Auditor General's Department Annual Report

Financial Year 2019/2020

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL TRANSACTIONS AND FINANCIAL STATEMENTS OF THE GOVERNMENT OF JAMAICA FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020 AND
A PERFORMANCE REPORT OF THE AUDITOR GENERAL'S DEPARTMENT

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ABBREVIATIONS

ACCA	Association of Certified Chartered Accountants
AuGD	Auditor General's Department
CAP-YES	Career Advancement Programme Youth Empowerment Solution
CAROSAI	Caribbean Association of Supreme Audit Institution
CAROSAI	Caribbean Organisation of Supreme Audit Institutions
CMU	Caribbean Maritime University
COVID	Corona Virus Disease
CTD	Chief Technical Director
CTI	Community Training Intervention
EAU	Economic Assessment Unit
EMC	Executive Management Committee
ETP	External Training Providers
FAA	Financial Administration and Audit
FCA	Fellow Chartered Accountant
FCCA	Fellow Chartered Certified Accountant
FINMAN	Financial Management (System)
FPP	Fiscal Policy Paper
GFMS	Government Financial Management System
GOJ	Government of Jamaica
IAU	Internal Audit Unit
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
IDI	INTOSAI Development Initiative
IFRS	International Financial Reporting Standards
IMER	Internal Monthly Economic Report
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISAE	International Standard on Assurance Engagement

ISO	International Organization for Standardization
ISSAI	International Standards of Supreme Audit Institutions
ITEC	Indian Technical and Economic Cooperation
JUTC	Jamaica Urban Transit Company
KSAMC	Kingston and St. Andrew Municipal Corporation
MDA	Ministry/Department/Agency
MLGCD	Ministry of Local Government and Community Development
MLGRD	Ministry of Local Government and Rural Development (formerly MLGCD)
MOFPS	Ministry of Finance and the Public Service
NDP	National Development Plan
NEPA	National Environment and Planning Agency
NMIA	Norman Manley International Airport
PAC	Public Accounts Committee
PAU	Performance Audit Unit
PBMA	Public Bodies Management and Accountability
PMF	Performance Management Framework
QAU	Quality Assurance Unit
SAI	Supreme Audit Institution
SAP	Strategic Audit Plan
SDG	Sustainable Development Goal
WGEA	Working Group on Environmental Auditing
WGISTA	Working Group on the Impact of Science and Technology on Auditing

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

December 30, 2020

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

Dear Sir,

Pursuant to the provision of Section 112 (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 2020 for tabling in the House of Representatives.

The report is a compendium of the performance of the Auditor General's Department for the period December 2019 – November 2020 and all audits conducted up to November 2020.

Yours faithfully,

Pamela Monroe Ellis (Mrs.)
Auditor General

THE AUDITOR GENERAL'S REVIEW

I am pleased to present my annual report for 2020. In keeping with the usual format, the report is divided into three sections. The first looks at the management of our internal operations and governance mechanisms; the second at our audit streams inclusive of a synopsis of reports produced by our Performance, Information Technology, Economic Assessment and Special Audit units; and the third section provides a synopsis of the key findings of our Assurance-based audits: Appropriation Accounts, Compliance Audits and Financial Statements. A new addition to the report, included in section two, seeks to track the implementation of recommendations made in the audit reports by MDAs. This represents a significant step in supporting accountability and transparency within our MDAs and is an inclusion that I endeavour to incorporate in the annual report going forward.

The period January 2020 through to November 30th, 2020, saw several operational adjustments within the Department, some brought about through the pursuance of the ISO 9001:2015 Quality Management System Standards and others because of COVID-19. These adjustments have resulted in gains in operational efficiencies in some instances as well as the adoption of technology and innovation in others to allow for a seamless transition from a predominately face-to-face approach with our internal and external clients, to one that allows for remote work and interaction.

In April and May of this year, in recognising the uncertainties as a consequence of COVID-19 and considering the request from the MoFPS to conduct real-time audits of the CARE programme, my Executive Management team and I sought to reassess our operational plan and procedures. We considered the emerging risks and the reallocation of human resources to support the needs of the Department in executing its mandate and in meeting the needs of its stakeholders. These adjustments allowed for the incorporation of the real-time audits. The audit teams were required to develop methodologies and procedures to execute the audit, allowing for the prompt publication of the findings. This activity has strengthened the capacity of the auditors within the Department, as it required the talent pool to refocus and complete these audits during the first six months of the financial year, whilst executing the statutory audits of all MDAs.

In fulfilling my mandate, as stipulated by the Constitution, one hundred and sixty-two (162) audits were commissioned up to November 2020; with one hundred and seven being completed (reports issued and or certificates issued) and fifty-five (55) remaining as work-in-progress. The findings of the audits included in this report have been placed in the thematic grouping defined in 2016. These groupings represent systematic weaknesses across all MDAs and represent critical issues which, if corrected, will support the Government's ability to fulfil its roadmap for making Jamaica "the place of choice, to live, work, raise families and do business." Of the forty-four (44) audits mentioned in section 3 of this report, including the performance-based audits from section 2, resource management and governance weaknesses were dominant. Instances of weaknesses in resource management were identified in twenty-five (25) audits, with thirteen (13) in governance, nine (9) in project management and one relating to procurement and contract management.

Despite the findings specified in this report, I cannot guarantee that all deficiencies, errors, and irregularities were identified, as the scope of the audits executed were limited to the entities selected for review during the period. In some instances, the scope of the audit was limited to transactions. It is important to note that some of the deficiencies identified during an audit, particularly those relating to governance, would present financial exposure to the Government thereby creating risks which may derail the Government's roadmap to implementing and achieving its objectives under Vision 2030.

I must commend my team for their resilience in getting the job done despite the anxieties and uncertainties faced this year. I must extend my appreciation to the heads of entities for accommodating my staff and welcoming the operational changes enacted to keep both my team and their teams safe from unnecessary exposure to COVID-19.

Pamela Monroe Ellis (Mrs.), F.C.C.A, F.C.A
Auditor General
December 2020

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SECTION 1

PERFORMANCE OF THE AUDITOR GENERAL'S DEPARTMENT, DECEMBER 2019 – NOVEMBER 2020

ABOUT US

VISION

A better country through effective audit scrutiny.

