

Auditor General's Department Annual Report Financial Year 2018/2019



REPORT OF THE AUDITOR GENERAL ON THE
FINANCIAL TRANSACTIONS AND FINANCIAL
STATEMENTS OF THE GOVERNMENT OF JAMAICA FOR
THE FINANCIAL YEAR ENDED MARCH 31, 2019
AND
A PERFORMANCE REPORT OF THE
AUDITOR GENERAL'S DEPARTMENT

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ANY REPLY OR SUBSEQUENT REFERENCE
TO THIS COMMUNICATION SHOULD BE
ADDRESSED TO THE AUDITOR GENERAL
AND **NOT TO ANY OFFICER BY NAME**
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December 20, 2019

The Hon Speaker
House of Representatives
Gordon House
81 Duke Street
Kingston

Dear Sir,

Pursuant to the provision of Section 122 (2) of the Jamaican Constitution, I have the honour to submit my report on the results of my examination of the accounts of the Island for the year ended 31st March 2019 for tabling in the House of Representatives.

Yours faithfully,

Pamela Monroe Ellis (Mrs.)
Auditor General

Contents

The Auditor General's Overview	9
About Us.....	12
Vision and Mission Statement	12
Our Values	12
Role of the Auditor General	13
Guiding Legislation	13
Client Organization	14
Accountability.....	14
Year in Review at a Glance	16
Workforce Capacity	17
Resource Allocation	17
Strengthening our Human Capital	17
Qualification Level of Staff.....	18
Partnerships (IDB/INTOSAI/CAROSAI)	18
Our Financial Management	19
Summary of Expenditure vs. Budget for FY 2018-2019.....	20
Expenditure Trend: 2015/2016 – 2018/2019.....	21
Looking Forward.....	21
Strategic Business Plan, Charting the Way Forward	21
Stakeholder Consultation and Engagement	21
Leading by Example: Internal Oversight	23
Quality Assurance Unit	23
The Year in Review	23
Our Achievements	24
The Year Ahead	24
Quality Assurance Reports	24
Our Findings	25
Looking Forward.....	25
Internal Audit Unit.....	26
The Year in Review	26
Our Achievements	26
The Year Ahead	26

Internal Audit Reports	26
Looking Forward	27
Relevant Strategic Objective	29
The Performance Audit Unit (PAU).....	29
The Year in Review	29
Our Achievement	30
Our Challenges	30
Performance Audit Reports	30
Quantity.....	31
Audit Coverage	32
Our Findings	33
Quality	35
Timeliness.....	35
Looking Forward.....	36
Economic Assessment Unit (EAU)	36
The Year in Review	36
Our Achievements.....	37
Our Challenges	37
The Year Ahead	38
Economic Assessments.....	38
Quality	40
Timeliness.....	40
Looking Forward	40
Special Audits	40
The Year in Review	41
Our Challenges	41
Looking Forward	41
Assurance Audits	42
Financial Statements and Appropriation Accounts	42
The Year in Review	42
Our Achievements.....	43
Our Challenges	43
The Year Ahead	44

Compliance Audits.....	44
The Year in Review	44
Our Achievements	44
Our Challenges	45
The Year Ahead	45
Information Technology Audit.....	45
The Year in Review	45
Our Achievements	46
Our Challenges	46
The Year Ahead	47
Head 01000: His Excellency the Governor General and Staff.....	54
Head 02000: Houses of Parliament	54
Head 08000: Independent Commission of Investigations (INDECOM).....	54
Head 15000: Office of the Prime Minister – Jamaica Social Investment Fund (Jamaica Disaster Vulnerability Reduction Project (DVRP) and Jamaica Integrated Community Development Project (ICDP) 2019	55
Head 15000: Office of the Prime Minister -Youth Employment in Digital and Animation Industries Project (YEDAIP)	56
Head 15010: Jamaica Information Service	57
Head 16049: Management Institute for National Development (MIND)	57
Head 17000: Ministry of Tourism	57
Head 17000: Ministry of Tourism Bath Fountain Hotel and Spa	58
Head 17000: Ministry of Tourism – Milk River Hotel and Spa	59
Head 1900: Ministry of Economic Growth and Job Creation	59
Head 19048: Ministry of Economic Growth and Job Creation – National Environment and Planning Agency, Yallahs Hope Watershed Project.....	60
Head 20000: Ministry of Finance and the Public Service.....	61
Head 20000 Ministry of Finance and the Public Service– Financial Investigations Division (FID).....	62
Head 20000: Ministry of Finance and Public - Foundations for Competitiveness and Growth Project (FCGP) 2019.....	62
Head 20000: Ministry of Finance and Public - Development Bank of Jamaica: Jamaica Access to Finance for MSMEs Project.....	63
Head 20000: Ministry of Finance and Public - Credit Enhancement Programme for MSMEs Project.....	63
Head 20000: Ministry of Finance and Public -Planning Institute of Jamaica – Improving Climate Data and Information Management Project (PIOJ-ICDIMP).....	64

Head 20011: Accountant General's Department	64
Head 20056: Tax Administration Jamaica	66
Head 26000: Ministry of National Security Firearm Licensing Authority.....	67
Head 26000: Ministry of National Security Private Security Regulation Authority.....	67
Head 26053: Passport, Immigration and Citizenship Agency	67
Head 28000: Ministry of Justice, Recurrent and Capital A FY2017/18	67
Head 28000: Ministry of Justice, FY2016/17	68
Head 28023: Court of Appeal	69
Head 28025: Director of Public Prosecutions.....	69
Head 28026: Family Courts	69
Head 28028: Revenue Court	69
Head 28031: Attorney General.....	70
Head 28033: Office of the Parliamentary Counsel	70
Head 28052: Legal Reform Department.....	70
Head 28540: Court Management Services	70
Head 40000: Ministry of Labour and Social Security (MLSS)	71
Head 40000: Ministry of Labour and Social Security – Programme of Advancement Through Health and Education. Jamaica Social and Economic Inclusion of Persons with Disabilities (JSEIPD) Project.....	73
Head 40000: Ministry of Labour and Social Security – Programme of Advancement through Health and Education, Integrated Support to Jamaica's Social Protection Strategy (ISISPS)	75
Head 41000: Ministry of Education, Youth and Information – Overseas Examinations Commission.....	77
Head 41000: Ministry of Education, Youth and Information Early Childhood Development Project.....	78
Head 41000: Ministry of Education, Youth and Information – Council of Community Colleges of Jamaica (CCCJ).....	78
Head 42000: Ministry of Health – Technical Cooperation No. ATN/OC-14953-JA Strengthening Health Systems in Jamaica Project.....	79
Head 50000: Ministry of Industry, Commerce, Agriculture and Fisheries.....	81
Head 50000: Ministry of Industry, Commerce, Agriculture and Fisheries - Jamaica Intellectual Property Office (JIPO) FY2017/2018.....	82
Head 50000: Ministry of Industry, Commerce, Agriculture and Fisheries Jamaica 4H Clubs	83
Head 50038: Companies Office of Jamaica	83
Head 56000: Ministry of Science Energy and Technology, FY2017/18 and FY2018/19.....	83
Head 68000: Ministry of Transport and Mining	86
Head 72000: Ministry of Local Government & Community Development.....	87

University of the West Indies Caribbean Mobile Innovation Project.....	88
APPENDICES	89
Outstanding Financial Statements and Appropriation Accounts.....	89

The Auditor General's Overview

I am pleased to present my annual report for the year 2018/2019. This report is divided into three sections, with the first speaking to the operations of the Auditor General's Department, the second to the audit portfolio and the third provides a summary of the audits conducted for the period under review which, were not presented to Parliament as individual reports.

My efforts continued in earnest this year to remain relevant to the citizens of Jamaica through the conduct of audits which lead to "a better country through effective audit scrutiny". As a means of ensuring that the audit results meet the needs of our stakeholders, I continued to pursue a strategy of deliberate stakeholder engagement. The AuGD's website and social media platforms have provided efficient modes of communicating with the general public. This year, we saw a significant increase in the number of tips received for special audits through these media. It is for this reason that I have decided to review the allocation of our audit resources and portfolio assignments as a means of strengthening the impact of our audits to respond to the needs of the citizens.

The results of the audits undertaken this year identified resource management, governance, project management, procurement and contract management as areas in need of improvement. It is important that MDAs and Public Bodies, review their practices to ensure alignment with the Government's guidelines and policies. The mandates of all Ministries, Departments and Agencies are linked in some way to the achievement of Jamaica's National Development Plan Vision 2030 and by extension the United Nations Sustainable Development Goals. In that regard, MDA's should endeavour to implement good governance arrangements, which include proper project and procurement management principles that will allow for effective project development and monitoring to maximise the potential of obtaining value from the limited resources available.

I cannot guarantee that all errors, irregularities or deficiencies were identified as our scope was limited to the sample selected for review. Nevertheless, the audits were planned in such a manner to reasonably identify instances of breaches and irregularities. Some of the deficiencies identified during the audit, particularly in governance, would have presented financial exposure (unresolved monetary risks) to the Government, underscoring the urgent need for Ministries, Departments and Agencies (MDAs) to strengthen governance arrangements and resource management to safeguard limited resources.

I want to take this opportunity to thank my team for their continued commitment to the mandate of the Department as well as our stakeholders who have continued to provide us with their invaluable feedback and input through our focus groups. Finally, I extend appreciation to the Heads of Entities for the courtesies they have extended to my staff during the year.



Pamela Monroe Ellis, F.C.C.A, F.C.A
Auditor General
December 20, 2019

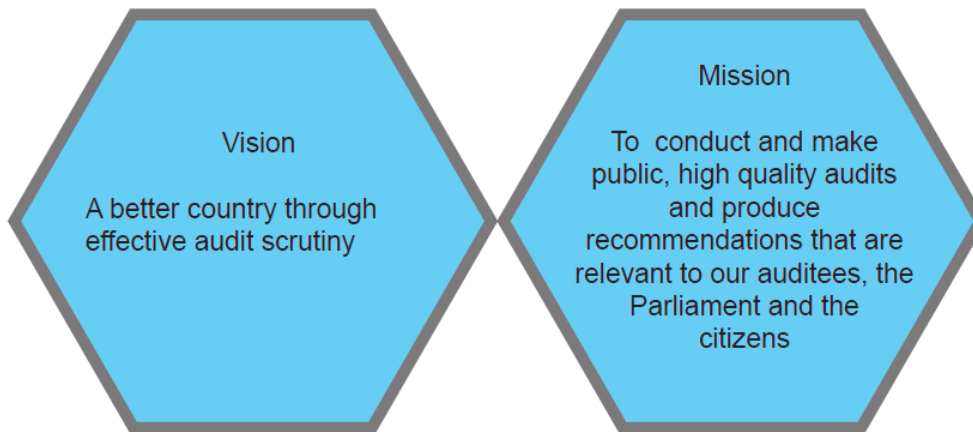
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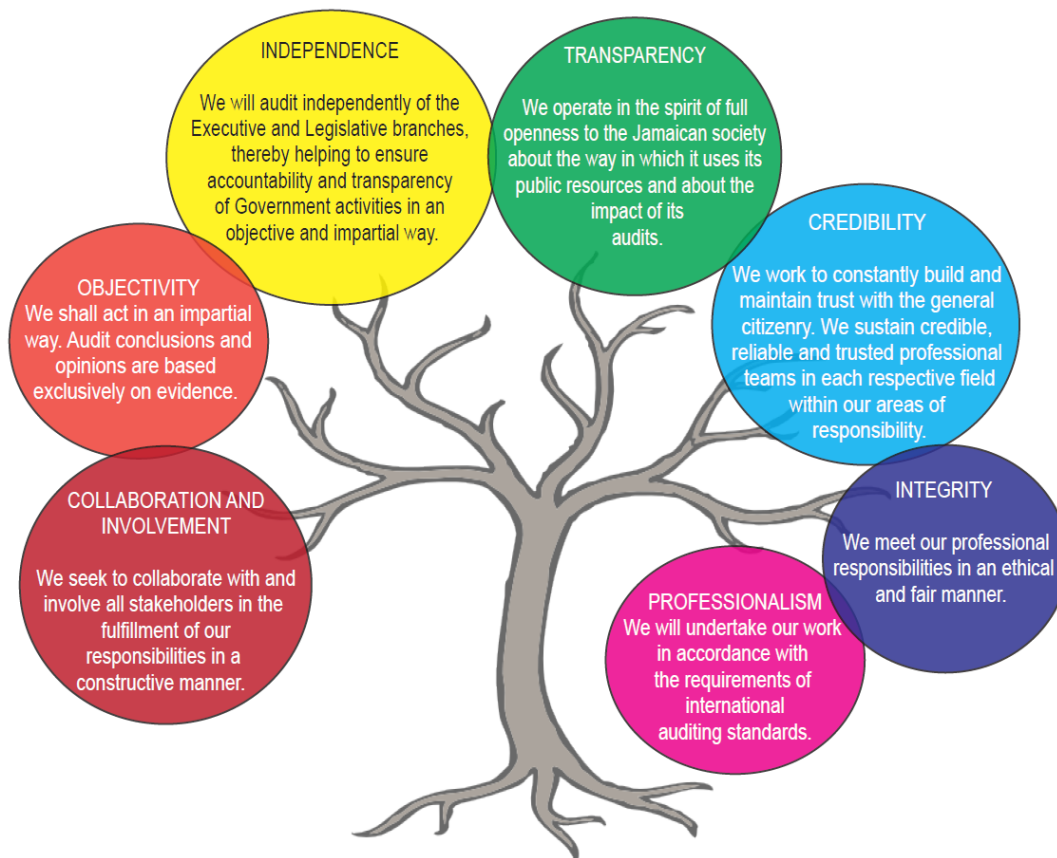
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About Us

Vision and Mission Statement



Our Values



Role of the Auditor General

The Constitution of Jamaica mandates the AuGD to conduct audits of all public sector entities; this includes all Ministries, Departments and Agencies. Section 122 of the Jamaican Constitution gives the Auditor General the task of auditing the accounts of all government bodies, including those entities and projects on which Public Money is spent. This is confirmed by Section 30 of the Financial Administration and Audit (FAA) Act, Section 13.A.1 of the Public Bodies Management and Accountability Act (PBMAA, 2001) and the Parish Council's Act.

The AuGD does not audit all entities in the course of the same financial year, as our resources would not be sufficient. Part 3 of Article 122 of the Constitution, states that “In the exercise of his functions under the provisions of subsections (1) and (2) of this section, the Auditor-General shall not be subject to the direction or control of any other person or authority”; therefore, audits are selected using a risk based approach. There are however, some entities, which must be included each year in our audit portfolio, as the applicable legislation requires an audit of these entities on an annual basis.

Guiding Legislation

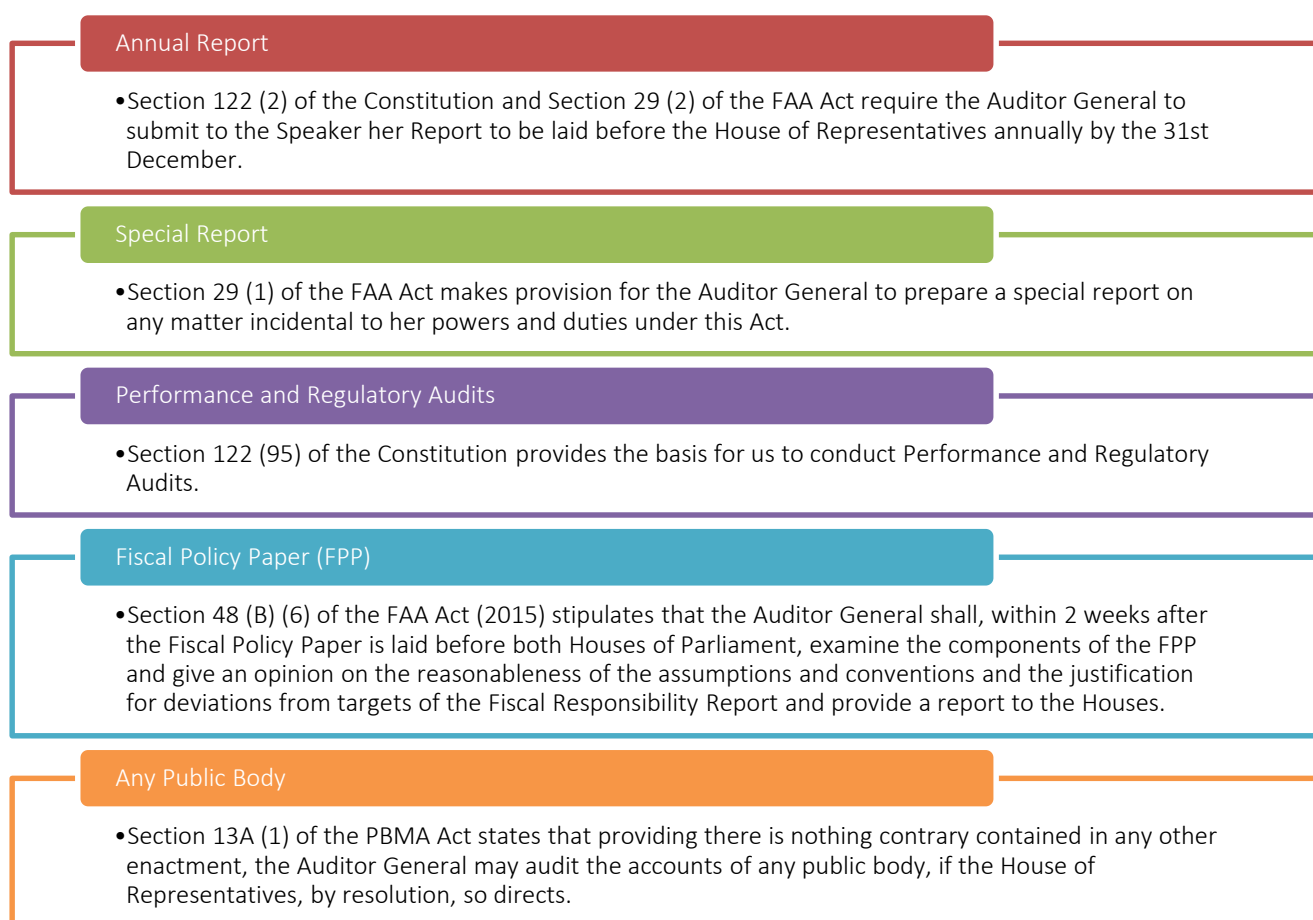


Figure. 1: Guiding Legislation

Client Organization

The Audit Universe of the Department includes all entities that may be subject to an audit by the Auditor General. In keeping with the current resources of the Department, a distinction is made between our audit universe and the statutory audit tasks which are prescribed by legislation for annual audits.

Client	Included in Audit Plan	Not Included in Audit Plan	Grand Total
Central Government	15		15
Courts	6		6
Department	16	8	24
Parish Council	14		14
Embassies		23	23
Project	10	1	11
Statutory Bodies	29	139	168
Executive Agencies	11	1	12
Funds	3	4	7
Public Bodies		46	46
Library	13		13
Agencies		5	5
Grand Total	117	227	344

Table 1: Client Organization

In addition to the totals stated above, the Department is identified as the preferred auditors for some donor funded projects, which sometimes utilize GoJ funding.

Accountability

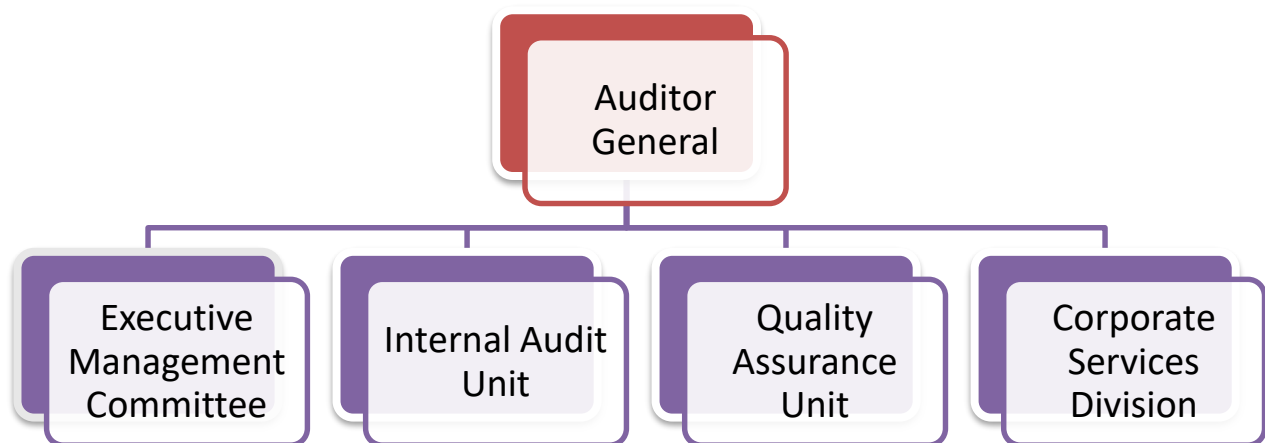


Figure. 2: Accountability Structure

The governance mechanisms within the Department is administered through the Executive Management Committee, the Audit Committee, the Quality Assurance Unit and the Corporate Services Division.

The Executive Management Committee is chaired by the Auditor General. The Committee provides strategic leadership and direction for the operations of the Department.

Internal Audit and the Quality Assurance Audit Units are independent of the audit functions and the operational activities of the Department. They are tasked with assessing our procedures and controls in executing our operational and auditing functions.

The **Corporate Services Division** has specific responsibility for activities relating to:

- Corporate Governance
- Management of Human and Financial Resources
- Management of the Department's procurement functions
- Management of the Department's performance management and evaluation system
- Information, Communication and Technology systems
- Development and management of the Departments' processes, policies and practices

Year in Review at a Glance



Figure. 3: Year at a Glance

Workforce Capacity

Resource Allocation

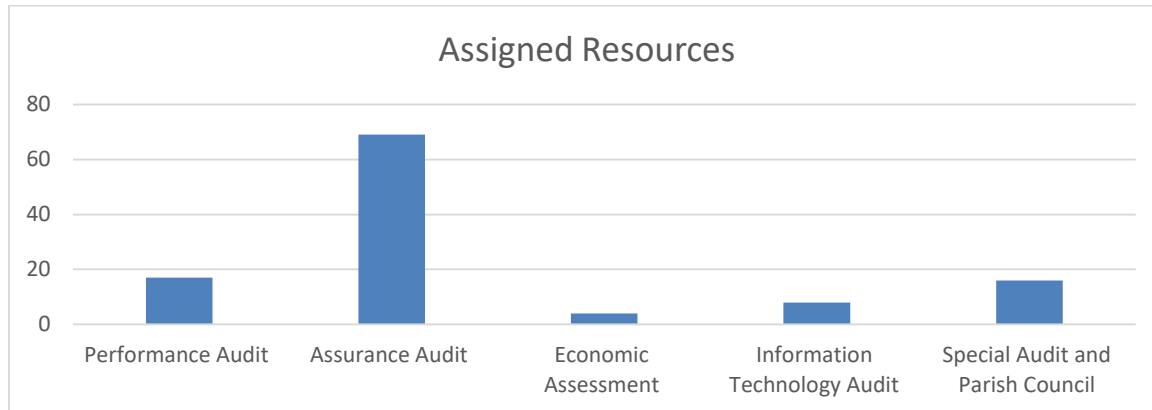


Chart 1: Resource Allocation

Audit personnel within the AuGD continue to be allocated in keeping with the Strategic Audit Plan (SAP) using a risk based approach. The SAP is developed as a three-year rolling plan and forms the detailed audit schedule in support of our Strategic Business Plan. The remaining personnel are members of Corporate Services, Quality Assurance and Internal Audit.

