

AUDITOR GENERAL'S DEPARTMENT



ACCOUNTABILITY

INTEGRITY

TRANSPARENCY

**REPORT
OF THE
AUDITOR GENERAL
ON THE
APPROPRIATION
AND OTHER
ACCOUNTS OF JAMAICA
FOR THE FINANCIAL YEAR
ENDED 31ST MARCH 2009**

DECEMBER 2009

Auditor General's Department

VISION STATEMENT

Our Vision is to, on behalf of the Parliament and people of Jamaica, enhance accountability, integrity, economy, efficiency and effectiveness in Government operations.

MISSION STATEMENT

Our mission is to:

- *Promote transparency, accountability, and best practices in Government operations;*
- *Conduct independent audits and make reports to improve the use of public resources;*
- *Ensure that public sector financial transactions comply with the wishes of Parliament, relevant laws and regulations and are conducted with due regard to the avoidance of fraud, waste and extravagance; and*
- *Develop and maintain the professional competence of our staff.*



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C126

December 18, 2009

*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 the examination of the accounts of the Island for the year ended 31st March 2009 for tabling in the House of Representatives.

Yours faithfully,

*Pamela Monroe Ellis (Mrs.)
Auditor General*

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Abbreviations and Acronyms

ACCA	Association of Certified Chartered Accountants
AGD	Auditor General's Department
MDA	Ministry Department and Agencies
CIDA	Canadian International Development Agency
CISA	Certified Information Systems Auditor
FAA	Financial Administration and Audit Act
GOJ	Government of Jamaica
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
INTOSAI	International Organisation of Supreme Audit Institutions
NCC	National Contracts Commission
NHF	National Health Fund
NHT	National Housing Trust
PAC	Public Accounts Committee
PBMA	Public Bodies Management and Accountability Act
QAR	Quality Assurance Review
RHPPP	Revised Handbook of Public Sector Procurement Procedures

R E P O R T
OF THE
AUDITOR GENERAL
ON THE
FINANCIAL TRANSACTIONS, ACCOUNTING RECORDS
AND FINANCIAL STATEMENTS OF THE
GOVERNMENT OF JAMAICA
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2009

INTRODUCTION

- 1.1 The Report of the Auditor General of Jamaica is submitted to the Speaker of the House of Representatives in accordance with Section 122 of the Constitution of Jamaica and Section 29 of the Financial Administration and Audit Act. It contains the findings arising from my audits of the accounts and financial transactions of Accounting Officers and Principal Receivers of Revenue for the financial year ended 31st March, 2009. 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.
- 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 the accounts referred to in that section are being faithfully and properly kept; 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.
- 1.3 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

- 1.4 The Public Accounts Committee of the House of Representatives is a standing bi-partisan committee chaired by the opposition spokesman on Finance. Under the standing orders of the House all accounts of government agencies and annual reports of the Auditor General tabled in the House are automatically referred to the Committee. In examining the reports of the Auditor General, the Committee calls upon accounting officers, other heads of agencies and their support staff to explain their stewardship of the public affairs and resources assigned to them. It seeks to identify the causes for weaknesses mentioned in the Auditor General's reports, obtain information on what is being done to rectify the situation, and makes its own recommendations as to the corrective measures which should be pursued. 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 2009 to October 2009 the Committee examined the Auditor General's Annual Report for the financial year 2007/2008.

Summary of Performance Targets and Actual Outcomes

- 2.1 Our Corporate Plan for 2008-2012 not only reflects the Department's vision but it also recognises 'people at the centre of development' in keeping with the GOJ's 2030 National Development Plan. Therefore the summary of our accomplishments for 2009 extracted from the Operational Plan not only highlights our accomplishments in ensuring accountability in Government but also in developing our staff and ensuring that they have a suitable work environment to enhance productivity.

Summary of Performance Targets and Actual Outcomes

Accountability and Professional Standards

- 2.2 Our aim is to conduct our audits competently and impartially with due regard to the application of acceptable professional auditing, accounting and ethical standards.

Standard Audits

- 2.3 These audits are mainly compliance audits conducted at least once per year in accordance with auditing standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI). They are conducted to determine whether the ministries, departments and agencies comply with the relevant Acts and Regulations that govern their operations and guidelines issued by the Ministry of Finance and the Public Service.

	Planned	Actual
Ministries	14	14
Departments	36	36
Executive Agencies	09	09
Statutory Bodies	59	56
Others – Educational Institutions, Funds, Commissions, Foreign Missions	08	08

Table 1 Number of Agencies Audited

Financial Statement Audits

- 2.4 The auditor reviews the financial statements and internal controls relevant to the statements with the objective of expressing an opinion as to whether the financial statements are prepared in all material respects in accordance with an applicable financial reporting framework. The Auditor General is required by Section 28 of the Financial Administration and Audit Act to examine and certify the statements and accounts which are required to be submitted in accordance with the Act.

Statements	Number of Statements Received	Number of Statements Certified	Returned to Entity For Correction	Work-in-Progress
Appropriation Accounts of Ministries and Departments	91	68	13	10
Public Bodies	34	29	03	02
Parish Councils	10	02	00	08
Executive Agencies	10	04	05	01
Others as required by law ¹	31	01	22	08
Total	176	104	43	29

Table 2 - Number of Statements Audited and Status

Special Audits and Investigations

2.5 Several programmes and projects are selected each year for special audits using a risk based approach. The objectives are to assess the extent to which sound management practices are used to achieve their intended objectives and at the same time conforming to the relevant laws and guidelines.

- Special investigations – These are special request audits investigations. It is difficult to plan for these audits as often the requests are made as the need arises and can be made at any time during the audit year.
- Internationally Funded Projects – Projects that are funded by international donor agencies are audited both in accordance with our own mandate and in response to requests made by donor agencies such as the International Bank for Reconstruction and Development (IBRD) and the Inter-American Development Bank (IDB). In addition to the guidelines of the Government of Jamaica, the entities are expected to adhere to standards set by donor agencies. Therefore, our audit also determines whether those guidelines were being adhered to.

	Planned/Requested	Actual
Special Investigations	02	02
Internationally Funded Projects	07	7 ²

Table 3 - Special Internationally Funded Project Audits Conducted

¹ Includes various statements prepared by the Accountant General as required by Law and Receipts and Payments Statements prepared by Public Bodies.

² Report for one (1) has not yet been issued.

Information Technology Audits

- 2.6 These audits are planned to collect and evaluate evidence on an organization's information systems, practices, and operations. They are intended to determine if the information systems are safeguarding assets, maintaining data integrity, and are efficient and effective management tools to achieve the organization's goals or objectives.
- 2.6.2 Officers of this Department also received training in information technology audit from the Institute of Internal Auditors in collaboration with the Ministry of Finance's Internal Audit Directorate and the Public Sector Reform Unit in the Cabinet Office.

Performance Audits

- 2.7. These are conducted with the aim of determining whether the objectives of the selected organisation, project or unit were achieved in an economical, efficient and effective manner and to make recommendation for improving management's performance. A risk based approach is used to select the entity/activity. Performance audits are conducted in accordance with International Organisation of Supreme Audit Institutions' (INTOSAI) Standards and general best practices.

	Planned	Actual
Performance Audits	4	2 - 90% 1 - 80% 1 - O/s

Table 4 - Performance Audits

Quality Assurance Review (QAR)

- 2.8. Quality Assurance Review (QAR) is a strategic assessment of an audit function, including its infrastructure, staff, and performance relative to business goals, best practices, and applicable standards, by persons independent of the system / audit under review. Our plan included a quality assurance review by a team comprising two Senior Directors. The objectives were to determine whether the Department's system of quality control was appropriately designed and operating effectively and whether audit reports issued were appropriate under the circumstances. The review also sought to determine whether auditors complied with best practices as outlined in the audit manual and relevant international standards. Additionally, the Department's work has been subjected to reviews by external agencies such as the International Bank for Reconstruction and Development (IBRD).
- 2.8.1 Through an INTOSAI initiative two senior officers of the Department were trained at a workshop held September 7-16, 2009. Since then, they have conducted three (3) quality assurance reviews and presented a report to me and CAROSAI the Caribbean arm of INTOSAI.

	Planned	Actual
QAR	At least 1	3

Table 5 – Quality Assurance Reviews Done

Institutional and Capacity Building

- 2.9 We are committed to make an investment in our employees in the form of continued training and development, the benefits foreseen are many:
- 2.10 Operational efficiency and effectiveness- We recognise that trained employees are likely to apply information, think more critically and act more logically. They are better able to adapt to a changing environment and better able to work across job functions.
- 2.10.1 Increased job satisfaction – Training tends to motivate employees as they are more equipped with the necessary skills to perform their jobs satisfactorily. A motivated employee is likely to be more productive and remain on the job.
- 2.10.2 Transfer of organisational knowledge – In-house training is one way of tapping the tacit knowledge of more experienced employees. Our aim is to train such experienced employees to transfer their knowledge to others.
- 2.10.3 Meet Professional Development Requirements – The professional bodies to which many of our auditors are either members or trainees, such as, the Association of Certified Chartered Accountants (ACCA) and Certified Information Systems Auditor (CISA) requires continued professional development of their members. The Department's Employer Accredited Status from the ACCA, implies that it is committed to a program for training and development.
- 2.10.4 The Department continued to encourage staff development. The following table depicts the training activity during January to November 2009.

	Planned	Actual No. of Courses	Actual No. of Officers Trained
External Courses			
Training for Trainers -	1	1	7
Training Needs Analysis	1	1	1
Administrative Management	1	1	1
Human Resource Management for the Public Sector	0	5	5
Audit of Social Sector Programmes	0	1	1
Quality Assurance for Financial Audit	0	1	2
Advance Operational Auditing		1	
Advance Operational Auditing for Information Technology	3	1	1
ICAJ Seminars - Fraud in the Electronic World; Professional Ethics; Auditing in a Changing Environment		3	3
Fraud Auditing	1	1	3
Risk Based Audit Planning			
Risk Based Audit Planning in the Public Sector			
Supplies Management		1	1
Effective Telephone Techniques and Customer Service	1	1	2
Internal Courses			
Financial Statement Audit	1	1	21
Induction Courses (Internal)	At least 1	1	4
Leadership Seminar	1	1	40
Develop Instructor's manual	50%		70%

Table 6 – AGD's Training Activity

Implement a formal development policy including succession planning

- 2.11 One of the most important aspects of human resource development is ensuring that there is management succession. It is recognised that bringing in managers can improve the breadth of experience of the management team through cross fertilisation of ideas. However, obtaining managers from within the organisation not only brings specialist knowledge of different aspects of the department but also provides junior officers with incentives to aspire to the top. Hence, our aim is to ensure that there is effective succession planning.

	Planned	Actual
Preparation of development and succession planning policy	100%	50%

Table 7 - Operational Strategies

Improve Technological Capabilities

- 2.12 We aim to install an Information Systems platform that supports both the administrative and technical needs of the Department.
- 2.13.1 The Department launched its redesigned website (<http://www.auditorgeneral.gov.jm>) in an attempt to improve its communication with stakeholders. The website now offers the public the opportunity to send comments, give feedback, ask questions or request information from the Department. There is also an area where staff may communicate with each other and keep track of the internal departmental activities. We, however, continue to experience challenges with making our Intranet available to out-station staff. The work of the Department was also hampered by the lack of adequate technological tools. You are invited to visit our website and browse our articles and reports.

Role Model for CARICOM and Government

- 2.14 We aim to organise and govern the Department in ways that promote economical efficient and effective work practices, effective governance practices, whilst promoting transparency, objectivity and fairness in Government's operations.
- 2.14.1 This will be accomplished by first developing the capacity of the support units by providing the necessary tools for the Human Resources, Administration and Accounts Units to improve efficiency.
- 2.14.2 It is recognised that these Units form the hub around which the Department operates and that without them, this organisation would not be able to accomplish its core functions. Hence to achieve our goals, we intend to do the following:

- Roll out the training and development plan for these units by ensuring that officers receive training in current trends in the management of human resources and administration;
- Automation of key activities to improve efficiency;
- Ongoing automation of the Registry; and
- Automate the key processes of the accounting system and link it to the human resources system.

SUMMARY OF MAJOR FINDINGS

Scope of the Audit

- 3.1 The audits of most ministries, departments, executive agencies and public bodies for the 2008/2009 financial year consisted of examinations, inquiries and investigations to allow assessment of the adequacy of the systems of internal control over the major areas of revenue and expenditure, and obtaining the information and explanations considered necessary for certifying the accounts and financial statements submitted. Additional audit emphasis was applied to those areas of governmental activity where the internal control was weak, others which had been prone to problems in the past, new programmes and areas of general public interest. Follow-up work was also done to ascertain what action had been taken on previous audit observations and recommendations. Several programmes and projects were selected for special audits aimed at assessing if adequate planning had been done, proper management control systems instituted and whether the programmes and projects were achieving their intended objectives. A number of computer systems were also audited to determine whether they were proving to be effective management tools. In all instances a risk based audit methodology was applied. The overriding intent of the audits was to contribute to improvement in the management of the public sector and to prompt savings for the taxpayers.

Contents of this Report

- 3.2. This report summarizes the more important observations arising from the various audits conducted for the period under review. More detailed comments on the points mentioned, as well as recommendations as to the corrective measures considered necessary, were communicated to Accounting Officers, Principal Receivers of Revenue and other heads of agencies by way of audit queries, reports and other memoranda. Where appropriate the comments and reactions of those officers to my findings and recommendations are indicated.
- 3.2.1 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 portfolios and given an opportunity to comment thereon.
- 3.2.2 In keeping with the statutory responsibilities mentioned at paragraph 2 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.
- 3.2.3 A summary of the major findings of the audits conducted for the period under review is provided at paragraphs 3.3 to 3.15 below.

Generally Satisfactory Audit Findings

- 3.3. 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 observed.

Arrears of Annual Financial Statements

- 3.4. Government entities are required under relevant Acts of Parliament to submit for audit annual financial statements within four months after the end of each financial year. Many of the Ministries, Departments and Agencies (MDAs) were in varying degrees of arrears, as depicted at appendix A, of this report. However, there was marked improvement in the MDA's submission of the appropriation account, financial and receipts and payments statements when compared to previous years. Nonetheless, the Ministry of Foreign Affairs and Foreign Trade, Management Institute of National Development (MIND) and Child Development Agency (CDA) have all failed to comply with the requirement of Section 24(i)(1)(b) of the Financial Administration and Audit Act³. The Ministry of Foreign Affairs and Foreign Trade and MIND last presented Appropriation Accounts for the Financial Years 2003/2004 and 1999/2000 respectively; whereas the CDA has not presented appropriation accounts, since its inception in June 2004.
- 3.4.1 In the case of ministries and departments, which should submit Appropriation Accounts, up to December 7, 2009, I had not received 29 accounts for 2008/2009, 15 for 2007/2008, 3 for 2006/2007 and 2 for 2005/2006. A schedule of the outstanding Appropriation Accounts is shown at Appendix "A" of this report.
- 3.4.2 Some statutory bodies were also in arrears with the submission of their financial statements, including receipts and payments statements, as follows:

2003/2004	1
2004/2005	3
2005/2006	5
2006/2007	14
2007/2008	21
2008/2009	26

Table 8 - Outstanding Financial Statements and Receipts and Payments Statements

³ Section 24 I (1)(b) requires appropriation accounts to be submitted within a period of four (4) months after the end of such financial year.

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

Improper Payments/ Nugatory Expenditure

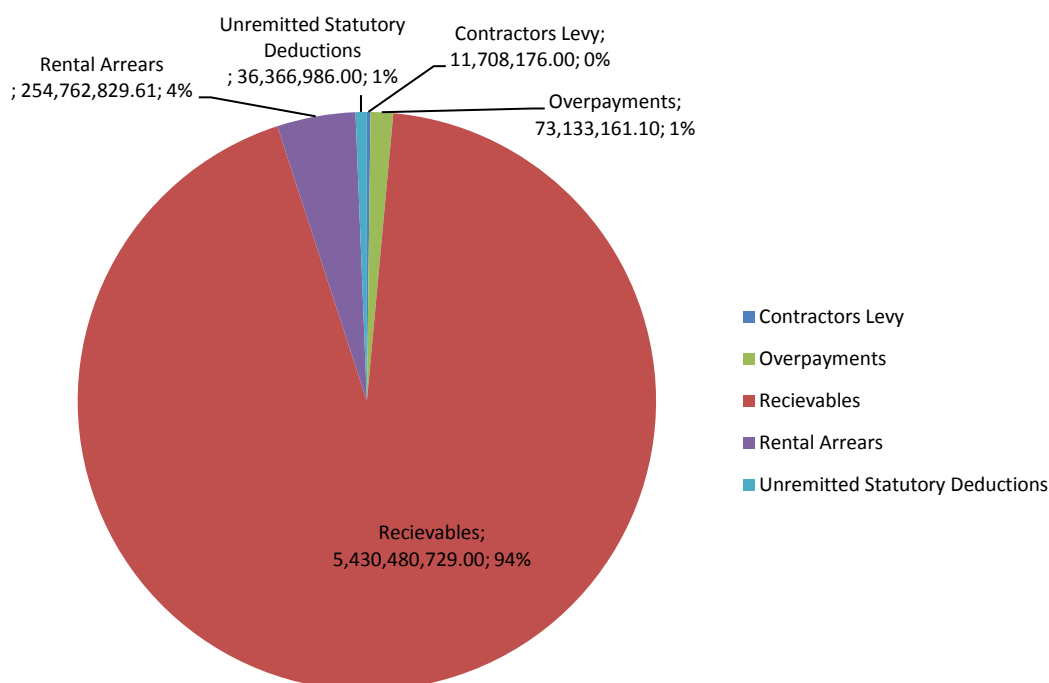
- 3.5 The audits identified a number of instances in which payments amounting to \$105.3M [Appendix E] were made in breach of the stipulated rules and guidelines or without the requisite approval. Five agencies incurred expenditure totalling \$8.3M [Appendix F], for which no benefit was derived by the Government.

Losses, Irregularities and Unverified Transactions

- 3.6 The audits at several entities disclosed instances in which vouchers and supporting invoices were not presented for expenditure totalling \$30.9M [Appendix G]. I was therefore unable to verify their authenticity. Information was not made available as to how assets and other resources valued at \$83.5M [Appendix H] were accounted for. Five (5) entities also reported losses and irregularities involving approximately \$46.1M [Appendix I]. Most of these cases of losses and irregularities were reported to the police.

Amounts Owed To the Government

- 3.7 Throughout this report, disclosure is made of overpayments, receivables and non-remittance of statutory deductions identified during the conduct of the audits. The amounts identified in respect of the financial year ended March 31st 2009 was approximately \$5,806,451,881.71 billion [Appendix J].

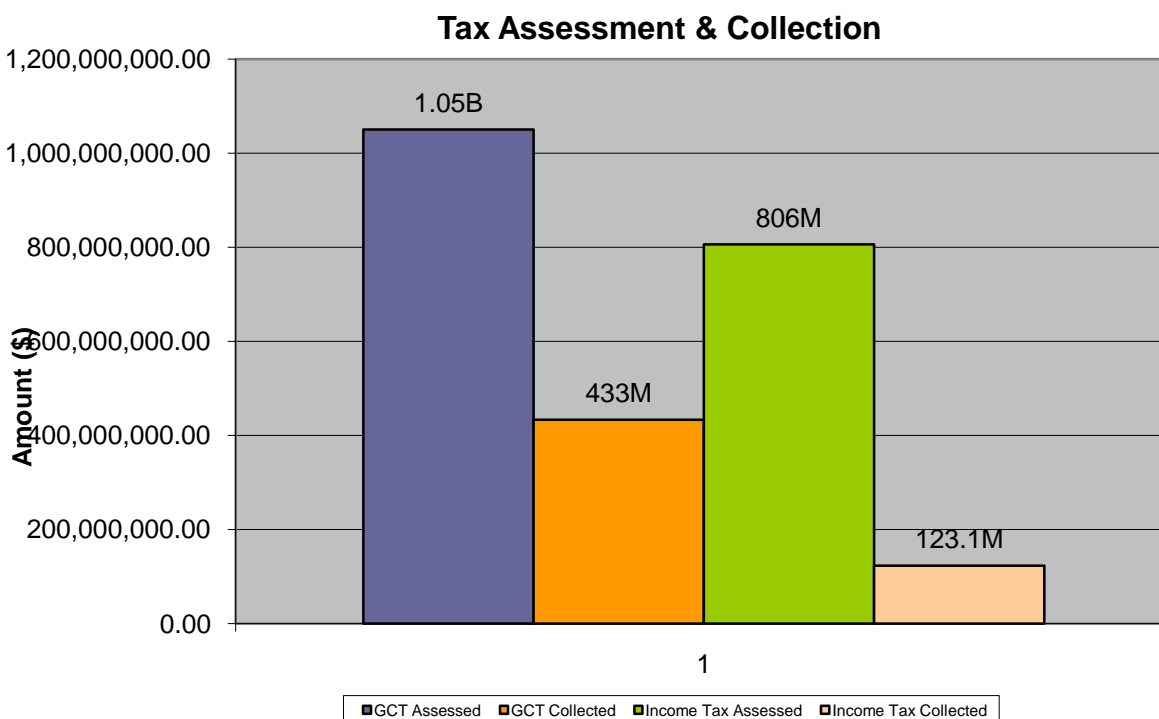


Amounts Owed By the Government

- 3.8 The audits identified that amounts totalling approximately \$1.9B [Appendix K]] was owed by eleven (11) entities, in excess of thirty (30) days, to suppliers of goods and services as at March 31st 2009. This figure does not include the Public Debt. Section 36(1) of the Financial Administration and Audit Act Regulations states – “Accounting officers shall settle payments by their departments for all goods and services received from other departments, public bodies, individuals and private institutions out of the monthly warrant issued for the purpose, within a period of thirty days of their receipt”. The entities were advised of the breach and informed to take steps to ensure future compliance with the Regulation.

Tax Assessment and Collection

- 3.9 A review of 300 taxpayer files for General Consumption Tax and Income Tax together, disclosed assessments made, of tax collectible, totalling approximately \$1.86B. However the audit identified that only amounts totalling approximately \$556.1M were collected by the respective agencies.



Salary Advances

- 3.10 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.
- 3.10.1 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.
- 3.10.2. Failure to account for advances within the stipulated timeframe will misrepresent actual expenditure for that period and create uncertainty as to whether funds were used for the intended purposes.
- 3.10.3 The audits identified outstanding advances totalling J\$788.9M⁴ , £74,099, CN\$19,731 and US\$ 11,176 [Appendix L], made to meet travelling and subsistence expenses and for the procurement of goods and services. Long overdue salary advances were also identified which totalled approximately \$1.2M [Appendix L]. The relevant agencies were advised to take the necessary measures to have the balances cleared.

⁴ The amounts making up this balance is not included in the body of this report; but were included in the various Inspection Reports issued to the MDA's.

- 3.11 The information provided in paragraphs 3.5 to 3.10.3 discloses only amounts identified, using sample techniques, during the audits, and does not reflect the total amounts payable and receivable by the Government as at March, 31st, 2009.

Internal Control weaknesses

- 3.12 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.
- 3.12.1 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. Internal control incorporates all systems of control instituted to ensure that an organization achieves its objectives in an economical and efficient manner; that it is provided with prompt and reliable accounts and other relevant information; its assets are properly safeguarded and the necessary checks and balances exist to prevent and detect errors and fraud. 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.
- 3.12.2 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. Reconciliation of several bank accounts also remained in serious arrears, thereby creating an environment which facilitated the concealment of errors and fraud.

Breaches of Procurement Guidelines

- 3.13 The audits identified breaches of the Government's prescribed rules for the procurement of goods and services costing approximately \$365.5M [Appendix M]. These included failure to obtain the required recommendation of the National Contracts Commission for contracts of \$10M and over as well as to invite the required competitive price quotations before awarding contracts for less than \$10M. I was therefore often unable to determine how those organizations satisfied themselves that the prices paid were fair and reasonable. Other frequent violations were that business was done with suppliers who were not on the National Contracts Commission's approved list or who did not submit the necessary Tax Compliance Certificates.

Information Technology Audits

- 3.14 I conducted reviews of four (4) information technology systems to determine whether adequate controls existed and were operating effectively and efficiently to achieve the organization's objectives. The summarized reports of these audits are outlined in paragraphs 6.1 to 6.22.

Special Audits

- 3.15 I conducted reviews, by special request, of the operations of the Constituency Development Fund and the National Health Fund. The summarised reports of these audits are outlined in paragraphs 4.1 to 4.25 and 4.26 to 4.33 respectively.

Performance Audit

- 3.16 Performance audit (PA) methodology is a full scope examination of the economy; efficiency and effectiveness of Government programmes and organisations. The PA methodology was applied in reviewing:

- HIV/AIDS Prevention and Control Project
- Preventing and Detecting and Investigating Benefit Fraud at the Ministry of Labour and Social Security.
- Administration of stamps and properties by the Post and Telecommunication Department.

The related reports for the above mentioned audits will be submitted separately to the Honourable Speaker for tabling in the House of Representatives.

ACKNOWLEDGEMENT

- 3.17 I would like to extend special thanks to my staff for their contribution to this report, and express my gratitude to Accounting Officers, Chief Executive Officers and their staff, and officers of other Government departments and agencies for the courtesies and co-operation extended to my staff and me during 2009.

CONSTITUENCY DEVELOPMENT FUND (CDF)

Background

- 4.1 The CDF is a fund established to provide Members of Parliament with financial resources to execute approved social and economic programs within their constituency. The Fund replaces the following programs: -
- The Social and Economic Support Program (SESP)
 - The Local Development Program (LDP)
 - Lift Up Jamaica Program
- 4.2 The Fund became operational with effect from financial year 2008-2009 and should be used for the following purposes:-
- Welfare activities/projects
 - Economic enablement activities/projects
 - Small infrastructure activities/projects
- 4.3 The main thrust of the fund is to promote human and infrastructure development at the community and constituency levels by:
- Catalyzing economic activities at the constituency level;
 - Fostering local governance including good environmental stewardship;
 - Improving service delivery and bring government and the people closer together, and;
 - Increasing the effectiveness of the elected representatives welfare activities/projects
- 4.4 A sub-committee of the House of Representatives, the Constituency Development Fund Parliamentary Committee (CDFPC), is responsible for the final approval of all CDF projects.
- 4.5 The Constituency Development Fund Management Unit (CDFPMU) was established in the Office of the Prime Minister to coordinate the operations of the Fund. The Fund should be divided equally for each constituency and shall be provided for under the Capital 'A' budget of the Office of the Prime Minister (OPM).
- 4.6 The OPM is responsible for the management and disbursement of the Fund and to ensure that it operates with the highest level of transparency, probity, propriety and accountability with the ultimate goal being to ensure that the funds are efficiently and effectively spent within the constituencies.

The audit sought to determine whether:

- there was compliance with the Constituency Development Fund Operational Procedures framed by the Ministry of Finance and Planning, August 5, 2008;
- there was compliance with the Government procurement guidelines;
- adequate control activities were implemented and executed in a manner to guard against waste, extravagance and abuse;
- the sustainability of the projects were considered by the CDFPMU and the CDFPC prior to their approval.

- 4.7 A detailed review was conducted of four (4) enablement and eight (8) construction CDF's projects with total expenditure of \$ 6,858,783 and \$15,104,578 respectively. The review of the operations, financial transactions and administrative activities of the projects revealed the following:
- 4.8 Section 4.1(f) of the CDF's Operational Procedures states that all CDF implementing agencies should sign a Memorandum of Understanding (MOU) with the Constituency Development Fund Project Management Unit (CDFPMU), which would outline their role, responsibility and accountability for the funds entrusted to them to execute projects and activities of the CDF. Investigations revealed that no MOU was prepared and signed by the CDFPMU and the implementing agencies.
- 4.9 The said Procedures state that the implementing agency shall be responsible to submit to the CDFPMU monthly progress reports on the performance of all projects/activities being implemented and quarterly reports on the performance of the Fund at the constituency level. There was no evidence to indicate that the required monthly and quarterly reports were submitted to the CDFPMU or that the said documents were requested by the CDFPMU.
- 4.10 The CDF's Operational Procedures allocate to the Constituency Development Fund Local Committee (CDFLC) the responsibilities to ensure (i) fairness in the selection process (ii) the efficient and effective execution of projects and (iii) compliance with stipulated procedures and guidelines. However, the composition of the Committee, as stipulated by Section 2.1 of the CDF's Operational Procedures, does not include Government appointed officers.
- 4.11 The work executed under the construction projects appeared to have been satisfactorily completed. However, in Western St. Thomas a company that was approved by the National Contracts Commission (NCC) to undertake transportation & haulage work (specialty in garbage collection and disposal), was awarded a contract, for the sum of approximately \$4.7M to reconstruct an existing footbridge. Consequently, the CDF had no assurance that the contractor possessed the required competence to satisfactorily complete the reconstruction work.

- 4.12 The four (4) enablement projects were implemented in the North East constituency of St. Elizabeth by the parish's RADA office. Detailed as under:

Project	Expenditure
Dasheen Project	\$ 960,867
Cassava Growing and Processing	\$1,165,916
Central Farm Produce Packaging and Cold Storage(Phase 1)	\$2,500,000
Revolving Goat Rearing	<u>\$2,232,000</u>
Total	\$6,858,783

- 4.13 The Dasheen Project was established to be a model dry land dasheen growing and processing programme that should set the tone for the expansion of the project on a constituency basis. It should also provide marketing companies with a constant supply of quality products while the Cassava Growing and Processing Project was to revive the cassava growing and processing operations in the Goshen community of St. Elizabeth, thus providing affordable cassava and cassava related by-products. Both projects were intended to provide income and job opportunities to constituents.
- 4.14 The Central Farm Produce Packaging House and Cold Storage Project was to assist farmers to better sort, package, market and sell their produce more efficiently. The Revolving Goat Rearing was to be a model goat farm operation that would be replicated in all communities in the constituency that would provide technical and start-up assistance to forty (40) goat farmers. The first born ewe should be handed over to the North East St. Elizabeth Development Foundation to ensure the continuity of the Project.
- 4.15 The Central Farm Produce Packaging House and Cold Storage Project appeared to have been abandoned [see picture 3]; whilst the other three (3) projects were stagnant [see pictures 1 and 2]. The AGD sought to determine whether steps would be taken to resuscitate the Projects; the Parish Manager was unable to provide such information.
- 4.16 Failure to resuscitate the Projects could result in nugatory expenditure of up to \$6M.

CONCLUSIONS

- 4.17 The Project Brief stated the objectives of the projects. However, there was no information to substantiate that feasibility studies were undertaken. Consequently, the audit could not determine the basis on which the Fund's management satisfied itself that the projects objectives were attainable, and if the projects would result in stimulation of economic activities and sustained development at the constituency level.
- 4.18 Serious inadequacies were evident in the monitoring aspect of the Economic Enablement Projects, which were implemented in the constituency of North East St. Elizabeth. There was no evidence that the CDFLC, CDFPMU and RADA discharged their duties to secure efficient and effective execution of the Projects and that RADA undertook the technical and supervisory functions over the Projects, as required by the CDF Operational Procedures.

- 4.19 The absence of the required memorandum of understanding between the CDFPMU and the RADA office, outlining the responsibilities of both parties, and the non submission of monthly and quarterly progress reports by RADA, is another indicator of the failure of both agencies to execute their functions in keeping with the Operational Guidelines.
- 4.20 The oversight responsibilities of CDFPMU and RADA allows for their intervention at all phases of a project. Such intervention should result in curtailing disbursement of funds until issues affecting the effective implementation of projects are addressed. The breakdown in management's oversight may have contributed to the unsuccessful implementation of the Projects.
- 4.21 Based on the observations, it can be concluded that implementation of an economic enablement project presents a challenge. Though the CDF Procedures address approval and implementation of such a project, it is silent on the issue of the body that has post implementation responsibility for its continuity and sustainability. What is evident from the economic enablement projects implemented in the North East St. Elizabeth Constituency is the need for the sustained involvement of a monitoring unit, in the short to medium term, to provide needed guidance and inputs to the beneficiaries. This involvement should aid in ensuring that beneficiaries obtain, in addition to the goods or services provided, the required monitoring and guidance to ensure that they become self sufficient and that the project has a multiplier effect throughout the constituency.
- 4.22 In the absence of post implementation management, economic enablement projects will be prone to failure and ensuant waste of government funds.

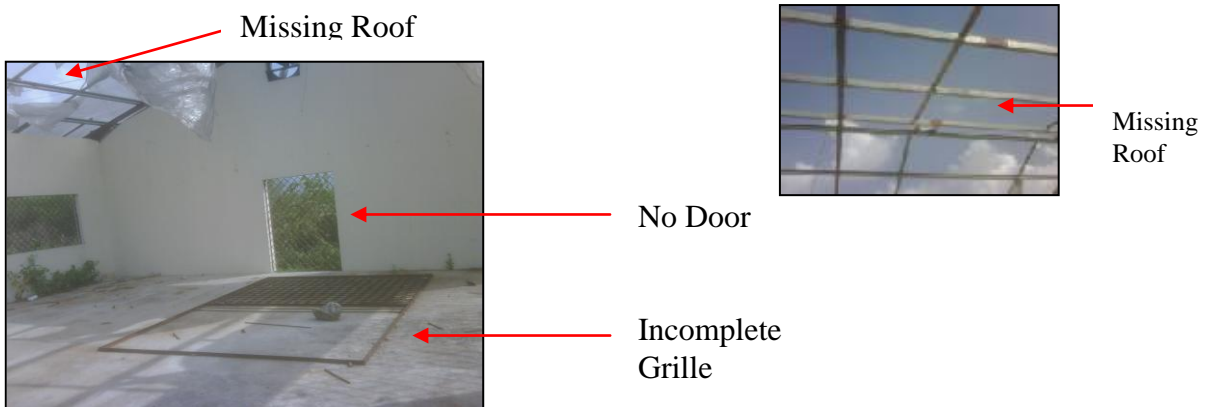
RECOMMENDATIONS

- 4.23 A thorough investigation and assessment should be undertaken of the projects with a view to determine whether they can be successfully salvaged. The results of the review should be used to guide future plans for said and other projects.
- 4.24 The CDF Unit should explore the need for post implementation monitoring of enablement projects, with the aim of assigning that responsibility to an existing or new committee. In the interest of accountability, the officer(s) charged with the responsibility should be (an) appointed "accountable officer(s)".
- 4.25 All committees, units and implementing agencies established for the purpose of approving, implementing and monitoring CDF initiatives should acquaint themselves with the CDF Procedures to ensure that the fund operates with the highest level of transparency, probity, propriety and accountability.