MISSION STATEMENT

To conduct and make public, high quality audit and produce recommendations that are relevant to our auditees, the Parliament and the citizens.

OUR VALUES

INDEPENDENCE	• We will audit independently of the Executive and Legislative branches, thereby helping to ensure accountability and transparency of Government activities in an objective and impartial way
PROFESSIONALISM	• We will undertake our work in accordance with the requirements of international auditing standards.
OBJECTIVITY	• We shall act in an impartial way. Audit conclusions and opinions are based exclusively on evidence.
CREDIBILITY	• We work to constantly build and maintain trust with the general citizenry. We sustain credible, reliable and trusted professional teams in each respective field within our areas of responsibility.
INTEGRITY	• We meet our professional responsibilities in an ethical and fair manner.
TRANSPARENCY	• We operate in the spirit of full openness to the Jamaican society about the way in which it uses its public resources and about the impact of its audits.
COLLABORATION AND INVOLVEMENT	• We seek to collaborate with and involve all stakeholders in the fulfillment of its responsibilities in a constructive manner.

OUR QUALITY MANAGEMENT POLICY

The Auditor General's Department (AuGD) is committed to producing independent high-quality assurance and performance audit reports of public sector entities and economic assessments of Government's fiscal policy papers, consistent with legislative requirements and international auditing standards. The AuGD is committed to continual improvement in meeting or exceeding customer expectations through a highly efficient, motivated, diverse, and performance-driven team.

ROLE OF THE AUDITOR GENERAL

Through the applicable legal framework, the AuGD is mandated to carry out statutory financial and compliance audits of Ministries, Departments and Agencies (MDAs), including Executive Agencies and to conduct an independent review of the Government of Jamaica's annual Fiscal Policy Paper. In addition to these required activities, the guiding legalisation of the AuGD allows for the following non-mandatory activities:

- Conduct financial audits on the request of public bodies and international development partners;
- Conduct performance audits (based on the International Standards for Supreme Audit Institutions); and
- Conduct Special Audits at the request of the Public Accounts Committee (PAC), on risks identified on an audit and or based on information received utilising the Protected Disclosures Act, 2011.

The Department continues to support the National Development Plan Outcome Number 6 – Effective Governance and, by extension, Jamaica's efforts to meeting the agreed Sustainable Development Goals 2030.

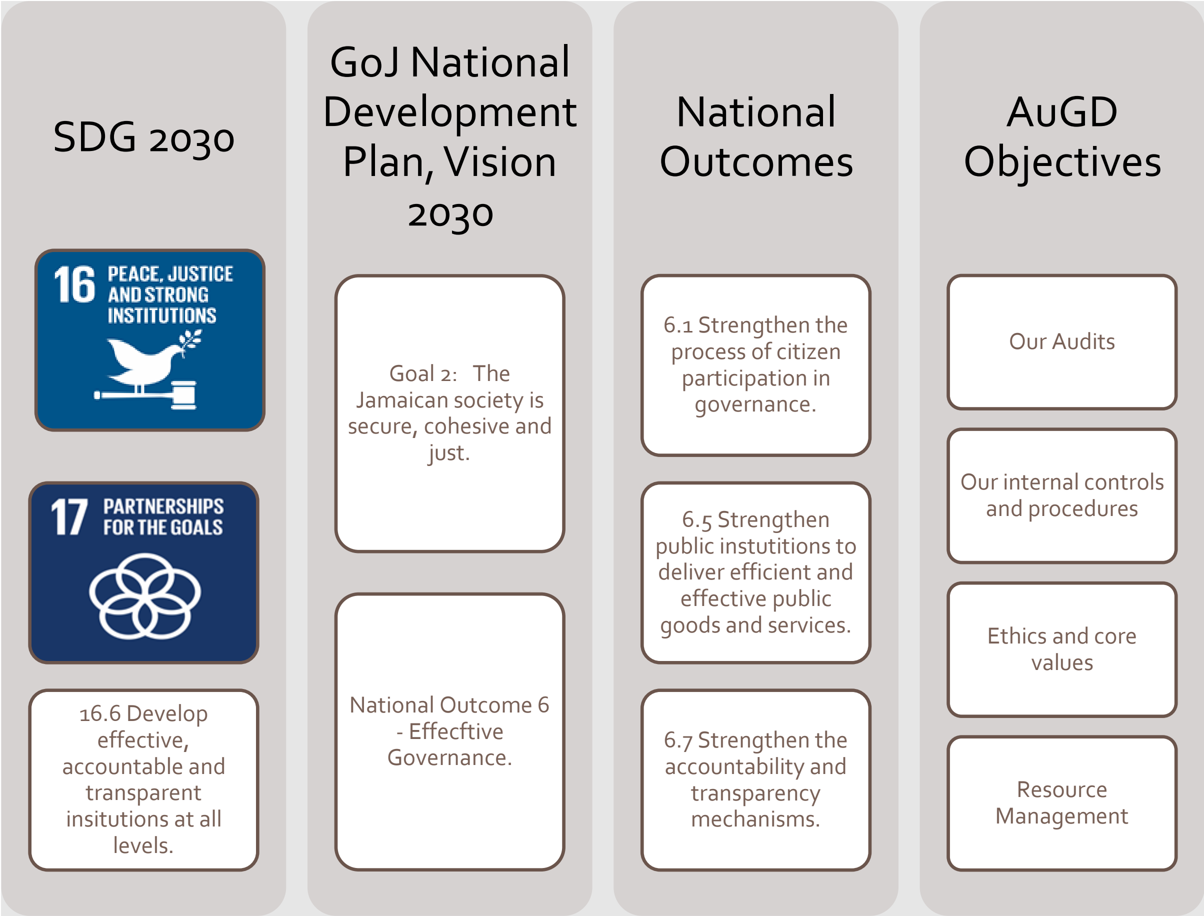


Figure 1: Alignment of AuGD Objectives with National Outcomes, Vision 2030 and SDG 2030.