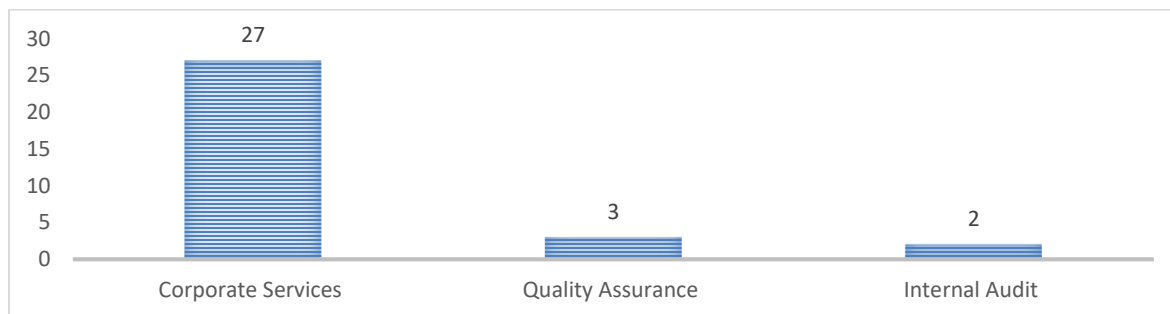


Chart 2: Resource Allocation: Corporate Services, Quality Assurance and Internal Audit

Strengthening our Human Capital

Thirty-six capacity building initiatives were executed for the period December 1, 2018 – November 30, 2019 allowing for ninety-six (96) officers to participate. The programmes were primarily geared toward enhancing the capabilities of team members in managing and analysing audit evidence and at strengthening our internal IT security systems against illicit access as we make the transition from a paper based entity to a paperless entity. The main programmes undertaken are listed below:

AUDIT ENHANCING PROGRAMMES	CORPORATE GOVERNANCE/SOFT SKILLS PROGRAMMES	IT SECURITY PROGRAMMES
<ul style="list-style-type: none"> • Government Accounting • Audit Evidence • GFMS Training • Auditing in IT Environment • Audit of State Owned Enterprises • Audit Evidence and Root Cause Analysis • Ministerial Workshop on Advanced Audit for Caribbean Countries • IPSAS 	<ul style="list-style-type: none"> • Supervisory Training • Improving Customer Relations, Telephone Techniques and team Spirit • Computer Applications • Certified ISO Internal Auditors for Quality Management Systems • ISO 20700 Guidelines for Management Consultancy Workshop 	<ul style="list-style-type: none"> • Microsoft Azure Training – Fundamentals • National Cyber Exercise • HRMAJ C39 Workshop • COMPTIA A+ • Pathways to Managing Cyber Vulnerabilities • Cybersecurity Workshop

Table: 2 Capacity Building Programmes

Qualification Level of Staff

The AuGD continues to strive towards having a highly professional team. The information in the table below reflects all staff members and recognises the highest qualification possessed by each.

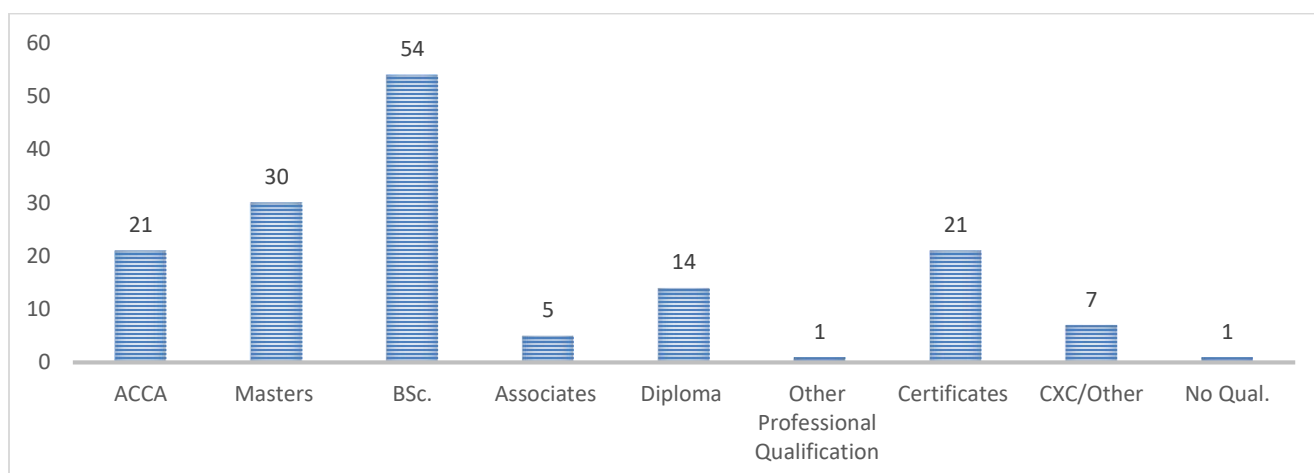


Chart 3: Qualification Level of Staff

Partnerships (IDB/INTOSAI/CAROSAI)

We continue to benefit from being an active member of the INTOSAI and the regional body CAROSAI, for which the Auditor General's Department will continue to serve as Secretariat Host until June 2025. For the period under review, December 1 – November 30, 2019; we participated in three major programmes offered by the IDI:

SAI Fighting Corruption,
Course on the
Implementation of ISSAI 30

Green Hat – IDI Innovation
Exchange Series – SAls and
Data Analysis

Professional Education for SAI
Educators Training Workshop

Our Financial Management

For the 2018/2019 Financial Year (FY), the Department utilised 94 per cent of the amount budgeted (see Appendix 1). This represents a slight reduction of 3% in the utilisation rate when compared to the 97 per cent achieved in 2017/2018 financial year. Overall, the Department spent \$44.4 Million less than the amount budgeted. A Revised Estimate of J\$759,645,000 was approved for the Department's operational activities for 2018/2019 FY, and was to be supplemented by J\$5,000,000 that was projected to be collected as Appropriations-In-Aid (AIA). However, the Department spent J\$715,205,000 and collected J\$8,856,000 as AIA. This against the J\$650,756,000 spent and the J\$9,525,000 collected as AIA in 2017/2018 financial year.

- **Compensation of Employees (Object 21)** - Accounted for 64 per cent of the total expenditure, 80 per cent of which was derived from Activity 0280 – Administration of External Audit Services. Object 21, as a percentage of total expenditure, declined by 4 per cent despite the 3 per cent negotiated increase in public sector wages. The decline can be attributed to a reduction in the staff due to resignation and attrition. The total number of new posts budgeted to be filled were not achieved as only five of the budgeted 11 posts were filled.
- **Travelling and Subsistence (Object 22)** - Of the total of \$159.0 million budgeted, only \$147.3 Million was spent, a variance of 11.7 million or 7.3 per cent. This amount was 4 per cent higher than the amount in the prior year due to the revised fixed travelling paid to Level 7 staff in the financial year. The amount spent was counterbalanced by the reduced mileage claims paid to audit staff for out-of-town travelling as the planned number of audits of Parish Councils and Parish Libraries did not materialize. In addition, the absorption of foreign travel costs by IDI and other sponsoring bodies including the IDB resulted in lower foreign travel costs.
- **Use of Goods and Services (Object 25)** - \$33.755 Million of the budgeted \$36.885 Million was spent or 9 per cent less than budgeted. During the financial year the Department's ICT infrastructure was upgraded to facilitate the implementation of the Enterprise Content Management (ECM) Project, which was funded by the Cabinet Office to automate the Registry. The associated cost for the upgrade was not initially budgeted.
- **Utilities and Communication (Object 24)** – Of the budgeted sum of \$13.199 Million, \$10.62 Million was spent or 19.5 percent less than budgeted. This, as the proposed acquisition and installation of a new Private Branch Exchange (PBX) system was delayed by over three months due circumstances beyond our control. Installation was completed in the first quarter of 2019-2020 FY.

Summary of Expenditure vs. Budget for FY 2018-2019

Object	Description	Revised Estimates 2018/2019 (J\$'000)	Actual Expenditure 2018/2019 (Unaudited) (J\$'000)	Variance Surplus/(excess) (J\$'000)	% Variance from Budget fav/(unfav) %	% Share of total Expenditure %	
21	Compensation of Employees	480,426.0	458,445.0	21,981.0	4.6	64.1%	
22	Travel Expense & Subsistence	158,991.0	147,330.0	11,661.0	7.3	20.6%	
23	Rental of Property & Machinery	61,474.0	57,575.0	3,899.0	6.3	8.1%	
24	Utilities and Communication	13,199.0	10,620.0	2,579.0	19.5	1.5%	
25	Use of Goods and Services	36,885.0	33,575.0	3,310.0	9.0	4.7%	
29	Awards & Social Assistance	1,000.0	1,049.0	(49.0)	(4.9)	0.1%	
27	Grants & Contributions	-	-	-	-	0.0%	
32	Capital Goods	7,670.0	6,611.0	1,059.0	13.8	0.9%	
Total Funding requirement		759,645.0	715,205.0	44,440.0	5.9	100.0%	
Appropriations in Aid (AIA)		5,000.0	8,856.0	3,856.0	77.1		
Net Funding Requirement		764,645.0	706,349.0	58,296.0	-	100.0%	

Table 4: Expenditure Summary Fy2018/19

Expenditure Trend: 2015/2016 – 2018/2019

Object	Description	Revised Estimates 2019-2020	Expenditure for Financial Year: April 1 - March 31				% of Total Operating Expenses				
			2018-2019	2017-2018	2016/2017	2015/2016	2019-2020	2018-2019	2017-2018	2016/2017	2015/2016
			(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)	% of Total	% of Total	% of Total	% of Total	% of Total
21	Compensation of employees	503,187	458,445	444,959	394,813	327,987	59.6%	64.1%	68.4%	66.4%	69.7%
22	Travel Expense & Subsistence	171,117	147,330	105,951	107,128	69,020	20.3%	20.6%	16.3%	18.0%	14.7%
23	Rental of Property & Machinery	77,348	57,575	49,947	53,184	42,586	9.2%	8.1%	7.7%	8.9%	9.0%
24	Utilities and Communication	11,280	10,620	4,751	3,731	2,110	1.3%	1.5%	0.7%	0.6%	0.4%
25	Use of Goods and Services	58,359	33,575	37,807	23,729	25,637	6.9%	4.7%	5.8%	4.0%	5.4%
29	Awards & Social Assistance	2,000	1,049	1,380	994	427	0.2%	0.1%	0.2%	0.2%	0.1%
30	Grants & Contributions	217	-	163	216	181	0.0%	0.0%	0.0%	0.0%	0.0%
32	Capital Goods	20,200	6,611	5,798	11,114	2,771	2.4%	0.9%	0.9%	1.9%	0.6%
Total Funding requirement		843,708	715,205	650,756	594,909	470,719	100.0%	100.0%	100.0%	100.0%	100.0%
Appropriations in Aid (AIA)		5,000	8,856	9,525	13,146	13,147	0.6%	1.2%	1.5%	2.2%	2.8%
Net Funding Requirement		838,708	706,349	641,231	581,763	457,572					

Table 5: Expenditure Trend

Looking Forward

Strategic Business Plan, Charting the Way Forward

The decision was taken to roll our current Strategic Business Plan (SBP) forward allowing for a full review of our objectives, strategies and indicators in the first quarter of the FY2020/2021. The focus of the Department remains the strengthening of our team through coaching, mentoring and hands on learning, utilising a blended approach of classroom and pilot audits. Our SBP for the period FY2019-2022 can be found on our website, www.auditorgeneral.gov.jm

Stakeholder Consultation and Engagement

Twitter

The user engagement on AuGD's Twitter platform fluctuated from month to month during the period December 2018 to November 2019. Each month brought new followers to the platform with December 2018 recording the highest number of new followers, 326. The month of December 2018 also recorded the most tweet impressions, 54,900.

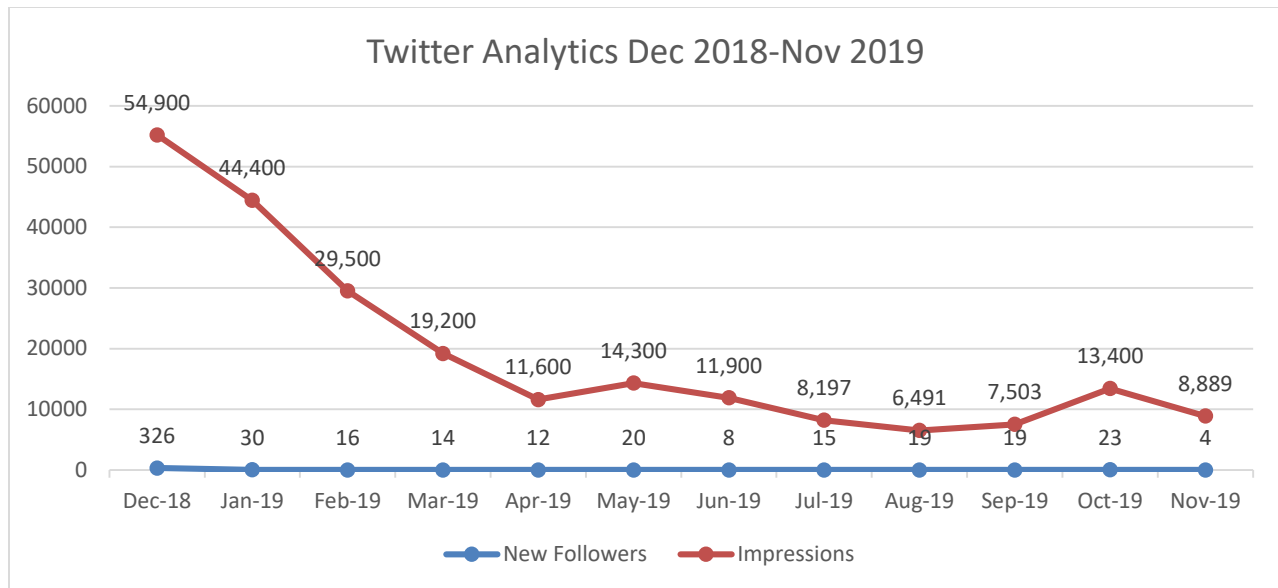


Chart 4: Twitter Analytics

LinkedIn

The AuGD also uses the LinkedIn platform to engage its stakeholders. During the period December 2018 to November 2019, the platform's viewership and engagement fluctuated monthly with the month of July 2019 accounting for its highest number of viewership. The majority of the users, accounting for 67.7% were accounting professionals, while the remaining 33.3% were from media and communication.

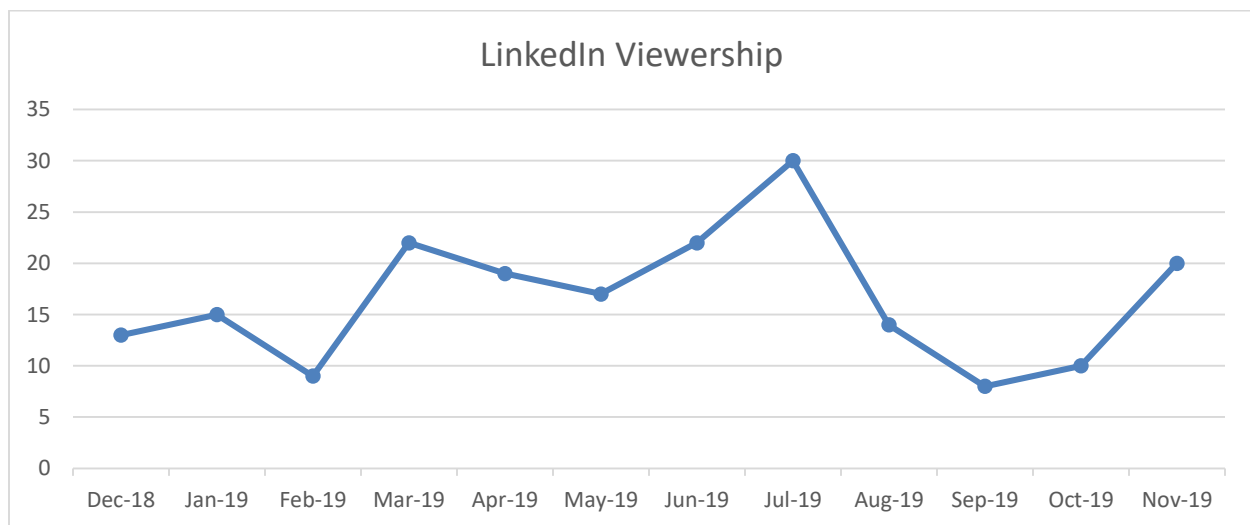


Chart 5: LinkedIn Analytics

Media Analysis

The chart below highlights the number of published reports that referred to the AuGD in traditional media publications (i.e. newspapers) both locally and internationally. During the period December 2018 to November 2019, the AuGD was cited in 204 articles, whether a simple mention, call to action, or a report of AuGD’s tabled findings.

Media Analysis Dec. 2018 - Nov. 2019

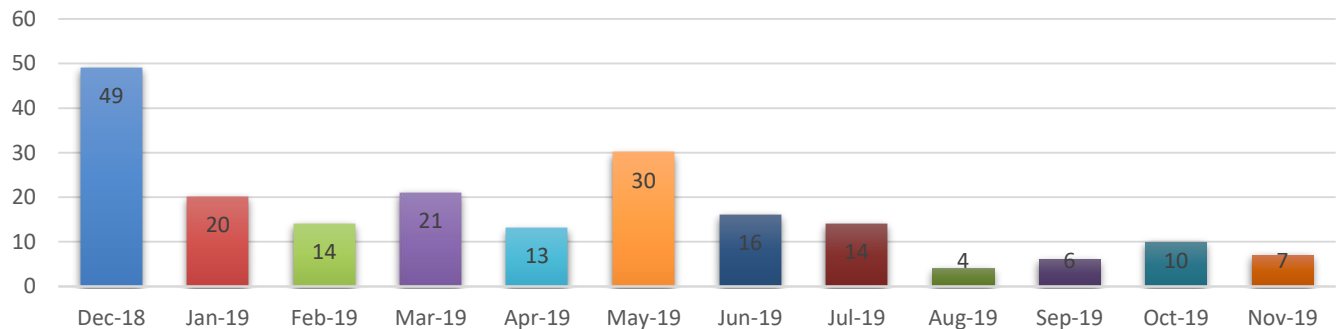


Chart 6: Media Report

Website

During the period December 2018 to November 2019, the AuGD’s website recorded a total number of 20,942 visitors. Of those visitors, 2,994 were repeat and the other 17,948 being new. Additionally, during the same period, the AuGD’s website was viewed a total of 58,784 times, viewership originated locally, regionally and internationally.

Leading by Example: Internal Oversight

Relevant Strategic Objective

- **Objective 3:**
- The AuGD’s organisation can be regarded as a model public entity; and that our organisational structure and business processes reflect best practice and enhance the efficiency and quality of our audit processes.

Quality Assurance Unit

The Year in Review

The Quality Assurance (QA) Unit is committed to providing assurance that the AuGD and its staff adhere to the professional standards and methodologies required to ensure that audits of MDAs are conducted at a high level in keeping with the International Standards of Supreme Audit Institutions (ISSAIs), and the reports issued are appropriate.

During the reporting period, the unit planned its reviews in tandem with the strategic objectives of the AuGD. The selection of QA reviews focused on coverage of the highest/medium risk audits undertaken by the various audit units within the Department.

Our Achievements

We continued to increase the number of QA reviews conducted and completed, while maintaining our coverage for all audit types.

The members of the QA unit participated in and facilitated the ISO internal audits of the AuGD during the implementation phase of the ISO 9001: 2015 certification process for the AUGD

All members of the QA unit successfully completed the Government of Jamaica ISO 9001:2015 Certification Programme for Internal Auditing

The Year Ahead

We will continue our coverage of donor funded projects, and include outsourced and parish council audits

We plan to participate in capacity building training programmes in order to provide for a more robust unit and improve on QA review techniques

The unit will continue to coordinate the activities for ISO 9001:2015 Certification (Quality Management Systems) for the AuGD, pending the conduct of the certification audits by the NCBJ.

Quality Assurance Reports

During the year, the QA team successfully completed reviews and reports for ten audits, namely five financial statements, two appropriation accounts and three compliance audits. Six reviews remain work-in-progress, of which four commenced during the reporting period. The remaining two reviews from previous reporting periods await the finalization of the audit and or the issuance of the draft audit report to the auditee.

The quality assurance reviews completed during the reporting period are summarized in the table below.

Audit Topics	Audit Type	QAR of Entire Audit Process
Tax Administration of Jamaica (TAJ) - Inland Revenue Department	Compliance	✓
Early Childhood Commission (ECC) and Early Childhood Development Project (ECDP)	Financial Statements	✓
Ministry of Local Government & Community Development (MLGCD)	Appropriation Accounts	✓
Road Maintenance Fund (RMF)	Financial Statement	✓

Ministry of Foreign Affairs & Foreign Trade (MFAFT)	Compliance	✓
Firearm Licensing Authority (FLA)	Financial Statement	✓
Office of the Prime Minister (OPM)	Compliance	✓
Programme for the Advancement of Health & Education (PATH)	Financial Statement	✓
Revenue Court (RC) Court Management Services	Appropriation Accounts	✓
Caribbean Maritime University (CMU)	Special (in progress)	
Follow up of Urban Development Corporation (UDC)	Performance (in progress)	
Passport, Immigration and Citizenship Agency (PICA)	Information Technology (in progress)	
Jamaica Urban Transit Corporation (JUTC)	Performance (in progress)	
Companies Office of Jamaica (COJ)	Financial Statement (in progress)	
HEART Trust NTA	Performance (in progress)	

Table 6: Quality Assurance Review of Audit Process

Our Findings

The QA reviews completed during the period identified some non-conformities similar to those in previous years. While we noted improvements in some key areas, there are other areas that require further improvement. Resulting from senior management reviews and the strategic decisions taken, the implementation of corrective actions are currently *en train* to maintain consistency in the high quality audits being conducted and the reports issued by the AuGD.

Looking Forward

We are currently exploring the use of the TeamCentral module of the TeamMate audit software to track and maintain a database of the outcomes for the reviews conducted. The database will provide a detailed analysis of the non-conformities observed for audited entities by audit owner and reflect the age of the issues up to the implementation of the corrective action.

The increase in the staff complement of the QA unit has resulted in an increase in the number of QA reviews completed when compared to prior years. Likewise, it is the expectation that with anticipated improvements in the core audit functions, the QA unit will be able to move to the next level by contributing to the achievement of continual improvement and the success of the Department.

The attainment of these objectives are in keeping with international standards, both from the perspective of the ISSAIs and that of the ISO Quality Management System; adding greater value to the AuGD by enhancing the credibility and reputation of the Department as a whole.

We continue to subject our Department to the process to become compliant with the International Organization for Standardization (ISO) Certification 9001:2015 for Quality Management Systems, and the expected date for completing our certification is within the first quarter of 2020.

Internal Audit Unit

The Year in Review

The Internal Audit Unit (IAU) reviews the Financial and Administrative operations of the Department through the implementation of its annual audit plan and ad hoc verifications when the need arises. The IAU covered most of the high risk areas identified in its annual risk assessment resulting in the identification of areas of weaknesses and made relevant recommendations for improvements in the Department's operations and risk management process. The IAU also developed a procedure manual to guide the internal audit process.

Our Achievements

The IAU completed 71 per cent of planned audits and reported to the Audit Committee for the reporting period

The IAU led and participated in the Internal Audit review of the AuGD's Quality Management System based on ISO 9001:2015

The IAU was trained and certified as ISO 9001:2015 QMS Internal Auditors. The Unit also participated in IPSAS/IFRS Training

The Year Ahead

The IAU plans to complete IT audits including an Information Security Audit

The IAU will be involved in training in a number of areas including IPSAS, and ethical hacking to further enhance the technical skills available to the unit

The IAU will play a pivotal role in the audits of the AuGD's ISO 9001:2015 Quality Management System

Internal Audit Reports

During the year, the IAU completed reviews on monthly financial statements as well as the FY2018/2019 Appropriation Accounts. The IAU continues to complete unplanned audits requested by the Corporate Services Division and the Ministry of Finance and the Public Service (MoFPS), including the verification of arrears due to travelling officers. Planned follow-ups were also completed on a quarterly basis to determine the status of the implementation of audit recommendations.

The IAU also completed internal audit training in the ISO 9001:2015 Quality Management System standards. Subsequent to the training and certification, the IAU led the internal audit of the AuGD's Quality Management System. The audit revealed non-conformities which were reported on and the necessary corrective actions put in place. Further audits of the system are scheduled for the upcoming period. The

following audits were completed by the IAU and presented to the Audit Committee during the reporting period.