- 4.26 The responsibility of the CDFLC, as stated in Section 2.3 of the CDF's Operational Procedures, should instead be reposed in a Government Agency to ensure that accountability is upheld. Proposals for economic enabling activities should be critically analysed, by the responsible committees, for their sustainability and economic viability at the community and constituency levels.
- 4.27 Government appointed officers should be given the responsibility for conducting needs assessment of applicants for all projects and activities funded by the CDF, and to ensure that there is equity in the distribution of Government's social benefits.
- 4.28 Please be advised that Ministry Paper No. 29/99, which governed the operation of the Social and Economic Support Programme (SESP), the CDF's predecessor, made "needs assessment" the responsibility of the SESP Unit.
- 4.29 The awarding of construction work to companies other than those specifically approved by the National Contracts Commission, offers no assurance that the job will be satisfactory completed and may result in nugatory expenditure. Steps should be taken to prevent recurrence and ensure strict adherence to the procurement guidelines.
- 4.30 At paragraphs 409 and 412 of the AGD 2007/2008 Annual Report, it was stated that "A review of the operations of the Programme revealed inadequacies in the criteria as outlined in Ministry Paper 29/99, which governed the awarding and distribution of benefits under the SESP Programme. The document mainly outlined the broad framework policy direction of the Programme, and listed the general criteria that should guide the approval and disbursement of benefits. However, the document failed to state the specific parameters that should be used to assess applicants. The absence of specific parameters did not facilitate the expected transparency, accountability and the assurance that benefits were distributed on an equitable basis. This weakness was exacerbated by the fact that there was no documentary evidence to indicate that needs assessments were conducted for beneficiaries under the Programme prior to the financial year 2007/2008. The Fund has since been merged with the CDF. Nonetheless, it is recommended that the weaknesses highlighted above be considered in finalizing the procedural guidelines governing the operations of the CDF."
- 4.31 The review of the CDF procedural guidelines disclosed that the aforementioned inadequacies were not addressed.



Picture 1- Sections of dasheen cultivation on three acres of land owned by Elim Agricultural High School



Picture 2- Packaging House

Picture 2 Packaging House located on Land owned by the Elim Agricultural High School



Picture 3 - Cold Storage Containers- located on land owned by the Elim Agricultural High School

NATIONAL HEALTH FUND (NHF)

BACKGROUND

- 4.32 The NHF was established by the NHF Act (2003) with the aim of improving the availability of drugs and other health benefits to the population through the provision of a national health insurance scheme. As part of its function the Fund was also to be used to promote improved methods and levels of efficiency in the delivery of health care. This would be done through the funding of projects developed by both public and private sector organizations.

Audit Objectives

- 4.33 A comprehensive audit review was conducted of selected areas of the NHF's operation to assess whether these were in keeping with established guidelines. A review of the internal control system was also carried out to assess its effectiveness in safeguarding the Entity's assets. Twenty-one areas of concern were identified of which the following remained outstanding:

Credit Card Transactions

- 4.34 Credit card transactions totalling \$123,823 and US\$1,220 were not considered appropriate charges to the NHF. Also, an over-limit fee of \$401 charged by the bank should have been borne by the cardholder instead of the Fund.

Payment Vouchers

- 4.35 Original invoices were not presented for payments made to suppliers of goods and services, totalling \$3,863,689. Management was advised to desist from the practice of making payments without proper supporting documents as this may result in duplication of payments or the organization paying for goods and services that have not been received.
- 4.36 Evidence of MoFPS's approval for the rental of a motor vehicle for sixteen days costing \$71,139.00 for use by a former senior officer was not presented. This breached Ministry of Finance's Revised Comprehensive Motor Vehicle Policy.
- 4.37 The MoFPS's approval was not presented in respect of expenses totalling \$1,112,500 incurred on behalf of the Ministry of Health and Environment. The nature of the payments suggests that they should properly be made from the Ministry's budget. This action not only contravened Section 3.02 .06 of the Guidelines to Financial Management in Public Sector Entities but also bypassed Parliamentary Control and resulted in the understatement of the Ministry's expenditure.
- 4.38 Various first class tickets were procured for staff of the NHF, in respect of foreign travel, including travel upgrades totalling \$405,544.

- 4.39 The AGD recommended that the Ministry of Finance's guidelines for official travel be adhered to and any variations from the guidelines approved prior to incurring the expenditure.

Salaries & Wages

- 4.40 The NHF paid 50% of employees' gym fees and various employees home internet bills without any approval from the Ministry of Finance. These amounts were also not subject to statutory deductions in breach of Section 5 (1c) of the Income Tax Act. Management was advised to take steps to comply with established guidelines and the provisions of the Income Tax Act.

GOJ/IDB Loan Contract No. 972/OC-JA
Northern Jamaica Development Project
Northern Coastal Highway Improvement - Project Segment 2
National Works Agency

5.1 The captioned Project aims to improve infrastructure in Tourism Centres along the Northern Coast of Jamaica. Segment 2 is the portion of the Northern Coastal Highway (Improvement Sub-Project) extending eastwards, approximately 97 kilometres from Montego Bay to Ocho Rios. En route, it links the parishes of St. James, Trelawny and St. Ann and for much of its length, it is parallel to (and near) Jamaica's Northern Coastline. The Project comprised three (3) components:

- I. Civil works;
- II. An environmental protection plan and resettlement programme;
- III. A pilot road maintenance programme.

5.2 The estimated cost of the project is US\$167.3M, which is jointly funded by the Inter-American Development Bank (IDB) through a loan of US\$59.5M, and the Government of Jamaica's (GOJ) contribution of US\$107.8M.

5.3 The audit of the Project, for the year under review, resulted in the issue of an audit report which included sixteen (16) separate matters to be resolved by management. The outstanding matters are detailed below:

5.4 Project Accomplishments

The Project had an initial duration of thirty (30) months (November 2001 to June 2004). Several extensions were granted on the project which caused an overrun in excess of forty (40) months, up to March 2009. A monitoring report from the Ministry of Finance indicated that, for the Financial Year 2008/2009, the Project had exceeded the original cost of \$226,360,000 by \$123,687,000. Management indicated that several factors contributed to the overrun including: the relocation of water and irrigation lines; increase in rock excavation; the appearance of rock far in excess of originally anticipated quantities; delayed issuance of a Quarry Permit and the inclusion of the Rio Bueno Bypass variation to preserve the heritage sites in the town of Rio Bueno.

Land Acquisition

5.5 The Agency incurred interest payments totalling approximately \$4,117,416, due to long overdue payments for lands acquired. Management indicated that delays in the payments were as a result of:

- no titles for premises acquired existed which prolonged the process;
- refusal of some property owners to cooperate with sale;
- lengthy process in completing final survey after construction;
- determination of lawful property owners was time consuming; and
- late payment by GOJ to finalize the sale agreement.

5.6 Internal Controls Weaknesses

1. Improvements were needed in the maintenance of employee personal files, as these were sometimes not updated with information affecting the emoluments payable to members of staff, making it difficult to assess the legitimacy of some payments seen. Management was advised to take corrective action.
2. Approval was not seen from the Office of the Services Commission for a Project Officer to work beyond his retirement date of December 30, 2008. As such, the legitimacy of payments made for the three (3) months, ended March 31, 2009 totalling \$309,696 could not be substantiated. Management was advised to regularise this situation.

SOCIAL SAFETY NET- PROGRAMME OF ADVANCEMENT THROUGH HEALTH AND EDUCATION (PATH) GOJ/IBRD Loan 7076 JM

General Comments

5.7 The Programme of Advancement through Health and Education (PATH) is jointly funded by the Government of Jamaica and the International Bank for Reconstruction and Development (IBRD). The Programme aims to provide an efficient system of social assistance for the poor and the vulnerable. The objectives of the programme were to be achieved through components which include education, health, and social assistance grants for adults, as well as institutional strengthening of the Ministry of Labour and Social Security (MLSS) to operate a streamlined and efficient social assistance system.

5.8 The accounting records and transactions for the period April 2008 to March 2009 were examined. The audit was conducted in accordance with the standards of the International Organisation of Supreme Audit Institutions (INTOSAI), the terms of the Grant Agreement and the Government of Jamaica's regulations.

- 5.9 The audit of the financial transactions and accounting records of the captioned programme disclosed a generally satisfactory state of affairs. The following are among the observations made:

Consultancy Contracts

- 5.10 The Management Information System (MIS) contract relating to the PATH Programme, had a time over-run of eight (8) months. In addition, the contract relating to the Beneficiaries Re-Certification Exercise (BRE), was over-run by three (3) months. Documentations obtained during the audit disclosed that the contract over-runs were generally due to underestimation of scope and delays resulting from inadequate resources. Management advised that approval for extensions were being sought from the National Contracts Commission (NCC).

Compliance with Contractual Clauses

- 5.11 There was general compliance with the contractual clauses of the Project. However, certified financial statements for the period under review were not submitted to the World Bank within four (4) months after the financial year end, as required by Article IV Section 4.01 of the loan agreement.

5.11.1 Internal Audit Findings on Controls Governing Beneficiary Cheque Disbursements

- Instances were noted where cheques were collected on behalf of beneficiaries by persons who were not identified or listed as their agents.
- The internal audit report indicated that there were inconsistencies between the verifications done by Social Workers and the re-verifications conducted by internal auditors. These were in relation to items owned by the beneficiaries that would be used to assess their eligibility to receive the benefits. As such, there were individuals obtaining benefits under the PATH programme that were living above the poverty line and were ineligible for such benefits.

Application for Disbursement of Loan Funds

- 5.12 Examination of disbursement requests (numbers 106 -135) submitted to the World Bank, along with their supporting documents, showed general compliance with the relevant contractual clauses in the Loan Agreement.

Special Bank Account

- 5.13 The transactions and related records for the Special Bank Account No. 236204235 were examined. The controls exercised over the operations of the account were generally satisfactory and the balance of US\$45,768.93 as at March 31, 2009 was verified.

Financial Statements

- 5.14 The financial statements for the year 2008/2009 were examined and found to be satisfactory.

Programme Achievement

- 5.15 As at February 2009 there were 306,699 registered beneficiaries on the PATH Programme. The records indicated that approximately 271,463 individuals under this Programme received grant benefits totalling \$396,000,000 up to February of the 2008/2009 financial year.
- 5.15.1 The Project was in the documentary stage (four (4) months grace period was approved subsequent to March 31, 2009) which should have been completed by July 31, 2009. Overall, the programme met the requirements of the loan agreement.

LAND ADMINISTRATION AND MANAGEMENT PROGRAMME (LAMP) & LAND TENURE ACCOUNTS

Brief Project Description

- 5.16 The purpose of the Land Administration and Management Programme (LAMP) is to establish a dynamic land market that promotes efficient use of the land resources, thereby allowing accessibility to all segments of the society in a fair and transparent manner. The components of the project are:
- i. Land Registration
 - ii. Public Land Management
 - iii. Land Information Management
 - iv. Land Use, Planning and Management
- 5.16.1 The Project was jointly funded by the Inter – American Development Bank (IDB) and the Government of Jamaica and operated under their funding between the period April 2000 and February 2006. It has since been institutionalized as a Project within the Office of the Prime Minister and is being funded by an Imprest (Advance) under Capital “A”. Expenditure under the LAMP account is used for Salaries and allowances, Utilities, Maintenance and other recurrent expenses.
- 5.16.2 Land Tenure is the main activity under the Land Registration Component of LAMP; and involves the provision of assistance to land owners in getting titles for their land and updating existing titles. Assistance is also given in the following areas:
- i. Surveying of Property
 - ii. Obtaining Grants, probate and letters of Administration;
 - iii. Preparing leases; and
 - iv. Making applications for sub-divisions.
- 5.16.3 Land Tenure is funded by contributions from clients to offset the costs related to the above mentioned services being offered.

5.16.4 The audit of the LAMP and Land Tenure Accounts, for the year under review resulted in the issue of one audit report, which included fifteen (15) points of concerns. The following are the unresolved issues..

5.17 Internal Control weaknesses were noted in the following areas:

Furniture and Equipment Inventory

- i. The fixed asset records were not maintained in a manner which adequately safeguarded the assets.
- ii. Management was advised to conduct an exercise aimed at ensuring that all inventory records are maintained and updated in accordance with Government's guidelines. The AGD was advised that steps were taken to address the weaknesses highlighted.

Controls over Motor Vehicles

5.18 At the time of the audit, only one (1) of the Project's eight (8) fleet vehicles was in operation. Management reported that this was due to the Entity's inability to service and repair all the vehicles in their fleet because of lack of funds.

5.18.1 Inspections of four (4) vehicles that were reported to be out of use were conducted and it was noted that:

- a) There was no indication when repairs would commence on any of the vehicles; three (3) of which were at garages; one (1) was disassembled and one (1) had been at a garage since December 2008.

Management has since repaired one of the vehicles.

Pictures of Disassembled Vehicle:



Picture 4: Front View of 2001 Toyota Hilux

Picture 5: 2001 Toyota Hilux without Engine



Picture 6: Engine and other parts for 2001 Toyota Hilux

- b) The fourth vehicle was parked at the Entity's office location. Management was advised to consider reducing the number of vehicles in the fleet so that allocated funds may be used in a more effective and efficient manner.

- 5.19 Log books were not presented for three of the vehicles that were out of service therefore it could not be ascertained whether these vehicles were being used for official purposes prior to being damaged. Additionally, evidence revealed that operational efficiency reports were not adequately updated to reflect all information concerning damages, repairs and servicing of the vehicles; thus making it difficult to assess the economy of retaining the vehicles. The AGD was advised that steps have since been taken to address the weaknesses identified.

Land Tenure Activities

Outstanding fees

- 5.20 At the time of the audit, it was noted that 475 titles were in storage at the Project office; of this, the owners of 312 titles had outstanding balances totalling \$ 5,420,701. It was also noted that there were titles completed as far back as August 2007, some of which were also awaiting payments from clients. The system put in place for the collection of outstanding fees may be ineffective; therefore, management was advised to take the necessary steps to improve the system of collecting fees and increase efforts to recover outstanding amounts.

Closed files

- 5.21 Outstanding balances totalling \$120,600.00 were seen in the cash book for fourteen (14) individuals whose titles had been issued and the respective application files closed. Management was advised to ensure that all outstanding fees are collected before titles are issued. The AGD was advised that the total amount outstanding had since been recovered.

Access and Security of Titles

- 5.22 Printed titles were not properly safeguarded, as all members of staff had access to the cabinets in which titles were stored.
- 5.22.1 Management was reminded that the process of issuing land titles to the public is high risk, especially in the case where titles are often processed before any payment is received from the client. The AGD advised that steps should be taken to implement adequate controls over the access to titles. I was subsequently informed that improvement measures were implemented.

- 5.22.2 There was no evidence that a review of titles on hand was done, or that title log books were checked by a senior officer. The audit identified that books were sometimes not signed to indicate the issue and/ or receipt of the titles. The AGD was subsequently advised that improvement measures were implemented.

EXPENDITURE VOUCHERS (Land Tenure Account)

- 5.23 The Agency did not attached copy of the clients' receipts to payment vouchers to support payments made on behalf of client to the National Works Agency, National Land Agency and Registrar of Titles. Consequently, it proved difficult to verify the authenticity of payments. The AGD recommended that management take steps to ensure that receipts for all payments made on behalf of clients are collected and attached to the payment vouchers so that the information from the receipts may be appropriately noted in the clients' files. The AGD was informed that management has since taken steps to address the concerns raised.

GOJ/DFID/CIDA/IADB GRANT

PUBLIC SECTOR MODERNISATION PROGRAMME PHASE II (PSMPII)

General Comments

- 5.24 The Public Sector Modernisation Programme Phase 11, which is jointly funded by the Government of Jamaica, the UK Department for International Development (DFID) and the Canadian International Development Agency (CIDA) aims to enable the Government of Jamaica to establish an efficient, transparent and responsible Public Service and to improve the outcomes achieved in pursuance of its pro-poor policy objectives.
- 5.25 The audit of the Programme, for the period under review, disclosed seven (7) areas of concern related to, Expenditure Vouchers, Journal Vouchers, Overpayment of Consultancy Fees, Salaries and Wages, Fixed Assets, Special Bank Account and Outstanding Payments to the Consolidated Fund which were brought to the Management's attention. The following issue remained outstanding:

Outstanding Payments to the Consolidated Fund

- 5.26 The amount of J\$ 55,995,259 received as benefit-in-kind, was not paid into the Consolidated Fund as required by law. Management indicated that the Ministry of Finance has since confirmed that this amount would be included in the 2010/2011 budget.

HEAD 2041

TAXPAYER AUDIT & ASSESSMENT DEPARTMENT STAMP OFFICE INFORMATION SYSTEM (SOIS)

Introduction and Overview

6.1 The Stamp Office Information System (SOIS) was implemented at the Stamp Duty and Transfer Tax Department in 1995 to accomplish the following objectives:

- Registration of documents received over the counter and through the mail including “express” assessments where appropriate;
- automatic computations of stamp duty and transfer tax based on the document classification;
- replacement of manual stamping with impressions driven by the system;
- linking cashier operations to assessments and stampings;
- account maintenance with respect to the Revenue and Deposit accounts;
- facilitate the efficient operations of the Estate and Valuation sections.

6.1.2 An audit of the SOIS was conducted to determine whether adequate controls were in place and if they were operating effectively and efficiently to achieve the organization’s objectives. Tests were also carried out to identify data inconsistencies and anomalies that may compromise data integrity and the operational efficiency of the system. The following paragraphs contain a summary of the observations made.

Duplicate SOIS Usernames

6.2 The most widely used and visible forms of access controls to an application are user identification (user ID) and passwords. The user ID identifies the individual user and allows specific functions to be assigned to the user. It was observed that there were six (6) active usernames, which had at least two user IDs to access the system. This increased the risk that unauthorized users could conduct transactions under the guise of a legitimate user, and compromise accountability. The AGD recommended that the user IDs that are no longer being used should be deactivated and removed from the system. The AGD was subsequently advised that steps will be taken to have the duplicate user IDs deactivated.

Expired User Accounts with Active Status

- 6.3 The audit identified thirty-seven (37) SOIS users whose accounts were expired but their user status remained active thus increasing the risk of unauthorized users gaining access to the system and conducting illegitimate transactions. Management was advised to ensure that all expired accounts reflect their correct status. In addition, the status of expired or inactive user accounts should be reviewed periodically and terminated where appropriate. I was subsequently advised that steps will be taken to have the accounts appropriately updated and reviewed periodically.

Incomplete and Inconsistent Data

- 6.4 Best practices dictate that data capture should be complete, accurate and consistent. Information technology should also support the business processes of an organization and assist in ensuring compliance with relevant policies and procedures. Data interrogation revealed the following discrepancies:

I. Document Registration

- There were 288 documents that were registered without a proper address for the customer;
- The Taxpayer Registration Numbers (TRN) for 9,293 records were not recorded, though the Data Dictionary indicated that this field was not optional.

II. Assessment

- The assessment dates for 72 assessed records were not recorded;
- Six (6) documents were assessed and verified by the same officer. Furthermore, the status of these documents remained as U (unverified);
- Two (2) documents had the payment dates occurring before the delivery of the assessed documents;
- There were 114 documents which had stamped delivery dates before the dates the documents were received;
- Seven (7) documents were delivered stamped but no verifier ID was indicated;
- There were 16,383 documents that had payment dates recorded but no stamped document delivery dates;
- A total of 2481 documents were assessed but no delivery dates were recorded;
- The stamped delivery dates for 123 documents were prior to the assessed delivery dates;
- The stamped delivery dates for 127 documents occurred before the payment dates;
- There were 589 documents that were assessed but not verified by the senior assessor;

III. Estate Department

- There were 1,009 records which did not have verification status;
- Four (4) records were assessed and verified by the same officer;
- There were 47 registered documents which were verified by a senior assessor. However, the verification status indicated that they were unverified;

6.5 Incomplete and inconsistent data reduces the reliance that can be placed on the information provided by the system. This is compounded by the lack of appropriate data validation which could result in systems error and abuse.

6.6 Management was advised to ensure that appropriate controls are in place so that all relevant data is adequately captured and the relevant validation checks are conducted on the respective fields.

HEAD 5300

MINISTRY OF INDUSTRY, INVESTMENT & COMMERCE

TRADE BOARD LIMITED (TBL)

TRADE BOARD INFORMATION SYSTEM (TBIS)

Introduction and Overview

- 6.7 The Trade Board Limited (TBL) is a regulatory agency of Government operating under the legal authority of the Ministry of Industry, Investment and Commerce. The TBL is Jamaica's certifying authority for goods exported under various Trade Agreements and is responsible for:
- a. Issuing import and export licenses for specific items that act negatively on the environmental, social and economical conditions of the country;
 - b. Issuing certificates of origin for Jamaican exports under various Preferential Trade Agreements;
 - c. Ensuring that Jamaica meets its international obligations under the following:
 - i. WTO Agreement on Rules of Origin.
 - ii. WTO Agreement on Import Licensing.

- 6.8 In 2004 the TBL solicited the assistance of Fiscal Services Limited (FSL) to design and implement a Trade Board Information System (TBIS) in an effort to increase the speed and efficiency with which it provides its services. The TBIS is a web-based application available for use 24 hours per day, 7 days per week. It encapsulates the development of an Import License, Export License, Export Certification and Cashiering System which interfaces with the systems of JAMPRO (now Jamaica Trade and Invest) , The Jamaica Customs and The Taxpayer Registration Number (TRN).
- 6.9 The TBIS aims to:
- a. Streamline information flow both within office and inter-office;
 - b. Allow online submission of Import License Applications;
 - c. Reduce customer interface with different government agencies by capturing required information once and thereafter exchanging it between agencies via electronic means;
 - d. Allow electronic payment of TBL fees over the internet;
 - e. Allow easy generation of MIS reports;
 - f. Facilitate online status query of submitted applications;
 - g. Provide pro-active notification of significant events to customer by email
- 6.10 An audit of the TBIS was conducted to determine whether adequate controls were in place and were operating effectively and efficiently to achieve the organization's objectives. Tests were also carried out to identify data inconsistencies and anomalies that compromise data integrity and the operational efficiency of the system. The following paragraphs contain a summary of the observations made.

Unencrypted Passwords

- 6.11 Data that is encrypted is transformed into an unreadable form that can only be deciphered by an authorized individual with an electronic key. It was observed that the passwords for TBIS users are stored in plain text rather than encrypted. Anyone with a minimum read only access to the database will be able to see the password for every user. Therefore, proper security over TBIS activities cannot be guaranteed if there are methods to gain knowledge of other users' passwords. Management was advised that steps should be taken to have all user passwords encrypted or otherwise protected against disclosure.

The AGD was subsequently advised that this issue will be addressed by the end of December 2009, with a system update.

Password Duration

- 6.12 There was no evidence that the system required users to change their passwords periodically. Older passwords are more likely to be compromised and reused indefinitely. This risk is greater for internal users such as systems administrators whose account privileges give them wide ranging powers to make changes to the system. The AGD recommended that TBIS users, in particular internal users such as members of staff, should be required to change their passwords periodically to reduce the risk of system compromise.
- 6.12.1 Management subsequently advised that this feature will be a part of the next system upgrade of the TBIS which is scheduled to take place in the 2010/2011 financial year.

Password Length and Format

- 6.13 Users of the TBIS are required to use a password containing a mixture of numbers and letters (alpha-numeric) with a minimum of eight characters. However, it was observed that of the 4,788 users, the password for 275 of them was less than eight characters and the password for 804 of them was not alpha-numeric. The system apparently does not validate the input data as it relates to password length and format. This may reduce the reliance placed on the systems validation capabilities of the TBIS. Management was advised to ensure that appropriate steps are taken to improve the systems validation capabilities of the TBIS so that input data conforms to the required standards.
- 6.13.1 Management subsequently advised that this feature will be a part of the next system upgrade of the TBIS which is scheduled to take place in the 2010/2011 financial year.

Damaged/Salvaged Vehicles – Motor Vehicle Dealers

- 6.14 Section 20.0 of the revised motor vehicle import policy states that a motor vehicle dealer is not permitted to import vehicles that have been salvaged or in a damaged condition. However, it was observed that 57 import licenses were approved for persons classified as “Dealers” to import damaged or salvaged vehicles between 2005 & 2008. This is a breach of the motor vehicle import policy and could lead to the importation and supply of damaged vehicles to unsuspecting consumers.
- 6.14.1 The AGD recommended that the cases identified be reviewed in order to determine the factors that led to these licenses being approved with a view to reducing the risk of recurrence.
- 6.14.2 Management subsequently advised that fifteen (15) of the permits were approved at the discretion of the Motor Vehicle Imports Committee (MVIC) and the Trade Administrator while the other permits were in relation to individuals who were erroneously classified as Dealers.

Damaged/Salvaged Vehicles – Approved after September 2008

- 6.15 The Government of Jamaica banned the importation of damaged vehicles with effect from May 1, 2008. Importers were required to land all damaged vehicles by July 31, 2008 and this was eventually extended to September 30, 2008. It was however observed that 35 import licenses for damaged vehicles were approved after September 2008. This would have allowed the importation of damaged motor vehicles after the Government had prohibited the practice. Management was advised to identify the reason for this discrepancy and take the necessary steps to prevent a recurrence.

Multiple Import Licenses (individuals)

- 6.16 Section 15.0 of the revised motor vehicle import policy states that an individual or returning resident is allowed to import one motor car and one light commercial vehicle every three (3) years. The audit observed 39 cases of multiple import licenses being approved for applicants classified as individuals within the three (3) year time frame. This is a breach of the motor vehicle import policy and could result in individuals importing more than the allowed number of vehicles within the specified time frame. Management was advised to ensure that systems are in place to prevent the approval of multiple motor vehicle import licenses for individuals within the three (3) year time frame.

Importation of Over-Aged Vehicles

- 6.17 Section 7.0 of the motor vehicle import policy states that importers may import and license for the first time, vehicles up to three (3) years for cars and four (4) years for light commercial vehicles at the time of importation. However, the audit identified 7,324 cases where licences were approved for the importation of over aged vehicles between January 2005 and March 2009. This is a breach of the motor vehicle import policy and could result in a large number of old and defective vehicles entering the local market. The AGD recommended that management review the controls relating to this area with a view to ensuring that all import licences for motor vehicles are issued in accordance with the government's motor vehicle import policy. Management subsequently advised that steps are being taken to address this issue.

NATIONAL LAND AGENCY LAND VALUATION SYSTEM (LVS)

INTRODUCTION AND OVERVIEW

6.18 The LVS is aimed at providing greater usability and flexibility in reflecting the transactions and functionality of the Land Valuation Department. The main objectives of the Land Valuation System are to:

- provide a central databank for all parcels of land in Jamaica;
- improve the effectiveness of the Land Valuation Department in carrying out its functions;
- improve the quality of information maintained by the Land Valuation Department, as well as to facilitate processing of land matters in a shorter time frame;
- provide the collectorates with up-to-date valuation information on a timely basis;
- print Valuation Notices for dispatch to landowners or legitimate possessors of land;
- facilitate the assessment of Property Tax, based on the unimproved value of land parcels, within the Database;
- maintain islandwide statistical information on land parcels so that the valuation process can be expedited;
- maintain computer registers that contain the basic information needed for valuation;
- provide statistical analysis of properties sold in order to provide a reasonable basis for land values.

6.19 An audit of the LVS was conducted to determine whether adequate controls were in place and were operating effectively and efficiently to achieve the organization's objectives. Tests were also carried out to identify data inconsistencies and anomalies that compromised data integrity and the operational efficiency of the system. The following paragraphs contain a summary of the observations made.

NO TRANSFER DATE – LAND SALES

6.20 In the sale/transfer of land, the transfer date represents the date on which ownership officially changes. This date is also used to determine the effective date of amendment or the effective tax date which is usually the 1st April following the year of transfer. It was observed that of the 176,966 records in the land sales table, 83,715 did not have a transfer date. The absence of a transfer date will hinder the National Land Agency's ability to easily identify the date on which land ownership officially changes. This will also affect the taxation authority's ability to correctly determine the effective tax date of the new property owner. Management was advised to ensure that systems are put in place to accurately record the transfer date of all land sales/transfers.

MISSING DATA – LAND SALES

- 6.21 The business processes of an organization should be adequately supported by Information Technology. Information Technology should also assist in ensuring compliance with business policies and procedures. In addition, data capture should be complete and accurate. The Land Sales table, stores all the relevant information in relation to the sale of land. Investigations revealed that of the 176,966 records in the table, the following relevant data were not recorded:
- a. The contract date for 122,836 records was not recorded.
 - b. 176,754 records did not have a possession date.
 - c. 303 records did not have a Seller/Transferor or a Buyer/Transferee recorded.
 - d. There were 337 zero dollar transactions between a Government Entity (Seller) and a private citizen (Buyer).
- 6.22 Incomplete data reduces the reliance that can be placed on the information provided by the system. This is compounded by the fact that all the fields in the land sales table are optional and therefore does not force the user to enter all the relevant details. Management was advised to ensure that appropriate controls are in place so that all relevant data is adequately captured.

HEAD 0200 – HOUSES OF PARLIAMENT

- 7.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report, which included six (6) separate issues to be resolved by the Entity. The following concerns are outstanding:

Bank Reconciliation Statement

- 7.2 The bank reconciliation statement for March 2009 showed erroneous bank debits and credits of \$17,295 and \$876,939, respectively; these were not communicated to the bank for corrective action to be taken. The AGD advised the Entity to have the discrepancies investigated and resolved promptly.

Motor Vehicle Control

- 7.3 Contrary to Government Comprehensive Motor Vehicle Policy the Entity did not maintain log books and operational efficiency records for its fleet vehicles. Compliance with the motor vehicle policy was recommended.

Salary Overpayments

- 7.4 Weaknesses in the internal check process for salary payments contributed to overpayments of salary and allowances totalling \$15,248 to eleven (11) officers; \$5,000 was recovered up to the date of my report. The Entity was advised to improve the system of internal check for salary payments and to effect recovery of the outstanding overpayments.

Outstanding Annual Tax Returns

- 7.5 Annual tax returns were not submitted to the relevant authorities for the years 2007 and 2008. This could adversely affect employees' access to NIS and NHT benefits. The AGD advised the Entity to submit the returns as soon as possible.

HEAD 0300 - OFFICE OF THE PUBLIC DEFENDER (OPD)

- 8.1 The audit of the captioned-Entity revealed a generally satisfactory state of affairs. The AGD issued one inspection report, which included five issues to be resolved by the Entity. All issues were satisfactorily addressed except that the office misinterpreted the tax threshold policy guideline. This contributed to overpayments of salary totalling \$38,350, which were made to three officers. The OPD subsequently recovered \$13,766. It was encouraged to pursue full recovery.

HEAD O400 - OFFICE OF THE CONTRACTOR GENERAL (OCG)

- 9.1. The audit of the financial transactions and accounting records of the OCG revealed a generally satisfactory state of affairs. Eight (8) observations were brought to the attention of the OCG, which included overpayments of salaries totalling \$337,935 to six employees. The AGD was advised by the OCG that amounts totalling \$273,077 have since been recovered. All other issues were satisfactorily resolved.

Head 0600 – OFFICE OF THE SERVICES COMMISSION

- 10.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report which included four (4) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Advances

- 10.2 The Commission did not exercise sufficient controls over the disbursements and monitoring of advances; thus making the process vulnerable to errors and irregularities. Management was urged to address the deficiencies identified.

Toll Calls

- 10.3 Improvement was needed in the time taken to recover cost associated with private telephone calls made by employees.

Board Fees

- 10.4 There was no indication that the Commission recovered outstanding Income Tax of \$536,562 relating to board fees paid during the period April 2006 to February 2008; despite this being the subject of my 2008 Annual Report.

**HEADS 1500, 1500A, AND 1500B –
OFFICE OF THE PRIME MINISTER**

- 11.1 The audit of the captioned Entity, for the year under review, resulted in the issue of five (5) audit reports which included seventeen (17) separate issues to be resolved by the Entity. OPM resolved all issues reported.

STATISTICAL INSTITUTE OF JAMAICA (STATIN)

- 12.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report which included nine (9) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Audited Financial Statements

- 12.2 The audited financial statements for the financial years 2005/2006 to 2007/2008 were not submitted to the responsible Minister. This contravened Section 3 of the Public Bodies Management and Accountability (PBMA) Act.

Staff Loans

- 12.3 STATIN did not obtain the requisite approval from Ministry of Finance and the Public Service for the staff loan policy that was operative. The management was advised to seek the relevant approval.

Salary Overpayment

- 12.4 Inaccurate computation of retroactive salary resulted in overpayments totalling \$57,520. The Institute was advised to recover the overpaid amounts and implement an efficient system of supervisory checks to prevent recurrence. Management subsequently advised that \$55,204 was recovered.

Audit Committee

- 12.5 The Institute's Board of Directors did not appoint an Audit Committee in accordance with Section 8 of the Public Bodies Management and Accountability Act.

OFFICE OF DISASTER PREPAREDNESS AND EMERGENCY MANAGEMENT (ODPEM)

- 13.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report, which included eleven (11) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Financial Statements

- 13.2 Up to the date of this report the audited financial statements for 2007/2008 were not submitted to the responsible Minister, in accordance with Section 3 of the Public Bodies Management and Accountability Act. Management was advised to ensure compliance with the Law.

Emoluments

- 13.3 Incorrect computation of salary resulted in overpayments totalling \$33,939, for the period January 2008 to June 2008, to four officers; while three others were short paid sums amounting to \$96,766 for the period January 2008 to April 2009. It was also noted that the payroll package did not produce an exception report to signal when the gross salary of an officer exceeded a specified amount. These deficiencies may result in loss of public funds. The AGD recommended that the deficiencies be addressed.

Control over Blank Cheques - Donation and Recurrent Accounts

- 13.4 An audit initiated stock count of blank cheques held for the captioned accounts revealed a difference in the physical stock seen and the balances reflected in the Blank Cheque Register. This arose because Management failed to promptly record all blank cheques activity. Management was advised to update the record and implement adequate safeguards for the receipt, custody and issue of blank cheques to prevent irregularities.

Bank Reconciliation

- 13.5 Reconciliation of the ODPEM's bank accounts was twelve (12) months in arrears. The Management was advised to bring the reconciliations up to date and to implement an efficient system of checks and balances.

Loans

- 13.6 An ex-employee, who separated from the Entity February 2, 2009, had an outstanding loan balance of \$187,658 up to the time of this Report. However, Management supplied evidence that attempts were being made to recover the outstanding amount. Non-recovery will result in loss of public funds and as such Management was encouraged to double its efforts to secure full recovery.

Credit Card

- 13.7 ODPEM did not receive the MOFPS approval for use of a credit card. Management was advised to seek the requisite approval.

Inadequate Control over Fixed Assets

- 13.8 Contrary to the Ministry of Finance's guidelines, location records were not placed in the various office areas. In addition, a full years' depreciation was being charged for assets being used for less than one year. This weakness was also highlighted in the external auditors' management letter in 2008.