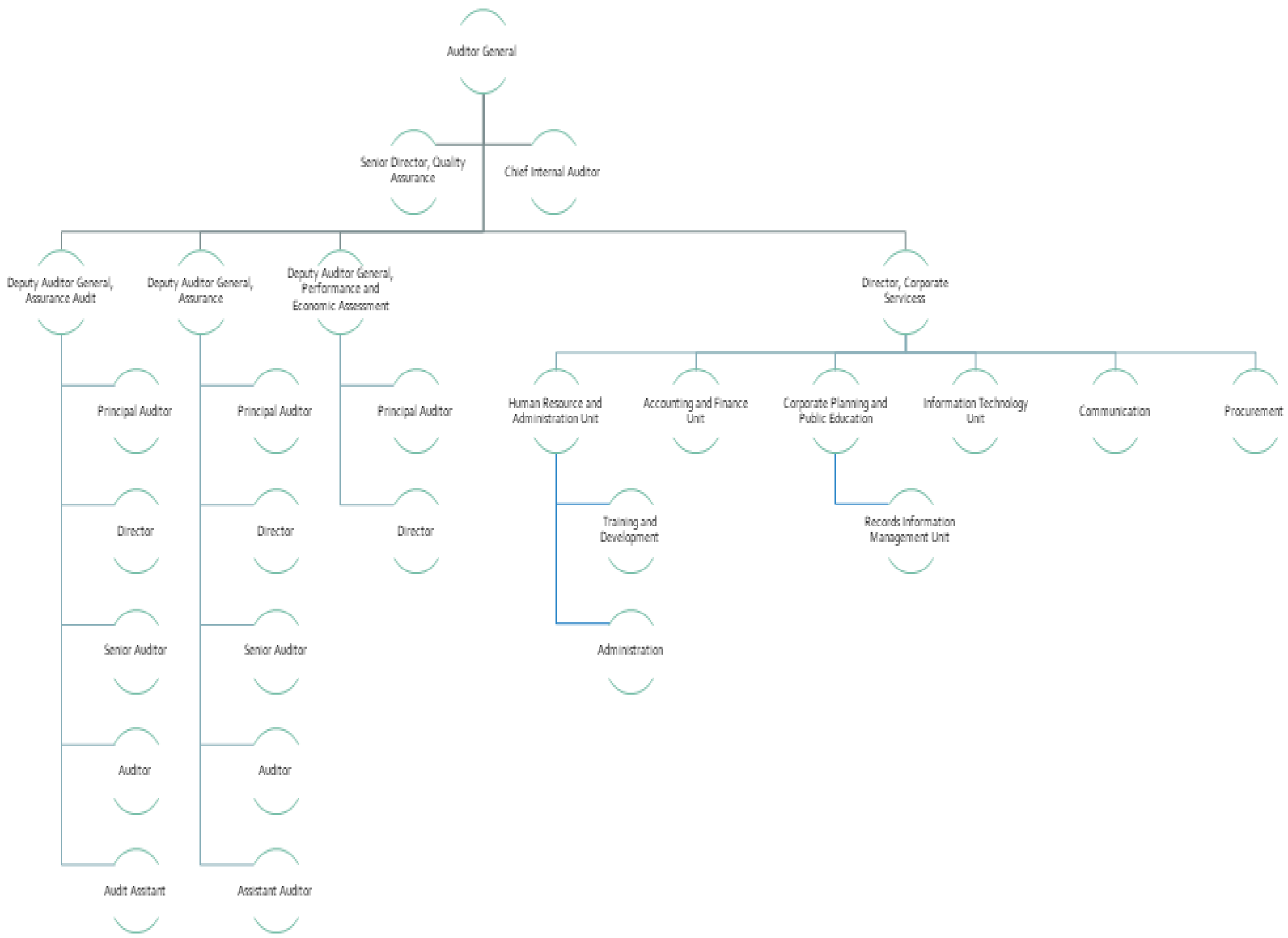
GUIDING LEGISLATION

Annual Report	•Section 122 (2) of the Consitution and Section 29 (2) of the FAA Act require the Auditor General to submit to the Speaker her Report to be laid before the House of Representatives annually by the 31st December.
Special Report	•Section 29 (1) of the FAA Act makes provision for the Auditor General to prepare a special report on any matter incidental to her powers and duties under this Act.
Performance and Regulatory Audits	• Section 122 (95) of the Constitution provides the basis for us to conduct Performance and Regulatory Audits.
Fiscal Policy Paper (FPP)	•Section 48 (B) (6) of the FAA Act (2015) stipluates that the Auditor General shall, within 2 weeks after the Fiscal Policy Paper is laid before both Houses of Parliament, examine the components of the FPP and give an opinion on the reasonableness of the assumptions and conventions and the justification for deviations from targets of the Fiscal Responsibility Report and provide a report to the Houses.
Any Public Body	•Section 13A (1) of the PBMA Act states that providing there is nothing contrary contained in any other enactment, the Auditor General may audit the accounts of any public body, if the House of Representatives, by resolution, so directs.

CLIENT ORGANISATION

The audit universe of the AuGD includes all entities that may be subject to an audit by the Auditor General. However, the finite resources of the AuGD dictate that statutory audits, prescribed by legislation, are included in the annual audit plans. Other audits undertaken include donor-funded projects, which may have utilised government funding and or where the AUGD is identified as the preferred auditors for the donor.