AUDIT TOPICS
Appropriation Accounts (2018/2019)
Monthly Financial Statements
Travel allowances and Subsistence
Information Technology, General Controls
Appropriation-in-Aid for collections up to March 31, 2019
Overseas Travelling for the period: - January 2017 to December 2017 and January 2018 to December 2018
Stores and Stores Record Keeping
Quarterly Contract Awards
Salaries Audit including overtime (WIP)
Procurement Contracts (WIP)
Unplanned Audits (via the Corporate Services Division), including: - Verification of Salary arrears for Audit Managers - Verification of Travelling Arrears (changes in the rates payable to travelling officers) - Internal Audit of the AuGD's ISO 9001:2015 Quality Management System

Table 7: Audit Topics

Looking Forward

In the year ahead the IAU is hoping to fully utilise all the modules of the TeamMate software in the maintenance of working papers. This will involve using TeamRisk to complete our risk assessment and releasing audits to TeamCentral for scheduling. We will also use TeamCentral to track the implementation of audit recommendations, which are currently tracked externally using Microsoft excel.

The IAU has scheduled an Information Security audit in the coming year. The IAU will also be involved in an ethical hacking training programme to further enhance its IT audit skills. The Government of Jamaica through the MoFPS is also moving to adopt International Public Sector Accounting Standards (IPSAS). In preparation for this, the IAU has been participating in IPSAS training organized by the MoFPS.

SECTION

2



Relevant Strategic Objective

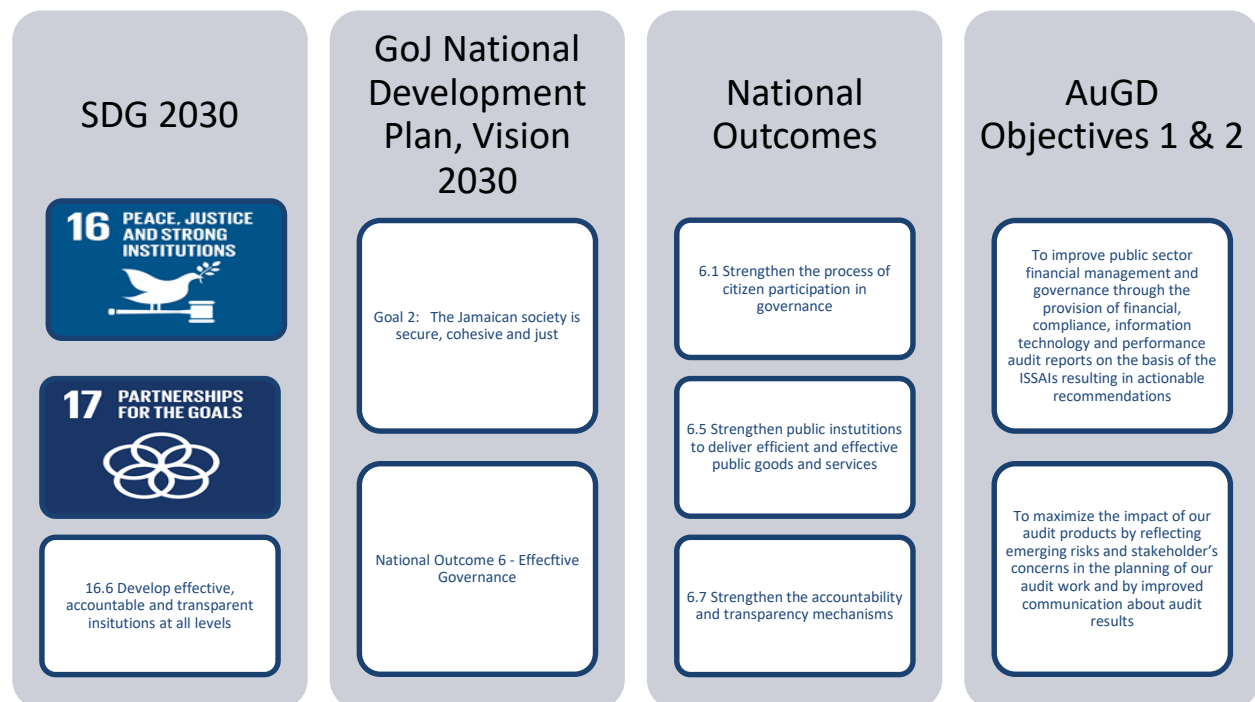


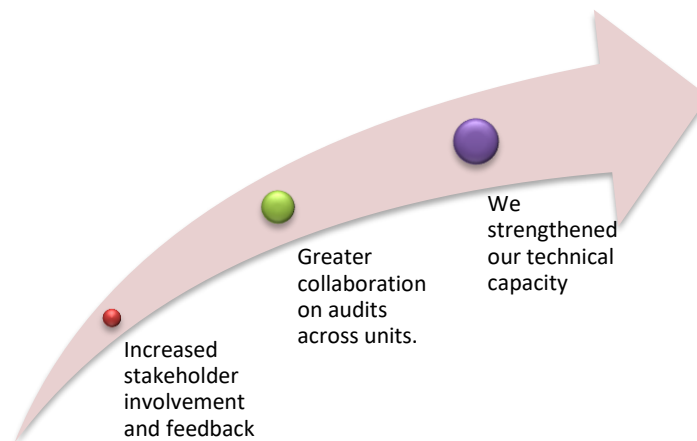
Figure 4: Linkages between Our Strategic Objectives and Government of Jamaica's National Development Plan, Vision 2030 and the United Nations Sustainable Development Goals 2030

The Performance Audit Unit (PAU)

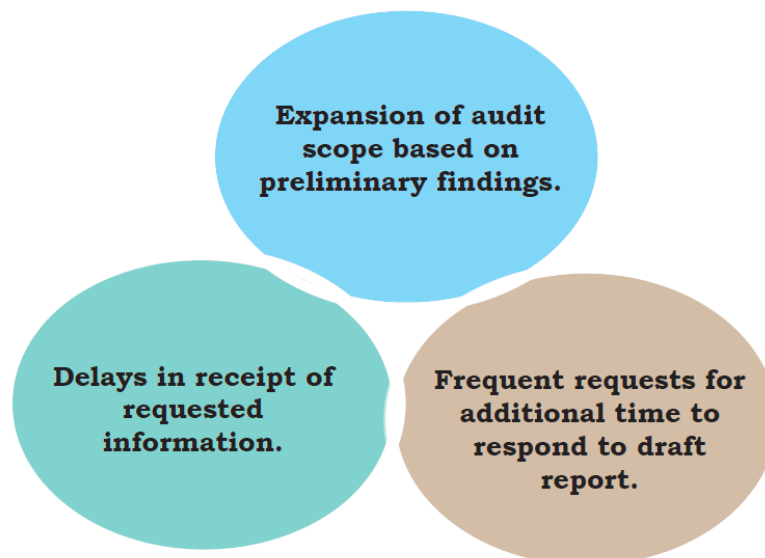
The Year in Review

We continued to deliver on the AuGD's key strategic objectives, through implementation of our 2019-20 Performance Audit plan. Through our audits, we sought to promote greater transparency and scrutiny of the operations of public bodies, to assist Parliament and stakeholders to hold public bodies accountable. However, the timely completion of our audits were adversely impacted by delays in the receipt of required information. We continued to consider the concerns of our stakeholders in our selection of audit topics, while adopting a risk-based approach to ensure the effectiveness and efficiency of our audits. We continued to prepare summaries (Prompts) of key findings and where possible conducted verifications, to assist the Public Accounts Committee (PAC) in its assessment of the issues raised by our audits. The quality of our field work and audit report remained a priority and hence we continued the use of targeted training, coaching and mentoring, to strengthen the capacity of our teams.

Our Achievement



Our Challenges



Performance Reports

Audit

In 2019 our performance audits focused on the governance practices and systems, particularly in the area of procurement and contracts management at Government Ministries, Departments and Agencies (MDAs). Our audit topics were significantly influenced by stakeholder concerns which coincided with the themes articulated in the Department's Thematic Map. Our audits sought to provide assurance to Parliament and the public that the country received value for money from the use of scarce financial resources. We assessed the performance of these entities in the context of the Public Bodies Management & Accountability Act (PBMA) and Financial Administration and Audit Act (FAA), the Government Procurement Guidelines and circulars as well as Corporate Governance Framework. We also considered alignment of the entities' strategic and operational plans with Vision 2030 National Development Plan (NDP) and the UN Sustainable Development Goals (SDGs).

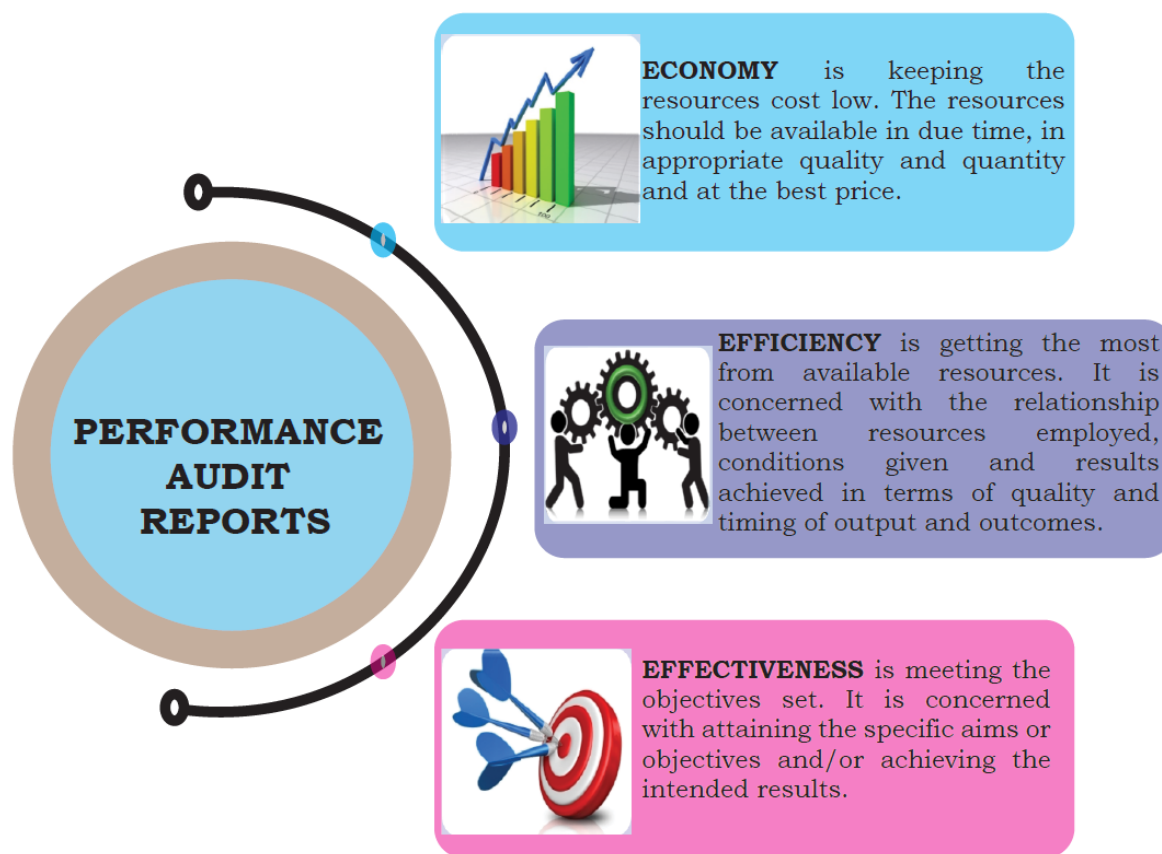


Figure 5: Performance Audit Reports

We continued to rely on mid-point reviews, utilizing the Findings Matrix to detect information gaps and identify relevant and material issues, in order to improve both the quality and timeliness of the audit reports. We found that this tool also assisted team members in improving their report writing and presentation skills. We augmented the technical capacity of staff through continuous reinforcement of audit techniques, coaching and mentoring and formal training.

Quantity

To date, we have completed three performance audits from our 2019-20 audit plan. Our audit plan had included two cross-cutting audits; however, we took a decision to re-scope the audit in order to adequately address emerging issues that demanded greater scrutiny. In this regard, the audit of Quality Management of Parochial and Agricultural Roads was split in two, to enable separate audits, one of farm roads and the other of municipal roads. The scope of the audit of Procurement & Contracts Management at MoEYI was amended to improve the efficiency and effectiveness of the audit process.

Audit Coverage

Audit Topic	Audit Plan	Status	Date Tabled	Deadline	Comments
Procurement Management Jamaica Constabulary Force (JCF)	2019-20	Completed	April 2019	Met	
Procurement Management Ministry of Education, Youth and Information (MoEYI)	2019-20	Completed	July 2019	Deadline extended	Scope Expanded
RADA's Management of the Rehabilitation of Farm Roads	2018-19	Completed	October 2019	Deadline Extended	Rescheduled to 2019-20 and Scope Expanded
Management System for the Maintenance of Municipal Roads (SCMC and KSAMC)	2018-19	In Progress			Brought over to 2019-20 due to significant volume of manual records.
Governance Arrangements in Ministry of Education, Youth and Information (MoEYI)	2018-19	Report being finalised			Re-scoped; Response to draft Report received
HEART Trust/NTA	2019-20	In progress			At field work stage
Tourism Product Development Company Limited- Governance and Project Management	2019-20	In Progress			At the planning stage
Jamaica Urban Transit Company	2019-20	In Progress			Fieldwork completed.

Table 8: Audit Coverage

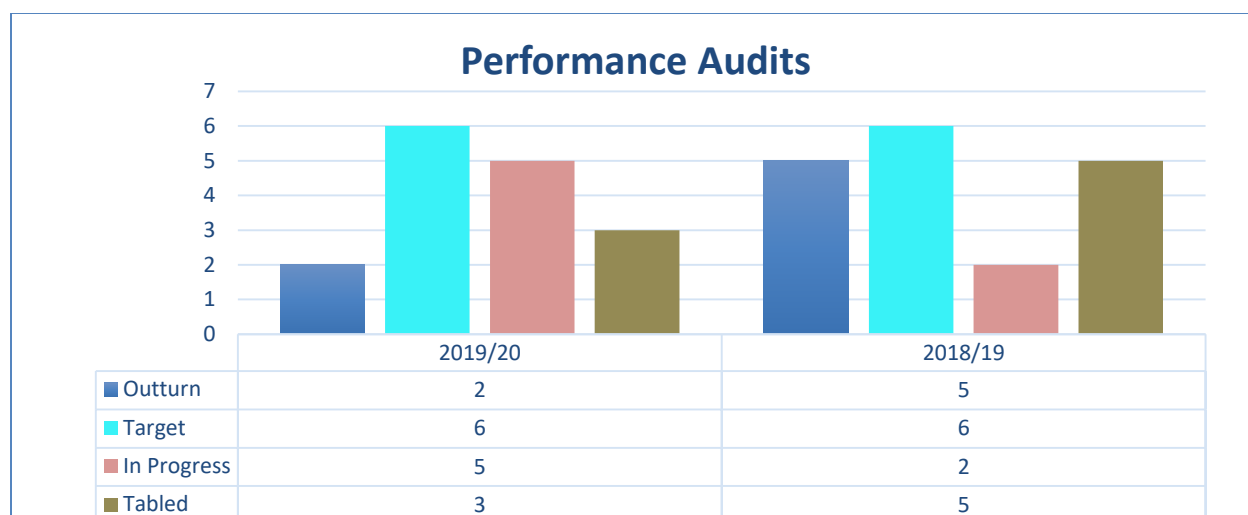


Chart 7: Performance Audit Unit Performance Summary

Our Findings

We found that entities did not faithfully adhere to Government's Procurement Guidelines in order to achieve the best economic price. Further, in a number of instances, poor planning and monitoring of projects and contracts, undermined efficiency and effectiveness of some MDAs, which denied the receipt of value from money (VFM).

Procurement Management of the JCF

The audit identified positive results achieved by JCF arising from internal controls for fuel usage, as well as an initiative undertaken in conjunction with the Ministry of Finance in relation to fuel, both contributing to cost savings. However, we found that JCF Procurement activities were not always aligned with operational targets and goals to ensure the most economical use of the \$3 billion on average, allocated annually for the purchase of goods and services. At the same time, advanced planning could have enabled the use of competitive bidding methodology for contracts related to manufactured police uniforms, provision of meals for detainees and repairs and maintenance of police facilities. We found that JCF used the emergency, direct emergency contracting and direct contracting methodologies, for \$1.8 billion (81 per cent) of contracts valuing \$2.2 billion, to provide meals for detainees, clothing and uniforms for police officers, repairs and maintenance of facilities. In many instances, the annual sums paid exceeded the threshold, which would require the use of competitive bidding. In those cases, JCF would not have satisfied itself that it paid the best price for construction and

The audit sought to assess whether JCF's procurement management activities embraced the principles of good governance - incorporating competition, transparency, accountability and fairness to attain value for money. The audit focussed on high value goods and service (G&SE) areas for JCF.

repair services and that the procurement process was transparent. The selection of caterers of detainees' meals was determined at the local police stations, which directly engaged contractors to supply three meals per day for detainees, based on a cap of \$300 specified by MoFPS. This method of selecting suppliers lacked transparency, which opened the process to the risk of impropriety and nepotism. In addition, JCF failed to maintain a facilities maintenance register and as such, was unable to develop a structured routine work plan for its construction and repairs programme, to ensure efficient and cost effective repairs and maintenance programme.

Jamaica's Procurement Management –MOEYI

The audit sought to determine whether the MoEYI procurement activities were conducted to attain value for money and embraced the principles of good governance. We examined high value goods and service areas – furniture, textbooks and the construction and repair of school facilities.

The audit identified deficiencies in MoEYI's procurement practices, which limited the opportunity to obtain the best price and assure transparency and fairness in the procurement process. We found that often times the Ministry bypassed the competitive process and breached the procurement guidelines by utilizing direct and emergency procurements, in instances that did not constitute an emergency. Further, MoEYI did not put in place adequate support systems to control its purchasing cost in these high value expenditure areas. We found that the Ministry mainly operated a centralised procurement system for the purchase of textbooks, furniture and repair and maintenance services; while its inventory systems were decentralised, which created misalignments with procurement

activities.

This model operated by MoEYI therefore did not enable an effective supply chain management, that facilitates the maintenance of adequate stock levels and the efficient and timely distribution of the right amount of textbooks and furniture to meet the demand of schools. As a consequence, we found disproportionate quantities of school textbooks and furniture. We also found that MoEYI awarded contracts for school repairs, maintenance and construction using direct and emergency methods, which under many circumstances did not constitute emergencies. For example, the justification cited extreme urgency brought about by unforeseen events, and the product/service could not be obtained through limited tender or local competitive bidding before the start of the school term. However, the start of the school year is a pre-determined event and therefore does not constitute an emergency, as described in the procurement guidelines. Accordingly, based on poor planning, MoEYI denied itself the opportunity to source quality goods and services at the lowest price through competitive bidding to maximise value from monies spent and reduce the risk of corruption. The Ministry also entered into design and build contracts with the Caribbean Maritime University (CMU) for construction works at nine schools without following required control and due diligence procedures to enable receipt of value for money. We found no evidence of a framework agreement or memorandum of understanding establishing a formal relationship between MoEYI and CMU for the design and build construction works or evidence of negotiation to arrive at the best prices.

RADA's Management of Rehabilitation of Farm Roads

We found that although RADA has responsibility for farm roads, estimated to be at least 10 per cent of Jamaica's road network, as well as for overseeing the maintenance and development of these roads, RADA's budget submissions and plans did not include funding for routine, preventative, and emergency repairs to provide an acceptable physical road infrastructure. RADA could not readily distinguish between farm roads and the parochial roads managed by municipal corporations. Additionally, the entity established annual priority lists for the selection of farm roads to be rehabilitated but could not explain the basis for the selection of some farm roads. Further, the process of selecting contractors was not always transparent or competitive. We reviewed 112 road rehabilitation contracts valued at \$1.6 billion and noted that RADA used the local competitive bidding methodology for only four contracts valued at \$90.8 million. Conversely, RADA utilized the limited tender methodology for 75 contracts (67 per cent), valuing \$1.04 billion. For example, in six instances, RADA improperly used the LT methodology to award contracts valuing \$129.8 million, thereby denying other qualified contractors the opportunity to participate in the procurement process. We also found that RADA frequently re-scoped works to omit infrastructure that were deemed critical, such as drains and culverts and changed the location of contracted works without any evidence of re-measurements. Our survey of farmers revealed that while some acknowledged that repaired roads made it easier to get to and from their farms and reduced wear and tear on their motor vehicles, many complained of poor drainage on some newly rehabilitated roads.

The audit sought to assess whether the Government, through RADA, had in place an effective management system for the rehabilitation of Jamaica's farm road works. Also to determine if RADA was working to maximize adherence to excellence through the practice of quality standards to minimize the risk of poor quality of road works.

Quality

We planned and conducted our audits in accordance with government auditing standards applicable to performance audits issued by the International Organization of Supreme Audit Institutions (INTOSAI) and conducted our audits in accordance with the Department's Quality Assurance Framework and International Standards on Quality Control (ISQC 1).

We continued to rely on feedback from Parliament and other stakeholders including the media and civil society to guide our selection and assess the impact of our audits, as well as monitor feedback from tabled reports.

Timeliness

The timeliness of our reports continued to be hampered by the highly manual nature of record keeping at many public bodies as well as delays in submission of requested information and responses to draft reports by some of the audited entities. As a consequence, less than 50 per cent of our planned audits were completed within the targeted timeline.

Looking Forward

Our audit plan for 2020-21 reflects six audits including one carried forward from 2019-20. We selected our audits using the thematic approach and risk-based methodology, and took into consideration the concerns of our stakeholders. The plan covers six sectors including, Local Government; Education and Youth; Finance; Commerce, Industry and Technology; Security and Health and Welfare. The sustainable development goals include Goal 13- Climate Action; Goal 9- Industry, Innovation and Infrastructure; Goal 3 – Good health and Well Being and Goal 16- Peace, Justice and Strong Institutions.

Economic Assessment Unit (EAU)

The Year in Review

In keeping with the requirements of the FAA Act, the Economic Assessment Unit reviewed the Fiscal Policy Paper (FPP) FY2019/20 in February 2019 and the FPP Interim Report FY2019/20 in October 2019. The reviews were submitted to Parliament on February 26, 2019 and on October 08, 2019, respectively within the deadline specified in Financial Administration and Audit (FAA) Act.

In accordance with the Unit's thrust to gain greater insight into public bodies that have continued to experience financial challenges over the years, the EAU conducted a performance audit of the Jamaica Urban Transit Company (JUTC) commencing July 2019, and is currently preparing a draft report for response by the audited entity. The preparation of internal quarterly fiscal reports and economic bulletins remained an important tool in enabling the timely review of the FPP, as well as a source of information on fiscal policy related issues for the AuGD. The Unit continued to benefit from IMF online and staff-supported training in fiscal policy and sustainability, augmented by training in Root Cause Analysis (Fish bone tool) using the JUTC audit as the foundation to enhance the team's analytical skills. The EAU was however unable to complete the analysis of the five-year Financial Statements Assessment (FSA) of the Selected Public Body that was planned for the third quarter of 2019, as up to the time of this Annual Report, the entity was unable to provide the audited financial statements for FY2017/18 and FY2018/19.

