2014)
Technical training for IT staff Server Equipment maintenance SQL	1 person	1 person	2 persons		
TEAMMATE training	Selected audit staff	0	All Audit Staff		To be in place 2014
IDEA Data Analysis Training	Selected audit staff	0	All Audit Staff		To be in place 2014
Auditing					
Basic Audit Training for all audit recruits			All new Audit Staff & newly promoted staff		Course to be developed by NAO

STAFF TRA	INING				COMMENTS
Operational Strategies	2013		2014		
	Planned	Actual	Planned	Actual	
Auditing Techniques (external)	All new audit staff	0	All new audit staff		
Financial Statements Audit	25 persons	25	All FSA staff		Held in 2013; 2014 – all FSA staff with NAO
Risk-based Audit – ACCA sponsored		44 persons			
Performance Audit training	30 persons	30	Continued from 2013		1 set of training completed in 2013
Risk Management – ACCA sponsored		21 persons			Held in 2013
International Training Programme in IT Auditing – India	1 person	No one accepted in 2013	1 person		
International Training Programme in Environmental Auditing – India	1 person	No applicant	1 person		
International Training Programme in Financial Statements Auditing – India	1 person	No applicant	1 person		
General					
Report Writing (external)			All Staff		Awaiting proposal from MIND
Supervisory Management			Sup & Mgt		Awaiting proposal from MIND

STAFF TRA	INING				COMMENTS
Operational Strategies	2013		2014		
	Planned	Actual	Planned	Actual	
			Staff		
Financial Management Information System (FINMAN) for Accountants	On going for all Accounts Staff – conducted by MOF				
Management / Supervisors					
Leadership & Change Management –PSTU		3 persons			
Leadership Development – Gender focused		2 persons			
Internal, with internal facilitators (EMM)	12 persons per month at EMM		12 persons per month at EMM		Achieved
Internal, with external facilitators			40 persons		
External training					
Government Accounting	5		5		Staff currently registered at MIND
Introduction to Government Procurement Procedures	6 (Procurement Committee) +		6 (Procurement Committee)		
Secretarial Courses					

STAFF TRAINING				COMMENTS	
Operational Strategies	2013		2014		
	Planned	Actual	Planned	Actual	
Business communication & report writing, Minutes writing	1	1			
General Training courses					
Supplies Management Levels 1 &2	1 person	person			
Supplies & Inventory Management Levels 3 & 4			person		
Training for Telephone Operators			4 (Registry/ Temp)		Course postponed until later this year
Public Speaking & Presentation skills		4 persons	10 Supervisors		
Records & Information Management	2	2	4 Registry		person
Leave Administration (HR)		2			
E-census training for HR Management		4 (HR) - start	4 (HR) - continue		Awaiting FSL to lead the programme
Public Sector Skills Training	2 persons				
Human Resources Management for Sector Officers			All Team Leaders		
Customer Service (Internal facilitator)			All Staff		
Other Professional Training					

STAFF TRAINING				COMMENTS	
Operational Strategies	2013		2014		
	Planned	Actual	Planned	Actual	
E-Learning & Risk based approach to Financial Auditing (E-	4 persons x7	4 persons			
RBAFA)	weeks	x7 weeks			
SAI/Performance Measurement Framework (PMF) Training	2 persons x 1	2 persons			
Course – Miami	week	x 1 week			
ACCA/ICJ Training Courses					
Effective Corporate Governance	5 persons	5 persons			
Audit & Integrity – Maximizing Stakeholder values	2 persons	2 persons			
Forensic auditing	2 persons	2 persons			
Taxation	2 persons	2 persons			
Driving business performance through Internal Audit	2 persons	2 persons			

APPENDIX 10 DISCREPANCIES

Discrepancies between loans entered in by GOJ and loans recorded by AcGD

Figure 1

Name of Loan	Amt on Statement D	Amt on MOF Listing	Difference
FR 12.625 % Benchmark Note 2016	J\$36,235,000,000.00	J\$48,431,740,098.00	J\$12,196,740,098.00
FR 12.25 % Benchmark Investment Note 2013	J\$42,830,000,000.00	J\$62,742,094,515.00	J\$19,912,094,515.00
FR 12.50% Benchmark Investment 2014	J\$48,733,000,000.00	J\$50,421,767,115.00	J\$1,688,767,115.00
Gov VR Benchmark Investment notes 2017	J\$51,784,000,000.00	J\$62,593,583,826.00	J\$10,809,583,826.00
VR Benchmark Investment note 2018	J\$36,527,000,000.00	J\$55,972,041,265.00	J\$19,445,041,265.00
VR Benchmark Investment Note 2015	J\$43,500,000,000.00	J\$46,432,948,000.00	J\$2,932,948,000.00
VR Benchmark Investment Note 2020	J\$51,759,000,000.00	J\$58,889,004,779.00	J\$7,130,004,779.00
VR Benchmark Investment Note 2027	J\$52,759,000,000.00	J\$55,386,052,171.00	J\$2,627,052,171.00
VR Benchmark Investment Note 2032	J\$36,422,000,000.00	J\$38,699,888,471.00	J\$2,277,888,471.00
CPI indexed investment 2022	J\$5,945,000,000.00	J\$6,631,086,995.00	J\$686,086,995.00

Figure 2

Name of Loan	Amt on Statement D	Amt on MOF Listing	Difference
CPI indexed investment 2030	J\$15,220,000,000.00	J\$16,942,625,965.00	J\$1,722,625,965.00
FR 13.25 % Benchmark 2040	J\$16,708,000,000.00	J\$31,796,818,680.00	J\$15,088,818,680.00
FR 12.875 % BENCHMARK 2024	J\$41,141,000,000.00	J\$43,133,721,356.00	J\$1,992,721,356.00
FR 12.75 % Benchmark 2019	J\$37,301,000,000.00	J\$45,407,271,173.60	J\$8,106,271,173.60
FR 12 % Benchmark 2014	J\$15,200,501,000.00	\$37,789,231,700.00	J\$22,588,730,700.00
TOTAL	J\$532,064,501,000.00	J\$661,269,876,109.60	J\$129,205,375,109.60
6.75 %USD Benchmark notes 2013	US\$240,300,000.00	US\$ 287,498,975.00	US\$47,198,975.00
7 % USD Benchmark notes 2014	US\$239,800,000.00	US \$ 268,569,375.00	US\$28,769,375.00
7.25 % USD Benchmark notes 2016	US \$338,300,000.00	US \$371,751,350.00	US\$33,451,350.00
TOTAL	J\$818,400,000.00	J\$927,819,700.00	J\$109,419,700.00

Differences in Treasury Bills disclosed on Statement D and MOF Schedule

Figure 3

Treasury Bills Period	Statement D (\$)	MOF Listing (\$)	Difference (S)
June 09, 2009 to December 18, 2009	377,203,000.00	377,204,300.00	1,300
June 26, 2009 to September 25, 2009	361,256,900.00	361,257,400.00	1300
September 18, 2009 to December 18, 2009	378,450,100.00	378,000,000.00	(450,100)
Net Difference			(448,300)