ORGANISATIONAL STRUCTURE OF THE AUGD



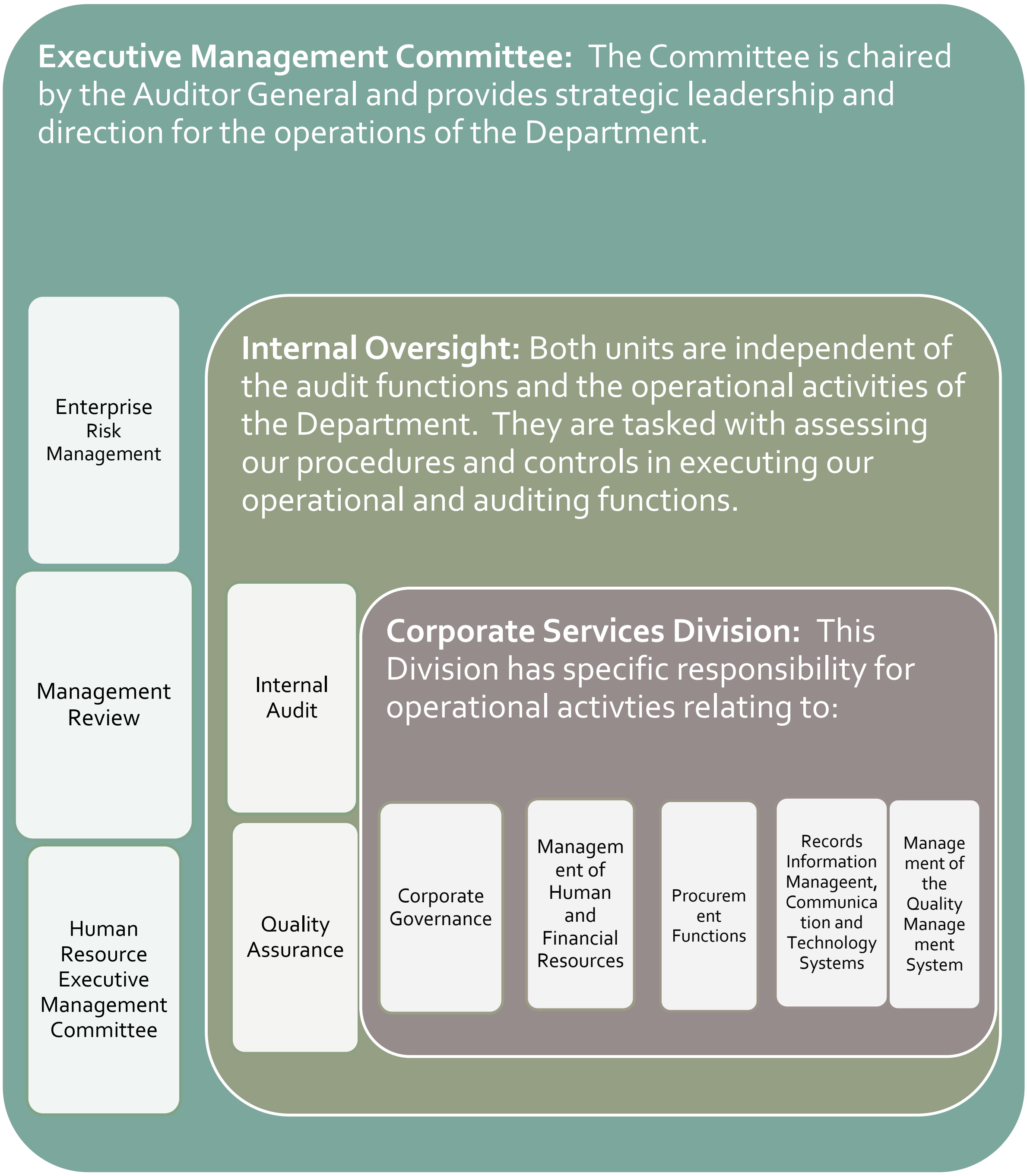
ACCOUNTABILITY MECHANISMS

Handover ceremony of ISO Certification to the Auditor General and Staff

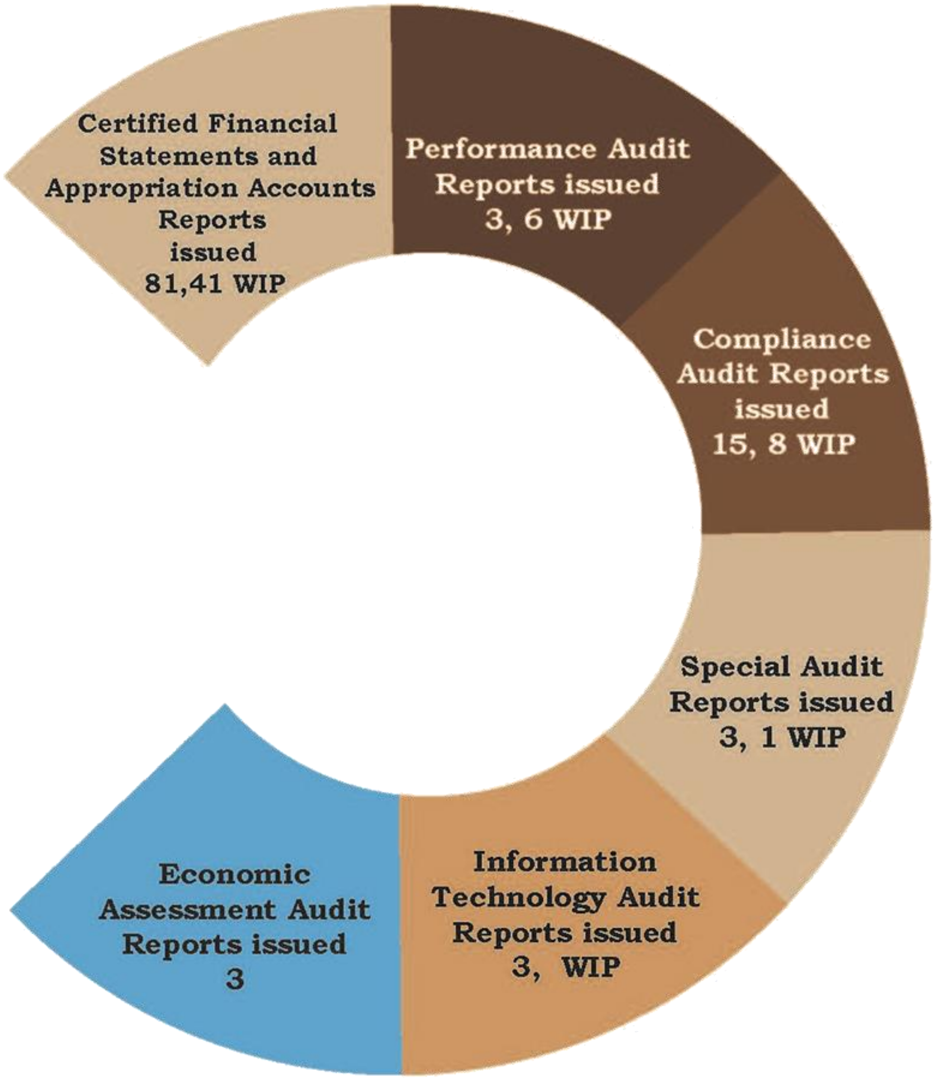
Governance mechanisms with the AuGD are managed through the Executive Management Committee, the Audit Committee, the Quality Assurance Unit, and the Corporate Services Division. The AuGD embarked on the implementation of the ISO 9001:2015 Quality Management System in September 2018.