Store Keeping and Stores Control

- 13.9 The audit identified weaknesses in the control system governing stores as follows:
- a. there were deficiencies in the segregation of duties over the issuing, receiving and recording of store items;
 - b. Stock items valuing \$2,406,373 were not recorded on the relevant stock cards. The cards were not updated and those maintained at two stores were not done on a perpetual inventory basis in keeping with MOFPS guidelines;
 - c. the cards for the regional offices were not presented for verification; and
 - d. there was no evidence that periodic counts were performed to facilitate comparison of physical stock balances with the stock record balances. There were also instances of unauthorised issues.
- 13.10 These deficiencies could result in material losses. Management was advised to institute corrective measures.

NATIONAL LAND AGENCY

- 14.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report which included eight (8) separate issues to be resolved. The following are the outstanding concerns:

Financial Statements

- 14.2 Financial statements for the years 2005/2006 to 2007/2008, which were returned to the Agency for adjustments, were not resubmitted for certification.

Outstanding Appropriation Accounts

- 14.3 Contrary to the requirement of the Financial Administration and Audit (FAA) Act, the Agency's Appropriation Accounts for the financial years 2001/2002 to 2008/2009 were not presented for audit examination. . The Agency was advised to comply with the requirements of the FAA Act.

Bank Reconciliation Statement

- 14.4 The balances reflected on the bank reconciliation statements did not agree with the relevant ledger accounts. There was no evidence that a senior officer reviewed bank reconciliation statements prepared for the months of December 2007 to April 2009.

Over and Underpayment of Salaries

- 14.5 Incorrect computation of salary resulted in overpayments, of \$113,374.00, to three (3) employees, over the period July 2008 to March 2009. In addition, the audit identified short payments totalling \$440,359.00. The Agency was advised to address the deficiencies.

Control over Credit Cards

- 14.6 Contrary to MOFPS guidelines the Agency incurred late payment charges of US\$52.46. Management was advised to ensure future compliance with the guidelines.

URBAN DEVELOPMENT CORPORATION

- 15.1 An audit of the accounting records and financial transactions of the captioned Entity, for the year under review, resulted in the issue of one audit report, which included twelve issues to be resolved by the Entity. The following issues are outstanding:

Financial Statements

- 15.2 Financial Statements for the year 2008/2009 were not received up to the date of this report. This contravened Section 3 of the Public Bodies Management and Accountability (PBMA) Act. Management was advised to comply with the Act.

Emoluments

- 15.3 The audit was unable to conduct a proper assessment of payroll records as the approved salary scale from the Ministry of Finance and the Public Service was not provided despite repeated requests.

Contract

- 15.4 Inadequate planning and monitoring of projects undertaken resulted in variation cost of approximately \$196M relating to the construction of the New Transportation Centre at Port Royal Street. This was reportedly due to changes in requirements, design errors, omissions and time overrun of twelve (12) months.

Pictures of the Transportation Centre



Accounts Receivable

- 15.5 The Corporation's Accounts Receivable balance as at March 31, 2009 was \$142,335,121, of which \$90,138,046 was outstanding for more than 120 days.
- 15.5.1 Lease Agreements were not perfected with (3) three agencies that occupied premises owned by the Corporation. The three agencies owed the Corporation rent totalling \$28,987,336; of which \$26,267,786 was owed for more than 120 days.

Board Fees – Non-deduction of Income Tax

- 15.6 Contrary to the Income Tax Act, income tax totalling \$194,290 was not deducted from fees paid to board members over the period December 2008 to March 2009. Management was advised to recover the outstanding tax and ensure that all subsequent payments are taxed at source.

SPECTRUM MANAGEMENT AUTHORITY (SMA)

- 16.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report, which included 43 separate issues to be resolved by the Entity. The following are the unresolved issues:

Emoluments

- 16.2 Evidence was not presented to indicate that the necessary approvals were obtained from the Ministry of Finance and the Public Service for emoluments paid to three (3) contract employees, project premium paid to another two (2) employees and the granting of clothing allowance totalling \$1,464,375 for the period April 2008 to March 2009. This contravened Section 20 of the PBMA Act.
- 16.2.1 The required statutory deductions were not made from gratuity payments to three (3) officers of the Authority; resulting in overpayments totalling \$1,646,627 covering the period April 2006 to July 2008.

- 16.2.2 Incorrect calculations and inadequate internal checks contributed to the overpayments of salary amounting to \$520,083.15, which were made to three (3) officers during the period April to July 2008. The AGD was advised by SMA that \$254,167 has since been recovered.
- 16.2.3 A senior officer was paid emolument that was above the approved salary scale; this resulted in overpayments to the said officer totalling \$616,479 over an eight month period.
- 16.2.4 Despite the Ministry of Finance and the Public Service's instructions to freeze the motor vehicle allowance of specified employees the Authority proceeded to grant increases to the said officers, effective April 01, 2008. This resulted in improper payments totalling \$1,647,000, made over the period April 2008 to November 2009. The Entity was advised to present the approval for the increases paid or recover the differences and ensure compliance with the instructions of the Ministry of Finance and the Public Service.

Investment - Spectrum Fee

- 16.3 Contrary to Section 7(1) of the Financial Administration and Audit Act SMA did not remit an amount of USD\$2,143,688 to the Consolidated Fund. This amount represents proceeds of the sale of Spectrum to a telecommunication company. SMA invested the US \$2,143,688 with a registered financial institution; despite not obtaining the specific approval of the Ministry of Finance and the Public Service. The audit revealed that the Authority experienced difficulty recovering the investment from the financial institution. The Authority was advised to pay over the gross amount collected promptly into the Consolidated Fund and to institute disciplinary action against the officer who failed to follow due process to secure the requisite approval and exposed public funds to the possibility of loss. The AGD was advised that the sum was subsequently recovered, but up to the time of this report payment had not been made to the Consolidated Fund.

Academic Qualification

- 16.4 There was no evidence that SMA verified the authenticity of certificates, which were submitted to support employees' academic qualifications. The qualification of a senior officer was not presented for review and four (4) instances were noted whereby officers presented qualifications that were inconsistent with the stipulated requirements.

Staff Loans and Advances

- 16.5 SMA did not obtain the requisite approval from the MOFPS for the operation of the staff loan and scholarship schemes. Also, staff loans were not subjected to interest charges. These deficiencies are in contravention of the Government's guidelines. The Authority was advised to obtain the required approval from the Ministry of Finance and the Public Service.

Revenue Transactions

- 16.6 There was no evidence that the mail containing valuables were opened by two officers. The collecting officer did not acknowledge receipt of valuables or record the receipt numbers in the Value Book. There was no evidence of supervisory checks.
- 16.6.1 Receipt books numbered 2251 to 2400 covering collection for the period November 26, 2008 to March 2, 2009 were not presented.
- 16.6.2 Failure to implement adequate controls could result in irregularities and loss of public funds. The AGD recommended that the mail be opened and initialed by two officers and the necessary controls be put in place.

JAMAICA INFORMATION SERVICE (JIS)

- 17.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report which included five (5) separate issues to be resolved by the Entity. The following are the unresolved issues:

Outstanding Payables

- 17.2 The accounting records, as at March 31, 2009, reflected trade payables totalling \$15,573,411; Of this amount, \$742,802 was owed over ninety (90) days. The Agency was reminded of the requirement of the financial regulations to settle debts with suppliers within thirty (30) days of receiving goods and services.

Outstanding Receivables

- 17.3 The records revealed that at March 31, 2009, outstanding receivables totalled \$32.13M, of which \$11.6M were outstanding in excess of ninety (90) days. The Entity was reminded of the negative impact this will have on its effective operation and advised to take steps to collect the outstanding amounts.

Expenditure Vouchers

- 17.4 Weaknesses that could result in loss of funds were noted in this area as under:
- a. Payments totalling \$172,887 were not adequately supported;
 - b. Payments totalling \$358,151 were supported by photocopy or faxed invoices;
 - c. No evidence was presented to confirm that competitive price quotations, or approval for sole sourcing, were obtained for three (3) payments totalling \$444,025; and
 - d. There was no indication that goods were received or services were satisfactorily rendered before cheques were paid.

- 17.5 Management was advised to take the necessary steps to improve controls and comply with the guidelines.

SOCIAL DEVELOPMENT COMMISSION (SDC)

- 18.1 The audit of the financial transactions and accounting records of the SDC resulted in the issue of one (1) audit report, which included eighteen (18) issues to be resolved. The outstanding concerns are detailed below:

Salary Payments – Unauthorised/Overpayment

- 18.2 Persons were employed to twelve (12) posts at the Commission, which were not included in the approved establishment received from Cabinet Office, dated June 15, 2007. Management was advised to ensure that all employees are engaged in approved positions.
- 18.2.1 Overpayments of \$373,772 were made to eight (8) officers. The AGD recommended that a system of internal check be implemented to avoid overpayments, especially upon an employee's separation. Management was advised to recover the amounts overpaid.

Expenditure Vouchers

- 18.3 Payments totalling \$350,000 were made without supporting documentations while payments amounting to \$2,619,408 were supported by quotations, estimates and faxed invoices. This may result in duplication of payments when original invoices are obtained. Management was advised that all payments should be supported by original invoices.
- 18.3.1 Certification was not seen on vouchers indicating whether purchases were received in good condition or services were satisfactorily rendered for payments totalling \$1,415,679. This made it difficult to assess whether the Commission received value for monies spent.
- 18.3.2 It was difficult to determine the legitimacy of payments and to ascribe responsibility for transactions entered into on behalf of the Commission, as payment vouchers totalling \$14,561,047.00 were not certified and authorized.
- 18.3.3 There was no evidence of competitive price quotations for transactions totalling \$19,096,046.00, as required by RHPPP.
- 18.3.4 Under the Social and Economic Support Program (SESP), transactions totalling \$1,709,176.28 were incurred with entities that were not registered with the National Contracts Commission (NCC) and which did not possess valid Tax Compliance Certificates (TCC). This was deemed to be a breach of the RHPPP.

CONSTITUENCY DEVELOPMENT FUND (CDF) PAYMENT VOUCHERS

- 18.4 Evidence of contracts of employment or contract for services was not seen for individuals and organizations that were paid as project managers, as required by the CDF Operation Procedure. These payments totalled \$2,350,000.
- 18.4.1 Evidence was not presented to confirm that road works, conducted in the various constituencies, with contract sum totalling \$8,063,000 were inspected to ensure that the work was satisfactorily completed prior to the disbursement of funds.

Contracts

- 18.5 Contracts were not prepared for works valuing \$1,349,800 that were undertaken at various offices of the Commission. Additionally, construction works undertaken at the Commission's St. Thomas Office for plumbing, electrical and masonry by a construction company valued at \$1,774,790.00 had commenced prior to approval being obtained from the procurement committee. The absence of a signed contract by both parties may prevent the Commission from enforcing any claims, should the contractor default in executing the project. The Commission was advised to ensure that contracts are duly prepared and signed by both parties prior to the commencement of works.
- 18.5.1 The Commission failed to deduct and remit Contractor's Levy totalling \$186,158. This contravened the requirement of Section 3 of the Contractor's Levy Act. The AGD recommended that appropriate steps be taken by management to recover and remit the amounts to the relevant authorities.

Loans and Advances

- 18.6 The original motor vehicle certificates of title for three (3) vehicles were not submitted to the Commission for safekeeping; this constitutes a breach of the motor vehicle loan policy. Management was advised to ensure that the original motor vehicle titles are obtained and retained by the Commission once they are available.
- 18.6.1 A financial institution was registered as second lien holder on the original title of a motor vehicle financed by the Commission, even though the original loan was discharged. Management was advised to investigate and take the necessary action to remove the second lien.
- 18.6.2 Loans and advances totalling \$467,917 were outstanding; \$358,101 of this amount have been owed to the Commission from as far back as 2001. It becomes increasingly difficult to recover long overdue amounts as time passes. Management was advised to investigate these balances and take steps to recover the amounts outstanding or obtain approval for write off where applicable.
- 18.6.3 Credit balances of \$317,181 were noted on the loans and advances account; thereby understating the loans and advances balance. Management was advised to investigate and correct these errors.

- 18.6.4 The indebtedness of a past employee was understated by \$70,000 in a letter to the Solicitor General. This may result in the Commission not recovering the total amount owed.

Inventory of Fixed Assets

- 18.7 The Fixed Asset records were not adequately maintained and individual identification codes were not assigned to assets, making it difficult to verify acquisitions for the period under review totalling \$862,725 because they were not marked.

Blank Cheques

- 18.8 The Entity does not maintain a 'Blank Cheque' Register for monitoring the receipt and issue of blank cheques, in accordance with established guidelines.

LOCAL GOVERNMENT DEPARTMENT (LGD)

- 19.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one report, which addressed nine (9) separate issues. The following are the unresolved matters:

Cash Management

- 19.2 The Department was in breach of the FAA Act Instruction 4.9 because it did not draw official receipts to account for seven (7) cheques totalling \$1,360, 000 which were received for an indigent housing programme. These cheques were being held in a safe at the time of audit and had become stale dated. This is a breach of the FAA Act's Instruction 4.19, which requires lodgement of "moneys daily or at the earliest possible opportunity," and exposes the LGD to misappropriation of funds. Management was advised to take steps to have the cheques replaced and ensure compliance with the Instructions.

Salary Overpayments

- 19.3 The LGD did not institute sufficient controls to govern the payroll process. Consequently, five (5) officers were overpaid salary totalling \$358,836 during the period March to December 2008. Management was advised that the internal checking process needs to be strengthened to prevent a recurrence and full recovery should be made. The AGD was informed that the LGD had since commenced recovery.

Payment Process

- 19.4 Weaknesses were identified with the system of internal controls governing the payment process for goods and services. LGD was advised that it was exposed to the risk of misappropriation of funds; suggestions were made of measures that it can implement to militate against this risk.

Motor Vehicle Controls

- 19.5 The responsible officer within the LGD did not faithfully complete the motor vehicle log books to indicate at all times the purpose of trips undertaken, speedometer readings and quantity of fuel supplied to the relevant vehicle. The LGD was advised to implement corrective action.

Fixed Assets Inventory

- 19.6 Weaknesses persisted in the controls exercised over fixed assets; despite this being a subject of the AGD 2007/2008 Annual Report and the assurance of the LGD that corrective measures would have been instituted.

Outstanding Statutory Returns

- 19.7 Contrary to the requirements of the Income Tax Act, the LGD did not file annual returns, for PAYE, Education Tax and National Housing Trust for the calendar year 2008. The AGD reminded the LGD of its statutory obligation to file such returns on a timely basis.

Procurement Breach

- 19.8 There was no evidence to indicate that the requisite number of competitive quotations were obtained for expenditure totalling \$518,856 relating to a function for forty five (45) guests. This represents a breach of the Government's Procurement Policy and management was encouraged to ensure compliance.

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY (NSWMA)

- 20.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report, which included thirty-seven (37) separate issues to be resolved by the Entity. The following are the unresolved concerns:

Outstanding Financial Statements

- 20.2 Contrary to the requirement of Section 3 of the Public Bodies Management and Accountability Act the NSWMA did not fulfil its responsibility to ensure that audited financial statements were faithfully prepared and submitted to Portfolio Minister for ensuant tabling in the House of Representatives; financial statements for the years 2005/2006 to 2008/2009 were outstanding. The NSWMA representatives reported to the Public Accounts Committee, at its sitting held on March 24, 2009, that the financial statements arrears, relevant to years 2005/2006 to 2007/2008 would have been addressed by May 2009. The arrears remained unresolved, at the time of this report. The AGD reminded the NSWMA of its corporate governance responsibility to ensure that the relevant financial reports are available to facilitate meaningful review of their state of affairs.

Inadequacies in the Payment Process

- 20.3 The AGD's, Annual Report for March 2008 addressed weaknesses identified in the control activities surrounding the payment of goods and services. The audit conducted, for the year under review, revealed that these weaknesses remained, despite the assurance of the Authority to resolve same. Management has since advised that corrective measures have been taken.

Stores Management

Spare Parts

- 20.4 The audit identified weaknesses in the control activities governing the management of the Stores, such as: Inadequate storage facility for spare parts, the absence of stock cards for newly acquired parts and the inadequate labelling of storage containers and shelves. Recommendations were made to the NSWMA regarding steps that may be taken to alleviate the weaknesses identified.

Hurricane Dean Overpayments

- 20.5 A review of the Board Minutes indicated that overpayments totalling \$42,935,775 were made to several contractors over the period August to September, 2007, for Hurricane Dean clean-up activities. Management has since advised that steps will be taken to recover overpayments and corrective measures instituted to prevent recurrence.

Advance Debit Cards

- 20.6 The odometers for twelve of the Authority's vehicles were not working. Service station receipts with values amounting to \$550,830 for October, 2008 remained outstanding. This impedes management's ability to adequately monitor usage of petrol and verify the authenticity of petrol charges. The Authority was advised to effect repairs to odometers and ensure that receipts are promptly submitted to support transactions. NSWMA advised that strident efforts are being made to address this concern.

Metropolitan Parks and Markets

Receivables

- 20.7 The accounting records disclosed that as at March 31, 2009, \$5,127,564 was owed to the Agency by debtors of which \$3,025,653 was outstanding for over of ninety days. Management was advised that the non-collection of outstanding amounts could result in financial losses. The AGD recommended that an aggressive collection method be implemented. The AGD was advised by the NSWMA that intense steps are being taken to resolve this concern.

JAMAICA FIRE BRIGADE

- 21.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report, which included (32) separate issues to be resolved by the Entity. The following issues are unresolved:

Outstanding Financial Statements

- 21.2 Contrary to the requirement of Section 3 of the Public Bodies Management and Accountability Act the Brigade did not fulfil its responsibility to ensure that audited financial statements were faithfully prepared and submitted to Portfolio Minister for ensuant tabling in the House of Representatives; financial statements for the years 2002/2003 to 2008/2009 remained outstanding. The Public Accounts Committee, at its sitting held on March 24, 2009, issued an instruction to the Brigade to resolve this outstanding matter at once. The AGD reminded the Brigade of its corporate governance responsibility to ensure that the relevant financial reports are available to facilitate assessment of their state of affairs and strategic decision making.

Custody of Cashier Key

- 21.3 Owing to inadequate measures to secure contents of the safe the Brigade suffered loss of funds amounting to \$1,179. The Brigade was advised to establish adequate measures to address this weakness to prevent recurrence and greater loss.

Salaries Controls

Salary Overpayments

- 21.4 The Brigade did not institute sufficient controls to govern the payroll process. Consequently, they overpaid three (3) officers salary totalling \$1,146,821 over the period June 2008 to July 2009. The AGD was informed that the Brigade had commenced recovery.

Maintenance of Blank Cheques, Receipt Books & Invoice Order Registers

- 21.5 The audit identified control weaknesses that included: inadequate documentation of information regarding delivery of blank cheques, official receipt and invoice order books. Stock registers were not maintained on a perpetual inventory system. The AGD recommended that corrective action be taken as these could facilitate irregularities.

Fixed Assets Inventory

- 21.6 Deficiencies were observed in the maintenance of the master inventory record; several assets were not given identification codes. Twenty (20) computers, acquired at a value of \$1,084,985, were not recorded in the inventory records.

- 21.6.1 The Brigades' ability to safeguard the Government's assets was compromised. They were advised to update the requisite fixed asset records and to label all assets in keeping with the MOF's guidelines.

Motor Vehicle Control

- 21.7 The requisite operational efficiency record for each vehicle was not maintained, which resulted in management being denied information needed to adequately assess the operational efficiency of vehicles. The Brigade was urged to promptly implement this record.

Stores Management

- 21.8 Review of the controls over the Stores operations revealed deficiencies in the maintenance of stock registers, omission of pertinent information from the register and issues from stock being recorded in pencil. These weaknesses may conceal and foster misappropriation of Stores items. The Brigade was advised to implement corrective measures.

Outstanding Statutory Returns

- 21.9 Income and Education Tax returns were not filed for the years 2007 and 2008. The Brigade was reminded of its statutory obligation to file such returns on a timely basis.

Outstanding Advances

- 21.10 The Brigade did not clear advances in a timely manner; this resulted in an advance balance at of \$437,540 at March 31, 2009, which had been on the books for over three years.
- 21.10.1 The Brigade was informed of the associated risk of financial loss and urged to increase efforts to make recoveries in a timely manner.

Investments

- 21.11 Several weaknesses were identified in the controls exercised over the management of investments, such as: an investment register was not maintained; authorised support was not presented for withdrawals totalling \$3,109,791; the allocation of interest payments was not accurately applied to the various deposits and an independent review of the investment activities was not evident.
- 21.11.1 The Brigade was advised to institute supervisory checks in this area and have all highlighted discrepancies investigated and corrected within the shortest possible time.

Improper Payment Procedures

21.12 The Brigade effected payments totalling \$15,820,541 that were improperly supported by pro-forma invoices. Further, supporting documents for payments totalling \$1.59M, were not cancelled with the paid stamp to prevent reuse.

21.12.1 The Brigade was advised of the associated risk of overpayments being made to suppliers of goods and services and urged to promptly resolve the deficiencies.

HEAD 1600 – OFFICE OF THE CABINET

22.1 The audit of the captioned Entity, for the year under review, resulted in one (1) area of concern, which was satisfactorily resolved.

MANAGEMENT INSTITUTE FOR NATIONAL DEVELOPMENT (MIND)

23.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report, which included eight (8) separate issues to be resolved. MIND satisfactorily addressed the concerns raised, except for the following matter, which remained unresolved:

Absence of Written Contract

23.2 Contrary to the procurement guidelines, MIND did not have a written contract in place to govern the catering service provided; amounts totalling approximately \$3.8M were paid for Catering during the period under review. MIND was advised that in the absence of a contract its interest was not protected.

HEADS 1700 & 1700A MINISTRY OF TOURISM

24.1 The Audit of the financial transactions and accounting records of the Ministry disclosed a general satisfactory state of affairs. The observations brought to the attention of management were all addressed.

BATH FOUNTAIN HOTEL AND SPA

- 25.1 The audit of the captioned Entity for the year under review resulted in the issue of an audit report which included eight (8) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Overpayments

- 25.2 Overpayments totalling \$38,414 were made to five (5) employees on their retroactive salary payments. Management was advised to recover the overpayments promptly and take steps to improve the review process.

Salary Records

- 25.3 The salary records were not maintained in accordance with the Government's Regulations. Management was reminded that all accounting documents, including matters relating to emoluments, must be properly filed and accessible for audit purposes.

Fixed Assets

- 25.4 There was need for improvement in the management of fixed assets and the maintenance of fixed asset records to include: proper marking of assets with the relevant asset codes; updating of location records and inclusion of serial numbers in the asset register. This may result in these assets not being properly safeguarded. Management was advised to take steps to bring the records up to date.

Bank Reconciliation Statement

- 25.5 Bank Reconciliation Statements showed no evidence of being checked or certified by a senior officer. Management was advised to take corrective action, as this could result in errors or irregularities going undetected for protracted periods.

MILK RIVER BATH HOTEL

- 26.1 The audit of the captioned Entity, for the year under review, resulted in the issue of an audit report, which included thirteen (13) separate issues to be resolved by the Entity. The following concerns are outstanding:

Salaries

- 26.2 Improvements were needed in the maintenance of employees' personal files and salary control records. It was noted that no personal files were created for two employees who were on the payroll thus making it difficult to assess the accuracy of salaries and benefits paid.

Payment Vouchers

- 26.3 Payment vouchers and other supporting documents relating to payments totalling \$2,931,796 were either not stamped paid or certified and authorized by senior officers; thus increasing the risk of duplicate payments and making it difficult to assess the legitimacy of payments made. Management was advised to ensure that vouchers and supporting documents are stamped paid and duly authorised by the responsible officers.

Maintenance of Inventory Records

- 26.4 As stated in the 2007/2008 AGD audit report, assets purchased in that year were not recorded in the register, location records were not adequately maintained; items of fixed assets were not marked or coded and office machines and equipment records were still not maintained.

Blank Cheques Register

- 26.5 The blank cheques register was not maintained on a perpetual inventory basis. Management may not be in a position to readily account for the series of cheques in stock at any given point. The AGD recommended that management implement a perpetual inventory system of control over blank cheques.

Cash Receipts

- 26.6 Cash collected was held for up to four (4) working days before being lodged thus increasing the risk of cash not being safeguarded.
- 26.7 An amount was receipted for \$19,500.00 which could not be traced to the lodgement for that month. A bank transaction deposit slip for \$19,500.00 was presented by a customer at the Hotel which was subsequently accepted as payment. However, the details on the transaction slip indicated that the amount was lodged to an unknown account instead of to Milk River Bath Hotels' account. To date, the amount has not been recovered. Management was advised to take steps to recover the amount.

HEADS 2000, 2000A

MINISTRY OF FINANCE AND THE PUBLIC SERVICE

- 27.1 The audit of the captioned Entity, for the year under review, resulted in the issue of seven (7) audit reports which included eighteen (18) observations to be resolved by the Entity. The following matters of significance were yet to be addressed.

Irregularities

- 26.2 Suspected irregularities involving fraudulent encashment of cheques totalling approximately \$21M were uncovered at the Ministry during the period under review. The officer implicated has resigned and the matter has been reported to the police. Breaches of the procurement guidelines and internal control procedures were identified as the factors that facilitated the irregularities. The AGD recommended that corrective measures be instituted to rectify the weaknesses to prevent recurrence.

Returned Unclaimed Cheques

- 26.3 The accounting and physical controls over unclaimed interest cheques in the Debt Management Unit were inadequate. Consequently, 208 unclaimed cheques totalling J\$26M and US\$141,444 could not be accounted for; included in this amount were sixty four (64) cheques totalling J\$3,326,868.00 made payable to nine persons, who were reported to be deceased. The Ministry was asked to investigate and provide an explanation.

Incomplete Inventory

- 26.4 The furniture and equipment inventory records were not updated to reflect new acquisition or disposal of assets. As a result, they did not include fixed assets purchased during the year under review at costs amounting to \$9.3M. This undermines management's ability to exercise proper control over the assets and they could be lost or stolen without being readily detected. The AGD recommended that steps be taken to correct the deficiency.

Stolen Computers

- 26.5 The Ministry reported that four (4) desktop computers costing \$400,000 were stolen. The items were insured and a sum of \$150,880 was received, representing full settlement on a claim for the computers. The Ministry was advised to recover a possible loss of \$249,120 from the security firm that appeared to have been negligent.

Computers Not Received

- 26.6 In July 2008 a payment of J\$5,273,423 was made to a company to supply 75 personal computers and 5 laptops. However, up to the date of this report only 70 personal computers and 4 laptops were received and it could not be ascertained when the remaining items would be delivered. There was no evidence that a written contract existed for this transaction.

Outstanding Miscellaneous Revenue

- 26.7 At the time of audit, the records disclosed that approximately \$1.4M was owing to the Ministry by a printing company for sale of Jamaica Gazettes over the period January to March 2009. The Ministry was asked to collect the outstanding debt. The Ministry subsequently advised that recovery has been made.

Overpayment of Salaries

- 26.8 Thirteen (13) instances of overpayments of salaries totalling \$93,196 were identified. Failure to recover overpayments could result in loss of public funds. The AGD recommended that corrective actions be taken to strengthen the checking process in order to prevent any recurrence and to recover the overpayments. The Ministry subsequently advised that \$73,000 has since been recovered.

HEAD 2000

PROVIDENT FUND ACCOUNT

- 27.1 The audit of the captioned Entity for the year under review resulted in the issue of one (1) audit report which included two (2) separate issues to be resolved by the Entity. One matter was appropriately addressed by the Fund. However, supporting documents relating to a payment for \$79,440 were not presented for audit. The Entity was asked to produce the relevant documents for inspection to enable verification of the expenditure.

PETROCARIBE DEVELOPMENT FUND

- 28.1 The audit of the captioned Entity, for the year under review, resulted in the issue of a report, which included four (4) matters that were brought to the attention of Management. The following concern remained outstanding:

Un-serviced Loan

- 28.2 There was no indication that two loans, totalling US\$9.7M to Jamaica Urban Transit Company Limited in the financial years 2006/07 and 2007/08, were being serviced. This breach of contract resulted in arrears of principal and interest amounting to US\$896,809 and US\$880,564 respectively as at March 31, 2009. Management was advised to take the necessary steps to recover the overdue amounts. The AGD was informed by the Fund that JUTC had since remitted J\$7.3M.

FISCAL SERVICES LIMITED (FSL)

- 29.1 A review of the captioned company's accounting records, for the year 2008/2009, revealed that the financial transactions were conducted in a generally satisfactory manner. Four (4) concerns were brought to Management's attention; however, the following remained unresolved.

Casual Allowance

- 29.2 An employee who used his personal motorbike to deliver mails was paid casual allowance of \$2,000 per day or a total of \$48,000 during the period September 2008 to January 2009. This was in contravention of the Ministry of Finance and the Public Service's guidelines, which stipulate a rate of \$14 per kilometre for actual distance travelled. The AGD recommended that the overpayment should be recovered.

Salary Overpayment

- 29.3 An ex-employee who resigned from FSL in May 2008 was overpaid salary in the amount of \$157,142.00. Of this sum, \$25,574 was recovered up to December 2008. There was no indication that steps were been taken to ensure recovery of the balance of \$131,568.00. Failure to recover the amount could result in loss of public funds. The Entity was advised to pursue all measures available to collect the outstanding amount.

HEAD 2011

ACCOUNTANT GENERAL'S DEPARTMENT

- 30.1 The audit of the captioned Entity, for the year under review, resulted in the issue of eleven (11) audit reports, which included 48 separate issues to be resolved by the Entity. The following are the outstanding concerns:

Outstanding Financial Statements

- 30.2 The under-mentioned financial statements, which are required by Section 24H of the Financial Administration and Audit Act, to be presented within four (4) months after the end of the financial year, were outstanding.

Statements	Outstanding Year
C - Actual Expenditure from the Consolidated Fund	2006/2007*
D - Public Debt of Jamaica – Internal Portion	2008/2009
E- Advances from the Consolidated Fund -Miscellaneous Loans	2005/2006*
	2006/2007*
	2007/2008*
E- Advances from the Consolidated Fund - Institutional Loans	2006/2007*
	2007/2008*
E – Advances from the Consolidated Fund - Tertiary Loans	2007/2008*
F – Capital Investments of the Consolidated Fund	2007/2008*
I - Outstanding Loans or Credits Guaranteed by Government	2008/2009

Table 9 Accountant General's Department Outstanding Statements

* Statements were received but were returned to the Accountant General's Department for correction.

Fraud & Irregularities

- 30.3 During the period under review the Department reported one case of suspected irregularity totalling approximately \$14M. The Police have been investigating this matter.

Tertiary Loans

- 30.4 The audit of Statement E- Statement of Advances and Loans from the Consolidated Fund, Tertiary Loans as at March 31, 2008, disclosed that 374 persons were delinquent with their loan repayments totalling \$84.8M. The audit also disclosed that 90 beneficiaries who received loans totalling \$23.3M from as far back as November 2006 have not made any repayment. This adversely affects the availability of funds to future borrowers. There is also the risk of loss of public funds. Errors were also noted in the calculation of interest and the posting of some accounts. The Department was asked to take steps to collect all overdue amounts, correct the errors, implement a control account and monitor delinquent accounts.

Institutional Loans

- 30.5 An audit of Statement E – Institutional Loans disclosed that loans totalling \$1.8B were never serviced. It also disclosed that for the period under review no repayment was made on several loans with principal balances totalling \$905.9M as at March 31, 2007 and \$877M as at March 31, 2008. The Statements did not disclose the interest and penalties that accrued.

Miscellaneous Loans

- 30.6 The examination of Statement E – Advances and loans from the Consolidated Fund for the years ended March 31, 2008 and 2009, disclosed that several borrowers were delinquent on their loan repayments totalling \$8.9M. Delinquency affects the availability of funds to potential borrowers and increases the risk of loss of revenue to the Government. The audit also identified numerous errors on the statements and records as a result of duplicated names, incorrectly computed interests as well as errors and omissions on some ledger cards. The Department was asked to assign an officer to monitor delinquent accounts, recover the outstanding amounts and correct the errors.

Motor Vehicle Loans

- 30.7 The audit disclosed that delinquent borrowers had outstanding balances totalling \$2.3M as at April 2009. This represents a potential loss of revenue and adversely affects the availability of funds to prospective borrowers. The Department was asked to make every effort to recover the outstanding amounts. The Department, up to the date of this Report, recovered \$1.76M.

Pension Payments - Overpayments

- 30.8 Income tax from pension payments was short deducted by \$1.1M. This can result in a loss of revenue. The Department was advised to recover the amounts and remit same to the Inland Revenue Department.

30.9 The audit was unable to determine the basis on which payments were made to thirty (30) pensioners whose life certificates were outstanding for between twelve (12) and forty-eight (48) months. These pensioners were still active on the payroll at the time of audit. Consequently, four (4) months pension amounting to \$77,261 were paid to the account of a pensioner after his death in November 2008; the Department subsequently recovered \$56,925. The Department was asked to recover the full amount and was reminded that payments should be suspended where life certificates are not submitted within the stipulated three month period. It was also recommended that the Department actively pursue the possibility of establishing a direct link with the Registrar General's Department to obtain information on the death of pensioners.

30.9.1 Physical access control, inadequate segregation of duties and other control weaknesses were observed over the custody and disbursements of drawn pension cheques. The Department was advised that the weaknesses exposed the system to frauds and irregularities.

Deferred Financing Transactions

30.10 The audit disclosed that the Department made principal repayments of \$1.002B in respect of the under-mentioned loans during the year under review. However, the records showed no evidence that the amounts were refunded by the Ministries to the Department for lodgement to the Consolidated Fund. The Department was asked to have the situation regularized as it may result in an understatement of the revenue and expenditure of the Consolidated Fund.

Loan Instrument	Principal Repayment	Amounts Refunded To Consol. Fund	Outstanding to the Consolidated Fund
BNS commitment to WIHCON Infrastructure Ltd., on behalf of the Ministry of Education re school projects.	770,542,828.76	00.00	770,542,828.76
VR LRS 2004/2008 issued to NCB on behalf of the Ministry of Transport and Works	232,276,555.04	00.00	232,276,555.04
TOTAL	1,002,819,383.80	00.00	1,002,819,383.80

Table 10 - Amounts Payable to the Consolidated Fund

Accounting for Shares

30.11 An audit of Statement F, Investments of the Consolidated Fund, disclosed that current financial statements were not seen on file for thirteen (13) companies owned by the Government of Jamaica.

30.11.1 The equity balance on statement F differed from the reported equity on the financial statements for eight entities by a net of approximately \$34M.

30.11.2 The information on file was not sufficient to provide evidence that sixteen (16) entities, listed on the statement, were still in operation.

Outstanding Matters

30.12 Advances totalling \$58M were made from the Contingencies Fund to the Ministries of Health and former Local Government in October 2002. Although this matter was raised in three previous audit reports the advances remained un-cleared up to the date of this report.

30.12.1 The previous year's audit report disclosed short deduction of Income Tax totalling \$94,549 in respect of 12 persons. No recoveries have been made to date. This matter is being referred for possible surcharge.