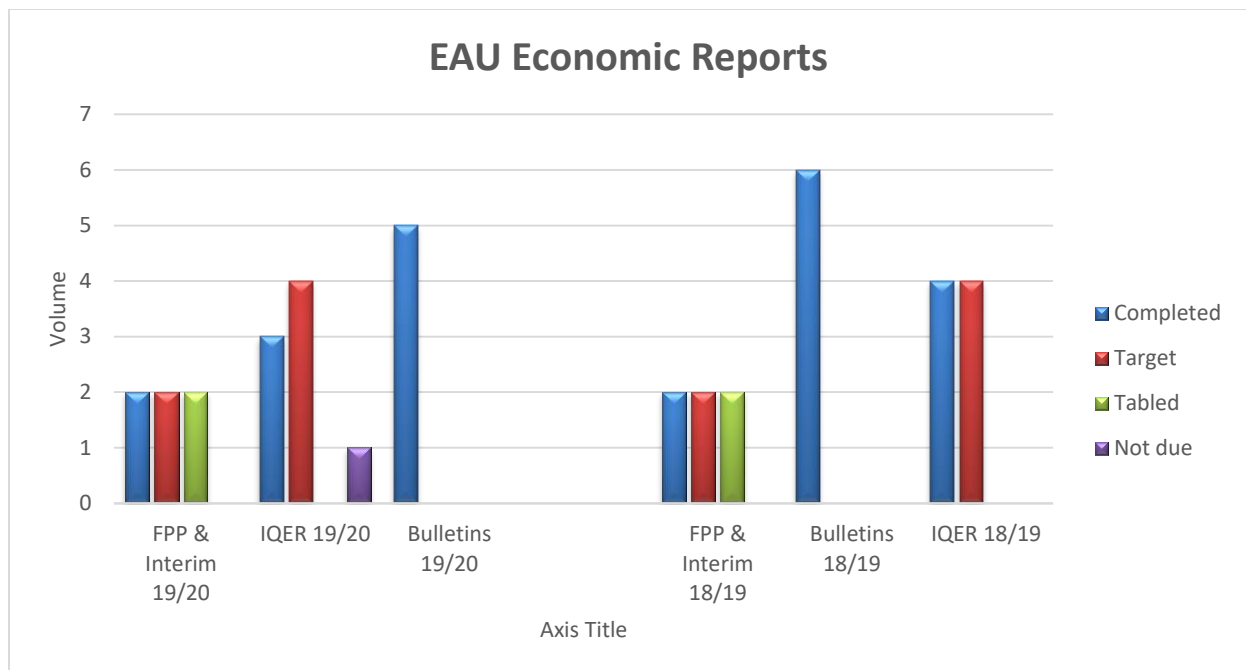
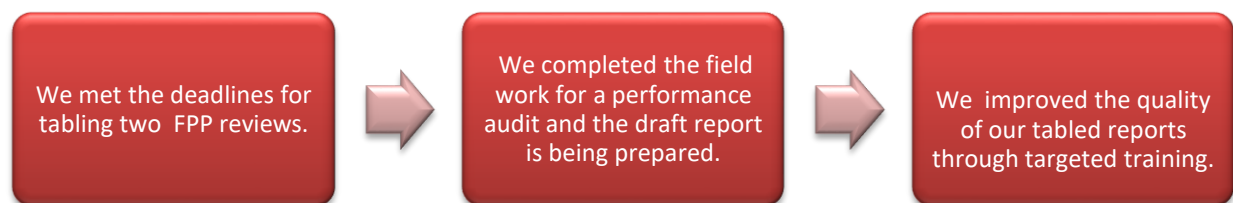
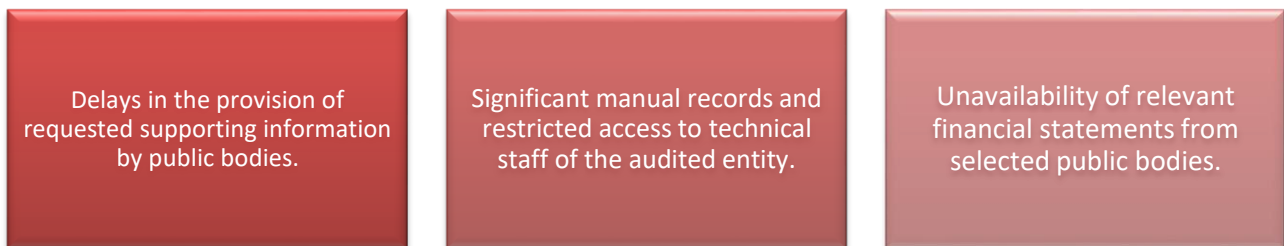


Table 8: EAU Economic Assessment Performance Reports

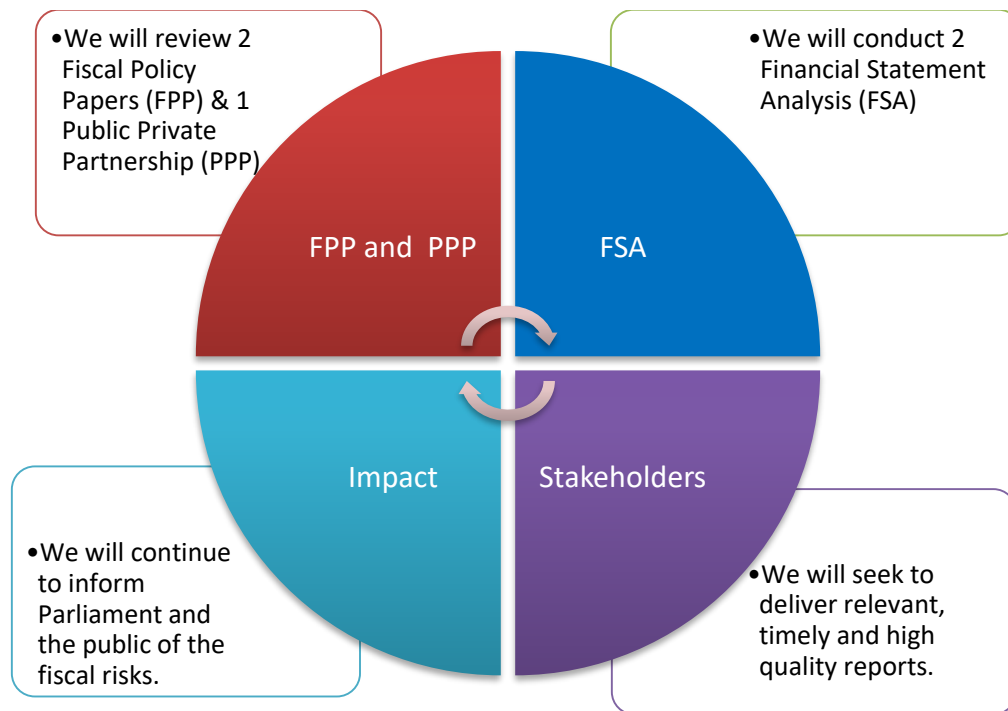
Our Achievements



Our Challenges



The Year Ahead



Economic Assessments

The Economic Assessment Unit (EAU) reviewed two fiscal policy papers in 2019 as it continued to assist the Auditor General in fulfilling her responsibilities described in the Financial Administration and Audit (FAA) Act and the Constitution. Public bodies are required to demonstrate prudent financial management of public resources in the context of the Fiscal Responsibility Framework and a five-year review of their performance using ratio analysis, this can provide insight into their financial viability and indebtedness, factors which may impact the achievement of the Public Sector debt target of 60 per cent of GDP by March 31, 2026. The Unit continued to produce quarterly fiscal reports (IQER) and economic bulletins in addition to its tracking of the fiscal responsibility framework, activities undertaken in support of the Auditor General's responsibilities under Section 48B (6) of the FAA Act.

Reports Submitted to Parliament	Date Tabled	Deadline	Comments
Fiscal Policy Paper FY2019-20	February 2018	Met	Within the period specified by the FAA Act
FPP Mid-year (Interim Report)	October 2018	Met	Tabled within two weeks after receipt from Ministry of Finance.

Reports Submitted to Parliament	Date Tabled	Deadline	Comments
Financial Statements Analytical Review of NSWMA	N.A.	Delayed	Delayed by non-receipt of audited financial statement for FY 2018-19.
Financial Statements Analytical review of USF	N.A.	Delayed	Delayed by non-receipt of audited financial statement for FY 2018-19.

Table 9: Reports Submitted to Parliament

Fiscal Policy Paper (FPP)

Our review of the FPP FY2019/20 which was tabled in Parliament on February 14, 2019, sought to determine whether the conventions and assumptions underlying its preparation complied with the principles of prudent fiscal management; whether the reasons given for the deviation of the fiscal outturn from target were reasonable based on the circumstances.

The Auditor General found that the report met the requirements of the Third Schedule and included the minimum content under the Fiscal Responsibility Statement, Macroeconomic Framework and Fiscal Management Strategy. Given the importance of the revenue forecast to prudent fiscal management, we evaluated the forecasts for the key macroeconomic indicators underlying the revenue projections over a seven-year period to assess their reliability and found that the accuracy of the forecast for the GDP and inflation variables improved significantly following implementation of the enhanced Fiscal Rules in FY2014/15.

However, the forecasts for oil and exchange rate were somewhat less reliable in a context where these variables are largely externally driven. Notwithstanding, we were reasonably assured that the macroeconomic assumptions underlying the preparation of the Fiscal Policy Paper FY2019/20 complied with the principles of prudent fiscal management. Conventions of prudent fiscal management also require a realistic assessment of risk and although more of the risks identified could have been quantified, there was greater transparency regarding the threats to the achievement of the fiscal targets relative to previous FPPs. The Auditor General was unable to comment on whether the reasons given for deviation of the fiscal outturn for the Budget were reasonable having regard to the circumstances as the comparisons made in the FPP 2019-20 were against the Supplementary Estimates which incorporates actual outturn to-date, new appropriations and changes to appropriations subsequent to Parliament's approval of the Original Budget; factors that disguise true fiscal performance and the extent of fiscal effort.

FPP FY 2018/19 Interim Report

The Mid-year (Interim) FPP Report which was laid before the Houses of Parliament on September 24, 2019 was reviewed in accordance with the Auditor General's responsibilities under Section 122 of the Constitution of Jamaica and the requirements of FAA Act.

The Fiscal Policy Paper (FPP) FY2019/20 Interim Report also met the requirements of the Third Schedule and included the minimum content under the Fiscal Responsibility Statement, Macroeconomic Framework and Fiscal Management Strategy. The outturn for real GDP and inflation were found to be in line with expectations, whereas nominal GDP exceeded forecast which had a greater than expected positive impact on tax revenue. We noted the requirement under the FAA Act for a comparison of the fiscal outturn to Budget was met. This enabled a review of the Central Government outturn for FY2018/19 and for April to July 2019 relative to the respective budgets outlined in the February

2019/20 and FY2018/19 FPPs. Whereas in most cases the reasons provided for deviations from target were reasonable, in a few instances, the provision of additional information would have enabled greater clarity and transparency regarding fiscal performance.

For example, the Interim FPP pointed to increased tax compliance by indicating the change in the stock of arrears; however, no information was provided on budgeted arrears, to clarify the extent of the tax compliance effort.

Quality

We conducted our reviews of the Fiscal Policy Paper in accordance with the standards issued by The International Organization of Supreme Audit Institutions and the International Standard on Assurance Engagement (ISAE) 3000.

Timeliness

We submitted our reviews of the February FPP FY2019-20 and September Interim Report within the specified deadline of two weeks after they were laid before the Houses of Parliament. However, in general, the timeliness of reports continued to be affected by continuing delays in information provided by external sources.

Looking Forward

In accordance with the Auditor General's responsibilities under the FAA Act, we plan to review and submit to Parliament for tabling, two Fiscal Policy Papers (including the interim mid-year review). We also intend to undertake analytic reviews of the financial statements for two self-financing public bodies, using a risk-based approach, which includes one brought forward from 2019/20, due to non-receipt of the required audited financial statement. We will use the findings from one of the financial statement assessments to inform the scope of a performance audit. We have commenced preparatory work to assess the Norman Manley public-private partnership for minimal contingent liability, in accordance with the FAA Act. However, the review relies on the financial closure documents¹, which have not yet been received. We will continue to prepare quarterly reviews of central government performance, as well as strengthen our internal communication on pertinent fiscal policy issues, through timely economic bulletins.

Special Audits

¹ Closure documents are the finalization of financing for PPP transaction.

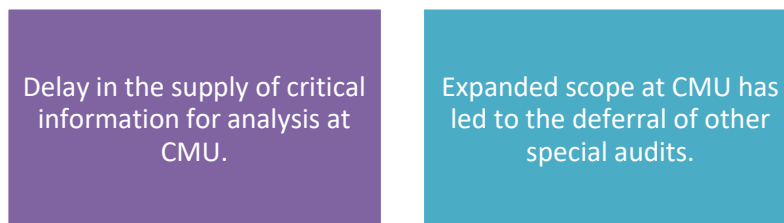
Section 122 of the Jamaica Constitution requires the Auditor General to conduct audits of public bodies at least once in every year and submit reports of findings to Parliament. In keeping with Section 25 of the FAA Act, the Auditor General commissions special audits based on requests from members of the Public Accounts Committee, internal assessments and concerns raised by the public. Our Special audits are conducted in accordance with standards issued by the International Organization of Supreme Audit Institutions (INTOSAI), for performance audit, GoJ legislations and guidelines as well as best practices.

The Year in Review

During the year, the Special Audit Unit (SAU) was only able to complete the audit of the Caribbean Maritime University due to the challenges faced by the team and the expanded audit scope. The audit of the Private Bonded Warehouses at the Jamaica Customs Agency has been delayed due to the completion of the CMU investigation and challenges in accessing the ASYCUDA system data.

We continue to benefit from the trust and support of the public and other stakeholders that provided valuable feedback and raised issues of concern. In fact, we noted a significant inflow of requests for special audits from our stakeholders, which we believe is an indicator of the increased confidence being placed on the work of our office.

Our Challenges



Given the increased requests from our stakeholders for special audits, we intend to strengthen the SAU by increasing the staff complement and conducting training in forensic accounting and auditing techniques. We expect that this investment along with the experience gained through the complex audits undertaken will bear fruit in the years to come. Looking ahead we anticipate improvement in the efficiency of the audit process, which will result in more published audit reports for the 2020/2021 period. We also look forward to the feedback from our stakeholders and for the continued improvement in the quality of our reports while maintaining our relevance.

Looking Forward

- We plan to submit one special audit report for tabling by March 2020.
- We expect to complete three other audits up to December 2020.
- We plan to conduct more follow-ups and track the implementation of our recommendations.

Assurance Audits

Financial Statements and Appropriation Accounts

Our assurance services include the audits of financial statements prepared by Municipal Corporations, Statutory Bodies, Executive Agencies, Internationally Funded Projects as well as the annual Appropriation Accounts of MDAs. These audits are undertaken to express an opinion on whether the financial statements prepared and presented by management are free from material misstatements and are presented in accordance with the applicable financial reporting framework.

The Year in Review

We delivered on key strategic objectives of the Department in 2019, through the conduct of 207 financial statements audits of Public Bodies, Internationally Funded Projects and MDAs. This represents approximately 80% of our audit plan at the time of writing this report, an increase of 10% over the previous year. Of the 207 audits executed, 70 audit certificates were issued and 137 were work in progress, including 32 audits that were completed and the statements returned to the client for correction, signature and re-submission. We anticipate that these will be certified in the last quarter of the 2019/2020 financial year.

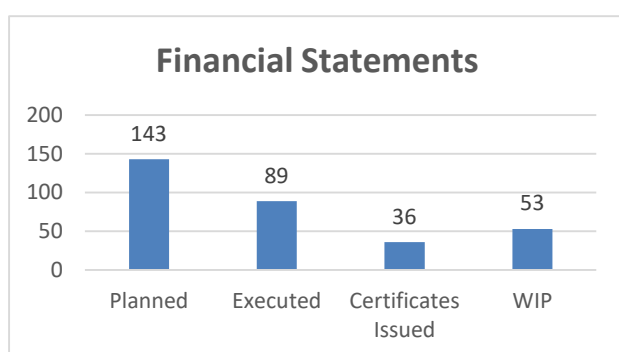


Table 10: Financial Statements

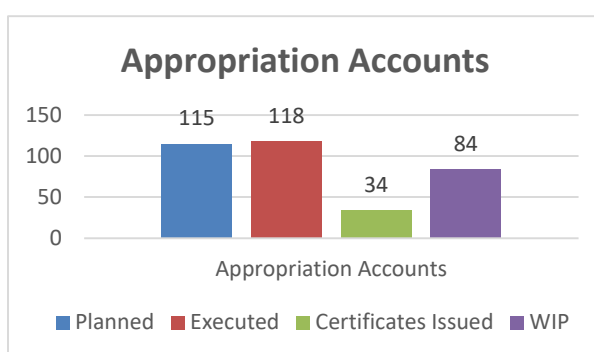


Table 11: Appropriation Accounts

The timely completion of our audits continue to be impacted by the late submission of financial statements and Appropriation Accounts, delays by clients in providing the relevant supporting documents, and inaccurate or incomplete statements that often require additional audit work resulting in the utilization of more resources than initially planned. Up to the time of this report, a total of 391 statements were

outstanding spanning financial years 2001/2002 to 2018/2019. Of this amount, 201 represent Appropriation Accounts and 190 represent the financial statements of Public Bodies.

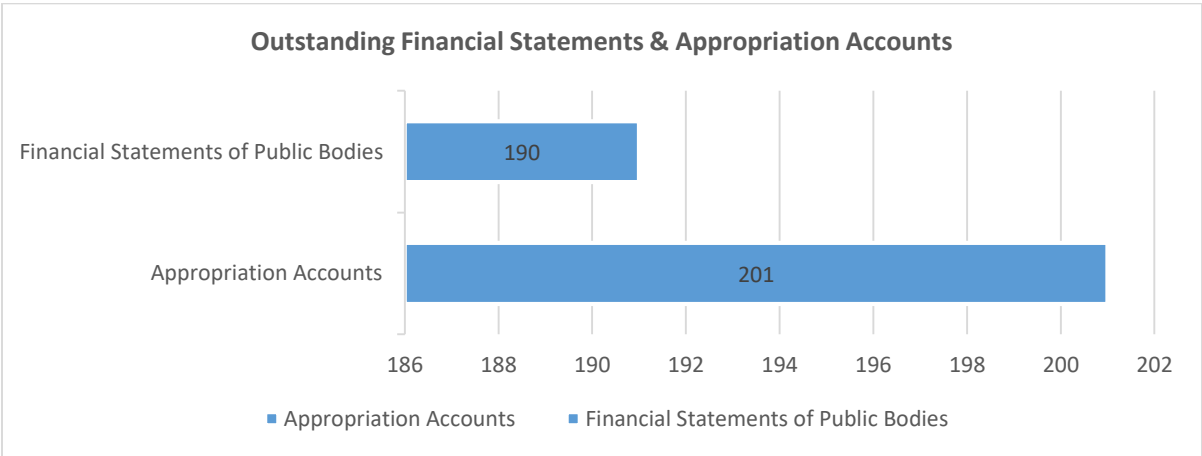


Table 12: Outstanding Financial Statements & Appropriation Accounts

In collaboration with the Ministry of Finance and the Public Service and the World Bank, the AuGD embarked on an audit outsourcing project to clear the backlog of approximately 163 financial statements of Statutory Bodies, Executive Agencies and Municipal Corporations. However, due to delays associated with the procurement of the audit services, the project has not achieved the expected outcomes. We received 49 of these statements and incorporated them into our annual work plan. To date we have done audit work on 23 of these statements while 26 remain in-house to be audited. Eighteen of the 26 statements relate to the Municipal Corporations.

Our Achievements

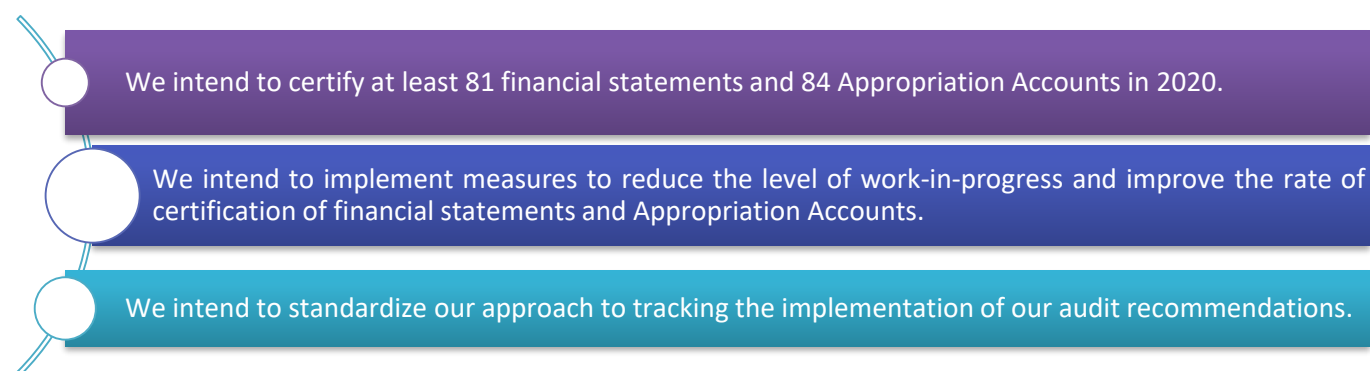
- We executed 62% of 143 planned audits of financial statements.
- We executed 103% of 115 planned audits of Appropriation Accounts (i.e. 118 audits).
- We issued 70 audit certificates during the year.

Our Challenges

Delays in the submission of financial statements and supporting records.

Inadequate review of the financial statements especially the Appropriation Accounts by MDAs before submission for audit, resulting in the need for frequent corrections.

The Year Ahead

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- We intend to certify at least 81 financial statements and 84 Appropriation Accounts in 2020.
 - We intend to implement measures to reduce the level of work-in-progress and improve the rate of certification of financial statements and Appropriation Accounts.
 - We intend to standardize our approach to tracking the implementation of our audit recommendations.

Compliance Audits

The Year in Review

For the period December 2018 to November 2019, the AuGD conducted Compliance Audits in accordance with INTOSAI's Compliance Audit guideline (ISSAI 4000). The audits were designed to ascertain the level of compliance of MDAs with various regulatory instruments. The criteria used for the audits emanated from the FAA Act and its Regulations and Instructions, the PBMA Act, the Staff Orders for the Public Service, Government of Jamaica (GoJ) circulars and guidelines, entity-specific legislation and agreed-upon terms. We also considered international and operational financial best practices.

The general findings from the audits revealed weaknesses in governance and financial management including inadequate monitoring of approved budgets to ensure that expenditure is in keeping with the amounts approved by Parliament. The key findings of the compliance audits were reported to Heads of MDAs and are included in section 3 of this report.

Our Achievements

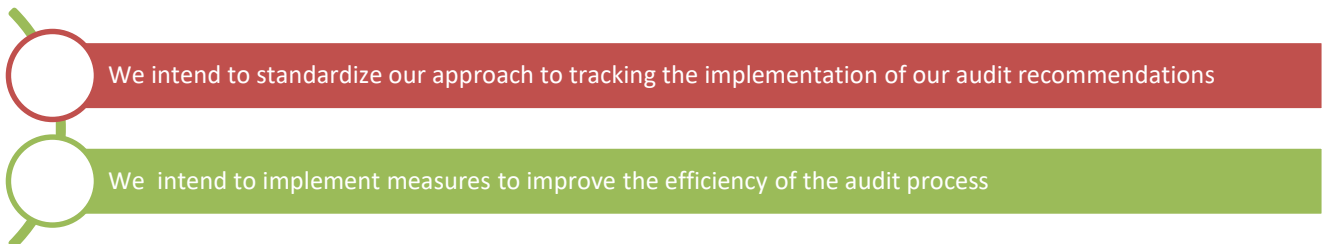
During the period we implemented 77 per cent of our audit plan through the execution of 17 compliance audits of MDAs. In keeping with the AuGD's policy and procedures, an audit completion report highlighting compliance and issues identified during the audit of the financial statements is issued to the clients. For the period under review, we issued 45 such completion reports, with some reports relating to multiple financial years and or more than one account. Up to the time of reporting, 39 audits were work in progress. We anticipate that these reports will be issued by the first quarter in 2020/2021 financial year.



Our Challenges



The Year Ahead



Information Technology Audit

The Year in Review

The Information Technology Audit Unit (ITAU) is responsible for assessing the adequacy and effectiveness of the information system controls within the Ministries, Departments and Agencies (MDAs). Our objective is to ensure that the government receives value from Information Technology (IT) investments and the associated security risks are properly managed.