The Department completed both the stage 1 (June 2020) and stage 2 (November 2020) audit and has now been approved for certification. The maintenance of the QMS has been assigned to the Corporate Services Division and has been embedded in the operational activities of the Department.

The AuGD's implementation team share lens with the Honourable Minister of Industry, Investment and Commerce and the Quality Systems team from MIIC.

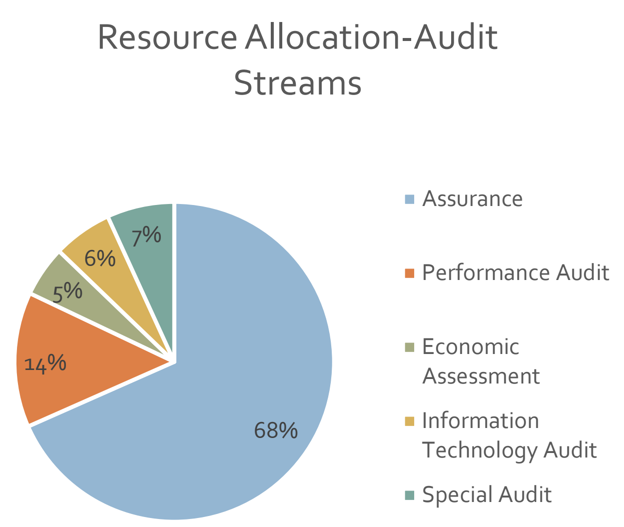

Executive Management Committee: The Committee is chaired by the Auditor General and provides strategic leadership and direction for the operations of the Department.
Enterprise Risk Management
Management Review
Human Resource Executive Management Committee
Internal Oversight: Both units are independent 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.
Internal Audit
Quality Assurance
Corporate Services Division: This Division has specific responsibility for operational activties relating to:
Corporate Governance
Management of Human and Financial Resources
Procurement Functions
Records Information Manageent, Communication and Technology Systems
Management of the Quality Management System

YEAR IN REVIEW AT A GLANCE



(*WIP – Work in progress)

WORKFORCE CAPACITY



RESOURCE ALLOCATION

Audit personnel within the AuGD continue to be assigned 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 to support our Strategic Business Plan. The remaining personnel are members of Corporate Services Division, Quality Assurance Unit, and Internal Audit Unit.

Fig. 2: Resource Allocation: Audit Streams: Performance, Economic Assessment, Special, Compliance, I.T. and Financial Statements

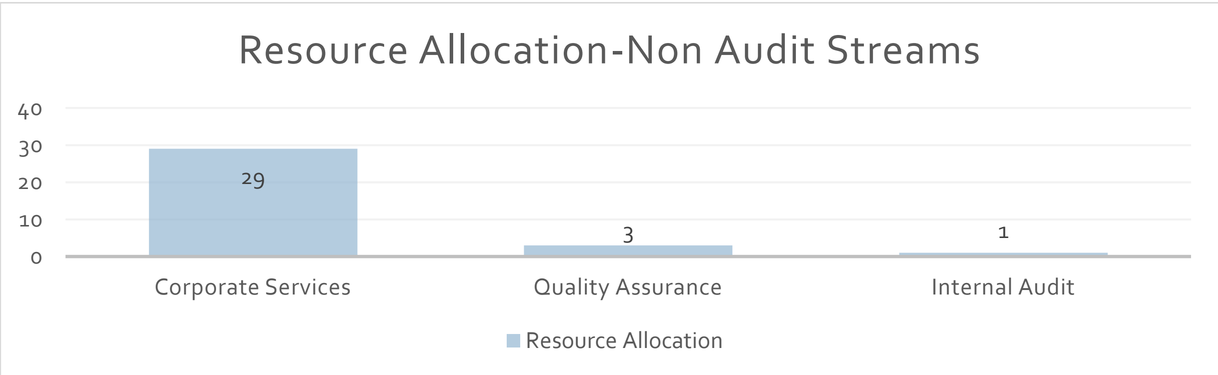


Fig. 3: Resource Allocation: Corporate Services, Quality Assurance, and Internal Audit

STRENGTHENING OUR HUMAN CAPITAL

Approximately twenty – two (22) capacity building initiatives were executed between December 1, 2019 and November 30, 2020. The programmes were primarily geared toward enhancing the capabilities of team members in managing and analysing audit evidence and strengthening our internal IT security systems against illicit access, as we make the transition from a paper-based to a paperless entity.

With the presence of the COVID-19 pandemic, nine (9) priority programmes (specifically those planned for Q4 of the 2019/2020 financial year and Q1-Q3 of the 20/21 financial year) on the Department's annual training plan were not executed. They are as follows:

- Performance Management

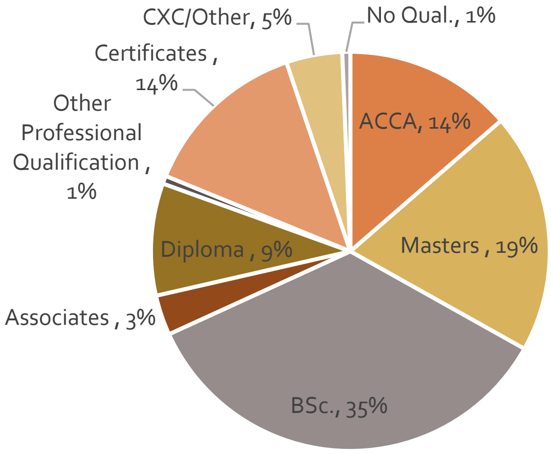
- Forensic Auditing
- Report Writing
- Project Management
- Fundamentals of Auditing
- Data Analytics
- Records and Information Management
- Telephone Techniques
- Service Skills for Ancillary Workers