30.12.2 The previous year's audit disclosed overpayments to two persons which have not been recovered to date. One officer resigned while on maternity leave and an amount of \$2,796 is to be recovered. Total overpayment for the other officer now stands at \$14,170. Both matters are being referred for possible surcharge.

HEAD 2012 - JAMAICA CUSTOMS

31.1 The audit of the captioned Entity, for the year under review, resulted in the issue of three (3) audit reports which included five (5) separate issues to be resolved by the Entity. The following is the outstanding concern:

Import Entries

31.2 In sixty four (64) instances items were imported under temporary importation entries which should have been exported after 3 months of the date of import in accordance with the Customs Act. However, no evidence was presented that they were exported or that the related duties of \$279.5M were paid. The deposits required for the temporary imports were waived but the authority for granting the waivers were not presented. The Department was requested to investigate the instances noted, and to provide proof of export or take steps to recover the duties payable.

HEAD 2015**INLAND REVENUE DEPARTMENT**

32.1 The audit of the captioned Entity, for the year under review, resulted in the issue of seventeen (17) audit reports, which included forty nine (49) separate issues to be resolved by the Entity. The following are the outstanding significant concerns:

32.2 During the audit, it was observed that subsidiary deposit accounts were not being maintained. Consequently, the purpose of deposits amounting to \$2.3M and the entities or persons to whom they were payable could not be determined. The AGD recommended that the monies be paid over to the Accountant General for Miscellaneous Revenue. The Department subsequently indicated that an amount of \$1.7M was paid over to the Accountant General's Department.

Expired Leases

32.3 The agreements with the Urban Development Corporation (UDC) to lease premises occupied by the Department's Head Office and the Motor Vehicle Registry expired in 2002 and 2006, respectively. The AGD recommended that consultations between the Commissioner of Lands and the UDC continue with urgency to ensure that the lease agreements are completed at the earliest possible date.

Overpayment of Allowances

32.4 Several officers were paid taxi allowance contrary to the stipulated rates and conditions outlined by the Ministry of Finance and the Public Service, resulting in overpayments totalling \$223,140. The Department was advised to recover all such overpayments.

Unpresented Contract

32.5 Amounts totalling \$58.6M were paid to a Company to supply licence plates to the Department. However, a contract was not presented for this arrangement and there was no evidence that the requisite Cabinet approval was obtained.

Revenue Accounts

32.6 The reconciliation statements for the three (3) bank accounts were in arrears from between 8 to 31 months as at July 2009. Consequently, errors and unauthorised transactions may go undetected for prolonged periods. The Department was advised that the long outstanding statements should be reconciled in tandem with the current ones.

- 32.6.1 Investigations revealed that 1,997 cheques amounting to \$137.8M which were tendered at tax offices across the island were dishonoured over a seven (7) month period. These included 907 cheques with a total value of \$12.7M from the National Works Agency (NWA) that were held until they became stale dated and therefore, dishonoured by the bank. The proliferation of dishonoured cheques will have a negative effect on the Government's cash flow and ability to carry out planned programmes. The Department was advised to adhere to the guidelines of the Ministry of Finance and Public Service relating to the acceptance of cheques and to recover the tax liabilities and bank charges from the taxpayers. The officer who was responsible for holding the NWA cheques will be referred for possible surcharge in respect of the related bank charges of \$453,500.
- 32.6.2 The lodgments in transit registers for the National Commercial Bank (NCB) and the Bank of Nova Scotia (BNS) accounts were twenty-eight (28) and (19) months in arrears, respectively. At the date of audit both accounts had outstanding lodgments totalling \$49.3M, some from as far back as the year 2000. Consequently, errors and loss of revenue may go undetected for extended periods. The Department was requested to bring these registers up-to-date. The Department indicated that the arrears had been reduced to fifteen (15) and thirteen (13) months respectively.
- 32.6.3 A taxpayer's Company Income Tax account that had a liability of \$897,727 for the year 2008 now appeared fully compliant. However, the documents were not presented to support this position. The Department subsequently indicated that this was an error and an entry was made to correct same. However, I am not satisfied that this is an isolated case and the Department was urged to do a comprehensive investigation to determine the cause.

Tax Refunds and Nugatory Expenditure

- 32.7 It was observed that General Consumption Tax (GCT) refunds were not being paid to taxpayers on a timely basis. Consequently, interest amounting to \$173.6M was paid on 3,575 claims with total refunds of \$869.3M, during the period under review. The payment of significant compounded interest rates of 34 percent per annum (there is no requirement by the GCT Act to compound the interest rate) and the delays in paying claims have placed an additional financial burden on the Governments already scarce resources. For example, one company was paid approximately \$6.4M interest on a principal refund of approximately \$1.1M, which accumulated over a six (6) year period. The AGD recommended that GCT refunds should be paid within three (3) months of submission as outlined under the GCT Act. Consideration should also be given to have the interest rates significantly reduced.
- 32.7.1 A review of refund cheques revealed that 483 of the 1,590 cheques posted between October 2008 and January 2009 were returned, mainly because of incorrect addresses. The audit determined that the refund cheques were being mailed to the addresses recorded on the Taxpayer Registration Number (TRN) System instead of the addresses indicated on the claim forms. This has resulted in the postage fees of approximately \$43,000 over a five month period. The AGD recommended that steps be taken to minimize returned cheques.

Tax Collectorates- INCRS Weakness and Nugatory Expenditure

- 32.8 The Integrated New Cash Remittance System (INCRS) - 1.6 cashiering system had systemic weaknesses that could facilitate irregularities. The Department was advised to discontinue the use of that system so as to benefit from the better controls embedded in the INCRS - 2.0 cashiering system.
- 32.8.1 Delays in relocating the Savanna-La-Mar Tax Collectorate resulted in the payment of rent, during the period January 2008 to January 2009, for the unoccupied building, which resulted in nugatory expenditure totalling \$7.7M. This was attributed to inadequate planning and control of the relocation exercise. The Department was encouraged to take steps to prevent further loss of public funds.

HEAD 2041-

TAXPAYER AUDIT AND ASSESSMENT DEPARTMENT

- 33.1 The audit of the captioned Entity, for the year under review, resulted in the issue of five (5) audit reports, which included fourteen (14) observations to be resolved by the Entity. The major areas of concerns were as follows:

Income Tax Refunds

- 33.2 A sample of one hundred (100) files was requested to ascertain whether refunds made were properly computed. The audit revealed that four (4) taxpayers were over refunded amounts totalling \$1,105,983 during the year 2008 as a result of inadequate internal checks. The AGD recommended that more effective verification be instituted to prevent errors and overpayments and that all amounts over refunded be recovered. The TAAD has since recovered \$831,480.

Income Tax Returns

- 33.3 Of a sample of one hundred (100) taxpayers' files requested for examination, twenty-three (23) had not been presented up to the date of this report. The files examined revealed twenty seven (27) instances in which returns were not made in accordance with the Income Tax Act, but instead, remained outstanding for periods up to six (6) years. Eight (8) taxpayers who filed returns for the years 2003 to 2008 amounting to \$6,871,630 did not remit the respective amounts up to the date of this report. The Department was asked to make available the un-presented files and to take the appropriate action to bring the delinquent taxpayers in compliance with the Income Tax Act.

Income Tax Assessments

- 33.4 A sample of one hundred and fifty (150) taxpayers with tax assessments totalling approximately \$806M were examined for the calendar year 2008. Forty (40) of the related taxpayers' accounts were not seen entered on the ICTAS for amounts collectible of \$82.6M. There was also no indication of any action taken by the Inland Revenue Department to effect collections on eighty-six (86) of the taxpayers' accounts posted to the system, involving tax collectible of \$254.6M. Up to the date of this report only \$123.1M, or 15% of total assessments raised in the sample, was collected.

GCT Assessments

- 33.5 A sample of one hundred and fifty (150) assessments totalling approximately \$1.05B made during the year 2008 was selected, to determine whether they were posted to the taxpayers' accounts and the respective amounts collected. Approximately \$986.1M (94%) of those examined was posted to taxpayers' accounts; only \$433M has since been collected. The Inland Revenue Department was advised to take more stringent measures to ensure that taxpayers meet their statutory obligations.

HEAD 2042

TAXPAYER APPEALS DEPARTMENT

- 34.1 The audit of the captioned Department for the year under review disclosed a generally satisfactory state of affairs. Steps were being taken by management to address the issue brought to its attention.

HEAD 2044 –

TAX ADMINISTRATION SERVICES DEPARTMENT

- 35.1 The Department's financial transactions and accounting records for 2008/2009 disclosed a generally satisfactory state of affairs. All issues brought to management's attention were suitable resolved.

DEVELOPMENT BANK OF JAMAICA (DBJ)

- 36.1 The audit of the captioned Entity, for the year under review, disclosed thirty-three (33) deficiencies, which were brought to the attention of management for appropriate corrective action. The following matters remained outstanding:

Investments

- 36.2 Development Bank of Jamaica (DBJ) was requested to present audited financial statements and accounting records for Ackendown Newtown Development Limited (AND Ltd.), in which it had proprietary interest. The following information was obtained during the audit and by way of DBJ's response:

- 36.2.1 The audited financial statement for AND Ltd. was presented for the year ended March 31, 2008. It revealed accumulated losses of US\$15.4M. This was partly attributed to significant interest on loans and a 37.5% decline in rental income.
- 36.2.2 Loans from Urban Development Corporation (UDC) and DBJ (the parent companies) to AND Ltd. totalled US\$38.1M. However, the statement indicated that US\$10.58M had no fixed repayment period and there was no mention of security for these two loans.
- 36.2.3 The annual audited financial statements of Montpellier Citrus Company have not been presented up to the time of this report. It was noted that this Company received on-going financial support amounting to approximately \$288.9M as at March 31, 2009 and a commercial bank loan of \$50 million in 2004. Management was asked to ensure that financial statements are presented on a timely basis to facilitate informed decision making.

Un-presented Contract

- 36.3 Evidence of a formal contract was not presented for the engagement of a consultant who was paid fees totalling \$2.6M during the period March 2006 to January 2007. The obligations of both parties and the extent of compliance with the terms of the agreement could therefore not be determined and assessed. Income tax totalling \$667,500 was not deducted from the amounts paid and \$30,000 was overpaid, August 2007. The Bank has since taken steps to recover the overpayment and the outstanding tax.

Improper Payment

- 36.4 An officer who was in receipt of full motor vehicle upkeep allowance was paid taxi fares totalling \$58,150 for working over time during the period June 2007 to August 2008. The amount has since been fully recovered.

Questionable Payments

- 36.5 The audit identified five (5) payments totalling \$356,494, which did not appear to be business-related or proper charges against public funds. Since the audit, \$257,100 was recovered.

Statutory Deductions

- 36.6 Statutory deductions totalling \$273,884 were not made from the salaries of three (3) employees; as a result, they were overpaid. Management was advised to take steps to recover outstanding amounts and remit same to the relevant agencies.

Gratuity

- 36.7 Contrary to the Ministry of Finance's guidelines a Project Analyst, who was engaged on several three-month contracts during the period March 2008 to March 2009, was paid gratuities totalling \$500,625 at the end of each period in accordance with the contracts. Government guidelines require that gratuity is paid only on the satisfactory completion of a contract, which must have a duration of at least two years in the first instance and may be paid annually thereafter for satisfactory performance.

Staff Loans

- 36.8 Nine (9) ex-employees had outstanding mortgages and motor vehicle loans amounting to \$1.6M as at February 28, 2009. A sum of \$801,366 was subsequently recovered. There was no evidence that loans over \$1M were approved only after consultation with the Financial Secretary or the Minister of Finance as stipulated by the Guidelines to Financial Management in Public Sector Entities. Interest charged on staff loans not exceeding \$1M was at a rate of 5% instead of the stipulated 8%. The management was advised to ensure that the requirements of the guidelines are adhered to. DBJ has since advised that steps were being taken to recover the outstanding balances.

Scholarships and Donations

- 36.9 There were no policy guidelines to govern the award of scholarships and granting of donations. DBJ awarded scholarships and granted donations totalling \$2.4M and \$10.5M respectively, for the period under review. The Bank was urged to implement a policy, which should be approved by the MOFPS.

Bank Overdraft – Nugatory

- 36.10 There was no evidence that the necessary approval of the Ministry of Finance was obtained to operate overdraft facility for six (6) bank accounts, which incurred interest and penalty charges totalling J\$85,290.75 and US\$69.90 during the period under review. This not only breached the Guidelines to Financial Management in Public Sector Entities, but is also a waste of public funds. Management was advised to take steps to ensure compliance. The Bank has since advised that strict measures have been implemented to prevent recurrence.

HARMONISATION LIMITED

- 37.1 The audit of the captioned Entity, for the year under review, resulted in the issue of a report which included twenty-one (21) matters of concern, however only one was satisfactorily resolved. The following matters of significance were yet to be addressed.

Financial Performance

- 37.2 An analysis of the audited financial statements of Harmonisation Ltd. and its two subsidiaries- Silver Sands Ltd and The Wharf Ltd - revealed that since its inception in 2003/04, the group accumulated operating losses amounting to approximately \$272.6M. These were financed by the parent companies – Development Bank of Jamaica and National Housing Trust. The losses were attributed to financing costs on advances made by the parent companies and significant operating expenses as compared with revenue earned. The company was requested to state what action will be taken to improve the state of affairs. The Company advised that it is awaiting legislative changes that should impact positively the Entity's state of affairs.

Table of Profit and (Losses) - Financial Year Ended March 31st, 2008

Year Ended	Harmonisation Ltd	Silver Sands Ltd	The Wharf Ltd*
	\$000	\$000	\$000
March 31, 2007	1,738,688	(16,233)	(8,009)
March 31, 2008	(245,484)	(17,784)	(8,933)

Table 11 - Harmonisation Ltd. Reported Profit/(Losses)

*The Wharf Limited was sold to Port Authority for \$130m in August 2009.

Table of Expenses Compared to Revenue

Years ²	Harmonisation Ltd. \$000	Silver Sands Ltd. \$000	The Wharf Ltd. \$000	Group \$000
Revenue				
2003/04	956	-	-	956
2004/05	279	-	-	279
2005/06	4,263	1,620	267	6,150
2006/07	2,486	4,238	-	6,724
2007/08	11,130	5,377	-	16,507
Total	19,114	11,235	267	30,616
Operating Expenses				
2003/04	25,275	-	-	25,275
2004/05	100,275	-	395	100,670
2005/06	101,798	6,760	6,117	114,675
2006/07	95,231	20,471	8,070	123,772
2007/08	58,266	23,161	2,338	83,765
Total	380,845	50,392	16,920	448,157

Table 12 Harmonisation Ltd. Subsidiaries Operating Performance

²Information taken from the audited financial statements for the respective companies.

Unauthorized Overdraft - Nugatory

- 37.3 There was no evidence that the necessary prior approval of the Ministry of Finance and the Public Service was obtained to operate an overdraft facility, which incurred interest and penalty charges totalling \$78,488 during the period under review. This is a breach of the Guidelines to Financial Management in Public Sector Entities. The AGD recommended that more effective controls be instituted to prevent any recurrence. The Company subsequently advised that corrective measures would be implemented.

Payment Vouchers

- 37.4 An examination of a sample of payment vouchers disclosed that supplier's invoices were not presented for 31 payments totalling \$6.1M and pro- forma invoices instead of original bills were used to support nine (9) payments totalling \$410,749. Recommendations were made for improvements, as these weaknesses could result in errors and irregularities.

Emolument Package

- 37.5 Evidence of the required approval of the Ministry responsible for the Public Service was not presented for the emolument package of the Executive Director. It could not therefore be determined if there was compliance with the Public Bodies Management and Accountability Act.

Un-verified Salary Payments

- 37.6 Twenty-three (23) employees of the Development Bank of Jamaica were paid salaries totalling \$3M for working with Harmonisation Limited and its two subsidiaries, during the period January 2005 to May 2006. However, supporting documents were not presented to substantiate the nature of the works done, when it was done and rates used to compute salary could not be verified.

Purchase of Assets

- 37.7 A payment of \$1.5M was made to purchase a motor vehicle in February 2005; the necessary documents relating to the transactions were not presented for audit and the vehicle could not be physically identified. Management was asked to present the requested documents to enable verification of the transactions and the asset.

Procurement of Fuel

- 37.8 Cash, instead of the required advance debit card, was used to procure fuel costing \$733,521 for the company's motor vehicles. In some instances, the supporting documents presented did not provide sufficient details to facilitate identification of the vehicles to which the fuel was supplied. This is a breach of the Government's policy and may lead to irregularities. The AGD recommended that steps be taken to ensure adherence to the relevant guidelines.

Biological Assets

- 37.9 It was reported that of the 651 biological assets, which included cattle, sheep and goats, owned by Harmonization Limited, 55 died, 6 were used for official functions and 589 were sold for \$10.33M. However, death certificates signed by a veterinarian or other independent attestation of death were not presented for the animals that allegedly died, and no written authorizations were seen for those used. Management was asked to present the required documents and improve the system of accounting for the animals.

Consultancy Service

- 37.10 The required Tax Compliance Certificate and written agreement were not presented for a law firm that was paid amounts totalling approximately \$20.2M during the period April 2005 to March 2008 for legal services rendered. Investigations revealed that a partner of the firm was connected to a former official of the parent company (Development Bank of Jamaica) while he was still an employee. No evidence was seen to indicate that the relationship was disclosed to the Company's Board of Directors before the engagement, as required by the Public Bodies Management and Accountability Act. Management was asked to provide the necessary supporting evidence and to ensure adherence to the guidelines.

Airfare and Hotel Accommodation

- 37.11 During the period April 2004 to March 2008, amounts totalling \$51.82M were expended on airfares and hotel accommodation for the former Executive Director and several non-staff members. Evidence of prior approval of the portfolio ministry was not presented, as required by the Guidelines to Financial Management in Public Sector Entities. It was also noted that the cost of airline tickets for some officials ranged from \$327,177 to \$1,012,379 for travel to London, Los Angeles and New York. It would appear that sufficient regard was not given to the avoidance of waste and extravagance in these instances.

Mobilization Advance

- 37.12 A review of contract vouchers revealed that amounts ranging from 20% to 80% of the contract values and totalling \$4.9M were paid as mobilization advance to twelve (12) contractors without any indication that securities were obtained to protect the Company's interest. The granting of unsecured advances and advances, which exceeded 15% of the contract sum constituted a breach of the Government's guidelines and could result in losses. The AGD recommended that appropriate measures be instituted to ensure that relevant policy guidelines are adhered to in order to prevent any recurrence of this breach.

Nugatory Expenditure

- 37.13 Expenditure amounting to US\$55,514 was incurred, during 2005, to carry out work preliminary to the construction of a proposed airstrip at Braco in Trelawny. However, the project was subsequently abandoned, resulting in a write-off of the investment and a waste of public funds.

**HEADS 2600, 2600A and 2600B –
MINISTRY OF NATIONAL SECURITY**

- 38.1 The audit of the captioned Ministry, for the year under review, resulted in the issue of three (3) audit reports, which included nine (9) separate issues to be resolved by the Entity. The following issues are outstanding:

Construction and Improvement of Police Stations

- 38.2 There was need for improvement in the controls exercised over the construction and improvement of Police Stations, as a contract ledger was not maintained for each contract and delays were observed in the payment of Contractors Levy to the Inland Revenue Department. These inadequacies could result in improper monitoring of contract payments, a delay in funds being deposited to the Consolidated Fund Account and a breach of the Contractors Levy Act. Recommendations were made for the implementation of a contract ledger and adherence to the Contractors Levy Act. The AGD was informed by the Ministry that corrective measures would be implemented.

JAMAICA DEFENCE FORCE (JDF)

Furniture Inventory

- 39.1 Despite being the subject of previous audit reports, adequate records were not maintained to monitor the commitment control process. This resulted in approximately \$181.8M being owed to suppliers of goods and services for over ninety (90) days as at March 31, 2009, in breach of Section 36(1) of the Financial Regulations. The JDF was encouraged to take the necessary steps to improve its commitment control process.

Breach of Procurement Guidelines

- 39.2 There was no evidence that the requisite five (5) quotations were obtained for purchases amounting to \$6.9M. It was therefore not possible to determine whether the most economical rates were obtained. Strict adherence to the procurement guidelines was recommended.

Commitment Control

- 39.3 Items of furniture were dispatched to different units of the JDF without the requisite identification marks in breach of Government's procedures for control of furniture and equipment. Corrective measures were recommended to adequately safeguard the assets. The JDF indicated that steps will be taken to address this weakness.

Commercial Flights

- 39.4 Improvements were noted in the collection of outstanding balances on the commercial flight accounts. However, as at April 30, 2009 amounts totalling approximately \$9.6M were owed by various agencies for commercial flights. Management was encouraged to collect the outstanding amounts at the earliest possible time.

Bank Reconciliations

- 39.5 The reconciliation of the bank accounts was not being done on a monthly basis in breach of the Financial Instructions. At the time of the audit, reconciliation of the Main and Salaries accounts had not been done for thirty (30) and eight (8) months, respectively. There was also no evidence that the bank was notified of discrepancies identified on the bank statements. The JDF was advised to implement early corrective measures in compliance with the Financial Instructions to minimize the occurrence of errors and irregularities. I was advised that JDF has since undertaken aggressive measures to reduce the arrears.

PRIVATE SECURITY REGULATION AUTHORITY

General Comments

- 40.1 The audit of the captioned Entity, for the year under review, resulted in an audit report which included three (3) separate issues to be resolved by the Entity. The deficiencies were in respect of salaries, blank cheques and cash receipts. These matters were subsequently resolved.

POLICE PUBLIC COMPLAINTS AUTHORITY

- 41.1 The audit of the captioned Entity, for the year under review, resulted in an audit report which included four (4) separate issues to be resolved by the Entity; all issues were appropriately addressed.

HEAD 2622**POLICE DEPARTMENT**

Bank Reconciliation Statements

- 42.1 Deficiencies were noted in the preparation of the bank reconciliation statements for two accounts; resulting in inaccurate balances being reflected in the accounting records, for both accounts. The AGD recommended that the necessary steps be taken to have all discrepancies investigated and resolved in a timely manner as this situation could facilitate and conceal errors and irregularities.

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

- 43.1 The audit of the captioned Entity for the year under review resulted in the issue of seven (7) audit reports which included 34 separate issues to be resolved by the Entity. The following concerns are outstanding:

Improper Payment Procedures

- 43.2 Weaknesses were observed in the payment process, such as: invoices and supporting documents for six payments totalling \$3,750,529.60 were not stamped 'PAID' to mitigate against duplicate payments, authorising signatures were absent from payment vouchers totalling \$1,420,035.00 and payment vouchers did not always bear the required certification that items purchased were received in good condition or that work was satisfactorily done. Recommendations were made to address these weaknesses which could result in improper payments.

Cheque Disbursement Process

- 43.3 There was need for strengthening of the cheque disbursement process, such as: to ensure that printed cheques awaiting disbursement are adequately safeguarded; the identification numbers of payees or persons collecting cheques are recorded in the disbursement binder; all cheques are signed for or notification of the method of dispatch recorded and letters authorising delivery to persons other than the payees were kept on record.
- 43.3.1 There was inadequate segregation of duties as the operator of the cheque-signing machine, who is a certifying officer, had access to the stock of blank cheques in the absence of the blank cheques custodian.
- 43.3.2 These weaknesses, if allowed to continue, could allow errors and irregularities to go undetected for extended periods. Corrective measures were recommended. The AGD was advised that DCS has since implemented corrective measures.

Bank Reconciliation Statements

- 43.4 The reconciliation statement for the salary's bank account showed reconciling figures totalling \$921,806.00 for which no supporting documents were provided. Payees' names and cheque dates were also omitted from the outstanding cheques listing. The Department was alerted to the risks posed by a weak reconciliation process such as the non-detection of fraud and error and advised to implement corrective measures.

Motor Vehicles Operations

- 43.5 Control over the Department's fleet of vehicles was compromised by the omission of important details from the log books; such as supervisors' signatures, mileage, odometer readings and the nature of assignments undertaken.

Stores Control

- 43.6 There was no evidence of independent check of the stores records and stock as required by the Financial Regulations. A check of one storeroom at the Department's head office revealed that there was risk of damage to stock from moisture. Recommendations were made to institute at minimum, an annual inventory check by senior officer, other than the storekeeper, and make the necessary improvements to the physical storage area, to prevent damage to stock.

Overpayment of Salaries

- 43.7 Fifteen employees were overpaid salaries and allowances amounting to \$414,177 over the period August 2007 to December 2008. The overpayments resulted from the use of incorrect rates in the computation of salaries, arithmetical errors, failure to remove separated employees from the payroll in a timely manner and improper tax refunds. The Department was instructed to recover the amounts overpaid.

COSPROD HOLDINGS LIMITED

- 44.1 The audit of the captioned Entity, and three operational locations, for the year under review, resulted in the issue of one (1) audit report, which included thirty-four (34) separate issues to be resolved by the Entity. The following matters of concern are still outstanding:

Fixed Assets

- 44.2 The Agency did not have an adequate system of internal control to effectively safeguard its assets. The AGD made recommendations of effective measures that could be implemented to strengthen the existing control system.

Payment Transactions

- 44.3 Weaknesses were identified with the system of internal controls governing the payment process for goods and services. The Agency was advised that it was exposed to the risk of misappropriation of funds, and suggestions were made of measures that it can implement to mitigate against this risk.
- 44.3.1 There was the need for strengthening of the cheque-disbursement process to ensure that the identification numbers of payees or persons collecting cheques were recorded in the disbursement records.
- 44.3.2 The stock record for blank cheques and receipt books were not kept on a perpetual inventory system. This made it possible for loss of these records/valuables to go undetected. The AGD recommended that perpetual inventory records be implemented.

Motor Vehicle Operations

- 44.4 Quarterly operational efficiency reports were not prepared for the vehicles owned and drivers at times failed to sign the advance fuel card receipts. These weaknesses undermined management's ability to assess whether its vehicles were being used efficiently and breached government guidelines for the management of fleet vehicles and fuel cards. The Company was advised to prepare and maintain the required reports and ensure all the stipulated data was entered in the logbooks.

Stores Control

- 44.5 Recommendations were made for improvements to the record-keeping in relation to stores at one location, particularly the use of requisition forms for issues from stores. A section of the stores was not properly laid out to facilitate ease of access and monitoring.

HEADS 2800, 2800A AND 2800B MINISTRY OF JUSTICE

- 45.1 The audit of the captioned Ministry for the year under review resulted in the issue of ten (10) audit reports which included seventy-nine (79) separate issues to be resolved by the Ministry, its Departments and Courts. The following are the outstanding concerns:

Outstanding Appropriation Account

- 45.2 The 2008/2009 Appropriation Account for the Recurrent Head was not received for audit.

Questionable Advances

- 45.3 Advances totalling \$15.6M were improperly made from the deposit account. Advance payments totalling approximately \$2M that were made during the period 2004/2005 to July 2009 remained outstanding up to the date of this report and there was no evidence that credit balances totalling \$184,478 were investigated and resolved. There were also deficiencies in the maintenance of the relevant accounting records. These deficiencies are in contravention of the Ministry of Finance's instructions and could result in an understatement of the annual expenditure and payments being made without Parliamentary approval. Compliance with the relevant guidelines and periodic review of this area were recommended.

Motor Vehicle Controls

- 45.4 The accounting records for the use of advance debit cards, gas coupons and fleet vehicles were not being maintained in accordance with the relevant Government policies. Amounts totalling \$91,405 were spent for fuel for which it could not be ascertained whether the purchases were for authorized vehicles. This situation could enable the occurrence of errors and irregularities. The Ministry was asked to strictly adhere to the Government's motor vehicle policies and investigate the discrepancies identified.

Losses

- 45.5 The requisite reports were not submitted to the Auditor General and Financial Secretary for the loss of an advance debit card and damages to three vehicles in breach of the Instruction 6.4 to the FAA Act.

HEAD 2826 – FAMILY COURTS

HEAD 2827 – RESIDENT MAGISTRATES' COURTS

- 46.1 Audits of three (3) Family Courts and Six (6) Resident Magistrates' Court Offices for the year under review revealed the following deficiencies:

Cash Book

- 46.2 The records were not being properly maintained and the necessary supervisory checks were not being conducted.

Receipt Book Registers

- 46.3 There was need for improvement in the records for the controls exercised over receipt books.

Bank Reconciliation Statements

- 46.4 Longstanding discrepancies were identified on the bank statements that were not communicated to the banks or portfolio Ministry for corrective actions.

Telephones

- 46.5 The controls exercised over the use of telephones were inadequate and in breach of Government's guidelines.

Value Book

- 46.6 Inadequacies were noted in the maintenance of this record and internal checks were not being performed as required by the Financial Instructions.

Fixed Assets Control

- 46.7 The controls over furniture and equipment were inadequate as some items were not reflected in the inventory records and in many instances items had no identification marks. The weaknesses identified are breaches of the Financial Instructions and could result in the loss and abuse of Government's assets. The Ministry was advised to implement corrective measures.

Warrants, Fines and Commitments

- 46.8 The records at the Courts visited disclosed 1,632 outstanding warrants of Distringas and Capias for violation of bail bonds and 207 outstanding commitments and fines involving approximately \$42.1M and \$1.8M, respectively, for the period January 2005 to March 2009. It was also noted that the required monthly returns were not being submitted by the responsible officers to enable alternative actions to be taken by the Court. The Ministry was advised to implement early corrective measures to facilitate the collection of public funds and enforcement of the Law.

HEAD 2830 - ADMINISTRATOR GENERAL'S DEPARTMENT

- 47.1 The audit of the captioned Entity, for the year under review, revealed a generally satisfactory state of affair. One audit report was issued which included four issues to be resolved by the Department. The following issues are outstanding:

Salary Overpayment

- 47.2 Nine (9) officers were overpaid salaries totalling \$27,039 for the months of June and December 2008, due to incorrect computation and lack of supervisory checks. The Department was advised to address the deficiencies and recover the amounts overpaid. The AGD was advised by the Department that recovery has since commenced.

Board Fees

- 47.3 The Department did not deduct Income Tax from fees, totalling \$129,000, paid to the Audit Committee members, during the period April 2008 to June 2009. The Department indicated that recovery would be made.

HEAD 3000

MINISTRY OF FOREIGN AFFAIRS AND FOREIGN TRADE

- 48.1 The audit of the captioned Entity along with three (3) overseas missions, for the year under review, resulted in the issue of eleven (11) audit reports, which included 128 separate issues to be resolved by the Entity. The following concerns remained unresolved:

Outstanding Appropriation Accounts

- 48.2 The Ministry did not submit Appropriation Accounts for the financial years 2004/2005 to 2008/2009; despite its commitment to the public Accounts Committee to do so. Failure to submit Appropriation Accounts constitutes a breach of the Financial Administration and Audit Act and prevented a proper assessment as to whether the Ministry's expenditure was in keeping with Parliament's dictate.

Inadequacies in Motor Vehicle Control

- 48.3 The register for fuel Advance Debit Cards was not maintained in a satisfactory manner, Motor Vehicle logs were not properly completed and the requisite quarterly operational efficiency report was not maintained for each vehicle. These weaknesses undermined the Ministry's ability to determine whether its resources were being used efficiently. The Ministry was advised to comply with the guidelines.

Salaries Controls

- 48.4 There was inadequate segregation of duties in the preparation and checking of salaries. Evidence of the payroll being checked, certified or authorized was not seen thus compromising the Ministry's ability to prevent and detect errors and irregularities. The Ministry was advised to improve the controls in this area to reduce these risks.

Fixed Assets Control

- 48.5 The records of the Ministry disclosed that for the period under review approximately \$10.8M was spent to acquire assets. However, the control over the Ministry's fixed assets was considered unsatisfactory, as these items were not recorded because the master inventory record was not faithfully maintained in keeping with Government's guidelines. Additionally, assets were not marked with the requisite location and identification numbers. These breaches compromised the Ministry's ability to safeguard the Government's assets in its possession. Management was advised to mark all assets and implement the requisite inventory controls.

Breaches of the Payment Procedures

- 48.6 The following breaches of the Financial Administration and Audit Act (Instructions) were noted as stipulated payment procedures were not observed:
- a. Payments totalling \$4,261,576 were not supported by original invoices;
 - b. sixty vouchers with values totalling \$16,392,446 were neither certified nor authorized for payments by requisite officers and
 - c. bills totalling \$1,831,985 were not cancelled with the paid stamp to prevent reuse.
- 48.7 These weaknesses could result in unauthorized payments thereby exposing the Ministry to financial losses. The Ministry was advised to adhere to the guidelines.

Procurement Breaches

- 48.8 There was no evidence that competitive quotations or the requisite approval to justify a sole source method for payments totalling \$10,538,841 were obtained. Therefore, It could not be determined if the best value was received for moneys spent. The Ministry was advised to ensure full compliance with the Government Procurement Guidelines.

Deposits Control

- 48.9 The deposits ledger was not adequately maintained, as at the time of the audit, ledger updates were 24 months in arrears, while previous year balances were not transferred to the current year records and evidence of independent reviews was absent. The Ministry was advised to bring the account up to date at the shortest possible time as these weaknesses could result in misappropriation of funds.

Bank Reconciliation

- 48.10 Reconciliation of two of the Ministry's bank accounts was six and eighteen months in arrears. The reconciliation was not satisfactorily concluded, as reconciliation statements for the salaries bank account included several reconciling items some dated back to 2004, which remained unaddressed. Included in these adjustments was \$15,656 representing overdraft charges incurred and penal interest for the month of July 2007.
- 48.10.1 These weaknesses breached the Financial Instructions and Ministry of Finance's guidelines. The Ministry was advised to bring the accounts up to date and resolve the adjustments in a timely manner.

Overpayment of Salaries

- 48.11 Four (4) officers were overpaid salaries totalling \$26,333 during the period January to November 2008. Management was advised to make recovery and institute corrective measures to prevent a recurrence.

Telephone Controls

- 48.12 Deficiencies over telephone usage were noted, as the nature of calls made through the switchboard was not identified in a timely manner. An amount of \$5,012 owed for private calls was not recovered. The Ministry did not identify the nature of calls, for amounts totalling \$52,157 that were made outside the cellular user group and omissions of required information from the records prevented verification that only the cost of official calls was met from public funds. The Ministry was instructed to implement corrective measures to ensure that only the cost of calls incurred for doing official business is borne from public funds.

Overseas Missions

General Comments

- 48.13 Audits of the Jamaican High Commission (JHC) London, Ottawa and Permanent Mission of Jamaica to the United Nations (PRUN) disclosed that an insufficient staff complement resulted in the inadequate segregation of the accounting function and little or no internal checks of the accounting records and transactions. In addition, the checking of these Missions' accounts by the Portfolio Ministry was over fifteen (15) months in arrears. The Ministry's ability to detect errors and irregularities in a timely manner would be compromised where internal controls are absent. The Ministry was encouraged to institute proper controls to militate against this risk.