For the period December 1, 2018 to November 30, 2019, we planned to finalize six prior year audits, complete the audit of the AMANDA system and perform one new audit of the Ministry of Health. However, the audits were not conducted as planned due to the reallocation of IT audit resources to the review of Appropriation Accounts and delays in the submission of the relevant records by the Ministry of Health. Notwithstanding, as at November 30, 2019, three prior year audit reports were tabled, while the remainder are scheduled for tabling between March 31, 2020 and June 30, 2020 as shown below:

Entity	Area of Focus	Status
Ministry of Science, Energy and Technology (MSET), eGov Jamaica Limited (eGovJa) and Post & Telecommunications Department (PTD)	Disposal of ICT Equipment	Report tabled on January 8, 2019.
Jamaica Constabulary Force, Jamaica Information Service and Ministry of Finance and the Public Service	Information Technology Governance	Report tabled on January 8, 2019
Jamaica Customs Agency (JCA)	Business Continuity Management and IT Disaster Recovery	Report tabled on September 17, 2019.
Passport Immigration and Citizen Agency (PICA)	Information Security Management and related controls.	Report to be finalized for tabling by March 31, 2020.
Jamaica Library Service (JLS)	IT Project Management	Report to be finalized for tabling by March 31, 2020.
Ministry of Local Government and Community Development	Application Management and Data Automation Software (AMANDA)	Report to be finalized for tabling by June 30, 2020.

Table 13: Audit Status

Our Achievements

Over the period December 1, 2018 to November 30, 2019, the ITAU achieved the following;

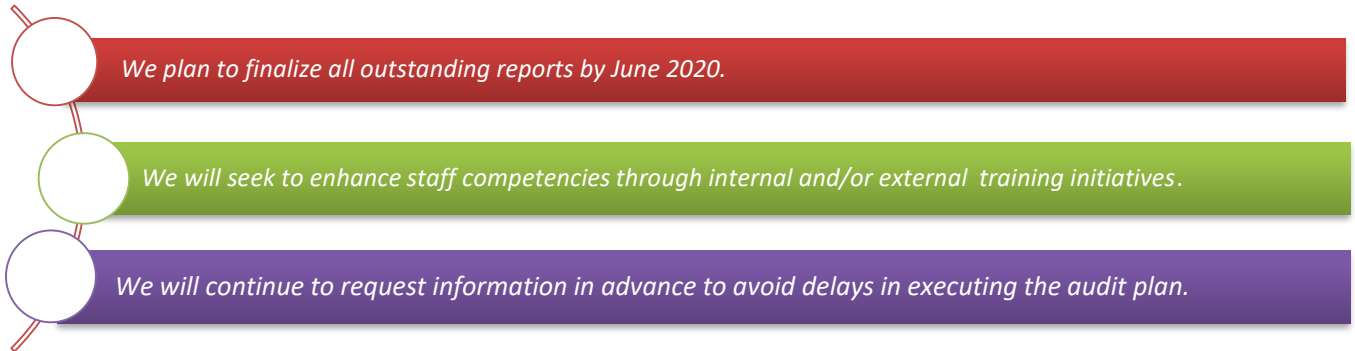
-  We tabled three IT audit reports, while three others are scheduled for tabling by June 2020.
-  We completed the audit of 15 Appropriation Accounts and are executing fieldwork for two others.
-  We continued to gather data on the information systems used within the GoJ with the view of developing an IT Audit universe.

Our Challenges

Untimely submission of key information for audit planning.

Reallocation of resources to Appropriation Account Audits

The Year Ahead

- 
- We plan to finalize all outstanding reports by June 2020.*
 - We will seek to enhance staff competencies through internal and/or external training initiatives.*
 - We will continue to request information in advance to avoid delays in executing the audit plan.*

SECTION 3



3.1.1 In keeping with the five themes included in our Thematic Framework 2016, the audit reports have been categorised as follows:

Governance

- There is a need for greater oversight and monitoring of Government programmes and activities to ensure transparency and accountability in the use of public resources. The component also takes into consideration proper planning and performance management within government entities.

Project Management

- Two major themes were noted for special attention - planning & evaluation and implementation & monitoring, based on the intrinsic weaknesses which have been identified in audits conducted over the last five years.

Resource Management

- Resources include money, human skills, information and communications technology, natural, production and inventory. Various control elements have been implemented by the GoJ to monitor and manage these resources, however, administrative, financial and operational management inefficiencies have been common deficiencies identified in audits conducted in the last five years.

Procurement and Contracts Management

- A common weakness was found to be that the procurement process though clearly documented was not always fair, transparent and open to competition. In some instances we found that the methodology for selecting contracts did not involve competitive tender, resulting in uncertainty as to whether value for money was obtained.

Information & Communication Technology

- The weaknesses identified under this theme are: Information System Acquisition & Implementation, Information Security, Business Continuity and IT Disaster Recovery Planning, E-Commerce and Third Party Service Management.

Ministries, Departments, Agencies and Projects	Governance	Project Mgmt.	Resource Mgmt.	Procurement & Contract Mgmt.	ICT
1. Head 02000: Houses of Parliament					
2. Head 1000: His Excellency the Governor General and Staff					
3. Head 15000: Office of the Prime Minister – Jamaica Social Investment Fund					
4. Head 15000: Office of the Prime Minister – Youth Employment in Digital and Animation Industries Project (YEDAIP)					
5. Head 15010: Jamaica Information Service					
6. Management Institute for National Development (MIND)					
7. Head 17000: Ministry of Tourism					
8. Head 17000: Ministry of Tourism – Bath Fountain and Hotel Spa					
9. Head 17000: Ministry of Tourism – Milk River					
10. Head 19000: Ministry of Economic Growth and Job Creation – Foundations for Competitiveness and Growth Project (FCGP) 2019					
11. Head 19000: Ministry of Economic Growth and Job Creation FY 2015/16 –FY2017/18 (Capital A 19000A and Capital B 19000B)					
12. Head 19000: Ministry of Economic Growth and Job Creation – Foundations for Competitiveness and Growth Project (FCGP) 2019					
13. Head 19048: National Environment and Planning Agency, Yallahs Hope Watershed Project					
14. Head 20000: Ministry of Finance and Public Service					
15. Head 20000: Ministry of Finance and Public Service – Financial Investigations Division (FID)					

Ministries, Departments, Agencies and Projects	Governance	Project Mgmt.	Resource Mgmt.	Procurement & Contract Mgmt.	ICT
16. Head 20000: Ministry of Finance and Public Service – Development Bank of Jamaica: Jamaica Access to Finance for MSMEs Project					
17. Head 20000: Ministry of Finance and Public Service – Credit Enhancement Programme for MSMEs Project					
18. Planning Institute of Jamaica – Improving Climate Data and Information Project (PIOJ-ICDIMP)					
19. Head 20011: Accountant General's Department					
20. Head 20056: Tax Administration Jamaica					
21. Head 26000: Ministry of National Security- Private Security Regulation Authority					
22. Head 26000: Ministry of National Security- Firearm Licensing Authority					
23. Head 26053: Passport, Immigration and Citizenship Agency					
24. Head 28000: Ministry of Justice, Recurrent and Capital A FY2017/18					
25. Head 28000: Ministry of Justice, FY2016/17					
26. Head 28023: Court of Appeal					
27. Head 28025: Director of Public Prosecutions					
28. Head 28026: Family Courts					
29. Head 28028: Revenue Court					
30. Head 28031: Attorney General					
31. Head 28033: Office of the Parliamentary Counsel					
32. Head 28052: Legal Reform Department					
33. Head 28540: Court Management Services					
34. Head 40000: Ministry of Labour and Social Security (MLSS)					
35. Head 40000: Ministry of Labour and Social Security – Programme of Advancement through Health and					

Ministries, Departments, Agencies and Projects	Governance	Project Mgmt.	Resource Mgmt.	Procurement & Contract Mgmt.	ICT
Education. Jamaica Social and Economic Inclusion of Persons with Disabilities (JSEIPD) Project					
36. Head 41000: Ministry of Education, Youth and Information – Overseas Examinations Commission					
37. Head 41000: Ministry of Education, Youth and Information – Council of Community Colleges of Jamaica (CCCJ)					
38. Head 41000: Ministry of Education, Youth and Information – Early Childhood Development Project					
39. Head 42000: Ministry of Health – Technical Cooperation No. ATN/OC-14953-JA Strengthening Health Systems in Jamaica Project					
40. Head 50000: Ministry of Industry, Commerce, Agriculture and Fisheries (Heads: 50000, 500000A and 500000B)					
41. Head 50000: Ministry of Industry, Commerce, Agriculture and Fisheries – Jamaica Intellectual Property Office (JIPO) FY2017/18					
42. Head 50000: Ministry of Industry, Commerce, Agriculture and Fisheries – Jamaica 4H Clubs					
43. Head 50038: Companies Office of Jamaica FY2017/18					
44. Head 56000: Ministry of Science Energy and Technology FY2017/2018 and FY2018/2019					
45. Head 68000: Ministry of Transport and Mining					
46. Head 72000: Ministry of Local Government & Community Development					
47. Head 08000:Independent Commission of Investigations (INDECOM)					
48. University of the West Indies Caribbean Mobile Innovation Project					

Head 01000: His Excellency the Governor General and Staff

Issue/Concern(s)
Resource Management
<u>Inadequate controls over assets</u>
<p>3.2.1 The audit revealed a generally satisfactory of state of affairs. However, improvement was needed in the controls surrounding the management of assets.</p> <p>3.2.2 The Office of His Excellency the Governor General and Staff subsequently indicated that it recognizes the need to strengthen the controls over assets and have since taken steps to improve these controls.</p>

Head 02000: Houses of Parliament

Issue/Concern(s)	Financial Exposure
Resource Management	
<u>Inadequate controls over fixed assets and expenditure</u>	
<p>3.2.3 The review of the financial transactions and accounting records for the period under review revealed few internal control weaknesses surrounding asset management and the processing of payment.</p> <p>3.2.4 Management was advised to strengthen the controls over fixed assets and expenditure to ensure that the requisite records are updated in a timely manner and are maintained in keeping with the relevant guidelines and all payments are processed in keeping with the Financial Instructions.</p>	\$20.35 million

Head 08000: Independent Commission of Investigations (INDECOM)

Issue/Concern(s)
Resource Management
<p>3.2.5 The audit of INDECOM revealed a general satisfactory state of affairs; however, there was need for improvement in the internal control over the recording of transactions to prevent a recurrence of differences identified in the classification of transactions recorded in the Cash Book and the individual account balances. Though the differences identified did not impact the overall Financial Statements, the misclassified transactions may cause incorrect financial reporting for decision making.</p> <p><u>Recommendations</u></p> <p>3.2.6 INDECOM was advised to strengthen its system of internal control to ensure proper accounting records are maintained and reconciled periodically to guarantee the accuracy of the financial information.</p>

Head 15000: Office of the Prime Minister – Jamaica Social Investment Fund
(Jamaica Disaster Vulnerability Reduction Project (DVRP) and Jamaica Integrated
Community Development Project (ICDP) 2019

Issue/Concern(s)	Financial Exposure
Corporate Governance	
<p><u>Unachieved targets and Infrequent Meetings of the Project Steering Committee (PSC)</u></p> <p>3.2.7 The DVRP project is in its third year of implementation, and execution of programmed activities has been progressing slowly. At the time of reporting, 21 of the 29 procurement activities planned were delayed and in some instances by two years. As at March 31, 2019, the ICDP project had utilized 51.91 percent of US\$42 million loan fund though the project is in its fifth year of implementation and is scheduled to end in June 2020. Our review disclosed that procurement activities and insufficient capacity contributed to the noted delay. Additionally, the Loan Agreements require the establishment of a Project Steering Committee (PSC) to oversee the implementation of the projects.</p> <p>3.2.8 The PSC is required to meet quarterly; however, we noted that only one PSC meeting was held for the DVRP while there were two meetings for ICDP during the period under review. Further, we saw no evidence that work plans were reviewed and appropriately approved by the PSC and constraints were discussed and addressed in a timely manner. Consequently, we were unable to determine whether the PSC provided adequate oversight to the Project.</p> <p>We recommended that Management develop strategies to ensure that the project objectives are achieved within the disbursement period.</p>	
Procurement & Contracts Management	
<p><u>Failure to carry out close out procedures resulted in long outstanding retention payable</u></p> <p>3.2.9 We noted that final practical completion certificates were not done to clear retention payable totalling J\$25.23 million, which are being withheld for more than twelve months. This indicates that JSIF did not conduct close out procedures to ensure that contractors satisfactorily completed activities in accordance with the contract agreements. Therefore, JSIF's failure to conduct final take over inspection after the defects liability period and prepare the final completion certificates immediately after the completion of the contract, may prevent the entity from identifying any defects and deliverables; and timely communicating these to the contractors for corrective action to be taken. As such, this could lead to substantial future costs as the amounts withheld may not be able to remedy unresolved defects.</p>	J\$25.23 million

Issue/Concern(s)	Financial Exposure
3.2.10 JSIF was advised to review its closing out procedures and implement strategies to prevent a recurrence.	

Head 15000: Office of the Prime Minister -Youth Employment in Digital and Animation Industries Project (YEDAIP)

Issue/Concerns	Financial Exposure
Project Management	
<p>3.2.11 The objective of the Youth Employment in the Digital and Animation Industries Project is to support youth employment in the digital and animation industries in Jamaica by fostering youth entrepreneurship in the digital and animation industries and developing the animation industry in Jamaica. The Project is funded by a US\$20 million loan from the International Bank for Reconstruction and Development (IBRD) and is scheduled to last for approximately five years and five months with effect from September 3, 2014.</p> <p><u>Project implementation delays</u></p> <p>3.2.12 The overall project execution has been relatively slow. Since its implementation in September 2014 only US\$8.26 million (41%) of the loan proceeds have been disbursed as at March 31, 2019. The project did not meet six of its nine planned targets for the period under review. Of the six targets not achieved, one activity was over 95% complete, two activities would no longer be pursued while the remaining three were at varying levels of progression.</p> <p>3.2.13 Management was advised to strengthen the review, planning, monitoring and oversight of its project activities taking into consideration the expected procurement requirements and timelines for planned activities to ensure that the Project's objectives are met within the agreed timelines. Management accepted the recommendation and indicated that the GOJ has applied for an additional 18-month extension of the Project. They also informed us that further steps have since been taken to strengthen the Project Implementation Unit.</p> <p><u>Breach of IBRD procurement process</u></p> <p>3.2.14 Expenditure amounting to approximately \$2.13 million relating to the National Innovation Awards Ceremony did not comply with the procurement method prescribed by the IBRD. The amount expended may be deemed ineligible by the IBRD and could result in the Government of Jamaica having to absorb this expense. Management was advised to ensure that there is a system in place to consistently monitor the procurement activities of the Implementing Agencies to reduce the risk of non-compliance with the IBRD guidelines. Management subsequently confirmed that the IBRD has since deemed the expense ineligible and the GOJ will have to absorb the full amount.</p>	\$2.13 million

Head 15010: Jamaica Information Service

Issue/Concern(s)
Resource Management
<p>3.2.15 The audit of the accounting records and financial transactions of the Jamaica Information Service for the financial year 2017/2018 revealed a generally satisfactory state of affairs.</p>

Head 16049: Management Institute for National Development (MIND)

Issue/Concern(s)	Financial Exposure
Resource Management	
<p><u>Inadequate Management of Accounts Receivable</u></p> <p>3.2.16 MIND did not have an effective system in place to reduce the risk of loss arising from uncollected revenue. This resulted in the Agency having substantial Accounts Receivable relating to its core services of approximately \$290.0 million as at March 31, 2019. Of this amount, the Agency estimated that approximately \$170.1 million was uncollectible.</p> <p>3.2.17 MIND was advised to strengthen its management of Accounts Receivable to ensure that all outstanding balances are collected in a timely manner or written off in keeping with existing guidelines. The Agency accepted the recommendation and has since indicated that steps will be taken to strengthen its management of Accounts Receivable in order to reduce the outstanding balances.</p>	\$290 million

Head 17000: Ministry of Tourism

Issue/Concern(s)	Financial Exposure
Resource Management	Corporate Governance
<p><u>Appropriation Account (Head 17000) - 2017/2018: Expenditure in excess of approved Budget</u></p> <p>3.2.18 There was a breakdown in the system of controls over the management of the Ministry's approved budget resulting in the Ministry incurring expenditure above the amount approved by Parliament for the financial year 2017/2018 by \$20.2 million due mainly to excess expenditure on five major activities.</p>	\$20.2 million
<p><u>Appropriation Account (Head 1700B) - 2015/2016: Excess Expenditure on Compensation of Employees (Object 21)</u></p> <p>3.2.19 Our review of the Capital B Appropriation Account of the Ministry of Tourism revealed that the Ministry's actual expenditure for compensation of employees (Object 21) under <i>Project 9399 - Enhancing the Resilience of the Agricultural Sector</i></p>	\$477,000.00

Issue/Concern(s)	Financial Exposure
<p><i>and Coastal Areas</i> exceeded its approved budget for the financial year 2015/2016 by \$477,000.00. This resulted in the Accounting Officer approving a reallocation of funds (Virement) of \$477,000.00 from Object 25-<i>Use of Goods and Services</i> to Object 21-<i>Compensation of Employees</i> in breach of the Ministry of Finance's Circular No. 19 dated October 27, 2014. The Ministry of Tourism did not receive the requisite approval from the Ministry of Finance or Parliament to incur this excess expenditure.</p> <p>3.2.20 The Ministry subsequently advised that steps have been taken to obtain the relevant approval from the Ministry of Finance to reallocate funds to cover the excess.</p>	

Head 17000: Ministry of Tourism Bath Fountain Hotel and Spa

Issue/Concern(s)	Financial Exposure
Resource Management	
<p><u>Improper Management of Stores and Fixed Assets Inventory</u></p> <p>3.2.21 In previous audit reports, Bath Fountain Hotel and Spa was advised to improve the system of internal control over the management of its inventory records. However, Bath has not taken appropriate steps to reduce the risk of financial losses over the management of stock items. We noted that during the period under review, Bath purchased foods and drinks costing \$3.2 million for the restaurant; however, the requisite certification that the items purchased were received and recorded was not done. Our review identified differences between the stock on hand and the stock register. We also noted that Bath did not maintain stock cards and the movement of stock items in and out of the store was not recorded on the requisite perpetual inventory system. Further, Bath did not conduct routine or independent annual stock count, which would have assisted management in identifying the discrepancies that may exist. Consequently, we could not assess the basis on which Bath replenished stock items and determined the accuracy of the stock balances at a given time.</p> <p>3.2.22 Additionally, Bath did not properly label items of furniture and equipment; the Master Inventory record was not consistently updated and the requisite location record was not maintained. As such, in 88 instances we were unable to reconcile assets seen on the inventory records. Bath's failure to implement proper controls over the management of stores inventory and fixed assets increases the risk of misappropriation of assets being undetected.</p> <p><u>Recommendation</u></p> <p>3.2.23 Management was advised to strengthen the system of control over its store inventory to ensure that the movements of items in and out of stock are brought to account in a timely manner and assets are safeguarded at all times. The Ministry has committed to resolve the above mentioned weaknesses.</p>	3.2 million

Head 17000: Ministry of Tourism – Milk River Hotel and Spa

Issue/Concern(s)
Resource Management
<p><u>Inadequate control over Inventory</u></p> <p>3.2.24 Milk River Bath Hotel and Spa did not maintain an updated Master Inventory record to account for inventory items under its custody. We noted that the records that were maintained did not accurately reflect the balance of inventory items on hand at any given time. Additionally, we saw no evidence that periodic stock counts were conducted to determine the existence and condition of items; as well as to reconcile items found on hand with the inventory records. Milk River Hotel and Spa's inability to maintain a proper perpetual inventory system increases the risk of misappropriation of the entity's assets.</p> <p><u>Recommendation</u></p> <p>3.2.25 Milk River was advised to implement controls to ensure that the management of its inventory is done in accordance with the Government of Jamaica guidelines and to prevent financial loss. The Ministry has given a commitment to resolve the weaknesses identified.</p>

Head 1900: Ministry of Economic Growth and Job Creation

Issue/Concern(s)
Resource Management
<p>3.2.26 The audit of the accounting records and financial transactions for the periods spanning 15/16 to 17/18 revealed a generally satisfactory state of affairs with the exception of the following:</p> <p><u>Lack of Independent Check of Appropriation-In-Aid (AIA) Collection</u></p> <p>3.2.27 Parliament made budgetary provisions for AIA of \$1.68 billion for Recurrent Head and \$250 million for Capital A Head, but MEGJC reported collections of only \$841.2 million for Recurrent Head, a shortfall of \$839.2 million. However, MEGJC did not implement proper systems of control to provide assurance that the AIA collected from the various entities was complete and accurate. This in the context where the required independent reviews of statements submitted by agencies that collect AIA were not conducted for the period under review. Management was advised that the absence of these checks could result in funds not being properly accounted for and misstatements in the Appropriation Accounts. MEGJC acknowledged the deficiencies in the monitoring of the AIA collection which it ascribes to staff constraint; notwithstanding, steps are being taken to review the AIA collections.</p>

Head 19048: Ministry of Economic Growth and Job Creation – National Environment and Planning Agency, Yallahs Hope Watershed Project

Issue/Concern(s)
Project Management
<p>3.2.28 The Integrated Management of the Yallahs and Hope River Watershed Management Areas is jointly funded through a grant from the Global Environment Fund (GEF), local co-financing and contributions from the beneficiaries. The Project aims to improve the conservation and management of biodiversity and the provision of ecosystem services in the Yallahs and Hope River Watershed Management Units. This is a sector-wide programme to be implemented over a five-year period from October 1, 2014 to September 30, 2019.</p> <p>3.2.29 This Project supports Outcome 13 of the National Development Plan Vision 2030-Sustainable Management and Use of Environmental and Natural Resources. More pointedly linked to the National Strategy to: Develop and implement mechanisms for biodiversity conservation and ecosystems management. In implementing this Project, NEPA will also satisfy Goals 6 and 15 of the Sustainable Development Goals (SDGs).</p> <p><u>Project at risk of losing grant funding due to slow implementation of project activities</u></p> <p>3.2.30 The Integrated Management of the Yallahs and Hope River Watershed Management Areas is jointly funded through a grant from the Global Environment Fund (GEF), local co-financing and in kind contributions from the implementing agencies The Project aims to improve the conservation and management of biodiversity and the provision of ecosystem services in the Yallahs and Hope River Watershed Management Units. This is a sector-wide programme to be implemented over a five-year period from October 1, 2014 to September 30, 2019.</p> <p>3.2.31 This Project supports Outcome 13 of the National Development Plan Vision 2030- Sustainable Management and Use of Environmental and Natural Resources. More pointedly linked to the National Strategy to: Develop and implement mechanisms for biodiversity conservation and ecosystems management. In successfully implementing this Project NEPA will also satisfy Goals 6 and 15 of the United Nations Sustainable Development Goals (SDGs).</p> <p>3.2.32 The audit of the project's financial transactions for the period under review revealed the following:</p> <p>3.2.33 Despite the implementation of a seven-point action plan to expedite activities, the Project continues to have delays in the execution of activities connected to the contracting of key consultancies, challenges relating to the under-performance of consultants and poor quality outputs. Consequently, as at March 2019, seven months to the end of the Project disbursement period, only 24 of the 34 deliverables have been accomplished. Additionally, the Project experienced challenges with the procurement of goods and services, where providers of such goods and services are required to utilize the government e-procurement portal, but are not registered users of the portal.</p>