The main programmes undertaken are listed below:

AUDIT ENHANCING PROGRAMMES	CORPORATE GOVERNANCE/SOFT SKILLS PROGRAMMES	IT SECURITY PROGRAMMES
• Audit Evidence and Root Cause Analysis • International Public Sector Accounting Standards (IPSAS) Training • Government Financial Management System (GFMS) Training • Audit of State-Owned Enterprises • TeamMate Training-Wolters Kluwer • Excel-Level 3 • IDI SAI Donor Engagement • ITEC Programme-Audit of E-Governance Enterprises • Analyzing Public Procurement Big Data for Integrity Risks Workshop • International Financial Reporting Standards (IFRS) • PFM Public Financial • Government Accounting	• Transformational Leadership • Human Resource Practitioners Workshop • Administrative Management Level 3 • First Aid/CPR Training • Implementation and adoption of ISO:9001 Quality Management System • Disaster Management – Training for Wardens • Web Enabled CTM • eLearning-Financial Management and Disbursement Training for World Bank Clients	• FortiGate Workshop

Table 1: Capacity Development Initiatives

Highest Professionalization Level of all Staff Members



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

Fig. 4: Highest Level of Professionalization Level of all Staff Members. The 1% without qualifications are team members within the ancillary team.

PARTNERSHIPS

The AuGD continues its partnership with the International Organisation of Supreme Audit Institutions (INTOSAI), the Caribbean Organisation of Supreme Audit Institutions (CAROSAI), and the INTOSAI Development Initiative (IDI) as part of its Stakeholders Engagement Strategy to build capacity, and to share knowledge and experiences. In January 2020, the Cabinet, in response to a submission made by the AuGD, approved the extended tenure of the AuGD hosting the CAROSAI Secretariat for an additional six years up to June 2025, as well as approving the position of a full-time employee to provide administrative function to the Secretariat. By virtue of hosting the CAROSAI Secretariat, the Auditor General of Jamaica retains the position of Secretary General of CAROSAI.

For the period December 1, 2019 – November 30, 2020, the AuGD participated in several capacity development initiatives that were undertaken by the IDI. These include the SAI Performance Measurement Framework (PMF), the IntoSAINT programme and, presently, the collaborative Performance Audit on Strong and Resilient National Public Health Systems, linked to the United Nations Sustainable Development Goal (3D). In addition to participating in the collaborative audit, the AuGD has provided two mentors to assist in facilitating this intervention within CAROSAI.

In spite of the COVID 19 pandemic, the AuGD continues to lend support at both the regional and international level by participating as panellists at CAROSAI's first online webinar and at the Global level during INTOSAI Capacity Building Committee (CBC) webinars. The INTOSAI Capacity Building Committee (CBC) meeting, which was scheduled to be held in Jamaica, was reformatted and presented as a webinar due to the pandemic. As a means of furthering capacity building and the sharing of knowledge and experience, steps have been taken to have AuGD team members participate in INTOSAI Working Groups. These groups are:

- Working Group on Environmental Auditing (WGEA) with the primary objective of enabling SAIs to acquire a better understanding of the specific issues involved in environmental auditing; facilitates the exchange of information and experience among SAIs; and publishes guidelines and other informative material for use.

- Working Group on the Impact of Science and Technology on Auditing (WGISTA), geared towards applying science and technology in auditing and other key trends in areas such as artificial intelligence, blockchain technology, cybersecurity, data analytics, machine learning and quantum computing.

Lastly, in supporting the review and development of the AuGDs Strategic Business Plan, provisions of the 2020 Moscow Declaration were incorporated as they supported the Department's vision, mission and strategic objectives. The tenets incorporated are as follows: SAI Responding Effectively to Opportunities Brought by Technological Advancement (ii) Providing Independent External Oversight on The Achievement of Nationally Agreed Targets Including Those Linked to The SDGs (iii) Enhancing SAI's Impact.

The AuGD continues to enjoy good working relationships with its stakeholders, Civil Society Organisations, CAROSAI, INTOSAI, Inter-American Development Bank (IDB) and the World Bank.

OUR FINANCIAL MANAGEMENT

For the 2019/2020 Financial Year (FY), the Department utilised 92 per cent of the amount budgeted. This represents a slight reduction of 2% in the utilisation rate compared to the 94 per cent achieved in the 2018/2019 financial year. Overall, the Department spent $73.5 Million less than the amount budgeted. A Revised Estimate of J$896,075,000 was approved for the Department's operational activities for 2019/2020 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$822,622,692.72 and collected 8,495,318.28 as AIA. This is against the J$715,205,000 spent and the J$8,856,000 collected as AIA in 2018/2019 financial year.

- **Object 21- Compensation of Employees** accounted for 62 per cent of the total expenditure, 82 per cent of which was derived from Activity 0280 – Administration of External Audit Services. Object 21 as a percentage of total expenditure declined by 2 per cent. The total of new posts budgeted to be filled was not achieved, as only two of the budgeted 6 posts were filled.

- **Object 22 – Travelling and Subsistence**, of the total of $171.1 Million budgeted, less than 1 per cent was unspent. This amount was increased by $23.6M or 16 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 under expenditure of $4M for local/domestic travel.

- **Object 23-** A total of $64.9M was spent on the rental of building and parking spaces. A savings of $640,000.00 was recognised for parking spaces as majority of the officers worked from home in March 202 odue to the Covid-19 Pandemic.

- **Object 25 -Use of Goods and Services** - $55.338M of the budgeted $91.474M was spent. $38.115M was provided in the 1st Supplementary Estimates for 2019/2020 to undertake a Forensic Audit of Petrojam Limited; this activity was not carried out. The AuGD has since written to the Ministry of Finance indicating the sole bidder was non-responsive and recommended that the activity be deferred owing to the Covid-19 pandemic. It was also recommended to the Ministry of Finance that if and when a decision is taken to proceed, the scope should be reduced to focus on oil loss only considering the work done and being undertaken by other anti-corruption bodies.