Fixed Assets Control

- 48.14 Deficiencies were noted in the control exercised over fixed assets as the requisite inventory records were not maintained at the JHC London and PRUN, the master inventory for JHC Ottawa was not updated, thus recent acquisitions were not recorded. Items were also not appropriately marked at all the Missions. The Missions' responsibility to safeguard the Government's assets was compromised because of its inability to account for assets under its stewardship. Recommendations were made for improvements.

Motor Vehicle Control

- 48.15 The operational efficiency evaluation of the vehicles owned by the Missions was not carried out; while motor vehicle logs were not faithfully maintained. The Missions were advised that these breaches could impede its ability to determine whether their vehicles were being used efficiently. Recommendations for improvements were made.

Outstanding Advances

- 48.16 There was need for effective monitoring of advances, as several balances had been on the Missions' books since February 1993. The balances as at June 2008 and March 2009 are shown in Table 1 below. Failure to recover outstanding advances could result in the loss of public funds and the understatement of the Mission's reported expenditure. The AGD recommended that the outstanding advances be recovered in the shortest possible time.

Mission	Amount	Remarks
JHC London	£74,099	Since March 2005
JHC Ottawa (as at June 2008)	CN\$19,731	“ “ 2003
PRUN	US\$11,176	‘ “ February 1993

Table 13: - Overseas Missions - Uncleared Advances

Jamaican High Commission London

Miscellaneous Revenue

- 48.17 Revenue earned for the period April 2003 to March 2009 totalling £34,195 was not accounted for as miscellaneous revenue, instead the amount was placed on deposit account contrary to the Financial Administration and Audit Act. The AGD recommended that all amounts earned be remitted to the Accountant General's Department in the absence of permission from the Ministry of Finance to retain revenue earned as Appropriation-in- Aid.

Bank Reconciliation

- 48.18 The records of the High Commission's bank reconciliation disclosed unresolved adjusting items as far back as 2002; there was no indication that the bank was informed of these discrepancies. Cashed cheques totalling £4,435.00 and stale dated cheques of £331.00 were included in the list of outstanding cheques. Long outstanding adjustments could result in errors and unauthorized transactions going undetected. The Ministry was advised to implement corrective actions to ensure: adjusting items are investigated, the bank is notified as soon as errors are detected, outstanding cheques are written back and the checking process is improved to reduce future discrepancies.

Emergency Certificates

- 48.19 The controls exercised over emergency certificates were unsatisfactory. The audit identified that eight thousand and ninety-nine (8,099) certificates sent from headquarters were not recorded in the stock register. Fifty-one (51) certificates were not presented for audit verification; there was no evidence that they were utilised. The Mission was asked to investigate and provide explanation for the discrepancy. Failure to resolve controls governing the safeguarding of Emergency Certificates could compromise the country's security and expose the Mission to loss of revenue.

PRUN**Rental Deposit Refund**

- 48.20 The audit identified that US\$4,282 was withheld from rental deposit refunded to the Mission due to damages caused by members of staff who had vacated the rented premises. The amount withheld should not have been borne from the public funds. The Ministry was instructed to recover the amounts and institute appropriate systems to ensure that damages caused by members of staff are made good before premises are vacated.

HEADS 4000, 4000A AND 4000B**MINISTRY OF LABOUR & SOCIAL SECURITY**

- 49.1 The audit of the captioned Ministry, for the year under review, resulted in the issue of ten (10) audit reports which included 29 separate issues to be resolved by the Entity. The following are the outstanding concerns:

Outstanding Appropriation Account

- 49.2 The 2008/2009 Appropriation Account was not received up to the date of this report.

Internal Control Weaknesses**Furniture & Equipment Inventory**

- 49.3 The controls over furniture and equipment were inadequate as some items were not reflected in the inventory records and in many instances items were unmarked and difficult to trace. Items purchased for \$4.7M during the period under review were not entered in the inventory records and could not be physically verified by the audit. Corrective measures were recommended as failure to maintain proper inventory records and control procedures could undermine management's ability to adequately safeguard its assets.

Use of Telephones

- 49.4 The records indicated that the amount spent for telephone facilities increased from \$27.4M in 2007/2008 to \$43.1M in 2008/2009. However, the controls continued to be inadequate and provided no assurance that only the cost for official use of the telephones was met from public funds.
- 49.4.1 It was also noted that payments amounting to \$306,210 were made for four (4) private lines, during the period that they were out of service. The Ministry was advised to implement appropriate corrective measures.

Motor Vehicles

- 49.5 The relevant records relating to the use of fleet vehicles were not being maintained, which is in breach of the Government's Comprehensive Motor Vehicle Policy. The motor vehicle operational efficiency reports were also not adequately reviewed. The Ministry was advised to comply with the motor vehicle policy and correct the deficiencies identified.
- 49.5.1 A vehicle purchased and insured for \$2.76M, was loaned to a Government agency in October 2004. Four (4) months after the purchase, the vehicle was involved in an accident that was not reported to the insurance company for settlement and the Ministry was only advised of the accident in February 2007. Up to the date of review, the matter was also not reported to the Auditor General and the Ministry of Finance as required by the Financial Instructions. This matter is being referred for possible surcharge.

Losses

- 49.6 Computer equipment valued at US\$4,150 were stolen from the Ministry's office. However, the requisite reports were not promptly sent to the Auditor General, the Financial Secretary and the Police, as stipulated by the Financial Instructions.

Unauthorized Payments

- 49.7 Two (2) officers were paid travelling allowances amounting to \$167,209 that did not have the requisite approval of the Ministry of Finance. The Ministry was advised to recover the amounts and cease further payments. Payments by the Ministry have since ceased. However, up to the date of this report recoveries have not been made.

Breaches of Procurement Procedures

- 49.8 There was no evidence that the Ministry complied with Government's procurement procedures regarding the engagement of two security companies and the acquisition of goods costing \$13.6M and \$144,000 respectively; approved contracts for the security companies were also not presented for inspection. Based on these observations, the audit was unable to evaluate whether there was equity, transparency and economy in the use of public funds. The Ministry advised that appropriate steps have since been taken to comply with the Government's procurement procedures.

Overtime Payments

- 49.9 The approved overtime budget of \$5M for 2008/2009 was dedicated to activities relating to the Overseas Employment Unit. However, this amount was exceeded by unbudgeted payments of \$30.2M to compensate staff from other units; the required Parliamentary approval was not obtained for this ongoing activity. The Ministry has indicated that the necessary approval will be sought for future payments.

Bank Reconciliations

- 49.10 The bank reconciliation statements for the salaries bank account were not prepared on a monthly basis in accordance with the Financial Instructions. At the time of audit, reconciliations were twenty (20) months in arrears (from October 2007). The Ministry was advised to implement early corrective measures, as this situation could facilitate and conceal errors and irregularities. The AGD has since been informed by the Ministry that the bank reconciliations have been completed up to January 2009.

NATIONAL INSURANCE SCHEME

Outstanding NIS Contributions

- 50.1 Despite being highlighted in previous audit reports, the following deficiencies persisted that could deny employees certain benefits and entitlements when they become due and negatively impact the viability of the Scheme.
- 50.1.1 Relevant reports disclosed that 1,042 employers and self-employed persons in eleven (11) parishes continued to be delinquent in filing Annual Returns for the years 1994 to 2008; while a total of 1,464 did not remit NIS contributions amounting to \$354M.
- 50.1.2 Records revealed that replacement cheques were not received for 325 dishonoured cheques totalling \$10.5M, which related to financial years 2007/2008 and 2008/2009. It was noted that of the \$6.3M dishonoured cheques mentioned at paragraph 189 of my 2007/2008 report, only \$1M had been recovered up to the date of this Report.
- 50.1.3 Appropriate action was not being taken at the NIS Head Office to reconcile the amounts paid into the NIS bank accounts with the relevant collection records submitted by the Inland Revenue Department. An audit of the bank statement for February 2009 revealed that 1,186 deposits amounting to \$427.6M could not be reconciled due to the non-submission of collection records. This situation could facilitate fraudulent practices as the NIS Office was to determine and compare the actual monthly amounts collected by the Inland Revenue Department, with the actual amounts paid into the bank accounts.

Main Drawing Account

- 50.2 Replacement cheques were still being issued for stale dated cheques amounting to \$39.2M, which were granted to pensioners as emergency relief assistance following the aftermath of Hurricane Dean in August 2007. The Ministry was advised to review the need to continue further payments since the assistance was provided as an “emergency relief grant” to address urgent social circumstances at the time. The Ministry advised that further payments have since ceased and appropriate actions were being taken to address this matter.
- 50.2.1 A cheque that was officially prepared for a pensioner in the amount of \$2,436 was fraudulently encashed for \$55,787. Up to the time of this report the matter had not been resolved.

- 50.2.2 Forty-five (45) adjustments relating to unresolved bank debits and credits amounting to \$648,953 and \$41,903, respectively, have remained outstanding for up to six (6) years. The Ministry was advised to investigate longstanding adjustments and seek approval for unresolved items to be written-off. The Ministry has since indicated that appropriate actions were being taken to address the concern.

Pension Vouchers

- 50.3 Serious internal control inadequacies were observed for the main stock of blank pension vouchers and vouchers issued for processing of pension payments. The Ministry was advised to implement corrective measures, as this situation could facilitate fraudulent practices.

CANADIAN FARM WORK PROGRAMME

- 51.1 The audit of the captioned Programme, for 2008/2009, identified seven (7) areas of concerns. The following are the outstanding issues:

Amount Owed to Growers

- 51.2 There was noted improvement in the reconciliation of growers' indebtedness to the Programme; the difference had been reduced from CD\$9,054 as at March 31, 2008 to CD\$5,326 as at March 31, 2009. The Ministry was advised to continue the investigations and make the appropriate adjustments to the accounting records. The Ministry has since indicated that continued efforts were being made to further reduce the difference.

Student Loans

- 51.3 The audit identified that unsecured and interest free loans were made from the funds of the Jamaican Farm Work Programme to Jamaican students attending a tertiary institution in Canada. Records presented by the Programme indicated that loans were inconsistently serviced and in many instances no repayments were made by the beneficiaries.
- 51.3.1 An imprest account of CD\$50,000.00 was established in October 2008 to facilitate the granting of these loans to the students. However, the governing Memorandum of Understanding for the Programme stated in part that it was established to "facilitate the movement of Jamaican seasonal workers into all areas of Canadato satisfy the requirements of the Canadian agricultural labour market." The AGD therefore could not determine the basis for facilitating the students with funds from the Programme.
- 51.3.2 The AGD recommended to the Management Committee that they conduct a comprehensive review of the loan facility giving consideration to its financial sustainability and the negative impact on the viability of the Farm Work Programme. The Committee was also encouraged to identify another means of funding the students' loan facility. The Ministry has since advised that the loan facility has been discontinued and CD\$37,686 has since been collected. It also reported that continued efforts were being made to collect the outstanding CD\$12,313.

HEADS 4100, 4100A & 4100B MINISTRY OF EDUCATION

- 52.1 The audit of the captioned Entity, for the year under review, resulted in the issue of nine (9) audit reports, which included fourteen (14) separate issues to be resolved by the Entity. The Ministry responded to one issue raised, which has been satisfactorily resolved. The following are the outstanding concerns:

Teachers' Emoluments

- 52.2 Fifty seven (57) teachers were overpaid emoluments totalling \$6,830,847 over the period April 1990 to June 2009. This was due mainly to: the principals and regional offices delay in communicating, to the Ministry, information regarding changes in teachers' status and salary payable; teachers being paid at the wrong point in the scales; errors in calculation and improper payment of allowances. At the time of this report, amounts totalling \$355,579 were recovered by the Ministry. The Ministry was advised to recover all overpayments and improve its communication and internal checking processes to prevent a recurrence.

CATEGORY of OVERPAYMENT	AMOUNT OVERPAID \$
Paid at wrong point in the salary scale	1,762,346.68
Bond not Served	661,086.21
Retroactive Salary	132,737.12
Remote Allowance	2,710,182.80
Other Allowances	1,259,634.21
Statutory and Personal Deductions	277,869.22
Under payment P.A.Y.E	26,991.08
TOTAL	\$6,830,847.32

Table 14: Ministry of Education Overpayment of Salary

- 52.2.1 Personal files for 99 teachers lacked pertinent information such as copies of birth certificates, evidence of academic qualification, copies of bond agreements and other documents such as character references, TRN & NIS numbers, required to verify whether teachers were properly engaged. Therefore, the AGD could not determine whether the Ministry paid the teachers the correct emoluments. This weakness has been highlighted in several audit reports. The Ministry was advised, again, that failure to resolve the weakness exposes it to the risk of improper payments being made to teachers.

Bond Agreements

- 52.3 There was no evidence that bond agreements were executed for two (2) teachers who proceeded on study leave for the period September 2006 to August 2009. Consequently, the Government's interest was not protected in the event these teachers fail to honor the Government's bonding policy. The Ministry was advised to ensure that bond agreements are completed.

Bank Reconciliation

- 52.4 The reconciliation for three (3) of the regions' bank accounts disclosed numerous unresolved discrepancies totalling \$1,217,688; with some dating as early as 2003. These errors included stamp duties and bank charges that should not have been paid by the Ministry. Stale-dated cheques amounting to \$431,536 were reflected in the schedule of outstanding cheques. It was further determined that \$289,031 were actually cashed, but recorded as erroneous debits'. Also, investigation into cheques remaining un-cashed for over three (3) months revealed payments of approximately \$299,288, made to three (3) teachers, who were not entitled to such payments. The AGD recommended that the Ministry address these matters to safeguard against loss of public funds.

Audited Financial Statements for Schools

- 52.5 Boards of Management of publicly funded educational institutions have the responsibility under Section 89(1d) of the Education Act (Regulations) 1980 to submit audited financial statements to the Ministry. A review of compliance with this requirement revealed that forty-seven (47) schools had never presented audited financial statements to the Ministry, while one hundred and ninety four (194) were in arrears ranging from 1 to 31 years. The Ministry informed that eighty-five (85) schools were notified of their delinquency status. Please see status depicted below in table 2. Failure to ensure that audited financial statements are submitted could deprive management of critical financial information on which to base strategic decisions. The Ministry, through its administrative function, should offer support to ensure compliance.

Schools		Range of years outstanding				
Category	No.	1-3 yrs	4-6 yrs	7-9 yrs	10-12 yrs	12& over
High	115	54	39	13	5	4
Technical	12	3	5	4		
Community College	6	3	3			
Teachers College	8	6	2			1
Primary and Junior High	51	31	15	5		
University	1					1
Total		97	64	22	5	6

Table 15 Educational Institutions Financial Statement Arrears

Overpayment of Administrative Salary

- 52.6 The Administrative pay sheet for December 2008 bore no evidence of being checked, certified or approved by the responsible officers. Also, the audit identified instances of delay in communication of vital salary information between the Human Resource Department and the Salaries Section; this weakness contributed to an overpayment of \$70,116, which was made to an officer over the period February 2003 to May 2009. The Ministry was informed that the absence of internal control activities facilitates the possibility of non- detection of errors and irregularities and the likelihood of over/improper payments. The Ministry was advised to rectify the situation.

Losses and Irregularities

- 52.7 During the period under review the Ministry reported losses and irregularities amounting to approximately \$9.2M, broken down as follows:

Category	Amount \$
Unaccounted for balances (7 schools)	3,825,447.77
Improper payments - Windsor Primary	619,895.00
Overpayment of transport allowance (6 Regions)	4,267,283.80
Stolen items (CASE)	461,000.00
TOTAL	\$9,173,626.57

Table 16: Ministry of Education Losses and Irregularities Reported

APPRENTICESHIP BOARD

- 53.1 The audit of the captioned Entity for the year under review resulted in an audit report, which included 3 separate issues to be resolved by the Entity. The deficiencies were in respect of the maintenance of the cash book, timely preparation of bank reconciliation statements and the need to regularize the operations of the Board. These matters were subsequently resolved.

NUTRITION PRODUCTS LIMITED (NPL)

- 54.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report which contained nine (9) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Internal Control Weaknesses

- 54.2 NPL did not prepare quarterly and half yearly reports for submission to the responsible Minister as required by Section 23 of the PBMA Act.

Salary Overpayments

- 54.3 The audit identified errors in salary computation and improper payment of acting allowance; this resulted in overpayments totalling \$82,006 being made to eight (8) officers, over the period October 2008 to April 2009. The Entity was advised to make the necessary recovery and strengthen its internal checking process.

Unapproved Allowance

- 54.4 No evidence was seen that the requisite approval was sought, from the Ministry of Finance and the Public Service, for the payment of a monthly special allowance of \$ 5,250 made to three (3) shift managers, who were paid in lieu of overtime allowances. The officers received, in total \$189,000, during the period under review.

Mobilization Advance

- 54.5 Mobilization advance amounting to \$2,350,000.00, representing over 50% of the contract value (\$ 3,900,000.00) was made contrary to the procurement guidelines, which stipulate that mobilization advance should not exceed 15% of the total contract sum . In addition, the Entity's interest was not protected as this was done without the required guarantee from a financial institution.

Consultant

- 54.6 The Company did not follow the required competitive process in the engagement of a consultant for human resources related issues, who was also a member of the Board of Directors. The consultant was paid \$171,852 per month over the period October 2008 to March 2009. Details such as the consultant's academic qualification, related experience and a report of accomplishments were not made available for audit scrutiny. Accordingly, the AGD could not determine if the Company received value for money.

Receivables

- 54.7 The receivables Statement of Accounts, as at May 2009, revealed that six hundred and forty-two (642) schools owed the Entity approximately \$14.9M for products supplied. The AGD was advised by the Ministry that notifications were sent to the respective schools outlining their overdue balances.

CATEGORY	0-30	31-60	61 - 90	90>	TOTAL
All-age & other Schools	1,375,912	979,750	1,229,972	2,365,055	5,950,689
Primary Schools	1,148,852	844,662	1,112,759	1,515,747	4,622,021
Basic Schools	508,100	357,358	559,792	2,924,923	4,350,173
TOTAL	3,032,864	2,181,770	2,902,523	6,805,726	14,922,883

Table 17: Educational Institution Receivables

PORTMORE COMMUNITY COLLEGE

- 55.1 The audit of the captioned Entity, for the year under review, resulted in the issue of three (3) audit reports which contained forty eight (48) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Financial Statements Errors

- 55.2 A review of the audited financial statements for the year ended March 2004 revealed the following deficiencies:
- 55.2.1 The College denied ownership of a motor vehicle that was disclosed on the Balance Sheet for an amount of \$241,537.

55.2.2 The reported income from subventions received, during the period 2002/ 2003 and 2003/2004, was overstated by \$1,170,975 and \$21,906,156 respectively.

55.2.3 The College did not provide information that was requested to support amounts disclosed on the balance sheet for advances and payables of \$7,079, 291 and \$3,702,777 respectively.

Inadequate Payment Procedures

55.3 Payments totalling \$3,137,402 were not supported by original invoices. It was also noted that, payments totalling \$1,241,932 were made without the appropriate certification that items were received in good condition or that services rendered were satisfactorily performed. This increased the risk of improper and duplicate payments. Management was advised to institute corrective measures.

Procurement Breaches

55.4 Competitive price quotes were not obtained for expenditure totalling \$3,989,190 as required by the revised RHPPP.

Contracts

55.5 Payments relating to construction work to erect a storeroom, canteen and administrative office at the Old Harbour Campus revealed the following unsatisfactory features, which are contrary to the requirements of the Government's procurement guidelines:

- a. A written contract was not in place.
- b. The contractor was not selected on a competitive basis.
- c. The requisite Tax Compliance Certificate was not obtained.
- d. The College did not maintain a contract register and the audit could not determine the agreed contract sum; to date, \$1,521,469 has been paid to the contractor.

55.5.1 Absence of a formal contract may deprive the College of legal recourse in the event of non-performance by the contractor. The AGD recommended that the College adhere to the Government's procurement guidelines

Rent Receivables

55.6 Rental of approximately \$1M was owed to the College by an Entity for the period February 2006 to May 2009. No evidence was seen that a lease/rental agreement was executed. The College was advised that failure to have an agreement in place denies management legal recourse to enforce collection of outstanding amounts.

Investments

- 55.7 There was no evidence that the required approval of the Ministry of Finance and the Public Service was obtained for the operation of the College's staff loan policy.

Inadequate Cash Management

- 55.8 A surprise cash inspection revealed a cash shortage of \$62,265. The College reported that it had advanced money from cash collected.

- 55.8.1 The College did not follow stipulated financial regulations for collecting and accounting for public money. The following are the breaches cited:

- a. collections totalling \$424,690 were not lodged promptly;
- b. encashment of cheques amounting to \$126,713 were made from funds collected; and
- c. unauthorized cash refund and inadequate segregation of duties over the collection and recording of cash collected.

- 55.8.2 Failure to adhere to stipulated accounting procedures may facilitate misappropriation of Government's funds. Management was advised to correct these deficiencies and make good the shortage.

Bank Reconciliation

- 55.9 The reconciliation of the three (3) bank accounts was seven (7) to nineteen (19) months in arrears.

- 55.9.1 Interest and penal charges of \$494,933 were incurred, during the period April 2006 to February 2009, on an unauthorized bank overdraft facility operated by the College.

- 55.9.2 The bank reconciliation statements revealed numerous unresolved discrepancies totalling approximately \$11,641,535. Please see Table below:

Items	Amount \$
Cheques not recorded in cash book	2,445,795
Outstanding lodgements dated as far back as 2004	6,876,796
Erroneous debits and credits	51,714
Stale-dated cheques	2,225,698
Unexplained difference	41,532
TOTAL	11,641,535

Table 18: Portmore Community College - Unresolved Bank Account Discrepancies

55.9.3 Cashed cheques totalling \$1,025,278 drawn on the College's account in August, 2007 were reportedly not returned by the bank.

55.9.4 Management was advised to bring the reconciliation up to date and rigorously pursue the unresolved matters to mitigate against the possible loss of public funds.

Fixed Asset Control Deficiencies

55.10 The College did not faithfully maintain a motor vehicle operational efficiency record; fuel advance debit card register and log book for the motor vehicle owned.

Salaries and Wages

Overpayment of Salaries and Allowances

55.11 Inaccuracies were identified in the computation of salaries and allowances. This resulted in 24 officers being overpaid emoluments totalling \$724,335, during the period September 2007 to March 2009. The AGD indicated to the College the measures that may be taken to address the concerns raised. The College has since advised that it made recovery of \$198,564.

Unauthorized Salary

55.12 Failure to abide by the Ministry of Finance and the Public Service approved salary scale for the College resulted in overpayments to four (4) officers totalling \$635,123.

Control Weaknesses

55.13 The College did not maintain an unpaid wages register. The audit noted that two (2) unclaimed salary cheques totalling \$26,532 dating as far back as 2005 were still being held by the cashier at the time of audit. The payroll system was not equipped to provide a warning signal if gross salary exceeds a specific limit and several employees failed to sign acknowledging receipt of salary cheques collected. The AGD recommended that the internal control over salary disbursement be strengthened to reduce the College's exposure to improper payments.

School Fees

55.14 Examination of the College's policy in respect of discounted tuition fees to staff and their relatives, disclosed deviations from its stipulated requirements regarding completed application form, management's approval of discount granted, relationship of applicant and repayment period. As at March 2009, three (3) staff members had outstanding fees totalling \$102,300.00 for tuition of relatives. The AGD was advised by the College that recovery of \$36,175 has since been made.

55.14.1 Management was advised to take appropriate steps to correct these deficiencies to prevent future abuse.

Staff Loan and Advances

55.15 The required approval of the MOFPS was not obtained for the College's loan policy, under which it granted loans totalling approximately \$5.4 M during the period 2007-2009.

55.15.1 Several loans granted did not conform to the College's policy as:

- the prescribed application form was not utilized;
- the purpose of the loan, discounted amounts, relationship of the beneficiary, time period of re-payment, interest, and previous balances were not stated on most deduction orders; and
- two (2) loans exceeded the maximum limit of \$100,000.

55.15.2 Loans were not collateralized and in some instances made to the employees instead of the suppliers of the goods or services. The policy did not address the issue of security and third party payment.

55.15.3 Repayment had not commenced for loans amounting to \$910, 000, disbursed to seventeen (17) officers from as far back as 2007. Also, loan balances of \$319,784 for two (2) officers remained outstanding; one officer has since resigned whilst the other proceeded on study leave. The college advised that recovery of \$690,836 has since been made.

55.15.4 Failure by management to have the requisite approved policy in place, coupled with inadequate control over the disbursement of loans, exposes the system to abuse and financial losses.

JAMAICA LIBRARY SERVICE

56.1 The audit of the captioned Entity, for the year under review, resulted in the issue of an audit report, which included fifteen (15) separate issues to be resolved by the Entity; with the exception of the weakness identified on the controls governing fixed asset management, all issues were satisfactorily resolved.

MONEAGUE TEACHERS COLLEGE

57.1 The audit of the captioned Entity, for the year under review, resulted in the issue of three (3) audit reports, which included sixty-two (62) separate issues to be resolved by the Entity. The following concerns are outstanding:

Financial Statements

57.2 Audited financial statements were not submitted to the Portfolio Ministry for the period 2006/2007 and 2007/2008 in breach of Section 89(1D) of the Education Regulation 1980. Management was reminded of its statutory obligation to submit timely financial information.

Contracts

Construction of Multi-Purpose Auditorium

- 57.3 There was no evidence that a contract, with an estimated value of approximately \$165M for the construction of a multi-purpose auditorium was endorsed by the National Contracts Commission and approved by Cabinet. The Permanent Secretary of the Portfolio Ministry was not advised of construction until eight (8) months after the contract signing. The invitation from registered contractors was not advertised through a nationally circulated newspaper as prescribed by the RHPPP. Also, the project architect/manager, quantity surveyor, and structural engineer were not selected on a competitive basis.
- 57.3.1 Mobilization advance valued at \$16,482,100 was not fully recovered within the stipulated time frame. Up to the date of this report, an unsecured balance of \$6,571,259 remained outstanding; the interest of the College was not protected. The AGD recommended that the mobilization guarantee be renewed and the outstanding amounts recovered in full.
- 57.3.2 There was no documentary evidence to indicate that the Accounting Officer approved variation to the original scope of work as required by Sub-section S-2040 (viii)(a) of the revised RHPPP. A variation report was not made to the Contractor General in breach of Section 4(2) of the Contractor General's Act. The College was advised to ensure that there is full compliance with the applicable laws and guidelines.
- 57.3.3 At the expiration of the contract delivery date of July 24, 2009, the building was incomplete. The College neither presented evidence of approval for time overruns nor evidence that the liquidated damages' clause was applied. The AGD recommended that the Ministry of Education Regional Office's Building Officer(s) or other technical assistance, within the Ministry, should be solicited to prevent any further contract breaches.

Other Contract Concerns

- 57.4 Payments totalling \$10,166,896 were made to a contractor for various construction projects conducted at the College. However, the tendering process was only applied to repairs valuing \$2,966,746.

Security Service Contracts

- 57.4.1 Payments totalling \$3,124,650 were made to a company for security services. However, there was no evidence that the contract was awarded on a competitive basis as required by the RHPPP. The signed agreement disclosed unsatisfactory features, such as: an indefinite contract period and no specified payment rate. There was also, no indication that monthly reviews of the service provided was carried out as stated in the terms and conditions of the contract. The College indicated that there will be future compliance with the procurement guidelines.

Unreported Losses

- 57.5 A loss of \$133,900 that resulted from the misappropriation of tuition fees was identified by management. The AGD was advised that full restitution was made and disciplinary action taken. However, there was no evidence that the loss suffered by the College was reported to the Financial Secretary and the Auditor General as required by the Financial Instructions.
- 57.5.1 It was revealed that a fraudulent certificate of qualification was submitted by an officer engaged by the College since 2001. The matter was reported to the Police and the officer resigned. At the time of audit, the matter was not formally reported to the Ministry of Education. It was advised that all academic qualifications be properly verified before the services of individuals are engaged.

Fixed Assets

- 57.6 The required fixed assets' inventory records were not maintained by the College. This hindered verification of existence of controls, which should be in place to safeguard the Entity's assets.

Nugatory Expenditure

- 57.7 An ice maker machine, procured for \$287,895 in September 2008 had not yet been put to use at the time of the audit. Investigation revealed that the College leased a similar machine, for which it incurred additional expenditure of \$99,000. It was revealed that the lease was automatically renewed due to Management's failure to give prior notification to the lessor. This resulted in nugatory expenditure of \$99,000. It was proposed that adequate planning be implemented in the future to prevent waste of public funds. The College advised that corrective action has since been taken.

Stores Management

- 57.8 Weaknesses were identified with the controls governing the management of stores, such as: store records/bin cards were not maintained for certain items, the storage facility was inadequate, no documentary evidence of periodical stock counts and requisitions were not prepared to reflect all the pertinent information. Management was reminded of the importance of accountability and the risk of loss associated with spoilage and pilferage. The AGD recommended that an adequate system of control be implemented to mitigate against such risk.

Supplementary Remuneration

- 57.9 Documentary evidence as well as the requisite approval from the Ministry of Finance and the Public Service was not presented for an additional monthly remuneration totalling \$11,000, paid to two (2) officers. This constitutes a breach of the Government's guidelines and compliance was recommended.

Salaries and Wages

- 57.10 Weaknesses were noted in the controls over the preparation of salaries, such as: there was no evidence that the payroll was checked, duties were not adequately segregated, pertinent information was absent from personal files and the payroll system was not programmed to give a warning when gross pay exceeded a specified limit. Management was reminded that the existence of these weaknesses exposed the Entity to errors and irregularities. The AGD recommended that corrective measures be taken to strengthen internal controls. The College has since advised that corrective measures have been taken.

Overpayments to Officers

- 57.11 During the period April 2008 to February 2009, thirteen (13) officers were overpaid \$244,300. This was due, mainly to incorrect computation of statutory deductions, salaries and travelling allowances. Management was advised to recover the amounts at the earliest possible time and improve its internal checking processes to prevent a recurrence. The AGD was advised by the College that recovery is in progress.

Staff Loan

Absence of a Loan Policy

- 57.12 There was no evidence that the required approval of the MOFP was obtained for the operation of the College's staff loan policy.

Inadequate Accounting Records

- 57.13 The required accounting ledgers for the recording of loan transactions were not maintained by the College. Consequently, there was difficulty in determining the total value of loans disbursed for the period under review. Additionally, information was not readily available, in some instances, to verify amounts applied for, approved and actual loan disbursements. Management was advised to ensure that proper accounting records are maintained to minimize the risk of abuse and losses.

Interest Rate

- 57.14 Interest rate of 1% was applied to loans totalling \$1,740,000 disbursed to twenty-nine (29) members of staff contrary to the eight percent (8%) stipulation laid down in the Ministry of Finance's guidelines. Additionally, interest free loans amounting to \$814,000 were granted to nine (9) staff members.

Repayment Terms

- 57.15 The repayment of loans totalling \$484,000 did not commence on the agreed date because the periods of repayment were not standardized. This resulted in substantial delays in the recovery of loans and management was advised to monitor loans to avoid delinquency and other deficiencies.

Security

- 57.16 The College did not obtain collateral before the disbursement of loans, contrary to the Ministry of Finance and the Public Service's guidelines. The risk associated with un-recovered loans, especially when officers become separated from the Entity, was communicated to Management.

Investment

- 57.17 The College did not have a Ministry of Finance approved investment policy in place. Investment records were not properly maintained to include investment accounts, reconciliation of balances, details of source of funds invested and records of matured investments. Bank advices were not presented to enable verification of interest earned. The College's exposure to the risk of loss/misuse of funds was emphasized and management was advised to maintain and monitor the relevant records to improve internal controls in this area.

Bank Reconciliation

- 57.18 Reconciliations have not been done for six (6) bank accounts actively operated by the College. This contravenes the Financial Regulations and could allow errors and irregularities to go undetected for protracted periods. Management was advised to have these accounts reconciled monthly.

Internal Control Weaknesses

Cash Management

- 57.19 Numerous internal control weaknesses were observed in the management of cash collection. These included: inadequate controls over valuables received through the mail; unrestricted access to cash collected; collections not being properly recorded in the cash book and promptly lodged intact; receipts drawn were void of certain pertinent details and duties of officers responsible for the sale of items and collection of cash were improperly segregated. These weaknesses breached the Financial Instructions and if not addressed could result in the misappropriation of public funds. Strict adherence was recommended.

- 57.19.1 The petty cash imprest was not maintained within the prescribed limit and disbursements were not supported by approved vouchers. Management was reminded of the risk associated with unauthorized payments and advised of the controls that may be implemented. The College indicated that corrective measures were being taken.

Expenditure Transactions

- 57.20 Inadequate controls were noted over the payment process, such as: the custodian of the blank cheques issued blank cheques to herself, approved bills for payment, prepared payment vouchers and cheques, posted transactions to the cash book, and maintained payment voucher files. In some instances, the requisite signatures of officers preparing and certifying payments were not affixed to the relevant vouchers.

- 57.20.1 The audit identified a number of instances in which payments amounting to \$1,735,560 were made in breach of Government's stipulated procedures and guidelines as follows:

Areas	Amounts
No competitive price quotes	\$ 351,078
No Certification	1,047,236
Missing vouchers	280,800
Inadequate supporting documents	56,446
TOTAL	\$1,735,560.50

Table 19: Moneague College - Payment Breaches

- 57.20.2 The AGD recommended proper segregation of duties and monitoring of the payment process to avoid financial irregularities and other breaches. The College indicated that corrective actions were taken to address the weaknesses highlighted.

Motor Vehicles Control Weaknesses

- 57.21 The necessary motor vehicle inventory records and log books were not maintained and there was no evidence that the stipulated periodic evaluation of the operational efficiency of each motor vehicle was conducted. Also, motor vehicle documents, for one vehicle, were not presented during the audit. Controls exercised over the procurement and supply of fuel appeared inadequate. For the period under review, no budgetary provision was made for fuel expenditure totalling \$1,042,133. Management was advised to take corrective actions to address these weaknesses.

COUNCIL OF COMMUNITY COLLEGES OF JAMAICA**GENERAL COMMENTS**

- 58.1 The audit of the accounting records and financial transactions of the Council of Community Colleges of Jamaica, for the year under review, disclosed five (5) matters of concern, which were brought to the attention of Management. The outstanding matters are outlined below:

Outstanding Financial Statements

- 58.2 The Financial Statements for 2007/2008 to 2008/2009 have not been submitted to this Department for audit, in breach of Sections 12 and 13 of the Council of Community Colleges of Jamaica Act. Management was advised to have all outstanding Statements submitted in keeping with the Act.

Overpayment of Salary

- 58.3 An officer who resigned from the Council was overpaid \$11,578 because of incorrect computation of her salary upon separation. Of this amount, \$7,281 has since been recovered. Management was advised to take steps to recover the outstanding balance.