Issue/Concern(s)
<p>This resulted in multiple re-initiation of procurement activities and the need to prepare extensive justifications for directly contracting suppliers.</p> <p>3.2.34 Our review also revealed that, some Partners² were delinquent in fulfilling their contractual obligations. We noted that with three and a half years in its execution, the partnership agreement required that the partners submit detailed annual work plans by October 30, 2018. However, as at March 31, 2019, seven months to the end of the Project disbursement period, only one Partner complied. Further, the Partners were required to submit quarterly financial reports to NEPA to assess performance and integrate financial information to compile the Project's Financial Statements. However, we found that some Partners were tardy in submitting the requisite quarterly financial report so that NEPA could assess performance and integrate financial information to compile the Project's Financial Statements in a timely manner.</p> <p>3.2.35 Although, the Steering Committee met on a monthly basis during the period under review, we found no evidence from our review of minutes and correspondences that the Committee discussed and devised strategies that will ensure the Project accomplishes the other 10 targets within the next 7 months. Consequently, the Project is at risk of losing Grant funding. We would have expected management and the Steering Committee to investigate and take the corrective action to encourage the Partners' compliance and provide the necessary resources to address the challenges being experienced. As such, the absence of the work plans and financial reports may have contributed to the missed targets as the Steering Committee and NEPA's management would have been denied pertinent information in assessing the root causes for the challenges and taking timely action to ensure the Project delivers on its targets.</p> <p>Recommendation</p> <p>3.2.36 NEPA as well as the Steering Committee should implement strategies to expedite the procurement activities that will ensure the Project meets the intended outcomes. NEPA has since indicated that corrective measures will be taken to address our concerns.</p>

Head 20000: Ministry of Finance and the Public Service

Issue/Concern(s)	Financial Exposure
Resource Management	

² Partners are NWC, RADA, Forestry Department, PIOJ and National Water Resource Authority

<p>3.2.37 Our audit of the MoFPS 2016/2017 and 2017/2018 Appropriation Accounts and financial and accounting records for period ended March 2019 and disclosed the following:</p> <p><u>Uncleared Advances</u></p> <p>3.2.38 There was still a need for improvement in the management of the Ministry's advances to ensure outstanding advances were reconciled and cleared in a timely manner. Consequently, as at March 31, 2019, advances totalling \$77.10 million remain uncleared; of which \$16.5 million have been outstanding for more than 12 months. Uncleared advances remaining on the Ministry's records for prolonged periods maybe difficult to recover, resulting in loss of public funds. Furthermore, it will be difficult to determine whether the amounts advanced were used for the intended purposes where supporting documents are not presented to clear these advances.</p> <p><u>Weaknesses in management of bank accounts</u></p> <p>3.2.39 Our review identified two Deposit accounts with debit balances of \$1.26 million, which indicates that the Ministry has been spending more than received. Also, we found no evidence that the MOFPS communicated to the bank for resolution, credit memos totalling \$792,479.66 appearing on the deposit account bank statements.</p> <p>3.2.40 MOFPS's failure to reconcile the bank accounts in a timely manner increases the risk that errors and irregularities could go undetected for an extended period.</p>	<p>\$77.10 million</p> <p>\$1.26 million</p>
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Head 20000 Ministry of Finance and the Public Service– Financial Investigations Division (FID)

Issue/Concern(s)
Resource Management
<p><u>FID did not maintain updated fixed assets register</u></p> <p>3.2.41 FID did not maintain an updated fixed assets register to support the \$45.12 Million, recorded as assets in the Financial Statements, as at March 31, 2018. Although, FID committed in prior audits to maintain a fixed asset register to support the financial statements, this exercise was not actioned.</p> <p><u>Recommendations</u></p> <p>3.2.42 We advised FID to update the fixed assets register to safeguard assets under the Division custody. FID has given a commitment that the weaknesses identified will be addressed.</p>

Head 20000: Ministry of Finance and Public - Foundations for Competitiveness and Growth Project (FCGP) 2019

Issue/Concern(s)
Project Management
<p>3.2.43 The Foundations Competitiveness for Growth Project is jointly funded by the Government of Jamaica (GOJ) and World Bank (IBRD). The loan of US\$50M should be disbursed by the World Bank over a six -year period from September 3, 2014, when the agreement was signed, to June 30, 2020.</p> <p>3.2.44 The Project's main objective is to strengthen the business environment in Jamaica for private sector investment. The Project's primary beneficiaries are private firms operating in Jamaica. Both</p>

Issue/Concern(s)
<p>existing and new firms will benefit from streamlined business regulations that save costs and decrease incentives for rent-seeking. Large foreign and domestic investors will benefit from appropriate preparation for Public-Private Partnerships (PPPs), divestments, and other strategic investments that helps to bring deals to market.</p> <p>3.2.45 The outcome of this Project is linked to Goal three and Outcome 7 – A Stable macro-economy of the National Development Plan, Vision 2030 and by extension United Nations Sustainable Development Goals (SDGs) number 9 and 11 –Industry, Innovation and Infrastructure and Sustainable Cities and Communities, respectively.</p> <p>3.2.46 Our review disclosed a general satisfactory state of affairs in the administration of fixed assets, payments, cash and bank balances. However, the Project experienced delays in the implementation of activities as indicated below.</p> <p><u>Slow implementation of key project activities</u></p> <p>3.2.47 Even though FCGP designed result-oriented strategies to accelerate activities, the Project continues to encounter challenges in the co-ordination of activities with other Government Bodies and a prolonged procurement process. Consequently, as at December 2019, negotiations had not commenced for 9 of the planned activities. Given the slow implementation rate, five high priority procurement activities are at risk of not being completed by June 2020, the end of the disbursement period.</p> <p>3.2.48 The PIOJ has indicated that strategies will be pursued to address the challenges being experienced with the project implementation.</p>

Head 20000: Ministry of Finance and Public - Development Bank of Jamaica: Jamaica Access to Finance for MSMEs Project

Issue/Concern(s)
Project Management
<p>3.2.49 The Jamaica Access to Finance for Micro, Small and Medium Enterprises (MSMEs) Project was realized out of the recognition by the Government of Jamaica (GoJ) of the need to improve economic growth and development in Jamaica. The overarching objective of the Project is to improve access to finance for MSMEs. The Project is financed by a loan of US\$15 million from the World Bank and has a period of execution of sixty months with effect from January 1, 2018.</p> <p>3.2.50 An audit of the accounting records and financial transactions of the Project for the fifteen months ended March 31, 2019 revealed that the Project achieved all planned targets for the period. There was general compliance with the significant terms and conditions of the loan agreement and the transactions and related records of the Special Bank Account were found to be generally satisfactory.</p>

Head 20000: Ministry of Finance and Public - Credit Enhancement Programme for MSMEs Project

Issue/Concern(s)
Project Management

Issue/Concern(s)
<p>3.2.51 The Credit Enhancement Programme for Micro, Small and Medium Enterprises (MSMEs) Project is a partnership between the Government of Jamaica (GoJ) and the Inter-American Development Bank. (IDB) The objective of the Project is to promote productive investments in MSMEs in Jamaica by enhancing their access to financing, particularly medium and long term loans, through the Development Bank of Jamaica's Credit Enhancement Facility. The Project is financed by a loan of US\$20 million from the IDB and has a period of execution of five years with effect from September 6, 2017. The executing agency for this Project is the Development Bank of Jamaica.</p> <p>3.2.52 An audit of the accounting records and financial transactions of the Project for the eighteen months ended March 31, 2019 revealed that the Project achieved all planned targets for the period. There was general compliance with the significant terms and conditions of the loan agreement and the transactions and related records of the Special Bank Account were found to be generally satisfactory.</p>

Head 20000: Ministry of Finance and Public -Planning Institute of Jamaica – Improving Climate Data and Information Management Project (PIOJ-ICDIMP)

Issue/Concern(s)
Project Management
<u>Project Accomplishments</u>
<p>3.2.53 The objective of the Improving Climate Data and Information Management Project (ICDIMP) is to improve the quality and use of climate data for effective planning and action at the local and national levels. The project is funded by a grant of US\$6.8 million from the International Bank of Reconstruction and Development and is estimated to last for approximately five years from October 2, 2015. The Planning Institute of Jamaica (PIOJ) is the executing entity but it collaborates with other government agencies to implement the various project components.</p> <p>3.2.54 An audit of the accounting records and financial transactions of the ICDIMP for the financial year ended March 31, 2019 revealed that the Project did not achieve 60% of the planned targets for the period. Of the twenty targets for the period only eight were achieved, eight were work in progress and four did not start. Management indicated that the project's activities were impacted by staff turnover at the Implementation Partners as well as delays by some consultants in providing the necessary documentation.</p> <p>3.2.55 Management was reminded that delays in the completion of the various project activities increase the risk of the project not achieving its intended objectives within the planned timelines. Going forward, management should strengthen the review, planning, monitoring and oversight of its project activities to ensure that the Project's objectives are met within the agreed timelines.</p>

Head 20011: Accountant General's Department

Issue/Concern(s)
Governance

Issue/Concern(s)

3.2.56 The Accountant General's Department (AcGD) is required by Law to prepare and submit 11 financial statements annually for audit and certification. However, over the years, the Auditor General has not been able to certify the statements mainly due to errors and omissions. Consequently, a commitment was given at the meeting of the Public Accounts Committee (PAC) in May 2018 to resolve the issues.

3.2.57 Following a meeting with the Ministry of Finance, Accountant General's Department and Auditor General's Department, the decision was taken to suspend the audit of the statements to allow the AcGD time to investigate and correct the systemic weaknesses. The AcGD has since presented a timeline of 17 months to clear the backlog on a phased basis.

Regulatory breach in submission of Appropriation Accounts

3.2.58 Up to the time of reporting, the Accountant General did not submit the nine Appropriation Accounts for the AcGD Head 20011 FYs 2015/16 to 2018/19 and Pension – Recurrent 20019 FYs 2013/2014 to 2018/2019 as required by the FAA Act. (*See table below*).

3.2.59 For the mentioned periods Parliament approved budgetary allocation of approximately \$46.49 billion to these Heads. Therefore, the non-submission of the Appropriation Accounts prevents Parliament from effectively executing its oversight responsibilities in assessing the implementation of the Budgets and informing its decision in approving subsequent Budget submissions.

Financial Year	Head	Approved Budget (\$'000)	Due date
2013/14	Head 2019 Pensions - Recurrent	6,283,694	July 31, 2014
2014/15	Head 2019 Pensions - Recurrent	6,565,691	July 31, 2015
2015/16	Head 2019 Pensions - Recurrent	7,504,606	July 31, 2016
2016-17	Head 2019 Pensions - Recurrent	7,691,661	July 31, 2017
2017/18	Head 2019 Pensions - Recurrent	7,916,027	July 31, 2018
2018/19	Head 2019 Pensions - Recurrent	8,389,976	July 31, 2019
Total		44,351,655	
2015/16	Head 20011 - AcGD	615,644	July 31, 2016
2016/17	Head 20011 - AcGD	727,231	July 31, 2017
2018/19	Head 20011 - AcGD	795,760	July 31, 2019
Total		2,138,635	
Overall Total		46,490,290	

Source: Approved Estimates of Expenditure

Head 20056: Tax Administration Jamaica

Issue/Concern(s)
Resource Management
<p>3.2.60 Our audit of the TAJ's accounting and financial records for the period under review disclosed the following:</p>
<p><u>Delays in reconciling bank accounts</u></p>
<p>3.2.61 Section 6.8 of the FAA Act Instructions requires the monthly reconciliation of bank accounts. However, we found that contrary to this requirement, TAJ delayed the preparation of bank reconciliation statements for the Revolving Loan Fund and Revenue Point of Sale accounts by over 15 and 5 months, respectively. We also found that TAJ did not promptly investigate reconciling items on the bank accounts as, Erroneous debits of \$4.188 billion and credits of \$1.271 billion identified at March 31, 2019, remained substantially unchanged for approximately three months. Further, despite our requests TAJ did not submit the bank reconciliation statement for the Investment account for audit scrutiny.</p>
<p>3.2.62 TAJ's failure to perform monthly reconciliation of its bank accounts and follow-up on discrepancies in a timely manner, increases the risks of financial losses as management will not be able to promptly identify and correct accounting and bank errors/irregularities.</p>
<p>3.2.63 TAJ have since reduced the Erroneous credit and debits to \$679.7M and \$43.6M respectively and have assured us that reconciliations will be up to date by January 2020.</p>
<p><u>Weaknesses in the collection of payments by cheques</u></p>
<p>3.2.64 TAJ did not consistently conduct the requisite due diligence that will ensure cheques accepted from taxpayers were valid. We noted that for the Financial Year 2018/19, TAJ accepted 209 invalid cheques, amounting to \$43.816 million at the Constant Spring Large Taxpayer Office (LTO) and the Cross Roads Collectorate, that were dishonoured by the bank. Our review disclosed that some of these cheques were missing signatures and there were differences between words and figures. In addition, TAJ did not report to the Financial Secretary those payments that were not settled within 30 days following the cheques being dishonoured.</p>
<p>3.2.65 TAJ have advised us that steps will be taken to address the weaknesses identified. These would include the development of a standard operating procedure and the requirement for monthly reports on dishonoured cheques.</p>
<p><u>Un-cleared Advances</u></p>
<p>3.2.66 We noted that while TAJ made some progress in the recoveries of advances, outstanding advances at March 31, 2019 totalled \$14.277 million. This included personal advances totalling \$183,687.77 which have remained outstanding after four years. Delays in clearing advances increase the risk of financial losses as amounts may be difficult to recover especially where individuals separate from the Public Service. Section 20 (1) of the FAA Act states that accountable officers may be held liable for failure to recover outstanding advances.</p>
<p>3.2.67 TAJ advised that steps will be taken to write-off the outstanding advances of \$183,687.77 by December 31, 2019 while they continue the process of recovery from the individuals.</p>

Issue/Concern(s)
Recommendation
3.2.68 TAJ should move urgently to review and improve its internal control systems. The revised system should include robust monitoring and reconciliation process to ensure compliance with requisite laws and guidelines. TAJ has since taken steps to address the above mentioned concerns.

Head 26000: Ministry of National Security Firearm Licensing Authority

Issue/Concern(s)
Resource Management
3.2.69 The audit of the Firearm Licensing Authority (FLA) for the financial year 2016/2017 revealed a generally satisfactory state of affairs. However, the FLA was advised to strengthen the controls over the management of its accounts payable.

Head 26000: Ministry of National Security Private Security Regulation Authority

Issue/Concern(s)	Financial Exposure
Resource Management	
Inadequate Controls over Assets	
3.2.70 The PSRA did not have an effective system in place to ensure that assets assigned to employees were returned immediately upon the employees' departure from the organization. We found that the Authority failed to recover two previously assigned mobile assets costing \$359,178.01 from a former employee. The absence of an effective system to secure the Authority's assets increases the risk of loss.	\$359,178.01
3.2.71 Management was advised to recover the items and establish a system to ensure that all assets are tracked and effectively secured, especially mobile assets that are assigned to individual members of staff.	

Head 26053: Passport, Immigration and Citizenship Agency

Issue/Concern(s)
Resource Management
3.2.72 The audit of the accounting records and financial transactions of the Passport, Immigration & Citizenship Agency for the financial year 2011/2012 revealed a generally satisfactory state of affairs.

Head 28000: Ministry of Justice, Recurrent and Capital A FY2017/18

Issue/Concern(s)
Resource Management
Improvements required in the management of Advances
3.2.73 The MoJ did not implement an effective system for the timely recovery of advances. As at March 31, 2018 there were outstanding advances totalling \$1.147 million, which our analysis showed that an average of 11.4 months was taken by the MoJ to obtain evidence that approximately \$1.12 million or 98 percent of the outstanding advances were used for the intended purposes. Inadequate

monitoring of advances may expose the government to financial losses, where no goods, service or value is provided for the payments made.

Inadequate monitoring of Departmental Deposits

3.2.74 As at March 31, 2018, the MoJ held approximately \$86 million on deposit, however due to challenges experienced with the FinMan software the Ministry did not prepare or submit monthly financial statements to the Auditor General and Financial Secretary in accordance with the Financial Instructions. Consequently, we were unable to confirm that payments were only made based on the respective deposit account balances and for the intended purposes.

Mismanagement of fixed assets

3.2.75 The MoJ acquired fixed assets costing \$20.7 million in the 2017/2018 financial year, however we could not verify the additions to the various asset types as the Ministry did not maintain its Master Inventory in the manner prescribed by the GoJ guidelines. We were also unable to confirm the existence of some assets as the MoJ did not capture the reference number for the invoices or other source documents used to update its inventory record. Additionally, fixed assets valuing \$3.14 million for the Justice Centres could not be accounted for as the description on the dispatch records differed from the invoices or the dispatch record was not presented. MoJ's failure to maintain appropriate inventory and distribution records may provide opportunities for the misappropriation of fixed assets.

3.2.76 We also found that a Close Protection Officer was involved in three accidents between July 5, 2017 and October 10, 2018, while driving government owned motor vehicles. One vehicle was repaired at a cost of approximately \$0.83 million, of which the MoJ was required to pay the insurance excess of \$176,848.20. However, we found no evidence that the accident reporting requirements were carried out by the MoJ to determine the negligent party and recover any loss of public funds in accordance with the GoJ Revised Motor Vehicle Policy. Contrary to Section 7.4.6 of the Financial Instructions, the accidents were reported to the Financial Secretary and Auditor General up to three and a half years after they occurred.

Head 28000: Ministry of Justice, FY2016/17

Issue/Concern(s)
Governance
<p>3.2.77 Our audit of the FY2016/17 Appropriation Accounts of the MoJ disclosed the following matters:</p> <p><u>Non-adherence to GoJ Guidelines on budget reallocation</u></p> <p>3.2.78 Prior approval of the Accounting Officer was not provided for the reallocation of \$52.3 million of the Recurrent budget in keeping with Section 3.7(i) of the Financial Instructions. We also noted that the Accounting Officer reallocated \$5.65 million to facilitate excess expenditure on Objects types not allowed by the Financial Instructions and unapproved activities. The GoJ Virement Policy stipulates that an Accounting Officer is not permitted to reallocate funds to, from and within Object 21 – Compensation of Employees, Object 23 – Rental of Property and Machinery and activity that is not provided for by an Appropriation Act. MoJ's failure to adhere to GoJ's guidelines on the</p>

Issue/Concern(s)
reallocation of appropriated funds undermines the transparency and accountability principles of public financial management and exposes the Ministry to budget overruns.
Resource Management
Poor management of government-owned motor vehicles
3.2.79 Our audit revealed that six vehicles were involved in accidents during the period June 2016 to October 2018 resulting in repair cost of approximately \$1.43 million. However, the MoJ did not provide any evidence that action was taken to determine whether the government drivers were liable to allow for the recovery of funds and appropriate disciplinary actions. Further, contrary to Section 7.4.6 of the Financial Instructions, the accidents were not reported to the Financial Secretary and Auditor General until December 5, 2019.

Head 28023: Court of Appeal

Issue/Concern(s)
Corporate Governance
3.2.80 The audit of the Appropriation Account of the Court of Appeal disclosed a generally satisfactory state of affairs; however, improvements are required in the management of the Departmental Advances to ensure timely recovery and prevent financial losses to the government.

Head 28025: Director of Public Prosecutions

Issue/Concern(s)
Resource Management
3.2.81 The audit of the Director of Public Prosecution's Appropriation account, financial and operational records of the Director of Public Prosecutions did not reveal any material weaknesses. However, furniture and equipment costing \$9.7 million were not recorded in the requisite inventory records in keeping with the Financial Instructions. Additionally, we were unable to confirm the existence of assets costing approximately \$2.11 million as they were not appropriately labelled. The Ministry of Justice has since indicated that the fixed asset register and location records will be updated by February 2020.

Head 28026: Family Courts

Issue/Concern(s)
Corporate Governance
3.2.82 The audit of the Appropriation Account, financial and operation records of the Family Courts did not identify any material weaknesses; however, efforts should be made to ensure that journal vouchers are maintained to support the reallocation of warrants and return of funds for undischarged commitments.

Head 28028: Revenue Court

Issue/Concern(s)
Corporate Governance
3.2.83 The audit of the accounting records and financial transactions of the Revenue Court for the 2017/2018 financial year disclosed a generally satisfactory state of affairs.

Head 28031: Attorney General

Issue/Concern(s)
Resource Management
<u>Overpayment of salary and allowances</u> 3.2.84 Untimely communication between the Ministry of Justice (MoJ) and Houses of Parliament (HoP) resulted in a senior officer being overpaid approximately \$2.56 million in salary and travelling allowances up to June 30, 2019. Additionally, the MoJ did not deduct income tax totalling \$79,916.67 on the value of the benefit received from the private use of the motor vehicle in keeping with the Income Tax (Employments)(Amendment) Regulation, 1996. The MoJ and HOP have since taken corrective actions, however up to the time of this report neither parties commenced recovery of the amounts in keeping with Section 5.13.18 of the Financial Instructions.

Head 28033: Office of the Parliamentary Counsel

Issue/Concern(s)
Resource Management
3.2.85 The audit of the Appropriation Account, financial transactions and operational records of the Office of the Parliamentary Counsel (OPC) for the 2017/2018 financial year disclosed a generally satisfactory state of affairs.

Head 28052: Legal Reform Department

Issue/Concern(s)
Resource Management
3.2.86 The audit of the Legal Reform Department revealed a generally satisfactory state of affairs, however, improvements are required in the management of its fixed assets to ensure that items are appropriately safeguarded.

Head 28540: Court Management Services

Issues/Concern(s)
Governance
<u>Regulatory breach in the submission of Appropriation Accounts</u> 3.2.87 The Court Management Services was appropriated a total of \$562 million for the 2011/2012, 2012/2013 and 2013/2014 financial years, however the annual Appropriation Accounts were submitted more than four years after the period specified by the Financial Administration and Audit (FAA) Act. Additionally, the statements were not verified by the Chief Internal Auditor in keeping with the financial regulations. CMS's failure to submit the accounts within the prescribed period denied Parliament, the MoFPS and other key stakeholders timely information required to assess the stewardship of the Accounting Officer as well as to guide the review and approval of subsequent budgets and strategic decisions.
<u>Non-compliance with GoJ Guidelines on the reallocation of approved budgets</u>

Issues/Concern(s)
<p>3.2.89 The Financial Management Regulations permits the reallocation of budgetary provisions to meet operating expenses upon the prior approval of the Financial Secretary. However, contrary to the regulations, CMS did not obtain the requisite approval for the reallocation of approximately \$4.2 million over the three financial periods. Additionally, we found that retroactive approval was obtained from the Principal Executive Officer between three and five years after the financial year in which the expenditure occurred. Management's failure to obtain the requisite approval not only circumvents the GoJ's accountability process but also deprived the Ministry of Finance of information required to support the review and forecasting of the Department's budgets.</p> <p><u>Ineffective management of Departmental Advances</u></p> <p>3.2.90 Our audit revealed that the CMS did not have an effective system for the review and monitoring of Departmental Advances. Consequently, as at March 31, 2014 advances totalling \$3.2 million remained outstanding, with approximately \$2.2 million being uncleared up to October 2019. We further noted that \$0.38 million was erroneously carried as outstanding, due to the use of incorrect expenditure classification codes in recording the recoveries and or carrying forward the outstanding balances from prior periods. Outstanding advances remaining on CMS' accounts for protracted periods may prove difficult to recover thereby increasing the risk of financial loss. Also, in the absence of the supporting documents to clear the advances, it may be difficult to determine whether the amounts advanced were used for the intended purposes. The CMS intends to investigate and clear all outstanding advances related to the 2011/2012 to 2016/2017 financial years.</p> <p><u>Untimely bank reconciliations</u></p> <p>3.2.91 CMS delayed the preparation of bank reconciliation statements for its expenditure account between three and five years after the close of the 2011/2012, 2012/2013 and 2013/2014 financial years. Though an overdraft was not identified, the untimely preparation of the statements contributed to an unexplained negative balance of \$3.84 million in the Department's Cash Book as at March 31, 2011, which was not corrected up to the time of this report. CMS's tardiness in reconciling the bank accounts did not support the intended internal control over the management of the Government's cash resources, making it possible for errors and irregularities to remain undetected for extended periods.</p> <p><u>Regulatory breach in the preparation and maintenance of vouchers</u></p> <p>3.2.92 We found that the CMS had adequate controls over the payment process, however we identified nine instances in which payments totalling \$3.4 million were made without the certifying and authorizing officers verifying that the goods or services were satisfactorily provided.</p>

Head 40000: Ministry of Labour and Social Security (MLSS)

Issue/Concern(s)
Resource Management
<p>3.2.93 Our audit of the MLSS financial and accounting records disclosed the following:</p> <p>3.2.94 MLSS did not meet the Legislative requirement in the preparation of Appropriation Accounts as up to the time of reporting, accounts for the FYs 2017/2018 and 2018/19 with a budgetary allocation of approximately \$19.68 billion were not submitted (see table below). Additionally, MLSS took up to four years to submit accounts for the Recurrent Head financial years 2008/09, 2009/10, 2014/15 and 2015/16 and the Capital B Head financial years 2013/14 to 2016/17. MLSS's failure to</p>

Issue/Concern(s)

submit the accounts within the prescribed period denied Parliament and the MoFPS timely information in executing their oversight responsibilities of assessing the use of public funds as well as to guide the reviews and approval of subsequent budgets.