STAKEHOLDER CONSULTATION AND ENGAGEMENT

SOCIAL MEDIA AND THE GENERAL PUBLIC

The AuGD utilised the services of Twitter and LinkedIn to increase access to its published audit reports. The platforms allow the Department to communicate directly with the public and, more specifically, its followers by providing a link to the newly published report and a summary presentation of its contents via a PowerPoint video.

The Twitter platform recorded a fluctuation of new followers with July recording the highest, sixty-six. This surge in followers is directly attributed to the publication of the JUTC audit report which garnered significant media attention in sharp contrast to the interest showed in the Management System for the Maintenance of Parochial Road, St. Catherine Municipal Corporation report which was published on the Departments' website during the same period.

Increases have also been noted in the number of tweet impressions. A tweet impression is generated by sharing and liking content posted by the AuGD by its followers, allowing for the information to reach persons who do not follow the Department's Twitter handle.

An analysis of the interactions with the Department's LinkedIn account revealed a similar trend to Twitter. The special audits conducted in response to the Care Programme resulted in an uptick in the interactions on LinkedIn. It is important to distinguish that though followers to the Department's Twitter handle are mostly local, LinkedIn followers are predominantly international and demonstrates the Department's global reach.

A key component of the Departments' stakeholder engagement strategy seeks to allow for feedback from Jamaicans not only in response to audit reports but also the highlighting of possible issues that may trigger an audit based on the materiality identified. The feedback mechanisms utilised by the Department allows for four main points of receipt: Email, Telephone, Mail, and the Website. The website feedback feature, however, allows for the submission to remain anonymous.

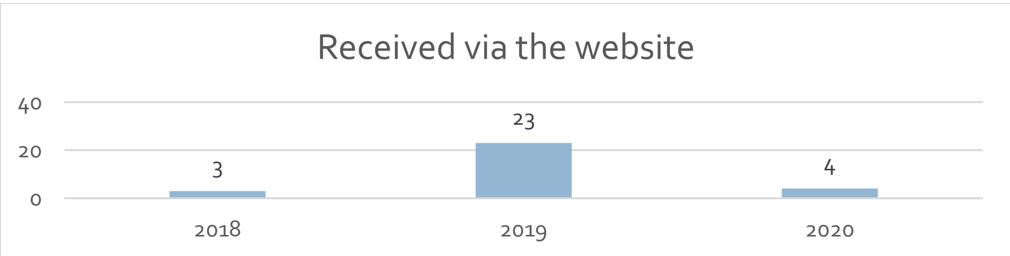


Fig 5: Feedback received via AuGD website

The number of tips or whistle-blower information received by the Department requesting audits and or citing incidents of no compliance with GoJ procedures, policies and or legalisation, has increased. Traditionally, this information had been received via telephone calls to the Department and via the postal service. Since 2017 the "tips" received are predominately through the website and or the Department's feedback email address. All matters reported are reviewed and assessed, following which, in instances where they will be pursued, are incorporated in the Department's annual audit plan as either a special audit, performance audit and or compliance audit, based on the risk and materiality of the issue.

The figure below depicts the number of tips received over a two-year period:

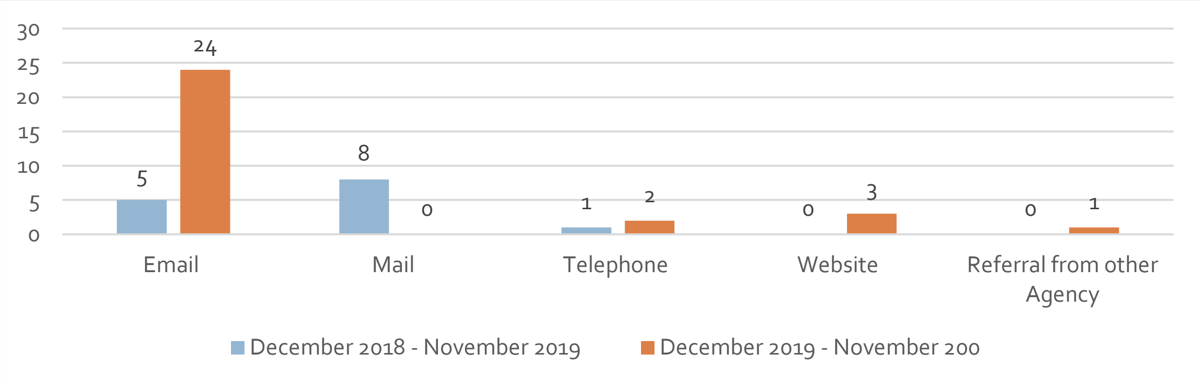


Fig 6: Tips for the period 2018-2020

Engagement with Ministries, Departments', and Agencies (MDAs')

The Department continues to engage with its clients via post-audit surveys as well as at the engagement and closing stages of each audit where the process to be executed and the findings are clearly discussed and presented. The Department uses the post-audit surveys to improve upon service delivery as it seeks to ascertain the professionalism of our audit teams, and whether or not the objective of the audit and the type of audit was clearly explained and understood.

Engagement with other key stakeholders

The Department continues to support its relationship with both its external and internal stakeholders through the execution of its stakeholder engagement plan. The plan is currently under review with focus groups being executed with the media, civil society organisations and MDAs. This exercise is planned for completion in March 2021.

LOOKING FORWARD

(Extract from the Executive Summary AuGD SBP FY2021/2022 – 2024/2025)

The 2021/2022 – 2024/2025 Quality-based Strategic Business Plan of the Auditor General's Department seeks to build on the successes gained and the knowledge garnered in the past three years, which has allowed for baselines to be established for several of our operational activities. These baselines have allowed the AuGD to identify and acknowledge operational weaknesses and determine how best to treat and actualize opportunities where possible. The AuGD has in the last few years sought to exploit technology as a means of reducing the time needed to complete high-quality audits and will now seek to complement this push with greater focus on the management of its people and internal operating procedures and practices, enabling greater resilience to change and for the sustainment of an agile workforce.