Expenditure Vouchers

- 58.4 In some cases, there was no evidence that competitive price quotations were used as the basis for selection of suppliers during the procurement process, in breach of Government's procurement policy. Compliance with the stipulated guidelines was recommended.

OVERSEAS EXAMINATION COMMISSION

- 59.1 The audit of the captioned Entity, for the year under review, resulted in the issue of an audit report which included twelve (12) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Organizational Structure

- 59.2 There was no evidence that the organizational structure in use by the Commission was approved by the Ministry of Finance and the Public Service. Management was advised to take steps to regularize its operations.

Salaries

- 59.3 A review of salary payments to twelve (12) employees of the Commission revealed that the rates paid exceeded those in the Public Service. The excesses for the year totalled \$2,850,609; no approval was seen from the Ministry of Finance and the Public Service for this deviation.
- 59.3.1 Bonuses totalling \$1,302,249.89 were paid to the employees of the Commission on December 17, 2008; no approval was seen from the Ministry of Finance and the Public Service for this benefit. These payments resulted in breaches of Section 7(1) of the Overseas Examination Commission Act, Section 20 of the Public Bodies Management and Accountability Act and Section 2.02.04 of the Guidelines to Financial Management in Public Sector Entities. Management was advised to take steps to address this issue.

HEADS 4200, 4200A, 4200B

MINISTRY OF HEALTH

- 60.1 The audit of the Ministry's head office, for the year under review, resulted in the issue of nine (9) audit reports, which included 27 separate issues to be resolved by the Entity.

The following are the outstanding concerns:

Outstanding Appropriation Accounts

- 60.2 At the time of this report, Appropriation Accounts for 2006/2007 and 2007/2008, Capital B Head were, not received for audit. Failure to submit the Accounts within four (4) months of the end of the financial year constitutes a breach of the Financial Administration and Audit Act.

Miscellaneous Revenue

- 60.3 Amendments were seen on duplicate official receipts. This is in breach of the Financial Administration and Audit Act Instructions. The Ministry was instructed to investigate these receipts and comply with the stipulated regulations.

Official Receipt Books

- 60.4 The audit identified weaknesses in the controls governing the safekeeping of receipt books, such as: the receipt book custodian issued books from stock without obtaining the signature of the recipient; 200 receipt books were not entered in the stock register and there was no evidence that this area was subjected to independent reviews. The absence of proper controls could foster errors and irregularities. The AGD recommended that corrective action be taken.

Control over Telephones

- 60.5 The audit revealed that there were inadequate control mechanisms governing the use of the Ministry's telephones; thus the AGD could not determine what portion of telephone charges, amounting to \$14,693,642, related to official ministry business. The AGDI informed the Ministry that failure to control the use of the telephones may foster abuse, and urged it to institute proper controls.

Value Book

- 60.6 Evidence was not presented to indicate how valuables totalling \$580,443 were accounted for. There was also no evidence of the stipulated weekly check. These are breaches of the Financial Regulations and if allowed to continue could result in undetected irregularities. The Ministry was advised to take corrective action.

Furniture Inventory Control

- 60.7 The Inventory records were not updated to include assets acquired during the year under review, costing \$5,161,260.00; the record was last updated in 2007.
- 60.7.1 There was no evidence that the acquisition of nine (9) computers and a laptop at a cost of \$960,158 followed the stipulated competitive procedures, or that they were given identification marks. The Ministry may not have received the most economical deal and its inability to account for assets under its stewardship was compromised. Corrective measures were recommended.

Bank Reconciliation

- 60.8 Preparation of the bank reconciliation statement for the Salary's account was eighteen (18) months in arrears. Stale-dated cheques totalling \$406,837 appeared on the schedule of outstanding cheques instead of being written back to the account. Additionally, several reconciling items, some from as far back as May 2007, remained unresolved.
- 60.8.1 The Ministry was advised to bring these statements up to date as failure to do so may result in errors going undetected for a protracted period. Also, steps should be taken to investigate the adjustments and to write back all stale-dated cheques.

Outstanding Bills

- 60.9 Information presented by the Ministry disclosed that as at February 2009 amounts owed to creditors by the Ministry of Health totalled \$68,885,258. Consequently, the credit worthiness of the Ministry may be affected as well as its ability to procure critical goods and services. Management was encouraged to take appropriate steps to reduce this liability and ensure that outstanding commitments are settled in accordance with the Regulations.

Contractors Levy

- 60.10 Contractors Levy totalling \$75,178 was not deducted from payments made to a contractor and paid over to the Inland Revenue Department as required by the Contractors Levy Act. The Ministry was advised to recover and remit this amount to the tax authority.

Salary Overpayments

- 60.11 Overpayments totalling \$1,550,490 were reported by the Ministry. Of this amount, \$562,866 was reported to have been recovered. The Ministry was urged to pursue full recovery.

HEAD 4234 - BELLEVUE HOSPITAL

- 61.1 The audit of the captioned Entity, for the years 2007/2008 and 2008/2009, resulted in the issue of four (4) audit reports, which included 52 separate issues to be resolved by the Entity. Of those, no response has been received. In addition, the Hospital failed to respond to audit queries issued for financial years 2002/2003, 2003/2004, 2004/2005 and 2005/2006.

Bank Reconciliation

- 61.2 Reconciliation for the deposit, salaries and expenditure bank accounts were in arrears for a period ranging from four (4) to fifteen (15) months and the cash books for these accounts were not updated. Un-reconciled items totalling \$439,014, some dating as early as 2000, remained unaddressed. Please see Table 1 for the breakdown. These weaknesses breached the Financial Regulations and could allow the concealment of errors. The AGD recommended that steps be taken to ensure that arrears are overtaken and resolve the reconciling items.

Account	Period	Amount
Deposit	As far back as January 2000	\$158,692
Salary	„ „ September 2007	205,033
Expenditure	„ „ April 2009	75,289
TOTAL		\$439,014

Table 20: Bellevue Hospital - Bank Account Discrepancies

Furniture Inventory

- 61.3 The fixed asset inventory records were not properly completed. As a result, items costing \$6,738,925 which were acquired during the financial years 2007/2008 and 2008/2009 were not recorded therein. This breach of the Financial Management Regulations (60-61) may undermine the control over the Government's assets resulting in the Hospital's inability to account for assets in its possession. The Entity was advised to rectify this situation.

Improper Payment

- 61.4 Payments totalling \$400,000 (\$10,000 per person) were made from one of the Hospital's account to forty (40) individuals for casual work done. The nature of the work was not indicated and the payment voucher was not authorised. Additionally, it could not be ascertained how the amount of \$10,000 was determined. Unauthorised expenditure may result in loss of funds to the Government and the officers responsible may be surcharged in accordance with the Financial Administration and Audit Act. Management was asked to provide an explanation, and ensure that all payments are authorized.

Unauthorised Overdraft Charges

- 61.5 The Hospital incurred bank charges totalling \$273,773 during the financial year 2007/2008 for unauthorized overdrafts on one of its bank account. The Entity was advised to improve the cash management function to prevent recurrence.

Salary Overpayment

- 61.6 One officer was overpaid salary of \$16,366 during 2007/2008 due to incorrect computation of Notice Pay. The Hospital was advised to recover the amount.

Unapproved Overseas Travel

- 61.7 The requisite approval of the Permanent Secretary was not obtained for payments totalling \$487,360 made during 2007/2008 in respect of overseas travel expenses. The Hospital was advised that failure to obtain proper approval was contrary to the guidelines of the Ministry of Finance and the Public Service and the requirements should be observed.

Unreported Losses

- 61.8 Losses of office equipment with values totalling \$140,000 were incurred during 2007/2008 as a result of burglary at the Hospital. The amount was recovered; however the requisite reports were not made to the Financial Secretary and the Auditor General. Management was advised to submit these reports.

Control over Gifts

- 61.9 One hundred and fifty-eight (158) comforters received by the Hospital as gifts were not used for the intended purpose but were sold to members' of staff at a cost of \$600 to \$2,500. There was no evidence that the approval of the Ministry of Finance and Public Service was sought.

Breaches of Procurement Guidelines

- 61.10 The audit identified continuous breaches of procurement guidelines in relation to payments for goods and services, totalling \$52,301,578, which were made during the financial year 2007/2008 and 2008/2009. Of this amount, payments totalling \$42,000,000 were made to two security companies without evidence that the contracts were put to tender; whilst there was no evidence to indicate that the requisite competitive process was followed for payments totalling \$10,301,578 made to sixteen (16) individuals and companies. Management was advised that such breaches limit the Hospital's ability to secure the best value when suppliers of goods and services are selected without the use of a competitive process. Recommendation was made for the Hospital to comply with the RHPPP.

Accounts Payables

- 61.11 Information provided by the Hospital disclosed that as at March 23, 2009, amounts owed to creditors by the Hospital totalled \$32,708,450. Of this amount \$6,876,484 was outstanding for more than ninety (90) days. The credit worthiness of the Hospital may be tarnished as well as its ability to procure critical items may be affected. The Hospital was asked to indicate how these debts would be settled.

Stores Management

- 61.12 The controls exercised over the Stores' operations were inadequate as the records were not updated to reflect recent activities. Consequently, differences were noted between the physical stock balance and stock records. The storekeeping function was not separated from the maintenance of the Stores' records and routine independent checks were absent. These deficiencies made the system vulnerable to abuse and irregularities. The AGD recommended that early, corrective measures be instituted.

Revenue Transactions

- 61.13 Instances were noted where amounts totalling \$300,078 collected during 2008/2009 were not lodged on a timely basis and these have exposed the Hospital to misappropriation of funds. Management was advised to comply with the FAA Act Instructions regarding the collection of public funds.

Motor Vehicle Control

- 61.14 Breaches of the Government's Comprehensive Motor Vehicle Policy were noted as follows: log books were not maintained for four (4) motor vehicles; there was no evidence of the required verification of petrol charges incurred and up to the time of this report there was no evidence that a fuel advance debit card was cancelled for a motor vehicle that has been out of service since March 2008. Management was advised to cancel this card to prevent its improper use, and address the other breaches.

CHILD DEVELOPMENT AGENCY

- 62.1 The audit of the captioned Entity, for the year under review, resulted in the issue of three (3) audit reports, which included thirty-eight (38) separate issues to be resolved by the Entity.

The following are the outstanding significant concerns:

Outstanding Financial Statement

- 62.2 At the time of this report the last audited financial statements presented by the agency was for the year ended March 31, 2007. This breached the Financial Instructions to Executive Agencies and prevented a meaningful review of the state of affairs of the Entity. The Agency was advised to ensure compliance.

Accounts Payables

- 62.3 The aged payables report presented by the Agency disclosed that as at March 2009 amounts owed to creditors totalled \$69,207,940 of this amount \$30,674,214 was outstanding for more than ninety (90) days. The Agency's ability to procure goods and services may be compromised where bills are left unpaid for extended periods. The AGD recommended that steps be taken to settle these debts. The Agency advised that they were in continuous dialogue with suppliers and debts were being cleared as warrants were received from the Ministry of Finance and Public Service.

Accounts Receivables

- 62.4 The Agency's records disclosed that as at January 2009, parents and guardians for Wards of the State, owed amounts totalling \$10.1M. However, it was noted that a proper system was not in place to account for the total amounts due and collected from parents and guardians. Consequently, The AGD could not determine the accuracy of the reported amount. The AGD recommended that an appropriate system be implemented to rectify this weakness and steps be taken to collect outstanding amounts.

Control of Fixed Assets

- 62.5 The requisite fixed assets inventory records were not maintained. As a result items costing \$4,447,470; which were acquired during the period under review were not recorded. These items were not suitably marked. This undermines management's ability to properly account for and safeguard fixed assets under its stewardship. The AGD recommended that corrective action be taken.

Absence of Rental Agreements

- 62.6 Written lease/rental agreements were not presented for ten (10) properties occupied by the Agency. The AGD recommended that the situation be rectified, as failure to do so may result in unbudgeted increases and termination of the tenancy. It was subsequently reported that one agreement was regularised.

Absence of Security Contract

- 62.7 Payments totalling \$13.3M was made to a security company during the financial year despite the absence of a written contract. This weakness was highlighted in previous audit reports. The AGD recommended that this situation be regularized without further delay.

SOUTHERN REGIONAL HEALTH AUTHORITY

- 63.1 The audit of the captioned Entity for the year under review resulted in the issue of two (2) audit reports which included 34 separate issues to be resolved by the Entity. The following concerns are outstanding:

Outstanding Financial Statements

- 63.2 No financial statements or annual reports have been presented to Parliament since the inception of the Regional Authority. This is in breach of the Public Bodies Management and Accountability Act.

Auditor's Adverse Opinion

- 63.3 The auditors appointed to the Southern Regional Health Authority in their report for year ended June 30, 2008 indicated that due to inadequate supporting documentation and unresolved differences, they were unable to verify the following:

AREA OF CONCERN	AMOUNT \$
Valuation and existence of inventories	18,109,851
The completeness and accuracy of accrued vacation leave	192,199,428
Trade payable and accrual	122,732,680

Table 21: SRHA - Financial Statement Qualification Issues

Overpayments

- 63.4 The Southern Regional Health Authority reported overpayments for the period April 2008 to January 2009 totalling \$4,763,498 made to one hundred and sixty-eight (168) officers. At the time of this report \$3,439,219 was reported as recovered.

Payment of Honorarium

- 63.5 There was no evidence that the requisite approval was obtained for the payment of honorarium totalling \$1,264,532 over the period July 2008 to January 2009. The AGD recommended that steps be taken to ensure that all payments of honorarium are duly authorised before payments are made.

Fixed Assets Control

- 63.6 The fixed assets register was not updated to include assets costing \$26,797,913 acquired by the Region during the period under review.
- 63.6.1 Similarly, at four other health facilities, inventory records were not kept up to date and some items were not labelled with an identification mark.
- 63.6.2 The AGD recommended that steps be taken to safeguard the Authority's fixed assets and to ensure that the relevant inventory records are properly completed.

Missing Assets

- 63.7 A 21" Television and an Osaka DVD Player purchased during the period and valued at \$16,095 and \$6,500 respectively were not physically verified as they could not be located.

Unauthorised Bank Overdrafts

- 63.8 For the period under review, bank overdraft charges totalling \$158,324 were incurred on an account, in contravention of the Guidelines to Financial Management in Public Sector Entities. The AGD recommended that proper cash management be exercised to prevent a recurrence.

Accounts Payables

- 63.9 The aged payables report presented by the Regional Health Authority's Head Office disclosed that as at March 2009 amounts owed to creditors totalled \$79,740,650, of this amount \$25,665,206 was outstanding for more than ninety (90) days.

Accounts Receivables

- 63.10 The receivables report submitted revealed that as at March 30, 2009, \$30,686,036 was owed to the Health Authority. Uncollected revenue may affect the Authority's ability to discharge its financial obligations as they become due. The AGD recommended that rigorous action be taken to collect amounts outstanding.

Contracts

- 63.11 A contract valued at \$3,345,625 was awarded by the Authority in May 2008 to carry out repairs to the staff quarters at the Percy Junor Hospital. At the time of audit, the work was signed off as satisfactorily completed by the civil engineer; there was no evidence that the Authority conducted a verification exercise. Payments totalling \$2,461,393 were made to the contractor.

Control over Cash

- 63.12 A cash inspection, at a health facility, revealed a cash shortage of \$3,960. The practice of cashing cheques from moneys collected continued; despite the Authority being previously advised that this increased its risk exposure to misappropriation of Government funds.

Stores Management

- 63.13 The May Pen Hospital management did not adequately segregate the functions critical to the Stores operation. Also, a physical inspection revealed differences between the information on the stock cards and the physical stock. Management was advised to institute proper controls as these weaknesses could foster and conceal pilferage of stock items.

NORTH EAST REGIONAL HEALTH AUTHORITY

- 64.1 The audit of the captioned Entity, for the year under review, resulted in the issue of three (3) audit reports, which included thirty-one (31) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Outstanding Financial Statements

- 64.2 At the time of this report, the last audited financial statements presented were for the year ended June 2007. It was also noted that no financial statements have been presented to Parliament since the inception of the Regional Authority. This is in breach of the PBMA Act and denies stakeholders information that is critical to decision making.

Control of Fixed Assets

- 64.3 The fixed asset register was not updated to include assets, costing \$3,555,018, acquired during the period under review and assets were not labelled with identification marks. Management was advised to update the inventory records and label all fixed assets under its stewardship to prevent unauthorised movements and loss.

Security Contract

- 64.4 A valid contract was not in place to govern the conditions under which the Authority paid a security company amounts totalling \$38,949, 857. The Authority was advised to regularize the situation to provide it with legal recourse in the event of a dispute.

Absence of Rental Agreement

- 64.5 Current rental agreements were not presented for four morgues. The AGD recommended that the situation be regularised to ensure that the Government's interest is protected.

Accounts Payables

- 64.6 As at March 2009, amounts owed to creditors totalled \$111,374,805 of this amount \$59,851,747 was outstanding for more than ninety (90) days. The Authority's ability to procure critical goods and services may be affected where bills are left unpaid for prolonged periods. Management was encouraged to settle suppliers' bills within the requisite time frame.

Bank Reconciliation

- 64.7 At the time of audit, the reconciliation of four (4) bank accounts was three (3) to six (6) months in arrears. The Region did not resolve reconciling items totalling \$10,681,437, noted on three (3) of the statements coming from as far back as March 2003. Instances were noted where these statements were not subjected to independent reviews. The Authority was advised of the increased risk of delayed detection of errors and irregularities and encouraged to resolve these discrepancies speedily. The Authority has indicated that steps are being taken to address the weaknesses identified.

Absence of a Loan Policy

- 64.8 An approved staff loan policy was not presented for audit review. The AGD recommended that a policy be put in place in accordance with the Ministry of Finance's guidelines, to avoid abuse and inconsistencies.

Stores Management

- 64.9 The St. Ann and Annotto Bay Hospitals did not faithfully maintain their Stores' records. Consequently, differences were identified between balances as per the physical stock and stock records. No documentary evidence of periodic stock counts was noted at the Annotto Bay Hospital. Management was reminded of the importance of proper accountability and the risk of loss and pilferage where these weaknesses exist. The AGD recommended that proper control be implemented to mitigate against such risk. The Authority indicated that corrective measures were being taken.

Revenue Transactions

- 64.10 Internal control weaknesses observed over the management of cash collection included: unrestricted access to cash collected; unused official receipt books at the Annotto and St Ann's Bay Hospitals and the cashbook was not faithfully maintained at St Ann's Bay Hospital. Accounting duties at the Port Maria and Annotto Bay Hospitals were not segregated to allow independent check of each officer's work. These weaknesses exposed the Authority to the risk of financial loss and management was advised to strengthen the internal controls in these areas.

SOUTH EAST REGIONAL HEALTH AUTHORITY

- 65.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report, which included thirty-seven (37) separate issues to be resolved by the Entity. The following concerns are unresolved:

Outstanding Financial Statements

- 65.2 At the date of this report, the last audited financial statements presented were for the year ended June 2004. It was also noted that no financial statements or annual reports have been presented to Parliament since the inception of the Regional Authority. This is in breach of the Public Bodies Management and Accountability Act and prevented a proper assessment of the Authority's financial status.

Contracts

- 65.3 A contract in the sum of \$1,933,879 was awarded in February 2009 to a company to supply and install fencing at the Senior Medical Officer's Residence at the National Chest Hospital. The contract had a completion date of February 23, 2009. However, at the time of audit (July 2009) the contract was not completed and there was no evidence that written approval was given for extension. Cost overrun of \$951,771 representing a 49% increase of the contract sum was incurred and there was no indication that the requisite approval of the Regional Director was obtained, or that the increase was reported to the Contractor General in keeping with Section 4(2) of the Contractor General's Act 1983. The Authority was advised to comply with the Contractor General's Act.

Investment

- 65.4 There was no evidence that an approved investment policy was in place or that the approval of the MOFPS was obtained to place subvention received on a Call Account. Evidence was not presented to show how interest totalling \$14,083,980, earned during the period under review was brought to account. Additionally, the Call Account was not reconciled monthly.

Bank Reconciliation

- 65.5 Bank reconciliation statements for the General and Salaries accounts were certified up to March 2008 and May 2006 respectively. Reconciling items totalling \$48,426,856 appearing on these statements (some from as far back as 2001) remained unresolved. The AGD recommended that efforts should be made to complete the certification process and resolve the adjustments to prevent financial losses.

Furniture Inventory Control

- 65.6 For the period under review assets and equipment costing \$176,241,486 were acquired by the Health Authority. An assessment of the controls over fixed assets revealed that there was need for improvement because some items were not suitably marked and inventory records were not updated. Two health facilities did not faithfully maintain a master inventory. There was also the need for reconciliation of assets with the inventory record at one health facility. The AGD recommended that steps be taken to safeguard the Government's fixed assets and to ensure that the relevant inventory records are maintained up to date.

Non-functional Equipment - Kingston and St Andrew Health Department

- 65.7 Seven (7) of the eight (8) air conditioning units purchased at a cost of \$868,887, during the period under review, were non-functional. The facility advised that this was due to insufficient power to supply the units. There was no evidence that a proper evaluation of the energy requirement was done. The Authority was advised to take corrective action.

Accounts Receivables

- 65.8 A receivables report was not presented for audit review. Consequently, the AGD could not determine the total amount that was owed to the Authority.

Accounts Payables

- 65.9 As at March 2009 amounts owed to creditors totalled \$300,871,503 of this amount \$45,248,460 was outstanding for more than ninety (90) days. Management was encouraged to settle these debts in a timely manner as this could impact its credit worthiness and ability to procure critical goods and services.

Motor Vehicles

- 65.10 A review of the controls exercised over motor vehicles revealed that the Authority did not maintain the requisite quarterly operational efficiency report for each vehicle; therefore, it was not in a position to effectively monitor the fuel consumption rate and performance of each vehicle. In addition, contrary to Circular No.9 dated May 21, 2007 issued by the MOFPS motor vehicle accident reports were neither made to the Auditor General nor the Financial Secretary. The Authority was advised to address the weaknesses identified.

Advance Debit Cards

- 65.11 The Advance Debit Cards used to acquire fuel for the Authority's vehicles were retained by the drivers for protracted periods; instead of being returned promptly to the custodian. The AGD recommended that all cards should be returned immediately after use to the Transport Manager; failure to do so may foster abuse.

Cash Receipt

- 65.12 A cash inspection conducted at one health facility revealed that an amount of \$63,500 was not accounted for. The Entity advised that the amount represented a cheque that was returned to the drawer for a second signature; evidence of this was not provided. In addition, it was noted that cash totalling \$793,963 collected during the period June to August 2009 was not lodged on a timely basis. The Authority was advised that failure to lodge cash collected promptly may result in the misappropriation of funds. The AGD recommended that acceptance of cheque payments should be done in accordance with the FAA Act Instructions.

Improper Payment Procedures

- 65.13 Payments Vouchers bore no certification that goods and services valued at \$8,536,806 were received. The AGD recommended that the requisite certification be done before payments are made as the Authority may pay for goods and services it did not receive.

Stores Management

- 65.14 There was need for improvement over the Region's store operations as stores records were not maintained up to date; as a result differences were noted between the physical stock balances and balances as per stock records. Storage facilities at the National Chest Hospital were inadequate as access was not restricted; drugs were stored along a corridor and the audit noted that leakages from an air conditioner unit caused damage to some drugs. Duties were not adequately segregated and independent checks were absent. The Authority's failure to exercise proper control over the Stores could result in losses and abuses and it may impede management's ability to account for stock. Corrective measures were recommended.

WESTERN REGIONAL HEALTH AUTHORITY

- 66.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report which included fifteen (15) separate issues to be resolved by the Entity. The following concerns are outstanding:

Time and Cost Over-runs on Contract

- 66.2 In February 2009, a contract in the sum of \$2,609,900 was awarded to a contractor for the construction of a Medical Gas Storage Building at the Falmouth Hospital. The contract was scheduled to be completed within twelve weeks of acceptance. However, at the time of audit (August 2009) the contract was not completed and evidence of approval for time overrun was not presented; the Authority did not apply the liquidated damages clause. The contract sum was increased to \$3,758,000; there was no evidence that the increase was reported to the Contractor General in keeping with the section 4(2) of the Contractor General's Act. Physical inspection conducted revealed instances of unsatisfactory workmanship. The Health Authority advised that inconsistencies were noted in the Bill of Quantities after the contract was awarded; hence the reason for the change. Failure to conduct a proper needs assessment, contributed to the increase in the contract sum. The AGD recommended that steps be taken to prevent recurrence by complying strictly with the procurement guidelines.

Absence of Security Contract

- 66.3 Payments totalling \$17,700,413 were made to a security company, despite the absence of a valid contract. Management was advised to regularize the situation as its interest would not be protected in the event of non-performance.

Accounts Payables

- 66.4 As at March 2009 amounts owed to creditors totalled \$185,684,243; of this amount \$9,960,396 was outstanding for more than ninety (90) days. The AGD recommended that every effort be made to settle outstanding obligations.

Overpayment of Salaries

- 66.5 Report submitted by the Region revealed overpayments totalling \$4,889,378 to forty-two (42) officers over the period September 2003 to March 2009. Of this amount \$1,520, 055 has since been recovered.

Motor Vehicle

- 66.6 The requisite reports for four (4) accidents were neither submitted to the Auditor General nor the Financial Secretary, in keeping with the MOFPS's guidelines.

Losses and Irregularities Reported by the Ministry of Health and Agencies

66.7 The agencies listed below reported losses totalling \$1,445,511.

Entity	Period		Amount (\$)
CDA	December 23,2008	Items stolen	250,000
		Cash	13,136
		SUB-TOTAL	263, 136
NERHA	October 2008	Water softener	360,000
	January 23,2009	Missing cash	70,000
	June 16,2008	Missing cash	5000
		SUB-TOTAL	435,000
SRHA	August 28,2009	Items stolen	3,444
		SUB-TOTAL	3,444
SERHA	April 2008 to June 2009	Short lodgement	330,550
		SUB-TOTAL	330,550
HCL		Cash	6,000
		Fuel	407,381
		SUB-TOTAL	413,381
TOTAL			1,445,511

Table 22: Ministry of Health - Losses and Irregularities

MEDICAL COUNCIL OF JAMAICA

67.1 The audit of the financial transactions and accounting records of the captioned Entity, revealed a generally satisfactory state of affairs. Five (5) observations were brought to the attention of the Entity and Portfolio Ministry. These were maintenance of fixed assets records, breach of procurement guidelines, improper maintenance of petty cash imprest, unsigned board minutes and the failure to submit financial statements timely for audit. These matters were subsequently resolved.

Professions Supplementary to Medicine

68.1 The audit of the financial transactions and accounting records, of the captioned entity, revealed a need for improvement in five (5) areas, which were brought to the attention of the entity and Portfolio Ministry. The following weaknesses were identified:

Internal Control Weaknesses

Procurement Breaches

- 68.2 The required competitive quotes were not always obtained for purchases and payments were often supported by photocopied invoices. Management was advised of the need to strengthen this area to prevent abuse of the procurement guidelines.

Fixed Asset Control

- 68.3 There was need for improvement in the controls over fixed assets as inventory records were not up-dated, a record detailing a history of repairs and servicing of machinery and equipment was not maintained, identification codes were not assigned to assets, and the assets were not insured to protect the Entity from loss or damage to same.

Cash Management

- 68.4 Stale-dated cheques of \$5000.00 and US\$200 that were received for registration in 2007/2008 were not lodged, but were instead still in the possession of the Council. There was no evidence that attempts had been made to regularize the matter. Management was advised to strengthen the cash management process to safeguard against abuse.

Salaries and Wages

- 68.5 A P45 form was not obtained in relation to a new member of staff. Consequently, a tax credit was granted resulting in understatement of tax by \$12,009. Management was advised to regularize this matter and/or recover the tax.

HEAD 1548

NATIONAL ENVIRONMENT AND PLANNING AGENCY

- 69.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report, which included twenty-six (26) separate issues to be resolved by the Entity. The following concerns are outstanding:

Fixed Assets

- 69.2 There was a need for improvement in the review process for fixed assets as the last reconciliation of the master inventory with location records was done in 2007 and there was no evidence of regular independent checks of the records. Improvement in the control over assets was also needed as employees did not sign for laptops and small items of equipment. Loans of equipment by the IT department were not always properly documented. The Agency was therefore, exposed to risk of loss of assets and the possibility of discrepancies going undetected. Recommendations were made for the Agency to conduct regular inspections, and reconciliation of the records.

Cash Receipts and Revenue Transactions

- 69.3 Contrary to the Financial Administration and Audit Act's Instruction 4.27 the relevant officer delayed in bringing to account all moneys collected by way of registered mails; the time lag ranged from three (3) to nine (9) days. Again, the relevant officers failed to execute their duty in keeping with the FAA Act's Instruction 4.19, which requires lodgement of "moneys daily or at the earliest possible opportunity"; instead there was a three (3) to seven (7) day delay in depositing money collected in the requisite bank account(s). These deficiencies weaken the system that governs the collection of public moneys, and may foster misappropriation of funds. The Agency was advised to comply with the Financial Instructions. NEPA has since improved its control systems to resolve the weaknesses identified.

Overpayments of Salaries

- 69.4 Overpayments of salary, totalling \$41,438, were made to five individuals in December of 2008. Additionally, the requisite statutory contributions were not deducted from the salary payments made to an employee; this resulted in overpayments, over a 36-month period, totalling \$14,800. The Agency was advised to initiate recovery of the relevant amounts promptly, and strengthen controls to prevent a recurrence.

HEAD 4220 -

REGISTRAR GENERAL'S DEPARTMENT

- 70.1 The audit of the captioned Entity for the year under review resulted in the issue of one (1) audit report, which included nineteen separate issues to be resolved by the Entity. The following matters of concern are still outstanding:

Fixed Assets Control

- 70.2 Weaknesses in the control over fixed assets were noted, such as: some location records did not include relevant details, for example, make, model and serial numbers of listed items, discrepancies existed between location records and items physically present, and there was no evidence of regular reconciliation of the master inventory with the location records. Transfer forms used to move items between locations did not always include dates, originating and final destination points, and approval and receiving signatures. The weaknesses identified could facilitate and conceal the loss of assets. The Agency was advised to urgently address the weaknesses.

Salary Overpayments

- 70.3 Overpayments of salaries totalling \$153,636 were made to five employees over the period September 2008 to March 2009. The overpayments occurred for short periods within the financial year and resulted from payments of salary during periods of no-pay leave and travelling. The company was advised to recover the overpaid amounts and take steps to strengthen the internal checking process to prevent recurrence. RGD advised that it has since recovered \$121,794.

HEAD 4235

GOVERNMENT CHEMIST

- 71.1 The audit of the captioned Entity for the year under review resulted in the issue of one (1) audit report, which included four (4) separate issues to be resolved by the Entity. The following are the outstanding concerns.
- 71.1.1 Improvements were needed in the maintenance of the Entity's furniture and equipment inventory records to ensure that assets were adequately safeguarded in keeping with Government's guidelines. Compliance with the prescribed inventory procedures was recommended.

Fee Register

- 71.2 An examination of the Fee Register revealed that at least fourteen (14) samples, which were received for testing during the period April to December 2007, remained untested up to February 2009. Also, fees totalling \$117,850, representing the cost of specimens tested/analysed during the period July 4, 2006 and December 29, 2007, remained outstanding.

HEAD 4500

MINISTRY OF YOUTH, SPORTS AND CULTURE

- 72.1 The audit of the financial transactions and accounting records of the Ministry disclosed a general satisfactory state of affairs.

JAMAICA CULTURAL DEVELOPMENT COMMISSION (JCDC)

- 73.1 The audit of the captioned Entity, for the year under review, resulted in the issue of an audit report which included eleven (11) separate issues to be resolved by the Entity. However, up to the time of this report none of the issues were resolved.

Submission of Audited Financial Statements

- 73.2 Audited Financial Statements were outstanding for 2003/2004 to 2008/2009 in breach of Section 6 of the Commission's Act and Section 3 of the Public Bodies Management and Accountability Act; thus preventing timely and accurate assessments of the financial transactions of the Commission. Management was advised to take the necessary steps to bring the Statements current.

Salary Overpayments

- 73.3 Salary overpayments totalling \$191,291 were made to six (6) officers, during the months of May to December 2008. Five (5) of which were due to incorrect computation of salaries and allowances paid to officers who resigned and the other due to incorrect application of income tax credit. Management was advised to strengthen this area and effect recoveries. JCDC advised that \$12,252 had since been recovered.

- 73.3.1 An overpayment of \$33,379 to an officer, which was the subject of two previous audit reports, remained outstanding up to the time of this report. Management was advised to redouble efforts to recover the outstanding amount.

Internal Control Weaknesses were noted in the following areas:

Expenditure Vouchers

- 74.1 There was no evidence that competitive price quotations were obtained for purchases totalling \$3,419,863 in breach of RHPPP; thus denying an assessment of whether the best value was received. Management was advised to adhere to the said Guidelines.
- 74.2 The authenticity of payments totalling \$1, 336,107, was not determined as these were not substantiated by adequate supporting documents.

Staff Loans and Advances

- 74.3 The controls over staff loan accounts needed strengthening as:
- I. Control Accounts for staff loans and salary advances were not maintained.
 - II. There was no evidence that monthly reconciliation was done, between the loan balances reported on the payroll summary and the general ledger advances and loan accounts.

- III. Salary advances were not posted to the general ledger, and there was no evidence that a record of these advances was maintained.
- IV. Deductions for loan repayments were not carried out as stipulated in the loan documents for three (3) employees resulting in the duration for repayments being extended over longer periods of time.

74.3.1 Management was advised to ensure that advance/loan accounts are adequately maintained and loan recoveries are made within the agreed time frame. JCDC has since taken steps to address the weakness highlighted.

Inventory of Fixed Assets

74.4 It could not be ascertained whether assets totalling \$8,248,059, acquired during the period under review, were included in the fixed asset records and adequately safeguarded, as the Entity's master and individual inventory records were not presented for audit.

74.4.1 In addition, the Commission failed to mark the furniture and equipment with assigned individual codes.

74.5 Management was advised to ensure that the records are updated and maintained.

NATIONAL GALLERY OF JAMAICA

75.1 The audit of the captioned Entity, for the year under review, resulted in the issue of an audit report, which included nine (9) separate issues to be resolved by the Gallery. The following concerns are outstanding:

Financial Statements

75.2 The Gallery's Financial Statements for 1994/1995 were the last statements certified. Due to the absence of records to support the accounts, statements were not being submitted. The AGD recommended that the Entity submit a Statement of Affairs for the 2007/2008 Financial Year and comparative financial statements thereafter. At the time of this report, the statements up to 2008/2009 remained outstanding, which is in breach of Section 3 of the Public Bodies Management and Accountability Act. Management was advised to take steps to bring the Statements current.