3.2.95 The MLSS advised that the delays were due to technical issues experienced with the Government Financial Management System that was implemented in February 2019 as well as staff shortages. The Ministry also indicated that recruitment has started and discussions are being held with the MOFPS to resolve the technical issues.

Weaknesses in Internal Control Systems

3.2.96 Our audit of the eight mentioned Appropriation Accounts disclosed that MLSS's review process failed to identify breaches and other material errors in the statements submitted for certification. Consequently, we were unable to certify these statements as they contained material errors.

Override of established budgetary controls

3.2.97 Despite previous audit reports, the MLSS operated contrary to the stipulated GOJ guideline when it exceeded approved budgetary allocation for Object 21: Compensation of Employees on 19 occasions by a total of \$75.58 million. In addition, the MLSS did not present the requisite virement approvals for the reallocation of appropriated funds totalling \$128.08 million, to facilitate excess expenditure on Capital B projects for the FY 2013/14, 2015/2016 and 2016/2017 and \$1.099 million on the 2014/15 Recurrent Account. Also, for the financial years 2015/16 and 2016/17, MLSS recorded expenditure totalling \$41.06 million on six activities for which there were no approved budgetary provisions.

3.2.98 Further, MLSS did not obtain the requisite approval to reallocate budgeted funds of \$323.18 million for Capital B Head and \$269.272 million for Recurrent. The Accounting Officer granted the approval three and four year respectively, after the expenditure was incurred. The GoJ Virement Policy does not permit the Accounting Officer to reallocate voted funds to, from and within Object 21- Employees Compensation, public investment projects and reallocate expenditure to any service, programme or activity that is not provided for by an Appropriation Act.

3.2.99 MLSS's continuous override of established budgetary controls not only undermined the GoJ oversight accountability process but also increases the risk of budgets overruns.

3.2.100 The MLSS advised that changes in the GOJ's Virement Policy resulted in the non-approval of virement.

Non-submission of supporting documents to verify expenditure

3.2.101 MLSS's did not comply with the regularity requirement to submit journal vouchers and supporting documents to substantiate adjustments of \$9.7 million in the accounts. As such we were unable to authenticate whether these are proper charges on the public purse.

3.2.102 The MLSS assured us that efforts are being made to locate the journal vouchers for audit.

Recommendation

Issue/Concern(s)		
3.2.103 Timely, reliable, and accurate financial information is essential to support the strategic decision-making process. As such, MLSS should urgently implement proper systems to correct the systemic weaknesses in the preparation of the Accounts to ensure the accuracy of the financial information presented and adherence to the GoJ guidelines.		
Approved Budget	Capital B (\$000)	Recurrent (\$000)
2017/18	8,279,871	-
2018/19	7,973,764	3,429,439
TOTAL	16,253,635	3,429,439
Source: Approved Estimates of Expenditure		

Head 40000: Ministry of Labour and Social Security – Programme of Advancement Through Health and Education. Jamaica Social and Economic Inclusion of Persons with Disabilities (JSEIPD) Project

Issue/Concern(s)	Financial Exposure
Project Management	

Issue/Concern(s)	Financial Exposure
<p>3.2.104 The Jamaica Social and Economic Inclusion of Persons with Disabilities is a project under the Programme of Advancement Through Health and Education (PATH) and is solely funded by the International Bank for Reconstruction and Development (IBRD). The objective of the Project is to assist the Government of Jamaica increase the employability and skills development of poor persons with disabilities, and improve the service delivery of special education needs to poor children with disabilities. The objectives of this Project is intrinsically linked to National Development Plan Vision 2030 Goal number 1 outcome 3- Effective Social Protection and Goal 4 of the Sustainable Development Goals (SDGs)</p> <p><u>Loss of grant funding due to the slow implementation of project activities</u></p> <p>3.2.105 Despite receiving a one-year extension to August 14, 2018, we noted that after five years of implementation, the Project was only able to expend US\$2.70 million or 93 per cent of the US\$2.90 million grant funding. As such, the Government of Jamaica lost US\$202,341.34 in grants. Our review revealed that the under-utilization of the grant funding was due mainly to the Training Consultant delay in submitting final report as well as invoices within the disbursement period. Consequently, the Government of Jamaica had to provide US\$160,172 (JM\$20.7 Million) from another source, to pay for the training which was done subsequent to August, 2018.</p>	US\$202,341.64
Procurement & Contracts Management	
<p><u>Delay in the procuring and delivery of assistive aids to persons with disabilities</u></p> <p>3.2.106 We noted that procurement of goods and services under this component was not robust during the implementation of the Project. At the Project's closure in August 2018, only 9 per cent of the targeted 550 children with disabilities received assistive aids. Also, the Project did not receive 469 assistive aids procured at a cost of US\$136,605 on August 14, 2018 (the last day of the Project); until January 2019, five months after the Project ended. Our investigation disclosed that the tardiness was due to the Project Team's failure to conduct timely needs assessment. Further, up to the time of reporting, MLSS provided evidence that only 50 recipients received assistive aids.</p> <p>3.2.107 PATH's failure to implement proper project and procurement planning contributed to the lack of achievement of two of the nine project objectives of improving the service delivery of special education needs to poor children with disabilities.</p>	US\$136,606

Head 40000: Ministry of Labour and Social Security – Programme of Advancement through Health and Education, Integrated Support to Jamaica’s Social Protection Strategy (ISISPS)

Issue/Concern(s)	Financial Exposure
Governance	
<p>3.2.108 The Integrated Support to Jamaica’s Social Protection Strategy (ISJSPS) Project is funded by a US\$50.0 million loan from the Inter-American Development Bank (IDB) and counterpart funding provided by the Government of Jamaica. The loan of US\$50.0 million should be disbursed over a four-year period from November 25, 2015, when the agreement was signed.</p> <p>3.2.109 The objective of the Project is to support consumption, protect and promote the human capital accumulation of the Programme of Advancement Through Health and Education (PATH) beneficiaries, and strengthen the overall capacity of the Ministry of Labour and Social Security (MLSS) to improve quality and access to the network of social services provided by the Ministry to the poor and vulnerable population.</p> <p><u>Control weakness over reconciliation of the Beneficiary Bank Account</u></p> <p>3.2.110 At the time of audit, the reconciliation of the Beneficiary bank account was six months in arrears; January 2019 being the last month reconciled. Further, we observed that the December 2018 bank reconciliation statement included reconciling items amounting to J\$15.60 million, coming from as far back as 2006. This comprised bank charges of J\$1.43 million, Erroneous debits amounting to J\$12.79 million and stamp duty, totalling J\$1.37 million. PATH indicated that the outstanding reconciliations were not completed due to system related issues with the accounting software. PATH’s delay in reconciling the Beneficiary bank account compromised the internal control surrounding the Project’s cash resources, making it possible for errors and irregularities to remain undetected for protracted periods. The Beneficiary bank account is the sole account through which beneficiary payments are made and US\$2.7 billion was paid out during the period that the reconciliations were not done.</p> <p><u>Unspent Balance in Project Bank Accounts</u></p> <p>3.2.111 PATH did not surrender monies unspent by the Project to the Consolidated Fund, as required by the Law. In a previous audit report, PATH was advised that at the end of all projects, the unspent cash balance should be remitted to the Consolidated Fund. However, we observed that as at December, 2019 \$172.12 million that was unspent on the Social Protection Project II (SPP II), which ended March 2018 remained in the GoJ Administrative Account. Where monies are left in bank account after the closure of projects, the Ministry is exposed to unauthorized expenditure, which may by-pass established budgetary and commitment control process.</p>	<p></p> <p>\$2.7B</p> <p>\$172M</p>

Issue/Concern(s)	Financial Exposure
<p>3.2.112 PATH subsequently advised that the amount of \$172.12 million represents stale dated cheques but did not provide evidence, and an updated bank reconciliation statement to support this claim, despite our requests.</p>	
Project Management	
<p><u>Weak project management practices in the execution of the Project</u></p> <p>3.2.113 PATH signed a Loan Agreement in November 2015 to implement the Integrated Support to Jamaica’s Social Protection Strategy (ISJSPS) over a four-year period. The commencement of this Project was inextricably linked to the completion of the Integrated Social Protection and Labour (ISPL) Programme, which was delayed by eighteen months. Due to the delay of the completion of the ISPL project, a number of procurement activities and contracts under the current ISJPS Project had not commenced on the agreed date.</p> <p>3.2.114 From our review of the PATH’s procurement plan at the time of reporting, we noted that 10 of the 44 project activities with an estimated cost of US\$1.38 million were at the planning stage of the procurement process; though a number of them were scheduled to have been completed by March 31, 2019. These included four contracts under the component Enhancing the Services of PATH and three for the Modernisation of Social Security Services component. The delays have significantly impacted the successful roll out of the institutional strengthening of the Ministry of Labour and Social Security. We noted that due to the delays in the implementation of the project activities, the Bank granted an extension to November 2020.</p> <p><u>Weak oversight over the Project</u></p> <p>3.2.115 Though the National Social Protection Steering Committee, (NSPC) (chaired by the Planning Institute of Jamaica) charged with effectively overseeing the implementation of Social Project met quarterly, we found no evidence from our review of the minutes that there were discussions on the challenges being faced with this Project. The NSPC was intended to meet regularly and provide strategic oversight to the Project, benefitting from the diverse technical knowledge to mobilize resources and coordinate amongst the stakeholders in escalating the Project’s activities to achieve the desired outcomes. Given the importance of this Project to Goal number one and Outcome Number Three - Effective Social Protection - of the National Development Plan (NDP), we would have expected to see from the minutes of the NSPC meetings, discussions held and action taken at the oversight level to ensure the Project outcomes are met in a timely manner.</p> <p>3.2.116 Additionally, our review of the minutes of the two PATH/MLSS’s management meeting held for the period under review, showed no evidence that</p>	

Issue/Concern(s)	Financial Exposure
<p>management was proactive in discussing and implementing strategies relating to Component 2 of the Project - PATH Feeding Subsidy. As at March 2019, none of the seven (7) planned activities under the PATH Feeding Subsidy component were accomplished.</p> <p>3.2.117 We noted that this component of the Project, which is aligned to the United Nations Sustainable Goals 2- Zero Hunger and NDP Goal Number 1 , Outcomes number 1 and 3³, was without clear direction and coordination. We expected the PATH/MLSS to develop a Memorandum of Understanding (MOU) with the Ministry of Education Youth and Information (MOEYI), the Ministry of Health and other stakeholders, setting out clear direction for planning, delivery and reporting on this component; however, up to the time of reporting this was not done. Given the extension of the Project to November 2020, we expected the MLSS/PATH to obtain relevant information, review the ISJSPS progress and make necessary strategic interventions, where performance was below target.</p>	

Head 41000: Ministry of Education, Youth and Information – Overseas Examinations Commission

Issue/Concern(s)	Financial Exposure
Resource Management	
<p>3.2.118 An audit of the accounting records and financial transactions of the Overseas Examinations Commission for the seven-month period ended March 31, 2019 revealed the following areas of concern.</p> <p><u>Employee Compensation and Benefits</u></p> <p>3.2.119 The Commission incurred an additional \$823,698.36 in staff costs for approximately two months and one week during the period August 2, 2017 to October 31, 2018 when it employed the services of a temporary employee to undertake the functions of a senior officer who was granted study leave. The senior officer proceeded on leave with effect from September 1, 2017 and resumed duties on September 24, 2018. Consequently, the Commission incurred an additional \$823,698.36 in staff costs for the period both persons were on the job undertaking the same function. There was also a breakdown in the controls over the payment of travelling allowance resulting in the temporary officer continuing to receive Full Upkeep Allowance instead of the reduced Upkeep Allowance after her motor vehicle registration expired at the end of December 2017. The amount paid in excess of the reduced rate for the applicable period was \$302,338.40.</p> <p>3.2.120 Additionally, the senior officer who was granted full pay study leave for the period September 1, 2017 to September 2, 2018 at a cost of \$5.1 million, did not complete the requisite bonding agreement as required by the Government of</p>	<p>\$1.1 million</p> <p>\$5.1 million</p>

³ A Healthy and Stable Population and Effective Social Protection

Issue/Concern(s)	Financial Exposure
<p>Jamaica Bonding Policy. This exposed the Commission to a loss if the officer leaves the organization before the usual bonding period because the Commission may not be able to recover the cost incurred.</p> <p>3.2.121 Management was advised to take the necessary steps to account for the potential losses arising from the additional staff costs and ensure that going forward the Commission complies with the relevant guidelines pertaining to employee compensation and related matters.</p> <p>3.2.122 Additionally, steps should be taken to ensure that the officer who was granted full pay study leave completes the requisite bonding agreement and going forward, the Commission should strengthen its controls to prevent a recurrence.</p>	

Head 41000: Ministry of Education, Youth and Information Early Childhood Development Project

Issue/Concern(s)
Project Management
<p>3.2.123 The objectives of the Early Childhood Development Project were to improve the monitoring of children's development, the screening of household-level risks affecting development and early intervention systems in order to promote development; to enhance the quality of early childhood development schools and care facilities and strengthen early childhood organizations and institutions. The project, which was financed by a US\$12 million loan from the International Bank for Reconstruction and Development, came to an end on September 28, 2018.</p> <p>3.2.124 Overall, the Project achieved eighteen of the nineteen planned Disbursement Linked Targets. Management reported that Disbursement-Linked Target No. 6 - <i>At least 10% of health centres offering Well-Child Care Clinics are certified</i> was not achieved because the health centres required extensive infrastructure work before certification could take place. The audit also revealed that there was general compliance with the significant terms and conditions of the loan agreement and the transactions and related records of the Special Bank Account were found to be generally satisfactory.</p>

Head 41000: Ministry of Education, Youth and Information – Council of Community Colleges of Jamaica (CCCJ)

Issue/Concern(s)	Financial Exposure
Resource Management	
<p><u>Uncollectible Academic Fees</u></p> <p>3.2.125 CCCJ did not have an effective system to reduce the risk of financial loss due from uncollected academic fees. Though CCCJ indicated that provision was made for academic fees that are outstanding in excess of a year, we noted that the entity did not have a formal policy to guide the recovery of debt to ensure amounts are collected in a timely and</p>	\$32.8 million

Issue/Concern(s)	Financial Exposure
<p>structured manner. As such, CCCJ did not carry out timely reconciliation of debtors accounts, demand letters were not consistently issued, and there was no evidence of structured follow-up action to ensure collection. Consequently, for the period ended March 31, 2016, CCCJ had uncollected academic fees of \$31.06 million, which increased by 6 per cent to \$32.8 Million (Unaudited figures) as at March 31, 2019. Of the \$32.8 Million that is outstanding, a total of \$17.71 Million has been on the entity's books from as far back as 2006, and was deemed uncollectible. CCCJ advised that due to the inability of the community colleges to substantiate amounts outstanding to the Council, the amounts were not settled.</p> <p><u>Recommendations</u></p> <p>3.2.126 Management was advised to implement proper systems that will ensure revenue /academic fees are collected in a timely manner and to mitigate the risk of financial loss; where amounts have been deemed uncollectible, CCCJ should, in keeping with the GoJ guidelines on 'Write off Losses' seek the Financial Secretary's approval to write- off these amounts.</p>	

Head 42000: Ministry of Health – Technical Cooperation No. ATN/OC-14953-JA Strengthening Health Systems in Jamaica Project

Issue/Concern(s)	Financial Exposure
Procurement Management	
<p>3.2.127 On October 23, 2015, the Government of Jamaica (GOJ) signed a Non-Reimbursable Technical Cooperation (Agreement No. ATN/OC-14953-JA) with the IDB to provide financial aid for Strengthening Health Systems. This financial aid was earmarked to support the Ministry of Health's ability to provide affordable and quality healthcare through strengthening the strategic development planning process for the health sector, including revitalizing and deepening of the planning process to renew primary care, with a focus on non-communicable diseases (NCDs) prevention and control. The specific objective is the development of a 10-year Strategic Development Plan for the health sector, a monitoring and evaluation plan and a 3-year implementation plan. The audit of the accounting records and financial transactions of the Project, for the 36 months ended October 23, 2018 disclosed the following:</p> <p><u>Absence of due diligence to ensure value for money is achieved</u></p> <p>3.2.128 In January 2017, the Ministry of Health (MoH) engaged a consultant at a cost of US\$288,900, for nine months to prepare a 10-year Strategic Development Plan. The MoH did not obtain competitive quotations, and/or advertised the procurement opportunity for the consultancy service. Additionally, we saw no evidence that the contract was evaluated and subjected to the scrutiny of the MoH's evaluation and procurement committees prior to the Accounting Officer's</p>	

Issue/Concern(s)	Financial Exposure
<p>approval. Further, the MoH did not seek the endorsement of the National Contracts Commission (NCC).</p> <p>3.2.129 In justifying the use of the direct contracting method, the MoH indicated that the “consultant had done similar work in 2013 and the development of the 10-year Strategic Plan is a continuation of that work...” This was in breach of GOJ’s Procurement Guidelines, which requires the use of the competitive bidding process for contracts in excess of JM\$8 million, evaluation by an evaluation committee and endorsement of award by the NCC. Furthermore, consultancy services of this nature could have been offered by other qualified suppliers.</p> <p>In light of the aforementioned and the sparseness of information, we could not determine the level of due diligence the MoH conducted to assure itself that the consultant had the requisite skills and competencies and that the GoJ would receive value for money.</p> <p><u>Non- adherence to Contract Agreement</u></p> <p>3.2.130 The MoH made an advance payment of US\$28,890 on May 15, 2017 to the consultant. However, in keeping with the contract agreement we found no evidence that the MoH requested the consultant to provide a bank guarantee. Additionally, we found no evidence that the consultant had provided an insurance as required by the contract agreement. In this regard, the GoJ’s interest was not protected.</p> <p><u>Delays in implementing project could lead to loss of grant funding</u></p> <p>3.2.131 In keeping with the contract, the consultancy service should have commenced January 27, 2017 with a nine-month duration; however, the actual completion date was October 2018 resulting in a delay of 12 months requiring an extension from the Inter-American Development Bank.</p> <p>3.2.132 Ministry of Health (MoH) cited the following contributing factors for the delay:</p> <ul style="list-style-type: none"> i. engaging the consultant ii. challenges faced in putting together an appropriate MoH’s Technical team iii. the length of time it took the MoH to accept the updated situational analysis. <p>Due to the aforementioned delays, the MoH was not able to complete the final evaluation and monitoring. Therefore, this activity may have to be funded from the Consolidated Fund.</p>	
Resource Management	
<p><u>Unauthorised reallocation of appropriated fund</u></p> <p>3.2.133 We noted that the MoH made payments of US\$43,335 from its Recurrent Head under the Project’s consultancy contract. Under the Grant facility, US\$220,000 was allocated under MoH’s Capital B approved Budget to execute Component 1 – the 10-year Strategic Development Plan for health sector including</p>	US\$43,335

Issue/Concern(s)	Financial Exposure
roll out of the implementation strategy. However, as at the date of reporting, the MoH expended US\$288,900, thereby exceeding the Grant allocation by US\$68,900. The Financial Instructions, Section 3.7 (vi), Reallocation (Virement) states, "reallocation of expenditure budget shall not be authorized between Heads of Expenditure or between Voted and Statutory Provisions".	

Head 50000: Ministry of Industry, Commerce, Agriculture and Fisheries

Issue/Concern(s)	Financial Exposure
Resource Management	
<p>3.2.134 The audit of the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAF) for the 2017/2018 financial year revealed the following areas of concern.</p> <p><u>Salary Overpayments</u></p> <p>3.2.135 MICAF overpaid two former employees a total of \$212,196.20 due to inadequate cut-off procedures at the time of their departure.</p> <p><u>Overpayment of Rental Expense</u></p> <p>3.2.136 The Ministry overpaid rent by \$37,268.00 for the months of February and March 2018, in respect of property it occupied at Cardiff Hall, Runaway Bay. The expense was paid twice for each month.</p> <p><u>Inadequate Monitoring of Deposit Accounts</u></p> <p>3.2.137 Our audit also revealed that the responsible officers were not effectively monitoring and reconciling the deposit accounts to detect and prevent errors or irregularities in the account balances, as the list of deposits for the period under review included three accounts with debit balances totalling approximately \$49.1 million. The debit balances indicate that MICAF was owed these amounts. The Ministry recovered \$8 million subsequent to the audit.</p> <p><u>Excess Expenditure on Objects</u></p> <p>3.2.138 MICAF exceeded its approved expenditure on three components of its Capital Budget by \$73.6 million. However, despite requests, no evidence of approval for the reallocation of funds to facilitate these excesses was presented.</p> <p>3.2.139 We also identified 103 instances where the Ministry exceeded its approved budget by a total of \$191.8 million on various Objects within its Recurrent Account. This included seven instances of excess relating to Object 21 - Compensation of Employees totalling \$4.8 million. However, we were unable to reconcile the Virements for the Recurrent Account because the Virement schedule presented was incomplete. The modified schedule provided by the Ministry subsequent to the audit still did not facilitate reconciliation.</p>	<p>\$212,196.20</p> <p>\$37,268</p> <p>\$41.1 million</p> <p>\$73.6 million</p> <p>\$191.8 million</p>

Issue/Concern(s)	Financial Exposure
<p><u>Recommendations</u></p> <p>3.2.140 Management should ensure that urgent steps are taken to recover the overpayments and strengthen its controls over the preparation and payment of salaries and the payment of rental expense to prevent a recurrence.</p> <p>3.2.141 Management should promptly investigate and resolve all deposit accounts with debit balances.</p> <p>3.2.142 MICAF should strengthen its controls to ensure that budgeted funds are used only for their intended purposes. Management should ensure that steps are taken to improve the commitment control process in order to prevent unauthorised reallocation of funds.</p>	

Head 50000: Ministry of Industry, Commerce, Agriculture and Fisheries - Jamaica Intellectual Property Office (JIPO) FY2017/2018

Issue/Concern(s)	Financial Exposure
Resource Management	
<p><u>Annual Stock Count was not done</u></p> <p>3.2.143 Our review of JIPO's internal control over the management of its fixed assets revealed that the entity adhered to the GOJ's guidelines in most instances. However, JIPO did not provide evidence that annual inventory count was conducted to identify the physical condition and existence of assets recorded in the entity's Fixed Asset Register.</p> <p>3.2.144 We advised JIPO to improve the management of its fixed assets by conducting periodic reviews to identify and board of survey obsolete assets that are deemed unserviceable.</p>	
Procurement and Contracts Management	
<p><u>Unsubstantiated Salary Payments</u></p> <p>3.2.145 JIPO did not provide the relevant documents to substantiate \$594,145.68 paid in salary arrears to eight employees in March, 2018. Consequently, we were unable to determine the accuracy of the amounts paid and whether the computations were subject to independent/internal checks prior to payment.</p>	\$594,145.68

Head 50000: Ministry of Industry, Commerce, Agriculture and Fisheries Jamaica 4H Clubs

Issue/Concern(s)
Resource Management
<p>3.2.146 During the period under review, we completed the audits of the 2012/2013 and 2013/2014 financial statements of the Jamaica 4H Clubs. The audit opinion for both years was qualified as we were unable to verify the accuracy of the carrying values of the biological assets and the property, plant and equipment. Management has since implemented a system of quarterly inventory counts and has deferred the valuations of the properties to the subsequent financial year.</p> <p>Staff un-remitted income tax</p> <p>3.2.147 Income tax amounting to \$1,087,073.27 deducted from board members' fees were not paid over to the Tax Authority. Management was reminded that failure to remit income tax deducted is a breach of the Income Tax Act and may result in penalties, interest and other charges.</p>

Head 50038: Companies Office of Jamaica

Issue/Concern(s)
Corporate Governance
<p>3.2.148 The audit of the Companies Office of Jamaica revealed a generally satisfactory state of affairs. However, the agency was advised to strengthen the controls over the collection of funds through its Value Book to ensure that all valuables received are promptly accounted for as required by the Financial Instructions. The Companies Office of Jamaica has since indicated that steps will be taken to improve the controls over the collection of funds through its Value Book.</p>

Head 56000: Ministry of Science Energy and Technology, FY2017/18 and FY2018/19

Issue/Concern(s)
Resource Management
<p>3.2.149 The audit of the Ministry of Science, Energy and Technology for Financial years 2017/2018 and 2018/2019 disclosed the following:</p> <p>Engagement of six (6) Special Early Retirement Programme retirees as consultants</p> <p>3.2.150 MSET did not prioritize its capacity needs when it made a decision to approve Special Early Retirement Programme (SERP) retirement for six officers with effect from April 30, 2018 and their subsequent re-engagement on a one-year contract with effect from April 30, 2018. The six retirees were paid between 22.1 and 263 per cent more than their emoluments prior to SERP. The terms of reference and scope of service of the consultants were similar to respective functions they performed prior to SERP. Additionally, these officers were not paid based on job performed but received fixed monthly payments, totalling \$21.67 million for the period, which significantly exceeded the 15 per cent savings of \$4.44 million allowable under SERP⁴. As such, MSET's action would not have been in line with Government of Jamaica fiscal strategies to keep emoluments at 9 per cent to GDP.</p>

⁴ SERP Operations Manual, MoFPS 2017, Introduction section, Page 12. "The cost for any rehire that takes place consequent on the SERP should not exceed 15% of the total savings generated by the SERP."