Salary Overpayment

75.3 An overpayment of \$71,291 was made to an ex-employee because the relevant officer failed to verify the leave entitlement that was stipulated in the ex-employee's contract. Management was advised to take the necessary steps to recover the overpayment. The AGD was advised that full recovery had since been made.

Works of Art

- 75.4 Of the eleven (11) pieces of art work reported in the previous year's audit as unaccounted for, eight (8) were still not located at the time of this report. Management was advised to take the necessary steps to recover the missing pieces and put measures in place to prevent a recurrence.

Investments

- 75.5 There was no evidence that the Gallery's Investment Policy was submitted to the Board of Directors or the Ministry of Finance for approval, or that two (2) investments of \$212,637 and \$881,926 were approved by the Portfolio Ministry. This contravenes Section 6 (d) of the Public Bodies Management and Accountability Act. Management was advised to seek the requisite approvals.

National Library of Jamaica

- 75.6 The audit of the captioned Entity, for the year under review, resulted in the issue of an audit report which included four (4) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Internal Control Weaknesses

Procurement Breach

- 75.7 Adequate details of the purpose of purchases costing \$20,178 was not provided to confirm whether these were in relation to the legitimate activities of the Library.

Fixed Assets Control

- 75.8 There were instances in which location records were not updated with the assets at the locations. Additionally, a Sony ICD-P260 digital voice recorder costing \$7,950 was not included in the fixed asset register. Management was advised that these weaknesses may compromise the safety of fixed assets and that corrective action should be taken.

Advances and Loans

- 75.9 There was no record of the repayment period for loans amounting to \$30,000 making it difficult to assess whether these were in keeping with the approved loan policy. Management was advised of the possible implications and to correct this weakness.

Cash Receipts

- 75.10 Funds collected were held for up to six (6) days before being lodged thus increasing the risk of these amounts not being adequately safeguarded. Management was advised to ensure that lodgements are done in a timely manner.

JAMAICA NATIONAL HERITAGE TRUST

- 76.1 The audit of the captioned Entity, for the year under review, resulted in the issue of an audit report which included nineteen (19) separate issues to be resolved by the Entity. The following concerns are outstanding:

Salaries and Wages

- 76.2 A salary control record was not in place. The absence of this record increases the possibility of unauthorized changes or errors in salary computations occurring and remaining undetected. Management was advised to implement this control.

Fixed Assets

- 76.3 The office machines and equipment records were not adequately maintained by the Trust. Cost of the items, serial numbers and codes were not included in some instances. Similarly, a motor vehicle operational efficiency report was not maintained. Failure to maintain these records will impair Management's ability to make accurate assessments of the economical viability of the Trust's assets. Management was advised to take steps to maintain office machines and equipment records as well as prepare the operational efficiency evaluation reports.

- 76.3.1 The motor vehicle log book was not maintained in a satisfactory manner and there was no evidence to indicate that this record was subject to periodic independent reviews to prevent misuse of the Trust's property.

- 76.3.2 The Trust did not receive a Police Report regarding a stolen Honda Motor Bike, Licence No. 9552 E. Additionally, no correspondence was sent to the Auditor General's Department, as required by Ministry of Finance Circular No. 9, dated May 21, 2007.

Bank Reconciliation

- 76.4 A bank error of \$14,697.00 which has been on one of the Trusts' Accounts since March 2004 has not been corrected. Management was advised of the difficulties which may occur and to take the necessary steps to have the error corrected.

Cash Receipts

- 76.5 A personal cheque amounting to Two Hundred and Twenty Thousand Dollars (\$220,000.00), which was accepted by an officer for rental of one of the Trust's properties, was dishonored by the bank. To date, Two Hundred Thousand Dollars (\$200,000.00) of this amount has not been recovered. Acceptance of personal cheques for payments represents a breach of Ministry of Finance Circular No. 10, dated May 21st, 2007. The necessary steps should be taken to have the amount recovered.

Staff Loans

- 76.6 The Trust continued to grant staff loans based on two (2) conflicting loan policies. Management was advised to seek clarification from the Ministry of Finance as to which was the legitimate policy.

Financial Statements

- 76.7 Attempts to audit the statements for financial years 2001/2002 and 2002/2003 were suspended, as the Trust did not provide the relevant schedules and other supporting documents to facilitate the audit. Management was advised of the increased risk of not meeting its statutory obligations where it fails to facilitate the audit of the financial statements.

INSTITUTE OF JAMAICA

- 77.1 The audit of the captioned Entity, for the year under review, resulted in the issue of an audit report which included seven (7) separate issues to be resolved by the Entity. These included procurement breaches, inadequate control over fixed assets, investments and salaries and wages; all issues were satisfactorily resolved except for the weakness in the fixed assets management system, which allowed adjustments to be made to the data without an audit trail being automatically created. Additionally, the Institute's compliance with the Road Traffic Act could not be assessed due to its failure to present the relevant motor vehicle documents for a fleet vehicle. Management was advised to take corrective action.

CREATIVE PRODUCTION AND TRAINING CENTRE (CPTC)

- 78.1 An audit of the accounting records and financial transactions of the above-named Entity was undertaken to assess whether operations were in compliance with Government's Regulations. Ten (10) points of concern were raised in the audit report. The following are the outstanding concerns:

Overpayments

- 78.2 Overpayments of \$1,042,728 to (14) employees remained outstanding up to the time of this report; despite the Public Accounts Committee (PAC) and Ministry of Finance's directives that the overpayments be recovered.
- 78.2.1 Two officers were overpaid a total \$1,045,546 as a result of salaries being paid to them above the approved salary scale. Management was advised to recover the amounts overpaid.

Nugatory Expenditure-Risk

- 78.3 A payment of \$160,000.00 was made for a Yamaha Keyboard on November 27, 2008. Up to the time of this report, the Entity failed to collect the asset or recover the sum paid. Management was advised that this could result in nugatory expenditure if the asset is not received or the money recovered.

Inventory of Fixed Assets

- 78.4 The Centre failed to update and maintain the relevant records to adequately monitor the movement and use of its assets. This was the subject of previous audit reports.

HEAD 5100

MINISTRY OF AGRICULTURE & FISHERIES

- 79.1 The audit of the captioned Entity, for the year under review, resulted in the issue of five (5) audit queries, of which two were satisfactorily resolved.

Salary Overpayment

- 79.2 A former employee of the Ministry was overpaid \$124,416 because of improper computation of vacation leave. The Ministry was advised that failure to recover outstanding amounts will result in the loss of public funds. In the absence of full recovery of the overpayment, this matter will be reported to the Financial Secretary to institute surcharge proceedings. The Ministry advised that \$60,051 had since been recovered.

- 79.2.1 Misinterpretation of the Ministry of Finance's guidelines resulted in overpayments to three officers totalling \$6,071. The AGD was advised by the Ministry that full recovery had been made.

Furniture and Equipment Inventory

- 79.3 There was no evidence that the Master Inventory and the Office Machines and Equipment records were being maintained in accordance with the relevant guidelines. It was difficult to determine whether items bought were taken on inventory. Inadequacies in the inventory system resulted in a weakening of the fixed assets' management controls. An improvement in the management control system would ensure that assets are safeguarded and accounted for. Failure to do so could result in significant loss to the Government.

- 79.3.1 The AGD recommended that the above mentioned records be up-dated in keeping with the Ministry of Finance's Procedures Manual for the Control of Government's Assets.

Motor Vehicle Inventory

- 79.4 An assessment of the operational efficiency of the Ministry's fleet vehicles could not be conducted as the requisite operational efficiency records were not presented for examination.

There was no evidence that the Ministry maintained a repair and maintenance file. Consequently, the AGD was not assured that management monitored the operations of the fleet vehicles.

- 79.4.1 The Ministry was advised to prepare the operational efficiency records as outlined in guidelines issued by the Ministry of Finance.

HEAD 5146 FORESTRY DEPARTMENT

ACCOUNTS

- 80.1 The audit of the above captioned Entity, for the year under review, resulted in the issue of an Inspection Report which included 3 issues to be resolved by the Entity. The Department satisfactorily addressed the concerns raised, except that it did not implement an operational efficiency record to monitor the operations of the fleet vehicles, contrary to the requirements outlined in MOFPS Circular 9 dated July 7, 1999.

RURAL AGRICULTURAL DEVELOPMENT AUTHORITY (RADA)

- 81.1 The audit of two of the Authority's parish offices disclosed that financial transactions for the year under review had been conducted in a generally satisfactory manner. Seven (7) areas of concern were brought to the attention of the Chief Executive Officer. The following are the outstanding concerns:

CLARENDON PARISH OFFICE

Stock Control

- 82.1 The Parish Office did not implement a perpetual inventory system. Consequently, the AGD could not substantiate the purchase and distribution of items acquired under the various projects. A stock count that was performed, disclosed a negative difference of 4 1/2 bags of fertilizer, which valued \$8,325. An explanation was not provided for the missing bags of fertilizer.
- 82.2 Inadequate controls over stock items could result in projects not achieving the desired results and the Authority suffering losses due to pilferage.
- 82.3 Recommendations were made to improve the control activities and the Authority was advised to have the matter investigated.

Recurrent Expenditure

- 82.4 An examination of the records revealed that the Authority significantly exceeded its budgetary provisions for subsistence payments that were made to a driver for the financial years 2007/2008 and 2008/2009.

Financial Year	Budgeted	Expenditure	Percentage Over Expenditure
2007/2008	\$20,769.00	\$89,453.00	431%
2008/2009	\$45,000.00	\$84,957.00	88.8%

Table 23: RADA - Unbudgeted Expenditure

- 82.5 Other activities of the Authority may not be accomplished as funds would have been diverted to make these payments. The AGD recommended that procedures be put in place for periodic checks, by a senior officer, to prevent a repetition in the future.

Furniture and Equipment

- 82.6 The St. James and Clarendon Parish Offices did not faithfully maintain their fixed asset inventory records. Failure to maintain the required fixed asset inventory records will hinder management's ability to adequately safeguard and account for its assets. The Authority was advised to implement an inventory system in accordance with Ministry of Finance's procedures manual for control of Government assets.

ST. JAMES PARISH OFFICE

Value Book

- 83.1 The Parish Office has consistently, since 2001, defied the Financial Administration and Audit Act Instruction 4.27, which requires the preparation of a receipt, to bring to account, all moneys received by way of registered mail. Therefore, the AGD was not assured that all moneys received by way of registered mail were properly brought to account. The AGD recommended that steps be taken to ensure compliance with the Instructions.

FISHERIES DIVISION

- 84.1 The audit of the captioned Entity, for the year under review, resulted in the issue of an inspection report which included 29 issues to be resolved by the Entity. The following are the significant concerns:

Expenditure Vouchers

- 84.2 Payment vouchers with values amounting to \$19,666 were not presented for examination. The Division was advised to submit vouchers for audit scrutiny.

Overpayments

- 84.3 Travelling and subsistence allowances amounting to \$791,324 could not be verified, as the relevant work schedules were not presented.
- 84.4 Staff Orders 11.2 of the Public Service states that travelling and subsistence allowances are granted to meet expenses actually incurred in the performance of official duties. However, it was noted that two (2) months travelling allowance was advanced to an officer. Additionally, there was no evidence that an advance account was opened to record the amount owed to the Division.
- 84.5 Four (4) officers were overpaid \$11,484, due to excessive mileage claimed.
- 84.6 The Division was advised to recover the amounts overpaid and implement adequate controls to ensure that claims are checked to prevent overpayments.

Cash Receipts

- 84.7 Contrary to Section 11 of the Financial Administration and Audit Act (Regulation 1996) the Division delayed in lodging miscellaneous revenue earned - in some instances up to twelve days - to the Consolidated Fund.
- 84.8 Lodgements amounting to \$1,181,178 for the period May 2007 to November 2008 could not be verified as the deposit slips were not presented.
- 84.9 There was no evidence that the two cashbooks maintained by the Division were subjected to independent checks.
- 84.10 Delayed lodgements could result in funds being misappropriated.

Bank Reconciliation

- 84.11 The Division was asked to have the reconciliation statement brought up to date, kept current and checked by an officer independent of the preparation process.

Telephone Calls

- 84.12 There was no evidence that telephone calls were authorized, private calls were paid for, and advance accounts opened for unpaid private calls. The Division was urged to maintain the toll call register in accordance with standard procedures and to recover cost incurred for private calls.

Blank Cheques

- 84.13 The Division's control activities surrounding the safeguarding of blank cheques required improvement. A physical inspection of the blank cheques revealed that seven (7) cheques could not be located; management provided no explanation for this discrepancy. Additionally, six hundred and twenty-five (625) blank cheques were not recorded in the relevant register.
- 84.14 The Division was advised that the system of controls should be improved to prevent misappropriation of funds and to conduct a formal investigation regarding the seven missing cheques.

Motor Vehicle

- 84.15 There was no evidence that two accidents involving the Division's vehicles were reported to the Auditor General and the Ministry of Finance as required by the Regulations. The Division was also unable to provide information on a motor cycle which had been parked for an extended period.
- 84.16 It was also noted that the operational efficiency report required by Ministry of Finance's Circular 9, dated July 7, 1999 was not presented for examination.
- 84.17 Failure by the Division to report accidents to the relevant authorities constitutes a breach of Section 49(1) (a) (b) of the Financial Regulations.
- 84.18 The Division was informed to ensure that all accidents are reported to the relevant authorities, and vehicles that are no longer in use should be Board of Surveyed. They were also advised to prepare the operational efficiency reports.

NATIONAL IRRIGATION COMMISSION

- 85.1 The audit of the captioned Entity, for the year under review, resulted in the issue of an Inspection Report, which included nine (9) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Overpayments

- 85.2 The Commission did not obtain the Ministry of Finance & the Public Service's approval for "premium payments" totalling \$1,763,252.3, which were made to an officer over the period February 2002 to January 2008. The Commission was advised to recover the amount overpaid.

Accounts Payable

- 85.3 The statement of payables presented disclosed that at March 31, 2009 amounts owed to creditors totalled \$38,592,813.

JAMAICA VETERINARY BOARD

- 86.1 The audit of the captioned Entity, revealed a generally satisfactory state of affairs. The issues indentified were being addressed by the Entity.

JAMAICA 4H CLUBS

- 87.1 The audit of the Jamaica 4H Clubs, during the period under review, revealed seven (7) matters of concern; none of which have been resolved up to the time of this report.

Cash Receipts

- 87.2 There were lapses of up to seven (7) days between receipt and lodgement of cash, thus increasing the risk of not adequately accounting for these funds. Management was advised to ensure that funds collected are lodged promptly and intact.

Fixed Assets

- 87.3 The Master Inventory Record was not updated with assets from the various Parish Offices. In addition, Office Machines and Equipment records were not maintained. Management's ability to exercise effective control over assets and to determine the economic viability of retaining or disposing of these assets is therefore diminished. Management was advised to take steps to update the fixed assets records and ensure that they are adequately maintained.

Salary Overpayments

- 87.4 Overpayments in Upkeep Allowances were made to seven (7) officers under the National School Garden Programme for the period August 2008 to August 2009, totalling \$1,833,569. The payment of the allowances was made prior to approval from the Ministry of Finance and the Public Service and the rates paid were above those approved.
- 87.4.1 Overpayment to an officer totalling \$109,426 occurred due to failure to apply income tax charges to his earnings.

- 87.4.2 P45 forms were not presented for two (2) officers; however, tax credits were applied to their earnings. Consequently, overpayments totalling \$8,344 occurred due to underpayment of Income Tax.
- 87.4.3 Incorrect Income tax calculations were noted for three (3) officers, which resulted in overpayments totalling \$14,637.60.
- 87.4.4 Management was advised to strengthen the internal checks and take steps to recover the overpayments.

HEADS 5200, 5200A AND 5200B

MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE

- 88.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report, which included 17 separate issues to be resolved by the Entity. The following are the outstanding concerns:

Payment Vouchers

- 88.2 Payments amounting to \$0.9M for the period April to December 2008 were made in contravention of the Financial Instructions as they were not supported by the suppliers' original bills. This practice could contribute to improper payments. The AGD recommended that all payments be supported by original suppliers' invoices.

Fixed Assets Control

- 88.3 The furniture and equipment inventory records were not presented. Therefore, it could not be determined whether fixed assets costing approximately \$2.45M acquired during the period April to December 2008 were properly accounted for. The AGD recommended that the requisite records be maintained in compliance with the guidelines issued by the Ministry of Finance and the Public Service.

Blank Cheque Register

- 88.4 A register to record blank cheques was not being maintained on a perpetual inventory basis. Also, there was no indication that the Register was being checked periodically by a senior officer to ensure its correctness. The responsible officer should update the register and sufficient supervisory checks be implemented.

Operational Efficiency Records

- 88.5 Quarterly motor vehicle operational efficiency records were not being maintained, in breach of the Government's comprehensive Motor Vehicle Policy, which prevented a proper assessment as to whether fuel consumption by the Ministry's vehicles was reasonable. Certificates of Title for four (4) vehicles were not presented for audit scrutiny. The AGD recommended that the appropriate records be maintained and that they make available the certificates of title.

Inadequate Control of Funds

- 88.6 Foreign currency in excess of the required amounts was being purchased and kept on hand to facilitate per diem payments for official overseas travel. For the period May to November 2008, US\$37,000 and US\$22,000 were purchased and disbursed, leaving a balance of US\$14,038. There was no evidence of restricted access to the cash. This could result in misuse of funds, and it was advised to institute stricter controls over the management of cash.
- 88.6.1 Amounts totalling US\$2,155 and £1,930 were disbursed without either the required acknowledgement of the recipients or written authority from the payees. This practice exposed the Ministry to the risks of improper disbursements. The AGD recommended that the requisite authority for the cash disbursed be obtained.

FACTORIES CORPORATION OF JAMAICA (FCJ)

- 89.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report which included 13 separate issues to be resolved by the Entity. The following are the outstanding significant concerns:

Property Management

- 89.2 Various properties recorded in the fixed assets records were not registered in the Corporation's name and the original titles were not presented for seven (7) properties which were under the direct control of the Corporation. The Corporation was advised to resolve this discrepancy forthwith to prevent legal issues regarding ownership of the properties.

Unremitted Statutory Deductions

- 89.3 Employer's contribution to the HEART Trust Scheme amounting to \$3.44M as at March 31, 2009 were not paid over as required by law. This breach could expose the Corporation to penalties in accordance with Section 24 of the HEART Trust Act. Management was advised to remit the deductions promptly to HEART Trust/NTA to ensure compliance with the Law.

Accounts Receivables

- 89.4 A comparison of the accounts receivables balance as at March 2008 and January 2009 revealed that it increased from \$11.5M to \$29M, (an increase of 65%); of the \$29M, \$13.8M was outstanding for more than 90 days. Failure to collect the outstanding amounts from debtors could adversely affect the Corporation's ability to meet its financial obligations. The AGD recommended that strategies be implemented to collect the amounts. Management stated that the increase was attributable to the current downturn in the economic climate and the resultant negative impact on the financial affairs of tenants.

Motor Vehicles

- 89.5 The Department did not perform the requisite periodic evaluation of the operational efficiency of each motor vehicle it operated.
- 89.5.1. No report was made to the Financial Secretary and the Auditor General, in keeping with the Financial Administration and Audit (FAA) Act, regarding an accident involving a motor bike owned by the Corporation.
- 89.5.2 Failure to implement controls in these areas could allow errors and irregularities to go undetected. The AGD recommended that early corrective measures be instituted.

Revenue Transactions

- 89.6 Copy receipts totalling \$1,405,237, which were prepared during the month of December 2008, were amended contrary to best practice. Management was informed that such action could foster misappropriation of funds.

Investment and Staff Loans

- 89.7 There was no evidence that the Ministry of Finance and the Public Service's approval was obtained for the investment policy, dated June 22, 2006 and the staff loan policy. The financial management oversight by the Ministry of Finance and the Public Service was hindered by the failure to submit the stated policies for scrutiny. Management was advised to submit the policies for approval.

MICRO INVESTMENT DEVELOPMENT AGENCY (MIDA)

- 90.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report, which included twenty two (22) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Financial Statements

- 90.2 Audited financial statements for the financial years ended March 31, 2007 and 2008 were not submitted to the responsible Minister to be tabled in the Houses of Parliament as required by Section 3 of the Public Bodies Management and Accountability Act. The Agency was advised to submit the requisite statements in compliance with the Act.

Salary Overpayments

- 90.3 The required statutory deductions were not made from gratuity payments to two (2) officers of the Agency resulting in overpayments totalling \$371,240 for the period November 2007 to February 2009. Also, two (2) new positions were added to the staff establishment without evidence of the required approval of the Ministry of Finance. Failure to make statutory deductions is in contravention of the relevant Acts and could result in loss of revenue. The Agency was advised to recover and remit the statutory deductions to the collecting agencies.

Fixed Asset Inventory

- 90.4 The requisite fixed assets inventory records were not being maintained and the assets bore no identification marks. This could undermine the Agency's ability to properly account for and safeguard its assets. The AGD recommended that corrective measures be implemented.

Bank Reconciliation

- 90.5 At the time of audit in June 2009, the bank reconciliation for six (6) current accounts was three (3) months in arrears. The late preparation of reconciliation statements undermines effective control of the bank accounts which could result in errors going undetected. Efforts should be made to ensure that the bank reconciliation statements are kept up to date.

Staff Loans

- 90.6 The required approval from the MOFPS was not presented for the operation of the staff loan scheme. The Agency was in breach of MOFPS guidelines for the establishment of the loan scheme.

Lack of Adequate Segregation of Duties

- 90.7 The Accountant who checked and approved payment vouchers was also the custodian of the Blank Cheque Register and a signatory to the bank accounts. Failure to comply with the stipulated control procedures could result in irregularities. The AGD recommended that control activities be improved to include adequate segregation of duties.

HEAD 5238 - COMPANIES OFFICE OF JAMAICA

- 91.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report which included six (6) separate issues to be resolved by the Entity.

Bank Accounts

- 91.2 An amount of \$117,318, which represents outstanding lodgements, has been reflected on the Agency's Appropriation in Aid bank reconciliation statement since May 2005. Management was advised to take corrective action to resolve this issue.

- 91.2.1 The recurrent bank account was overdrawn on three (3) occasions during the period April 16, to November 10, 2008 resulting in interest charges totalling \$17,778. Management was advised to take corrective actions to prevent a recurrence.

Control of Deposits

- 91.3 Contrary to the Ministry of Finance's guideline the Agency did not maintain a Departmental Deposit Account. Consequently, unclassified client deposits, totalling \$1,443,648, were lodged to the Appropriations-In-Aid and Electronic Accounts as at March 31, 2009. Of the total unclassified deposits identified \$69,181 was being held in excess of six (6) years. This constitutes a breach of the Ministry of Finance and Planning Circular No. 17, dated September 24, 2003. Management was advised to pay over the amount to the Accountant General for credit to the Consolidated Fund and maintain A separate departmental deposit account.

Key Performance Indicators

- 91.4 Overpayments totalling \$5,077,517 were made in April 2008 to seventy seven (77) employees, who did not achieve an eighty five percent (85%) performance rating for the period April 2006 to March 2007. This constitutes a breach of the Ministry of Finance and the Public Service's Guidelines which indicate that performance incentive payments shall not be made for the achievement of any level of performance that is less than eighty five percent (85 %) of the agreed target. The Agency was warned that failure to recover the overpayments may result in a recommendation being made to the Financial Secretary for surcharge action to be taken against the responsible officer.

JAMAICA INTELLECTUAL PROPERTY OFFICE

- 92.1 An audit of the accounting records and financial transactions of the above-named Entity was undertaken to assess whether operations were in compliance with Government's regulations. Twenty (20) points of concern were brought to management's attention. The following issues are outstanding:

Salary Overpayment

- 92.2 One officer, who resigned from the Entity with effect from November 5, 2008, was indebted to the Government in the amount of \$236,134. Up to the time of this report, there was no evidence that arrangements were made for the repayment of the outstanding amount.

Internal Audit Review

- 92.3 The Internal Auditors reported that a former employee was indebted to the Government in the amount of \$ 2,034,925. This was due to a breach of his bond agreement and payment of travelling allowances that were made for the full period of the study leave although the officer did not have any vacation leave to cover the period. Evidence revealed that management has not been successful in their pursuit of recovery of \$1,913,557 related to the breach of the bond agreement, while recovery of \$ 121,368 relating to the travelling allowance paid to the officer, was not being pursued.

HEAD 5939 –**POST AND TELECOMMUNICATIONS DEPARTMENT**

- 93.1 The audit of the captioned Department for the year under review resulted in the issue of two audit reports which included eighteen (18) separate issues to be resolved by the Department. The following are the outstanding concerns:

Telephones

- 93.2 Deficiencies were noted in the Department's control over its switchboard and straight lines; \$10.1M was incurred for telephone charges during the period April 2008 to January 2009. A subsequent verification revealed that corrective actions are now being taken to improve the Department's telephone system.
- 93.2.1 The Department's failure to maintain a proper system for its telephones is a breach of the Government's guidelines which provide that adequate measures be implemented to monitor and control telephone use to prevent abuse and to minimize costs. The AGD recommended that an appropriate system be implemented to monitor the use of the Department's telephones.

Arrears of Bank Reconciliations

- 93.3 The audit identified arrears, of up to eight years, in the reconciliation of the revenue, deposit and old salaries bank accounts. The chronic arrears in the reconciliation of the old salaries bank account was mentioned at paragraph 319 of my 2007/08 Annual Report. The Department continued to breach the Financial Instructions by its failure to perform monthly reconciliation of its banks accounts. The Department was advised to increase efforts to have the reconciliation of the bank accounts brought up to date and kept current in accordance with the Financial Instructions; to guard against the concealment of errors and irregularities.

Post Offices

- 93.4 The audit of twelve (12) post offices revealed that one post office lacked proper security and two (2) of the buildings were in a state of disrepair. A disconnected telephone line reduced commercial activities at another post office. The AGD recommended that the Department address these issues to safeguard the lives of staff and customers and to minimize the loss of public funds. The Department advised that one of the buildings, identified above, has since been repaired.

Philatelic Stamps

- 93.5 The required control account was not instituted for deposits received from customers in respect of philatelic stamps, making it difficult to determine the total amount being held on deposit for customers. The AGD recommended that a control account be implemented and adequately maintained.

BAUXITE AND ALUMINA TRADING COMPANY (BATCO)

- 94.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report which included 34 separate issues to be resolved by the Entity. The following are the outstanding issues:

Outstanding Loan Receivables

- 94.2 As at March 31, 2009, two (2) Government owned entities owed BATCO amounts totalling approximately \$1.53B. The amounts were not adequately secured on the assets of the entities and appeared uncollectable, as the creditors were currently experiencing severe financial constraints. Additionally, of the \$1.53B the Company did not obtain the requisite approval from the Ministry of Finance for the advances granted to the said entities totalling \$391.25M.

- 94.2.1 The possible financial impact of unsecured advances and loans on a total asset base of approximately \$2B as at March 31, 2009 could prove detrimental to the continued financial viability of the Company.

Board Fees

- 94.3 Board fees totalling \$274,500 for the period February 2008 to March 2009, paid to members, were not subjected to tax; resulting in a short collection of tax totalling \$68,625. This constitutes a breach of Section 5 (C) of the Income Tax Act. BATCO was advised to recover and remit the amounts to the Inland Revenue Department. The AGD was informed by BATCO that the matter was subsequently resolved.

Nugatory Expenditure -License Agreement – Sabina Park Private Box

- 94.4 An advance of US\$35,000 was made on May 26, 2006 to the Jamaica Cricket Association (JCA), which represented fifty percent (50%) deposit on the lease of the Sabina Park Private Box. The audit noted that the Company did not take possession of the Private Box during the staging of the Cricket World Cup in March 2007; instead the Company was required to pay an additional amount of US\$9,320 for “hospitality packages” for BATCO staff members and associates to attend the Cricket World Cup tournament. Subsequently, a formal contract was signed on June 01, 2008 with the JCA for the use of Private Box No. 26 at Sabina Park for ten years at a fee of US\$90, 000. The audit could not determine the benefit to be gained by the Company for entering into such an arrangement.

Unauthorised Payments

- 94.5 BATCO made payments for uniform allowance and ex-gratia totalling \$1,630,363 for the period April 2008 to March 2009 and lunch subsidy to staff ranging from \$100 to \$130 per day. However, no evidence was provided that approval was obtained from the MOFPS for these payments. The Company was advised to present the authority from the MOFPS or discontinue the payments and recover the amounts overpaid.

Credit Card

- 94.6 The required MOFPS’s approval was not presented for the use of a Jamaican dollar denominated credit card with an assigned limit of \$50,000. Also, credit card payments totalling \$194,610 were incurred during the period May 2008 to February 2009 for routine expenses in breach of the Ministry of Finance’s Circular; thereby bypassing the commitment control. The Company was advised to adhere to the MOFPS guidelines.

WATER RESOURCES AUTHORITY**GENERAL COMMENTS**

- 95.1 The audit of the captioned Entity, for the year under review, resulted in an audit report which included 5 separate issues to be resolved by the Entity. The deficiencies were in respect of salaries, blank cheques, cash receipts, procurement and fixed assets controls. These matters were subsequently resolved.

RURAL WATER SUPPLY LIMITED

- 96.1 An Audit Inspection Report dated May 6, 2008, for the Financial Year 2007/2008, revealed that thirty-three (33) advances totalling \$392,843 were made to an officer for payment of personal utility bills. Further verification disclosed that during the period August 2008 to August 2009, thirty- nine (39) additional advances totalling \$496,629 were made to the same officer for payment of personal utility bills.
- 96.1.1 An amount of \$564,000 for credit card expenses remained on the books of the Company as outstanding receivables; of this amount \$534,672 relates to one senior officer. It has been brought to my attention that the Board, since its meeting on July 9, 2008, issued directives for the recovery of the sums owed by the officers; despite this the matter remained unresolved.
- 96.1.2 Further verification revealed that the senior officer was paid \$218,145 purportedly representing payment in lieu of vacation leave. The qualifying criteria for this payment and the Board's approval were not presented.

HEADS 6300, 6300A & 6300B –**MINISTRY OF WATER & HOUSING****JAMAICA MORTGAGE BANK**

- 97.1 The audit of the Jamaica Mortgage Bank, for the year under review, resulted in the issue of an inspection report, which included seven (7) separate issues. Of those, two were satisfactorily resolved.

The following are the outstanding concerns:

Bank Reconciliations

- 97.2 Bank reconciliation statements for two (2) RBTT accounts were three months in arrears exposing the Bank to the risk of concealment of errors and irregularities. Management was advised to reconcile the bank accounts on a timely basis.

Project Loan Arrears

- 97.3 The Bank's accounting records revealed outstanding loans totalling \$2.7B on twenty four (24) projects as at March 31, 2009. I have since been advised that approximately \$184M has been recovered.

Norwich Project

- 97.4 On October 6, 1994 the Ministry of Water and Housing and a developer entered into a joint venture agreement, under which the Ministry would provide forty-five (45) acres of land to develop approximately 169 lots. The Bank had provided \$50M to assist in the project's completion. However, the project was not completed within the stipulated time of nine months. The developer's Company was placed in receivership in December 2000. In March 2004, the Bank proposed to purchase the land for fifty percent (50%) of its value from the Ministry. This matter remained unresolved at the time of this report.

KINGSTON AND ST. ANDREW CORPORATION (KSAC)

- 98.1 The audit of the captioned Entity, for the year under review, resulted in the issue of eight (8) reports covering forty four (44) issues. The unresolved issues are detailed hereunder:

Salary Overpayment

- 98.2 A former employee was overpaid travelling allowance of \$123,620 over the period March 2007 to May 2008. In addition, she was granted a motor vehicle loan of \$800,000, of which \$692,852 remained outstanding up to the time of this report. A lien was not registered on the motor vehicle's title. The Corporation was advised to take the necessary steps to ensure that full recovery is made.

Unauthorised Overdraft

- 98.3 The salaries bank account was overdrawn at different intervals throughout the year, which resulted in overdraft charges of \$642,708. This constituted a breach of Section 23 (1) of the Financial Administration and Audit Act Regulations. The Corporation was advised to cease this practice and was reminded that surcharge action may be taken against the Accountable Officer in keeping with the Municipal Officers (Surcharge) Act.

Hireage of Vehicle

- 98.4 There was no evidence that the competitive process was used in the hireage of trucks and cranes, for an amount of \$220,000, used for clean-up operations in the city. The AGD recommended that the procurement of such services be done in accordance with Government guidelines.

Loss of Asset

- 98.5 A chain saw, costing \$19,999, which was used in the cleanup exercise after Hurricane Gustav, was purportedly stolen; there was no evidence that this was reported to the Financial Secretary and the Auditor General as required by Instruction 6.44 of the Financial Administration and Audit Act. The Corporation was advised to comply with the Instruction. KSAC has since advised the MOFPS of the loss. However, this matter will be investigated further for possible surcharge.

KINGSTON & ST. ANDREW MARKETS (KSAM)

- 99.1 The audit of the abovementioned Entity for the year under review resulted in the issuing of one report, which contained four issues that have remained unresolved by the Entity.

The following are the outstanding concerns:

Contracts

- 99.2 During the year under review a security company was paid \$9,154,097.81 for the provision of security services. However, a signed contract was not presented for the services. This constituted a breach of Government's procurement guidelines. The KSAM was advised to comply with the requirements thereof.

Overpayments

- 99.3 Seventy-four Thousand Dollars (\$74,000) were paid to seven employees for participating in registration of vendors in February 2008 during their normal working hours. Management was advised that the payments were improper and that the amounts should be recovered. KSAM advised that \$65,649 has since been recovered.

Stores

- 99.4 The KSAC did not replace stores records that were purportedly destroyed in hurricane Ivan. Consequently, the Council was exposed to the risk of delayed detection of unauthorised issue(s) from the stores. The AGD recommended that perpetual inventory system be implemented, periodic stock-counts done and signed handing over procedures effected on the change of store keepers.

Unremitted Statutory Deductions

- 99.5 KSAM accounting records showed unremitted statutory deductions in respect of Income Tax & Education Tax of \$32,926,986 made during the period July 2001 to March 2009. Also, no evidence was provided that returns were filed for the period 2001-2007; this violated the Financial Administration and Audit Act Instruction 5.34, as amended by Ministry of Finance and Planning Circular # 9 dated June 2, 1998. The Department was advised to remit the outstanding deductions and file the relevant returns.

ST. ANN PARISH COUNCIL

- 100.1 The audit of the captioned Entity, for the year under review, resulted in an audit report, which included two (2) issues to be resolved by the Council. All issues were satisfactorily addressed except that the Council's rent receivable at March 31st 2009 stood at \$3,860,300.00, which was owed by 27 occupants of the Council's properties.