Issue/Concern(s)
<p>3.2.151 Further, MSET did not obtain competitive quotations, and/or advertised the procurement opportunity for these consultancy services. In justifying the use of the direct contracting method MSET indicated that the procurement of the consultancy service was urgent. However, MSET did not assess the impact on the organization of, the separation of all six officers (who worked in critical technical areas) at the same time.</p> <p><u>Overpayment of salary due to incorrect application of income tax threshold</u></p> <p>3.2.152 MSET's failure to verify an employee income tax status, by obtaining the requisite P45 upon engagement, resulted in the officer benefiting twice from the income tax threshold causing an underpayment of income tax and conversely an overpayment of \$281,268.00. Our review showed that the income tax threshold was applied to the officer's pension payments at the Accountant General's Department as well as in his salary computation at MSET.</p> <p>3.2.153 This could result in loss of revenue where such payments are not recovered, and the negligent officer will be reported for surcharge in keeping with Section 20 of the Financial Administration and Audit Act. The Ministry acknowledged that the overpayment was made and had since reached out the Officer to make arrangement for repayment over a 12-month period.</p> <p><u>Computer Equipment acquired not put to use</u></p> <p>3.2.154 We found that MSET did not carry out a needs assessment to inform its decision to procure fixed assets. As up to the time of reporting, computer equipment costing \$663,183.36 were not put to use and were in storage, two years after acquisition; thereby increasing the risk of obsolescence. Additionally, eight other computer items were seen in storage. However, due to the poor maintenance of the inventory records, we were not able to determine when these items were purchased.</p> <p><u>Poor management of assets</u></p> <p>3.2.155 We noted that fixed assets acquired at a cost totalling \$1.44 million were not recorded in the MSET's inventory records or marked with the Ministry's assets codes. Further, MSET did not carry out routine or annual independent check of its assets and records, to identify and correct any discrepancies that may exist. We expected the Ministry to purchase assets on the basis of need, as well as to ensure that assets are adequately inventoried and safeguarded. MSET's failure to implement proper controls over assets may foster misuse and the Ministry will not be able to ascertain whether or when items go missing.</p> <p>3.2.156 The Ministry has since advised that the assets are appropriately marked and records are updated; and that going forward measures to improve management of assets will be undertaken.</p> <p><u>Poor management over fleet vehicles</u></p> <p>3.2.157 The GoJ Motor Vehicle Policy established guidelines for the management of fleet vehicles. However, MSET did not implement proper systems to ensure the efficient use of public resources and adherence to GoJ regulations. We noted that the responsible officer did not perform the requisite reconciliation of the suppliers' statements and its records to identify and correct errors and irregularities. As a consequence, we found no evidence that MSET investigated the variance of</p>

Issue/Concern(s)

\$833,166.00 identified between the total payment of \$6.85 million made to the fuel supplier for the period April 2017 to March 2019 and \$6.01 million reported in the Operational Efficiency record.

3.2.158 Additionally, MSET only provided log books for one of eight fleet vehicles for 2017/18, and log books for three of 10 fleet vehicles for 2018/19. We noted that the logbooks were not faithfully maintained to record: (i) destination of each leg of a trip; (ii) speedometer reading; (iii) petrol supplied; (iv) time and hours omitted; and (v) evidence of authorization for trips undertaken. Therefore, we were unable to determine whether the fleet vehicles were being used efficiently and for official purposes only. MSET's failure to comply with the established controls could facilitate inappropriate use and abuse. The Ministry recognized the deficiencies in the execution of the duties within the Transport Unit, and advised that the duties of the Transport Manager had been reassigned. The Ministry also advised us that a plan of action has been initiated to ensure a robust system of accountability for the Unit.

Weaknesses in the Systems to account Miscellaneous Revenue collected

3.2.159 MSET did not faithfully inform the Accountant General's Department (AcGD) of the Miscellaneous Revenue collected and lodged. In FY2018/19, the MSET's records indicated that Miscellaneous Revenue of \$18.1 million was collected. However, MSET only informed the AcGD of \$13.2 million that was lodged⁵. Further, we found no evidence that Miscellaneous Revenue totaling \$3.1 million collected via electronic payments (debit or credit cards) were credited to the Miscellaneous Revenue bank account maintained by the AcGD. However, neither the MSET nor the AcGD was aware of these discrepancies until it was brought to their attention by the Auditors. The Ministry has since written to the relevant bank requesting details of funds collected through point of sale terminals and deposited to the AcGD's bank account.

Payments totalling over \$44.4 million made without formal lease agreements

3.2.160 Contrary to section 53 of the FAA Regulation 2011, MSET did not have formal lease agreements for rental of office space at four locations for the operation of the Government Electrical Inspectorate (GEI) Division. MSET made monthly payments over the period 2013/2014 – October 2019, totalling \$44.4 million. In the absence of formal contracts, the rights and obligations of the parties might be misunderstood.

Recommendation

3.2.161 MSET was advised to implement corrective actions that will prevent a recurrence of the issues highlighted and to ensure adherence to the GoJ guidelines.

⁵ Section 5.3.22 (iii) of the FAA Act Instructions (2017) requires MDAs to advise the AcGD of the collections and lodgment of Miscellaneous Revenue collected.

Head 68000: Ministry of Transport and Mining

ISSUE/CONCERNS	FINANCIAL EXPOSURE
Resource Management	
<p>3.2.162 The audit of the accounting records and financial transactions of the Ministry of Transport and Mining (MTM) revealed the following areas of concern:</p> <p><u>Inadequate Controls over Fixed Assets</u></p> <p>3.2.163 The Ministry did not have an effective system of control over the management of fixed assets as required by the relevant guidelines. We were unable to verify the existence of twenty computers costing approximately \$1.9 million, which were purchased by the Ministry for the Island Traffic Authority. Despite repeated requests, they were not presented for examination. Additionally, there was no evidence that the ITA had received these computers.</p> <p><u>Weaknesses in the Monitoring of Advances</u></p> <p>3.2.164 There was a high risk of expenditure being misstated in the MTM's accounts due to the absence of an effective system to ensure that all departmental advances are cleared in a timely manner. We identified outstanding advances of approximately \$645.9 million relating to the 2016/2017 financial year. Consequently, expenditure may be understated by this amount.</p> <p><u>Unapproved Excess Expenditure</u></p> <p>3.2.165 Our review of the Appropriation Account of the Ministry of Transport and Mining revealed that the Ministry's actual expenditure for the financial year 2015/2016 exceeded its approved budget by approximately \$99.9 million. Of this amount, approximately \$33.4 million related to excess expenditure under Object 21 - Compensation of Employees.</p> <p>3.2.166 Additionally, our review of the Appropriation Accounts of the former Ministry of Transport, Works and Housing (Head 6500 and 6500B) revealed that the Ministry's actual expenditure under six of its activities exceeded its approved budget for the financial year 2015/2016 by approximately \$68.9 million. Of this amount, approximately \$5.3 million related to excess expenditure under Object 21 - Compensation of Employees and \$63.6 million related to physical infrastructure projects.</p> <p>3.2.167 The Accounting Officer was advised to obtain the requisite approvals for the excess expenditures and ensure that going forward all expenditure remain within the approved budget and comply with the Financial Instructions.</p> <p><u>Discrepancies in Accounting for Appropriations-In-Aid</u></p> <p>3.2.168 The actual Appropriations-in-aid (AIA) expenditure for Head 6500 (Ministry of Transport, Works and Housing) exceeded the approved budget by approximately \$102.9 million while the AIA collected by the Toll Road Authority was understated by \$961,631 for the 2015/2016 financial year. Additionally, we were unable to verify AIA expenditure amounting to approximately \$201.2 million for the 2015/2016 financial</p>	<p>\$1.9 million</p> <p>\$645.9 million</p> <p>\$99.9 million</p> <p>\$68.9 million</p>

ISSUE/CONCERNS	FINANCIAL EXPOSURE
Resource Management	
year relating to the Caribbean Maritime Institute due to the absence of sufficient supporting documents. Despite our requests, the Ministry did not provide the relevant documents for review.	

Head 72000: Ministry of Local Government & Community Development

Issue/Concerns								
Governance								
<p>3.2.169 For the period under review, Parliament approved \$13.3 billion for the Ministry of Local Government and Community Development (MLGCD) to carry out its operations. However, up to the date of this report, the MLGCD failed to submit the 2018/2019 Appropriation Accounts for all three heads for audit scrutiny in keeping with Section 24 I (1) (a) and (b) of the Financial Administration and Audit (FAA) Act. As a consequence, Parliament as well as other key stakeholders would have been denied timely information in assessing the results of the Budget implementation and to guide their review of subsequent budget submission. The MLGCD indicated that the delay in the submission of the Appropriation Accounts was caused by the challenges faced with the implementation of the Government Financial Management System (GFMS).</p>								
<p><u>Municipal Corporations</u></p>								
<div><p>Status of Municipal Corporations Audits</p><table><thead><tr><th>Status</th><th>Percentage</th></tr></thead><tbody><tr><td>Audits in progress</td><td>12%</td></tr><tr><td>Audit not commenced</td><td>15%</td></tr><tr><td>Not presented for Audit</td><td>73%</td></tr></tbody></table></div>	Status	Percentage	Audits in progress	12%	Audit not commenced	15%	Not presented for Audit	73%
Status	Percentage							
Audits in progress	12%							
Audit not commenced	15%							
Not presented for Audit	73%							
<p>3.2.170 The AuGD continues to work with the MLGCD to clear the backlog in the audit arrears of the Municipal Corporations financial statements. However, as mentioned in previous reports we are still facing challenges in auditing the accounts, as the issues relating to missing and incomplete records compounded with human resource constraints still persist. This has had a significant impact on the timely completion of financial statements we are currently auditing. Further, as at the date of this report 73 per cent of the financial statements have not been submitted for audit.</p>								

Issue/Concerns
<p>3.2.171 The MLGCD has accepted that it has human resource challenges over the years and in our recent meeting held in November 2019 the Ministry indicated that it has engaged a Consultant to access the Municipal Corporation's readiness in preparing of the Financial Statements utilizing the International Public Sector Accounting Standard (IPSAS) accrual basis as stipulated in the Local Government (Financing and Financial Management) Act, 2015. The MLGCD also indicated that in collaboration with the Ministry of Finance and the Public Service, it has undertaken a comprehensive strategy under the 'Technical Assistance to the Government of Jamaica to Implement IPSAS in 14 local authorities Project'.</p> <p>Social Development Commission</p> <p>3.2.172 For the period 2018/19 Parliament approved \$1.05 Billion in the MLGCD Recurrent Budget. However, the SDC did not submit the 2018-19 financial statements for audit in keeping with Section 13 (1) of the Jamaica Social Welfare Commission Act. Therefore, stakeholders would have been denied information to assess SDC's stewardship over the administration of public funds.</p> <p>3.2.173 We urged management to review its processes for the preparation of the financial statements and take the necessary steps to ensure that they are completed in a timely manner. The MLGCD subsequently indicated that the SDC will be presenting the 2018/19 financial statements by January 31, 2020.</p>

University of the West Indies Caribbean Mobile Innovation Project

Issue/Concern(s)
Project Management
<p>3.2.174 The objective of the Caribbean Mobile Innovation Project (CMIP) was to strengthen the Caribbean mobile innovation ecosystem and to enable growth-oriented mobile enterprises to grow rapidly. The target beneficiaries of the Project were mobile app innovators, aspiring and existing entrepreneurs from the CARICOM region. The CMIP was funded by a US\$1.5 million grant from the International Bank for Reconstruction and Development (IBRD) and was scheduled to last for approximately three years with effect from July 17, 2014. The Project ended on November 30, 2018. The implementation of the various programmed activities was generally satisfactory.</p>

APPENDICES

Outstanding Financial Statements and Appropriation Accounts

Head	Ministry, Statutory Bodies and Executive Agencies	Type of Statement	Years	Total outstanding
	Forestry Department (*)	Accrual basis	2017/18 - 2018/19	2
	National Environment and Planning Agency (*)	Accrual basis	2017/18 - 2018/19	2
	Jamaica Custom Agency (*)	Accrual basis	2017/18 - 2018/19	2
	Provident Fund	Cash basis	2018/2019	1
	National Land Agency (*)	Accrual basis	2011/12 - 2018/19	8
	Passport, Immigration and Citizenship Agency (*)	Accrual basis	2018/2019	1
	Fisheries Management and Development Fund	Cash basis	2015/16 - 2018/19	4
	Capital Development Fund	Accrual basis	2017/18 - 2018/19	2
	Firearm Licensing Authority	Accrual basis	2017/18 - 2018/19	2
	Pesticides Control Authority	Accrual basis	2015/16 - 2018/19	4
	Private Security Regulation Authority	Cash basis	2018/2019	1
	National Council on Education	Accrual basis	2017/18	1
	Anti-Dumping and Subsidies Commission	Accrual basis	2018/2019	1
	Financial Investigations Division	Accrual basis	2018/2019	1
	Institute of Jamaica	Accrual basis	2017/18 - 2018/19	2
	Jamaica 4 H Clubs	Accrual basis	2018/19	1
	Jamaica National Heritage Trust	Accrual basis	2007/08 - 2018/19	12
	Jamaica Veterinary Board	Cash basis	2015/16 - 2018/19	4
	Land Administration Management Programme	Accrual basis	2015/16 - 2017/18	3
	National Council on Drug Abuse	Accrual basis	2010/11 - 2011/12 2016/17 - 2018/2019	3
	National Gallery of Jamaica	Accrual basis	2010/11 - 2018/19	9
	National Insurance Scheme	Accrual basis	2017/18 - 2018/19	2
	National Youth Services	Accrual basis	2013/14 - 2018/19	6
	Pharmacy Council of Jamaica	Accrual basis	2018/19	1
	Police Civilian Oversight Authority	Accrual basis	2018/19	1
	Export Division	Accrual basis	2014/15 - 2018/19	5
	Social Development Commission	Accrual basis	2018/19	1
	National Library of Jamaica	Cash basis	2016/17 - 2018/19	3

Head	Ministry, Statutory Bodies and Executive Agencies	Type of Statement	Years	Total outstanding
	Jamaica Library Services	Accrual basis	2014/15 - 2018/19	5
	Clarendon Municipal Corporation	Modified Accrual Basis	2013/14 - 2018/19	6
	Hanover Municipal Corporation	Modified Accrual Basis	2015/16 - 2018/19	4
	Kingston & St Andrew Municipal Corporation	Modified Accrual Basis	2012/13 - 2018/19	7
	Manchester Municipal Corporation	Modified Accrual Basis	2014/15 - 2018/19	5
	Portland Municipal Corporation	Modified Accrual Basis	2013/14 - 2018/19	6
	Portmore Municipal Council	Modified Accrual Basis	2011/12 - 2018/19	8
	St. Ann Municipal Corporation	Modified Accrual Basis	2009/10 - 2018/19	10
	St. Catherine Municipal Corporation	Modified Accrual Basis	2012/13 - 2018/19	7
	St. Elizabeth Municipal Corporation	Modified Accrual Basis	2014/15 - 2018/19	5
	St. James Municipal Corporation	Modified Accrual Basis	2012/13 - 2018/19	7
	St. Mary Municipal Corporation	Modified Accrual Basis	2013/14 - 2018/19	6
	St. Thomas Municipal Corporation	Modified Accrual Basis	2014/15 - 2018/19	5
	Trelawny Municipal Corporation	Modified Accrual Basis	2015/16 - 2018/19	4
	Westmoreland Municipal Corporation	Modified Accrual Basis	2013/14 - 2018/19	6
	Parochial Revenue Fund	Accrual basis	2005/06 - 2018/19	14
02000	Houses of Parliament	Appropriation Account	2015/16 & 2018/19	2
06000	Office of the Services Commission	Appropriation Account	2011/12, 2014/15 - 2018/19	6
08000	Independent Commission of Investigations	Appropriation Account	2018/19	1
15000	Office of the Prime Minister	Appropriation Account	2018/19	1
15000B	Office of the Prime Minister	Appropriation Account	2018/19	1
15020	Registrar General's Department (*)	Appropriation Account	2013/14 - 2016/17, 2018/19	5
16000	Office of the Cabinet	Appropriation Account	2018/19	1
16000B	Office of the Cabinet	Appropriation Account	2018/19	1
17000	Ministry of Tourism	Appropriation Account	2018/19	1

Head	Ministry, Statutory Bodies and Executive Agencies	Type of Statement	Years	Total outstanding
19000	Ministry of Economic Growth and Job Creation	Appropriation Account	2018/19	1
19000A	Ministry of Economic Growth and Job Creation	Appropriation Account	2018/19	1
19000B	Ministry of Economic Growth and Job Creation	Appropriation Account	2018/19	1
19046	Forestry Department (*)	Appropriation Account	2013/14 - 2018/19	6
19047	National Land Agency (*)	Appropriation Account	2005/06 - 2018/19	14
19048	National Environment and Planning Agency (*)	Appropriation Account	2017/18 - 2018/19	2
19050	National Works Agency (*)	Appropriation Account	2001/02 - 2018/19	18
20000	Ministry of Finance and the Public Service	Appropriation Account	2018/19	1
20000A	Ministry of Finance and the Public Service	Appropriation Account	2018/19	1
20000B	Ministry of Finance and the Public Service	Appropriation Account	2015/16 & 2018/19	2
20011	Accountant General	Appropriation Account	2013/14, 2015/16, 2016/17 & 2018/19	4
20012	Jamaica Customs Agency (*)	Appropriation Account	2013/14 - 2018/19	6
20018	Public Debt Servicing (Interest Payments)	Appropriation Account	2013/14 - 2018/19	6
20019	Pensions	Appropriation Account	2013/14 - 2018/19	6
20056	Tax Administration Jamaica	Appropriation Account	2018/19	1
26000	Ministry of National Security	Appropriation Account	2017/18 - 2018/19	2
26000A	Ministry of National Security	Appropriation Account	2017/18 - 2018/19	2
26000B	Ministry of National Security	Appropriation Account	2017/18 - 2018/19	2
26022	Police Department	Appropriation Account	2017/18 - 2018/19	2
26024	Department of Correctional Services	Appropriation Account	2016/17 - 2018/19	3
26057	Institute of Forensic Science & Legal Medicine	Appropriation Account	2017/18 - 2018/19	2
28000	Ministry of Justice	Appropriation Account	2018/19	1
28000A	Ministry of Justice	Appropriation Account	2018/19	1
28000B	Ministry of Justice	Appropriation Account	2017/18 - 2018/19	2

Head	Ministry, Statutory Bodies and Executive Agencies	Type of Statement	Years	Total outstanding
28023	Court of Appeal	Appropriation Account	2018/19	1
28025	Director of Public Prosecutions	Appropriation Account	2018/19	1
28026	Family Courts	Appropriation Account	2018/19	1
28027	Resident Magistrates' Courts/Parish Courts	Appropriation Account	2011/12 - 2015/16, 2018/19	6
28028	Revenue Court	Appropriation Account	2018/19	1
28029	Supreme Court	Appropriation Account	2011/12 - 2015/16, 2018/19	6
28030	Administrator General's Department (*)	Appropriation Account	2018/19	1
28031	Attorney General	Appropriation Account	2018/19	1
28032	Trustee in Bankruptcy	Appropriation Account	2014/15 - 2015/16	2
28054	Court Management Services	Appropriation Account	2010/11	1
30000	Ministry of Foreign Affairs & Foreign Trade	Appropriation Account	2017/18 - 2018/19	2
40000	Ministry of Labour & Social Security	Appropriation Account	2011/12 - 2013/14, 2018/19	4
40000A	Ministry of Labour & Social Security	Appropriation Account	2012/13	1
40000B	Ministry of Labour & Social Security	Appropriation Account	2011/12 - 2012/13, 2017/18 - 2018/19	4
41000	Ministry of Education, Youth & Information	Appropriation Account	2012/13, 2014/15 - 2018/19	6
41000A	Ministry of Education, Youth & Information	Appropriation Account	2014/15 - 2018/19	5
41000B	Ministry of Education, Youth & Information	Appropriation Account	2014/15 - 2018/19	5
41051	Child Development Agency (*)	Appropriation Account	2017/18 - 2018/19	2
42000	Ministry of Health	Appropriation Account	2013/14 - 2018/19	6
42000A	Ministry of Health	Appropriation Account	2015/16 - 2017/18	3
42000B	Ministry of Health	Appropriation Account	2015/16 - 2018/19	4
42034	Bellevue Hospital	Appropriation Account	2015/16 - 2018/19	4
42035	Government Chemist	Appropriation Account	2017/18 - 2018/19	2
46000	Ministry of Culture, Gender, Entertainment & Sport	Appropriation Account	2018/19	1

Head	Ministry, Statutory Bodies and Executive Agencies	Type of Statement	Years	Total outstanding
46000A	Ministry of Culture, Gender, Entertainment & Sport	Appropriation Account	2017/18 - 2018/19	2
46000B	Ministry of Culture, Gender, Entertainment & Sport	Appropriation Account	2018/19	1
50000	Ministry of Industry, Commerce, Agriculture & Fisheries	Appropriation Account	2015/16, 2018/19	2
50000A	Ministry of Industry, Commerce, Agriculture & Fisheries	Appropriation Account	2015/16, 2018/19	2
50000B	Ministry of Industry, Commerce, Agriculture & Fisheries	Appropriation Account	2015/16, 2018/19	2
5300	Ministry of Industry, Investment & Commerce	Appropriation Account	2014/15 - 2015/16	2
5300B	Ministry of Industry, Investment & Commerce	Appropriation Account	2014/15	1
50038	Companies Office of Jamaica (*)	Appropriation Account	2015/16 - 2018/19	4
56000	Ministry of Science, Energy & Technology	Appropriation Account	2018/19	1
56000A	Ministry of Science, Energy & Technology	Appropriation Account	2018/19	1
56000B	Ministry of Science, Energy & Technology	Appropriation Account	2018/19	1
56039	Post & Telecommunications Department	Appropriation Account	2018/19	1
68000	Ministry of Transport and Mining	Appropriation Account	2018/19	1
68000A	Ministry of Transport and Mining	Appropriation Account	2018/19	1
72000	Ministry of Local Government & Community Development	Appropriation Account	2018/19	1
72000A	Ministry of Local Government & Community Development	Appropriation Account	2018/19	1
72000B	Ministry of Local Government & Community Development	Appropriation Account	2018/19	1
	Total			391
	* These entities are required to prepare both Appropriation Accounts and accrual basis accounts and therefore I am only reporting on the years that the statements have not been submitted for audit.			