ST. JAMES PARISH COUNCIL

- 102.1 The audit of the captioned Entity, for the year under review, resulted in an audit report, which included four (4) issues to be resolved by the Council. The following are the outstanding concerns:

Un-remitted Contractors Levy/Statutory Deductions

- 102.2 The Council's records indicate that statutory deductions and Contractors Levy amounting to approximately \$8M were deducted but not remitted to the relevant authorities. These amounts were deducted over the period February 2008 – March 2009.

Bank Reconciliation

- 102.3 The reconciliation of the Council's bank accounts was not done beyond March 2008.

Contracts

- 102.4 Road Repairs costing \$724,500 were reportedly undertaken by a company in October 2006 but was not ratified by the Council's Finance Committee until two years later in November 2008.
- 102.4.1 The records disclosed that asphalt costing \$3,192,000 was purchased using the sole sourcing method of procurement. The approval of the National Contracts Commission was not evident.

Furniture and Equipment

- 102.5 Furniture and equipment costing \$2,186,898 were purchased by the Council during the year under review. However, there was no evidence that the items acquired were marked with identification numbers and recorded on the Furniture and Equipment Inventory.

ST. CATHERINE PARISH COUNCIL

- 103.1 The audit of the captioned Entity, for the year under review, resulted in an audit report which included three (3) issues to be resolved by the Council. The following are the outstanding concerns:

Tax on Motor Vehicle

- 103.2 Contrary to the Income Tax (Employments) (Amendments) Regulations of 1996, tax was not deducted on benefits to a senior officer for the private use of a motor vehicle assigned since March 2008. An amount of \$42,500 was outstanding for the period March 2008 – July 2009

Contracts

- 103.3 The Council's records indicate that there were clear breaches of the RHPPP in the awarding of a contract for the operation of the kitchen at the Spanish Town Infirmary. The criteria used in awarding the contract were not clearly stated. The effective date of the contract was August 2003; the contract documents were signed in July 2004. In addition, a valid Tax Compliance Certificate was not presented to confirm the contractor was tax compliant at the time the contract was awarded.

PORTMORE MUNICIPALITY

- 104.1 The audit of the captioned Entity, for the year under review, resulted in an audit report which included two (2) issues to be resolved by the Municipality. The following are the outstanding concern:

Un-remitted Contractors Levy/Statutory Deductions

- 104.2 The Municipality's records indicate that, statutory deductions for the period January to May 2009 and Contractors Levy collected over the period April 2008- May 2009, totalling \$4,570,484 were not paid over to the relevant authorities.

HANOVER PARISH COUNCIL

- 105.1 The audit of the captioned Entity, for the year under review, resulted in an audit report which included two (2) issues to be resolved by the Council. The following are the outstanding concerns:

Revenue

- 105.2 The rental register disclosed arrears totalling \$645,200.

Contracts

- 105.3 The precise location of road maintenance and drain cleaning services rendered at a cost of \$239,600 were not identified on expenditure vouchers and supporting documents.

CLARENDON PARISH COUNCIL

- 106.1 The audit of the captioned Entity, for the year under review, resulted in an audit report which included three (3) issues to be resolved by the Council. The following are the outstanding concerns:

Revenue

- 106.2 The Council's Rent Register disclosed outstanding rentals totalling \$2,752,274. No evidence was presented to indicate that effective measures were in place to reduce the arrears and to prevent any further accumulation of outstanding rentals.

Overpayments to Councillors

- 106.3 The Council's records indicate that a total of \$1,667,255, which was overpaid to five Councillors over the period July 1999-May 2003, remained outstanding despite the subsequent payment of substantial amounts in retroactive salary to two of the affected Councillors. A recommendation will be made in keeping with the Municipal Officers (Surcharge) Act for surcharge proceedings to be instituted against the officer who failed to recover the relevant amounts, despite being so advised.

ST. ELIZABETH PARISH COUNCIL

- 107.1 The audit of the captioned Entity, for the year under review, resulted in an audit report which included three (3) issues to be resolved by the Council. The following are the outstanding concerns:

Revenue

- 107.2 The rental register reflected outstanding Rental/ Lease of Property amounting to \$2,738,128

- 107.2.1 The register revealed that nineteen (19) hairdressers and fifteen (15) barbers owed the Council \$129,500 and \$64,500 respectively.

Tax on Motor Vehicle

- 107.3 An officer was provided with a fully maintained motor vehicle. However, Income Tax amounting to \$25,000 for the private use of the vehicle was not deducted from the officer's emoluments as required by law. The Council was advised to recover the amount outstanding.

Bank Reconciliation

- 107.4 At May 2009 the Council's recurrent bank account was not reconciled beyond November 2008. In addition, there were several adjustments being carried on the account; some dating back to February 2002.

MANCHESTER PARISH COUNCIL

- 108.1 The audit of the captioned Entity, for the year under review, resulted in an audit report which included one (1) issue to be resolved by the Council. The following concern is outstanding:

Revenue

- 108.2 The Council's records revealed outstanding rental of \$519,922.

WESTMORELAND PARISH COUNCIL

- 109.1 The audit of the captioned Entity, for the year under review, resulted in an audit report which included one (1) issue to be resolved by the Council. The following concern is outstanding:

Bank Reconciliation

- 109.2 The bank account was not reconciled beyond September 2008.

HEADS 6500, 6500A & 6500B – TRANSPORT & WORKS**MARITIME AUTHORITY**

- 110.1 The audit of the Maritime Authority, for the year under review, resulted in the issue of an Inspection Report, which included issues relating to the management of fixed assets and preparation of payment vouchers. The Authority advised that corrective measures would be implemented to address the concerns raised.

ROAD MAINTENANCE FUND

- 111.1 The audit of the captioned Entity, for the year under review, resulted in the Issue, of one (1) audit report, which included five (5) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Annual Reports and Audited Financial Statements

- 111.2 Annual report and audited financial statements for the year ended March 31, 2009 had not been submitted to the Ministry and Parliament, as required by the Road Maintenance Fund Act.

Un-presented Contracts

- 111.3 Five (5) contracts financed by the Road Maintenance Fund were not presented for examination. The non- presentation of the contracts made it difficult to determine the scope of work to be done, the rates charged, and the specific locations where work was done.

Outstanding Payables

- 111.4 Outstanding payables as at March 31, 2009 amounted to \$108,060,097; of this amount approximately \$102M was outstanding for more than 30 days. The FAA Act Regulation (36(1)), stipulates that Accounting Officers should settle payments for goods and services within a period of thirty days of their receipt.

HEAD 6550 - NATIONAL WORKS AGENCY

- 112.1 The audit of the captioned Entity, for the year under review, resulted in the issue of one (1) audit report, which included eight (8) separate issues to be resolved by the Entity. The following are the outstanding concerns:

Furniture and Equipment Inventory

- 112.2 Contrary to the Financial Administration and Audit Act Regulation No.60, the Agency did not update the inventory records to account for assets costing approximately \$11M, acquired during the year under review.

Bank Reconciliation

- 112.3 The reconciliation of five (5) bank accounts disclosed numerous discrepancies including erroneous debits, credits and charges amounting to \$564,750 for the encashment of stale dated cheques. The Agency was advised to have these resolved as early as possible.

Accounts Receivables

- 112.4 The records disclosed that the total receivables due to the Agency as at March 31, 2009 amounted to \$654,463,991; of this amount \$457,466,584 was owed by the Portfolio Ministry.

Outstanding Payables

- 112.5 The records disclosed that at March 2009, \$852,621,988 was owed to creditors; approximately \$481M was owed for more than ninety days. The FAA Act Regulation (36 (1)) stipulates that Accounting Officers should settle payments for goods and services within a period of thirty days of their receipt.

Motor Vehicles and Heavy Duty Equipment

- 112.6 Motor vehicle log books were not maintained and there was no evidence that the stipulated periodic evaluations of the operational efficiency of each motor vehicle and heavy duty equipment were conducted.

Advance Debit Cards

- 112.7 Copy receipts to verify expenditure for fuel were not signed by the responsible operators. It was also noted that monthly service charge was applied to seven (7) vehicles that were out of use.

PORT AUTHORITY OF JAMAICA (PAJ)

- 113.1 The audit of the captioned Entity for the year under review resulted in the issue of one (1) audit report, which included seven (7) separate issues to be resolved by the Entity. The following concerns are unresolved:

Unauthorised Motor Vehicle Upkeep Allowance

- 113.2 Contrary to section 20 of the PBMA ACT the PAJ did not obtain approval from the MOFPS for revised motor vehicle upkeep rates that were paid to its staff members. The rates paid were above the Government's prescribed limit. It was noted that motor vehicle allowances amounting to approximately \$7.1M were paid to four (4) senior officers of the Authority during the year under review.

Half Way Tree Transport Centre- Rent Receivables

- 113.3 The PAJ's subsidiary company, Port Authority Management Services Limited, entered into an agreement with the Ministry of Transport and Works (MOT&W) in September 2007 to manage the Half Way Tree Transport Centre. It was noted that at March 31, 2009, outstanding receivables amounted to approximately \$127.4M, of which the Jamaica Urban Transit Company Limited (JUTC) owed \$117.98M, for rental and user fees. Of the \$127.4 M, approximately \$93M was owed for over ninety days. The AGD was informed by PAJ that JUTC has since taken steps to liquidate their debt.

PAMELA MONROE ELLIS
AUDITOR GENERAL
18TH DECEMBER, 2009

APPENDIX "A"

OUTSTANDING APPROPRIATION ACCOUNTS AS AT DECEMBER 2009, IN RESPECT OF FINANCIAL YEARS 2005/2006 TO 2008/2009

HEAD	MINISTRY/DEPARTMENT	OUTSTANDING APPROPRIATION ACCOUNTS			
		2005/2006	2006/2007	2007/2008	2008/2009
0200	Houses of Parliament			√	
1649	Management Institute for National Development (MIND)		√		√
1700B	Ministry of Tourism				√
2012	Customs Department				√
2019	Pensions				√
2622	Police Department				√
2800	Ministry of Justice			√	
2800A	Ministry of Justice			√	
2800B	Ministry of Justice			√	
2826	Family Court			√	
2827	Resident Magistrates' Court			√	
2829	Supreme Court			√	√
2831	Attorney General				√
2833	Office of the Parliamentary Counsel				√
3000	Ministry of Foreign Affairs and Foreign Trade	√	√	√	√
3000B	Ministry of Foreign Affairs and Foreign Trade			√	√
4000	Ministry of Labour and Social Security			√	√
4000A	Ministry of Labour and Social Security			√	√
4000B	Ministry of Labour and Social Security			√	√
4234	Bellevue Hospital				√
4251	Child Development Agency	√	√	√	√
4300A	Ministry of Information, Culture, Youth and Sports				√
4300B	Ministry of Information, Culture, Youth and Sports				√
5100A	Ministry of Agriculture and Lands				√
5100B	Ministry of Agriculture and Lands				√
5147	National Land Agency			√	√
5200	Ministry of Industry, Technology, Energy and Commerce				√
5200A	Ministry of Industry, Technology, Energy and Commerce				√
5200B	Ministry of Industry, Technology, Energy and Commerce				√
5900B	Ministry of Energy, Mining and Telecommunications				
6300A	Ministry of Water and Housing				√
6300B	Ministry of Water and Housing				√
6500A	Ministry of Transport and Works				√
6500B	Ministry of Transport and Works				√
6650	National Works Agency			√	√
7248	National Environment and Planning Agency (NEPA)				√
TOTAL		2	3	15	29
Outstanding Reported Last Year		2	5	50	-

Key:

√ – Outstanding

APPENDIX “B”
OUTSTANDING FINANCIAL STATEMENTS AS AT DECEMBER 2009, IN
RESPECT OF FINANCIAL YEARS 2003/2004 TO 2008/2009

NAME OF ENTITY		OUTSTANDING FINANCIAL STATEMENTS				
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Management Institute for National Development						√
Parochial Revenue Fund					√	√
National Environment and Planning Agency						√
National Land Agency						√
National Insurance Scheme						√
National Council on Drug Abuse				√	√	√
Fair Trading Commission						√
Water Resources Authority				√	√	√
Jamaica National Heritage Trust		√	√	√	√	√
Social Development Commission					√	√
Creative Production and Training Centre				√	√	√
Capital Development Fund			√	√	√	√
National Youth Service					√	√
Institute of Jamaica			√	√	√	√
National Gallery of Jamaica	√	√	√	√	√	√
Jamaica 4H Clubs				√	√	√
Council of Community Colleges				√	√	√
Pharmacy Council				√	√	√
Pest Control Authority					√	√
Child Development Agency				√	√	√
TOTAL	1	2	4	11	15	20
Outstanding Reported Last Year	7	8	14	23	33	-

Key:
√ – Outstanding

APPENDIX “C”
OUTSTANDING RECEIPTS & PAYMENTS STATEMENTS AS AT DECEMBER
2009, IN RESPECT OF FINANCIAL YEARS 2004/2005 TO 2008/2009

NAME OF ENTITY	OUTSTANDING RECEIPTS & PAYMENTS STATEMENTS				
	2004/05	2005/06	2006/07	2007/08	2008/09
Milk River Bath Hotel	√	√	√	√	√
Police Public Complaints Authority				√	√
Bath Fountain			√	√	√
National Commission on Science & Technology			√	√	√
Medical Council Of Jamaica					
Jamaica Veterinary Board				√	√
Professions Supplementary to Medicine					
Apprenticeship Board					
Jamaica Library Service				√	√
TOTAL	1	1	3	6	6
Outstanding Reported Last Year	1	2	4	9	-

Key:

√ – Outstanding

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

Head	Ministry/Department	1994/1995	1995/1996	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	TOTAL
18	Public Service & Environment	810,051														810,051
100	His Excellency the Governor General & Staff				250,114	4,621										254,734
200	Houses of Parliament								959,197				357,354			1,316,551
600	Office of the Services Commission			750,591				294,147								1,044,738
1510	Jamaica Information Service			2,237,051			8,382,541	31,523								10,651,114
2011	Accoutnant General					1,662,042										1,662,042
2012	Jamaica Customs					19,862,421				15,806,868		4,618,493				40,287,782
2014	Income Tax			3,002,591			492,070									3,494,661
2015	Inland Revenue			4,463,497		1,018,021		174,497			25,444,654					31,100,669
2019	Pensions				49,239,356						272,642,626					321,881,983
2041	Taxpayer Audit and Assessment												712,295			712,295
2600	National Security and Justice	50,893,738	4,004,492			23,182,220						42,689,830				120,770,280
2600A	National Security and Justice						17,780,291						3,703,307			21,483,598
2600B	National Security and Justice		10,023,748	780,705												10,804,453
2622	Police Department			12,541,925			50,009,094					48,079,531				110,630,550
2624	Correctional Services							20,746,204								20,746,204
2823	Court of Appeal													1,788,555		1,788,555
2826	Family Court					819,140								2,256,359		3,075,499
2627	Resident Magistrates' Court			2,133,960	3,454,037		8,320,356	563,841								14,472,194
2829	Supreme Courts			2,704,685	6,094,910									5,737,179		14,536,774
2732	Trustee in Bankruptcy			38,622												38,622
2830	Administrator General's Dept.											941,674	13,536,880		10,933,749	25,412,303
3000	Foreign Affairs and Foreign Trade		15,270,651			3,366,722		67,386,122	11,866,549		52,984,550					150,874,594
4000	Labour, Social Security & Sport			6,196,457												6,196,457
4100	Education and Culture					2,940,184		19,682,028								22,622,212
4100A	Education and Culture						4,993,908									4,993,908
4100B	Education and Culture						2,989,909				8,588,112					11,578,021
4200	Health		40,819,084	64,400,944		155,472,442		8,966,725					907,509			270,566,704
4200B	Health									50,651,444						50,651,444
4234	Bellevue Hospital				2,986,752				10,411,705							13,398,458

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

Head	Ministry/Department	1994/1995	1995/1996	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	TOTAL
5100	Agriculture							51,038								51,038
5100A	Agriculture										2,196,669					2,196,669
5100B	Agriculture										15,514,164					15,514,164
5146	Forestry										2,577,956		752,752			3,330,708
5200	Industry, Investment & Commerce			14,971,056				2,981,234								17,952,290
5238	Companies Office of Jamaica					17,068		4,174,146	16,459,883		18,706,745	6,329,023	2,376,915			48,063,780
5239	Post & Telecommunication					20,546,418	7,951,014		11,693,233		11,216,164					51,406,829
5400	Commerce and Technology						20,408									20,408
5400A	Commerce and Technology						230									230
5400B	Commerce and Technology						299									299
5500	Mining & Energy							2,981,234								2,981,234
5500A	Mining & Energy					982,651	1,033,101									2,015,753
5500B	Mining & Energy									500,000						500,000
6000A	Public Utilities & Transport			12,541,070	25,891,124											38,432,193
6000B	Public Utilities & Transport			81,489,332												81,489,332
6300	Water and Housing										8,538,586					8,538,586
6400	Environment & Housing						5,977,619									5,977,619
6400A	Environment & Housing			26,119,083			7,516,657									33,635,740
6400B	Environment & Housing						4,591,537									4,591,537
6500	Transport and Works				25,576,503											25,576,503
6500A	Transport and Works									1,534,338	32,549,957					34,084,296
6500B	Transport and Works										44,491,068					44,491,068
7100	Local Government & Works				1,792,124											1,792,124
7100A	Local Government & Works			6,278,696	62,478,692											68,757,388
7200	Local Government , Youth and Community Develpoment							266,012,070	50,344,549	83,097,644		3,417,368				402,871,631
	TOTAL	51,703,789	70,117,975	240,650,263	177,763,613	229,873,950	120,059,035	394,044,809	101,735,117	151,590,294	495,451,252	106,075,919	22,347,011	9,782,093	10,933,749	2,182,128,870

APPENDIX E

Improper Payments	2007 / 2008	2008 / 2009
SDF	1,177,270.54	
National Irrigation Commission		1,763,252.31
Development Bank of Jamaica		855,119.00
Harmonisation Limited		51,820,000.00
SHRA		1,264,532.00
Ministry of Labour & Social Security		30,511,209.00
Ministry of Justice		15,600,000.00
RGD	2,714,810.00	
Bellevue Hospital		400,000.00
Ministry of Labour	199,045.00	
Spectrum Management Authority		3,111,375.00
Jamaica Customs	5,000,000.00	
Fiscal Service	810,714.00	
Anti-Dumping	710,915.00	
Jamaica 4-H Clubs	200,040.00	
TOTAL	10,812,794.54	105,325,487.31

APPENDIX F

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

APPENDIX FI

Nugatory Expenditure	2007 / 2008	2008 / 2009
Harmonisation Limited		US\$55,514.00
		US\$55,514.00

APPENDIX G

Unsupported Payments/Transaction	Prior Year	2008 / 2009
Trelawny Parish Council	133,996.00	
Fire Brigade	191,320.00	15,820,541.00
Portmore Community College		3,137,402.00
Harmonisation Limited		11,010,749.00
Provident Fund		79,440.00
Rural Water Supply Ltd.	361,574.00	
Local Government	283,904.00	
Portmore Municipal	197,933.00	
NSWMA	12,400,000.00	
Ports Security Corps Ltd.	137,609.00	
Road Maintenance Fund	101,383,165.00	
Companies Office of Jamaica	187,474.84	
NSWMA - WPM	6,700,000.00	
Sugar Company of Jamaica	10,000,000.00	
Sugar Industry Authority	133,600,000.00	
National Gallery of Jamaica	674,882.41	
Ministry of National Security	66,475.00	
	139,189.00	

Electoral Office of Jamaica	196,829.00	
SDC		350,000.00
EOJ	973,989.00	
Houses of Parliament	2,790,047.00	
Transport of Works	222,417.00	
NWA	9,029,973.00	
Inland Revenue	181,746.72	
Fiscal Service	366,393.00	
JIS		531,038.00
TASD	50,836.00	
Accountant General	4,958,032.24	
Correctional Services	5,080,902.00	
TOTAL	290,308,687.21	30,929,170.00

APPENDIX H

Unrecorded Assets	2007 / 2008	2008 / 2009
SDC	2,937,383.00	
Trelawny PC	1,201,890.00	
Ministry of Labour & Social Security		4,700,000.00
Ministry of Finance		9,300,000.00
SHRA		26,797,913.00
PSMP	6,600,000.00	
Trelawny PC	1,201,890.00	
Correctional Services	119,025.00	
Local Government Department	1,135,567.00	
Jamaica Fire Brigade		1,084,985.00
Ministry of Foreign Affairs		10,800,000.00
Ministry of Health		5,161,260.00
NRHA		3,555,018.00
Bellevue Hospital		6,738,925.00
Child Development Agency		4,447,470.00
National Works Agency		11,000,000.00
NEPA	3,670,000.00	
NYS	2,360,000.00	
TOTAL	19,225,755.00	83,585,571.00

APPENDIX I

Reported Losses	2007 / 2008	2008 / 2009
Ministry of Finance		21,400,000.00
Accountant General		14,000,000.00
MOH & Regional Authority	20,702,363.00	1,445,511.00
Bellevue Hospital		140,000.00
Ministry of Education		9,173,627.00
Lift Up Jamaica	61,686.00	
Ministry of Justice	435,000.00	
Electoral Office of Jamaica	45,500,000.00	
TOTAL	66,699,049.00	46,159,138.00

APPENDIX JI

Rental Arrears	Prior Year	2008 / 2009
St. Catherine Parish Council	542,696.00	
UDC	108,780,000.00	115,846,935.00
Portmore Com. College		1,000,000.00
St Ann Parish Council		3,860,300.00
St James Parish Council	430,500.00	
Trelawny PC	1,364,795.00	
Ministry of Mining	37,781,374.00	

Hanover Parish Council	878,750.00	645,200.00
Manchester Parish Council	824,971.00	519,992.61
Westmoreland Parish Council	1,700,000.00	
Portland Parish Council	1,168,489.00	
Clarendon Parish Council	1,895,964.00	2,752,274.00
St. Elizabeth Parish Council	2,471,273.00	2,738,128.00
Port Authority Management Services		127,400,000.00
PCJ	37,781,374.00	
TOTAL	195,620,186.00	254,762,829.61

APPENDIX JII

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

APPENDIX J IV

Unremitted Statutory Deductions	Prior Year	2008 / 2009
Port Security Corp - PAYE/Ed.	82,300,000.00	
NHT	6,100,000.00	
NERHA	34,048,561.00	
SERHA	113,475,411.00	
St. James Parish Council	7,179,505.29	
Portmore Municipal Council	4,256,267.31	
St. Thomas Parish Council	16,138,259.00	
Trustee in Bankruptcy	259,375.00	
Rural Water Supply	13,838,796.00	
Factories Corporation of Jamaica		3,440,000.00
KSAC - Market		32,926,986.00
NSWMA	229,600,000.00	
TOTAL	507,196,174.60	36,366,986.00

APPENDIX JIII

Overpayments Ministries/Departments & Agencies	2007/ 2008	2008/2009	Prior Year Recovery	2008/2009 Recovery	Outstanding Balance
Ministry of Finance and the Public Service	J\$169,123.00	J\$93,196.27	J\$124,917.65	J\$73,000.00	J\$64,401.62
Inland Revenue		J\$223,140.00			J\$223,140.00
Ministry of Education- Teachers Salaries	J\$3,800,000.00	J\$6,830,847.31	J\$2,659,179.00	J\$355,579.92	J\$7,616,088.39
Ministry of Education- Admin salary		J\$70,116.11			J\$70,116.11
Ministry of Education (personal deductions)	J\$4,700,000.00		J\$4,300,000.00		J\$400,000.00
Medical Council	J\$80,223.12		J\$80,223.12		J\$0.00
Cabinet Office	J\$700,087.00		J\$700,087.00		J\$0.00
Bellevue Hospital		J\$16,366.00			J\$16,366.00
Lift-up Jamaica	J\$37,069.73				J\$37,069.73
Police Department	J\$562,045.00				J\$562,045.00
PCJ	J\$3,476.00				J\$3,476.00
Milk River	J\$21,133.56				J\$21,133.56
Sugar Company of Jamaica	J\$138,811.00				J\$138,811.00
Jamaica National Heritage Trust	J\$16,119.99				J\$16,119.99
E-Learning Company	J\$3,476.00				J\$3,476.00
Ministry of Mining	J\$3,476.00				J\$3,476.00
Office of The Services Commission	J\$39,794.00				J\$39,794.00
Correctional Services	J\$264,835.00	J\$414,177.00	J\$140,572.00	J\$154,246.34	J\$384,193.66
Electoral Office	J\$151,811.00		J\$78,161.53		J\$73,649.47
National Youth Service	J\$35,000.00		J\$35,000.00		J\$0.00
Portmore Com. College		J\$724,335.71		J\$198,564.00	J\$525,771.71
Nutrition Products Ltd		J\$82,006.00			J\$82,006.00
Moneague College		J\$244,300.34			J\$244,300.34
MOH- Head Office		J\$1,550,490.00		J\$562,866.00	J\$987,624.00
UTECH	J\$478,500.00		J\$478,500.00		J\$0.00
Local Government	J\$17,866.00	J\$358,836.00	J\$17,866.00	J\$24,779.00	J\$334,057.00

APPENDIX JIII

Overpayments					
Ministries/Departments & Agencies	2007/ 2008	2008/2009	Prior Year Recovery	2008/2009 Recovery	Outstanding Balance
Jamaica Fire Brigade	J\$27,210.11	J\$1,146,821.00	J\$16,130.00	J\$477,300.00	J\$680,601.11
NSWMA		J\$42,935,775.00			J\$42,935,775.00
FSL	J\$206,503.00	J\$157,142.86		J\$25,574.00	J\$338,071.86
Administrator General's Department		J\$27,039.00			J\$27,039.00
CPTC	J\$1,226,142.65	J\$1,045,546.00	J\$183,414.07		J\$2,088,274.58
JIPO		J\$236,134.19			J\$236,134.19
Registrar Generals Deptment	J\$278,427.00	J\$153,636.08	J\$119,497.00	J\$121,794.74	J\$190,771.34
National Gallery	J\$139,038.71	J\$71,291.00			J\$210,329.71
JCDC	J\$172,025.00	J\$191,291.00	J\$138,645.94	J\$12,252.00	J\$212,418.06
NEPA		J\$56,238.00			J\$56,238.00
Bath Fountain		J\$38,141.00			J\$38,141.00
Ministry of Foreign Affairs	J\$75,606.00	J\$26,333.00	J\$75,606.00		J\$26,333.00
Ministry of Agriculture		J\$124,416.20		J\$60,051.74	J\$64,364.46
Forestry		J\$6,722.61			J\$6,722.61
Houses of Parliament (HoP)		J\$15,248.00		J\$5,000.00	J\$10,248.00
Office of the Contractor General		J\$337,935.00		J\$273,077.00	J\$64,858.00
SDC		J\$373,772.85			J\$373,772.85
Council of Community Colleges of Jamaica	J\$58,989.02				J\$58,989.02
Jamaica Library Services	J\$10,160.00		J\$10,160.00		J\$0.00
TASD	J\$57,479.00				J\$57,479.00
Development Bank of Jamaica		J\$1,029,534.00		J\$58,150.00	J\$971,384.00
Statistical Insitute of Jamaica		J\$57,520.51		J\$55,204.91	J\$2,315.60
Office of The Disaster Preparedness and Emergency Management		J\$33,939.34			J\$33,939.34
National Land Agency		J\$113,374.57		J\$95,023.07	J\$18,351.50
Companies Office of Jamaica		J\$5,077,517.00			J\$5,077,517.00
TAAD	J\$113,000.00	J\$1,105,983.00	J\$58,345.00	J\$890,185.60	J\$270,452.40
Accountant General	J\$25,426.95	J\$1,177,261.00	J\$25,255.20	J\$56,925.00	J\$1,120,507.75
Spectrum Management Authority		J\$2,783,189.15		J\$251,668.82	J\$2,531,520.33

APPENDIX JIII

Overpayments					
Ministries/Departments & Agencies	2007/ 2008	2008/2009	Prior Year Recovery	2008/2009 Recovery	Outstanding Balance
Micro Investment Development Agency		J\$371,240.00			J\$371,240.00
BATCO		J\$1,630,363.00			J\$1,630,363.00
Office of the Prime Minister	J\$700,087.00		J\$700,087.00		J\$0.00
Public Defender	J\$78,274.82	J\$38,350.00		J\$13,766.00	J\$102,858.82
Kingston and St. Andrew Co-operation (markets)		J\$74,000.00		J\$65,649.20	J\$8,350.80
Kingston and St. Andrew Co-operation	J\$344,074.00	J\$123,620.00	J\$146,810.77	J\$30,000.00	J\$290,883.23
Manchester Parish Council	J\$366,087.00		J\$366,087.00		J\$0.00
St Elizabeth Parish Council	J\$264,193.00		J\$264,193.00		J\$0.00
Jamaica 4H Clubs	J\$8,290.98	J\$1,965,976.00	J\$8,290.98		J\$1,965,976.00
National Council on Drug Abuse	J\$47,109.00		J\$47,109.00		J\$0.00
Subtotal	J\$15,420,969.64	J\$73,133,161.10	J\$10,774,137.26	J\$3,860,657.34	J\$73,919,336.14

APPENDIX JV

Recievables	Prior Year JA\$	Prior Year US\$	2008 / 2009 JA\$
NIS			364,500,000.00
JDF			9,600,000.00
Ministry of Justice			45,900,000.00
Government Chemist			117,850.00
SRHA			30,686,036.00
Jamaica Trade & Investment	507,551.00		
Ministry of Education	248,100,000.00		
TAD	1,590,585.00		
MIND	20,700,000.00		
SDC			467,917.00
Ministry of Finance	169,123.00		
Rural Water Supply	361,574.00		564,000.00
UDC	9,190,000.00		26,488.00
Ministry of Justice	17,190,000.00		
NSWMA - WPM	20,000,000.00		5,127,564.00
BATCO			1,530,000,000.00
NWA	585,821,985.00		654,463,991.00
JDF	26,770,000.00		
Manchester Parish Council	117,400.00		
Jamaica Mortgage Bank			2,700,000,000.000
Port Authority			1,274,000.00
Petro Caribe Fund		US\$1,777,373.00	
Ministry of Tourism	196,042.00		
Development Bank of Jamaica			1,600,000.00
JIS			32,130,000.00
TPDco	196,042.00		
RGD	3,578,447.00		
Fiscal	11,029,400.78		
MOA	632,059.00		
NIS	237,116.00		
Ministry of Foreign Affairs	1,360,000.00		
Health Corporation	290,900,000.00		

APPENDIX JV

Recievables	Prior Year JA\$	Prior Year US\$	2008 / 2009 JA\$
Factories Corporation			29,000,000.00
Accountant General	1,400,000.00		
Child Development Agency			10,100,000.00
Nutrition Products Limited			14,922,883.00
PCJ	98,335.00		
TOTAL	1,240,145,659.78	US\$1,777,373.00	5,430,480,729.00

APPENDIX K

PAYABLES	Prior Year	2008 / 2009
WRHA		185,684,243.00
Bellevue Hospital		32,708,450.00
NERHA		111,374,805.00
JDF	150,000,000.00	181,800,000.00
NWA	363,073,714.00	852,621,988.17
National Irrigation Commission		38,592,813.00
SRHA		79,740,650.00
SERHA		300,871,503.00
Road Maintenance Fund	101,383,165.00	108,060,097.87
JIS		15,573,411.00
Child Development Agency		69,207,940.00
Ministry of Education	11,000,000.00	
TOTAL	625,456,879.00	1,976,235,901.04

APPENDIX L

Salary Advances	Prior Year	2008 / 2009
Portmore Community College		1,229,784.00
Police Department	6,820,000.00	
Jamaica National Heritage Trust	286,394.00	
National Council of Drug Abuse	602,197.00	
TOTAL	7,708,591.00	1,229,784.00

APPENDIX L1

Uncleared Advances	Prior Year	2008/ 2009
Ministry of Finance-Recurrent		560,505,663.70
Ministry of Finance-Cap A		152,726,810.70
Accountant General	1,004,628.36	592,120.17
Inland Revenue Department	27,429,708.00	61,878,625.84
Jamaica Customs Department		12,815,300.27
Jamaica Fire Brigade	2,015,531.00	437,540.00
Lift Up Jamaica	39,018,498.00	
Ministry of Foreign Affairs	227,000,000.00	
Electoral Office	645,346.00	
Local Government	3,750,000.00	
Jamaica Customs		
Ministry of Labour	45,811.00	
	15,312,958.72	
TOTAL	316,222,481.08	788,956,060.68

APPENDIX Lii

Uncleared Advances	Prior Year	2008/ 2009
JHC London		£74,099
TOTAL		£74,099

APPENDIX Liii

Uncleared Advances	Prior Year	2008/ 2009
JHC Ottawa (as at June 2008)		CN\$19,731
TOTAL		CN\$19,731

APPENDIX LIV

Uncleared Advances	Prior Year	2008/ 2009
PRUN		US\$11,176
TOTAL		US\$11,176

APPENDIX M

Procurement Breaches	2007/ 2008	2008 / 2009
Ministry of Labour & Social Security		13,744,000.00
Ministry of National Security- JDF		6,900,000.00
Portmore Community College	38,340,000.00	3,989,190.00
Ministry of Foreign Affairs		10,538,841.00
JCDC		3,419,863.00
Fiscal	50,916,632.40	
NYS	106,000,000.00	
SDC		19,096,246.18
St. James Parish Council	147,377.00	
Ministry of Education	4,487,910.00	
Moneague College		175,324,800.00
Local Government Dept		518,857.00
Development Bank of Jamaica		2,600,000.00
Jamaica Customs	1,700,000.00	
SIA	12,100,000.00	
Clarendon Parish Council	6,282,419.00	
Rural Water Supply	827,865.00	
SDF	190,173.00	
UDC	1,987,940.00	
Companies Office of Jmaica	1,397,721.00	
Correctional Services	15,106,806.00	
Excel Community College	9,700,000.00	
MIND	1,791,939.00	3,786,475.00
NSWMA	1,061,296.00	
UTECH	17,500,000.00	
Electoral Office	274,455,128.00	
Ministry of Health- HQ		960,158.00
Bellevue Hospital		52,301,578.00
NRHA		38,949,857.00
SERHA		1,933,879.00
WRHA		17,700,413.00
Child Development Agency		13,300,000.00
Office of the Prime Minister	3,583,392.00	
Portmore Municipal Council	1,134,268.00	
Trelawny Parish Council	726,610.00	
Ministry of Transport & Works	117,369,839.00	
Flood Damage	45,052,059.00	
Jamaica 4H Clubs	2,195,868.00	
JIS		444,025.00
PCJ	4,761,124.00	
RGD	5,512,630.00	
Jamaica Library Services	2,250,429.97	
CPTC	7,203,374.00	
Jamaica National Heritage Trust	2,040,760.00	
TOTAL	735,823,560.37	365,508,182.18

APPENDIX MI

Procurement Breaches		Prior Year (US\$)	2008 / 2009 (US\$)
Fiscal Services		2,214,480.00	
UTECH		49,375.00	
	TOTAL	2,263,855.00	