Key deliverables over the life of this plan include:

- The full implementation of the IT Strategic Plan which seeks to address risks and opportunities identified in the management of the Department's IT resources. These matters relate to Security, IT Infrastructure – Vulnerability Scanning, Network Monitoring Tool and Hardware resources, Business Systems and Applications Management and IT Business Continuity Planning.

- Capacity Development and Staff Management. Pursuant to strategic objective 4, the AuGD will be taking deliberate steps to support the continued learning for all staff members. This will see on-the-job and off-the-job learning being encouraged throughout the organisation with a view to have a more strategic alignment of all training and development initiatives within the AuGD, which are reflected in the performance evaluation of team members.

- The implementation of the Department's Strategic Audit Plan which sets out the audits to be executed in each year and is tied to the Department's role in supporting the realisation of outcomes defined in the National Development Plan, Vision 2030, and the Sustainable Development Goals (SDGs).

- In keeping with the Department's commitment to its Quality Management System, the continued implementation and assessment of the Department's Strategic Engagement of Stakeholders Plan, alongside the timely review of its operating policies, procedures, and processes, will be undertaken.

LEADING BY EXAMPLE - INTERNAL OVERSIGHT

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 methodology 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 the coverage of the high/medium risk audits undertaken by the various audit units within the Department.

Our Achievements

The QAU achieved its target of completing reviews for 8% of the total number of audits completed by the Department during the year.

The QA unit participated in and facilitated the ISO certification audit process, conducted by the NCBJ for theAuGD.

Members of the QA unit participated in and sucesssfully completed various training programmes, provided by both internal and external facilitators during the year

The Year Ahead

We will continue to conduct reviews of all audit types, including donor funded projects, outsourced audits and parish council audits

We plan to particpate in capacity building training programmes and keep abreast of emerging/revised international standards, in order to provide for a more robust unit and improved techniques.

We will continue to assist the Department by identifying audit areas which require improvement and make the necessary recommendations for training

Quality Assurance Reports

During the year, the QA team completed reviews and reports for eight audits, namely two financial statements, one appropriation accounts, two special, one information technology and two performance audits. Three reviews remain works-in-progress, two of which commenced during the reporting period. The third review is from a previous reporting period and awaits the finalization and issuance of the draft audit report to the auditee. A fourth review has been suspended.

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

Audit Topics	**Audit Type**	**QAR of Entire Audit Process**
Companies Office of Jamaica (COJ)	Financial Statement	✓
Ministry of Tourism (MoT)	Appropriation Accounts	✓
Jamaica Urban Transit Corporation (JUTC)	Performance	✓
Caribbean Maritime University (CMU)	Special	✓
HEART Trust NSTA	Performance	✓
Registrar General Department (RGD)	Financial Statement	✓
COVID-19 Allocation Of Resources for Employees (CARE) Programme	Special and Information Technology	✓
Passport, Immigration and Citizenship Agency (PICA)	Information Technology (in progress)	
Office of the Public Defender	Compliance (in progress)	
Tourism Product Development Company (TPDCo)	Performance (in progress)	
Follow-up of Urban Development Corporation (UDC)	Performance (Suspended)	

Table 2: Quality Assurance completed reviews

Our Findings

The QA reviews completed during the period identified non-conformities similar to those in previous years. The non-conformities identified during QA reviews were either addressed before reports were published or did not compromise the audit process or affect the integrity for those audit reports that were issued prior to the QA review. While we noted improvements in some key areas, there are other areas which require further improvement. The observed deficiencies, along with the requisite recommendations, were summarized and presented for the review and consideration of the Executive Management Committee. In keeping with the Quality Management Systems and senior managements' commitment to maintaining high-quality standards within the Department, strategic decisions were taken to ensure consistency in the high-quality audits being conducted and the reports issued by the AuGD.

Looking Forward

The number of completed QA reviews did not exceed those of the previous year, due mainly to the slowing down of activities at MDAs as a result of the Covid-19 Pandemic that impacted the completion of the AuGD's audits. However, the QA unit continues to press ahead in its thrust to move to the next level by contributing to and supporting the continued improvement of the Department. The attainment of these objectives is 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 Department's credibility and reputation as a whole.

With the realization of the Department's certification by the International Organization for Standardization (ISO) Certification 9001:2015 for Quality Management Systems on November 23rd, 2020, the QA unit's primary objective, which is aligned with the strategic objectives of the Department, remains committed to adding value and meeting all our stakeholder's expectations. As such, the unit will continue to participate in the audits of the Department's Quality Management System on a periodic basis.

INTERNAL AUDIT UNIT

The Internal Audit Unit (IAU) reviews the Department's Financial and Administrative operations through the implementation of its annual audit plan and verifications of accounting and human resource related information as the need arises. The unit reports administratively to the Auditor General and functionally to the Audit Committee. Quarterly reports are also submitted as required to the Ministry of Finance and the Public Service (MoFPS).

The IAU covered most of the areas identified as high risk in its annual risk assessment resulting identifying areas of weaknesses and made relevant recommendations for improvements in the Department's operations and risk management process.

OUR ACHIEVEMENTS

The IAU completed 65 per cent of planned audits for the reporting period ended November 2020.	The IAU participated in the Gap analysis of the Department's Ethics Framework	The IAU was trained in a number of areas including IPSAS and the development and conduct of a Quality Assurance Improvement Program (QAIP)

THE YEAR AHEAD

The IAU plans to expand the scope of IT audits to include the Department's additional IT security risks in light of the COVID-19 pandemic	Migration to the TeamMate + platform	The IAU will continue to play a pivotal role in the audits of the AuGD's ISO 9001 Quality Management Systems

INTERNAL AUDIT REPORTS

During the year, the IAU reviewed and reported on the Department's Contract Activities. Reviews were completed on the Monthly Financial Statements as well as the Appropriation Accounts for the fiscal year ended March 31, 2020. Follow-up Reviews were also carried on the management of the Functions Delegated under the Public Service Regulations (1961). The IAU continues to complete unplanned audits requested by the Corporate Services Unit and the MoFPS. Quarterly follow-ups of the implementation of audit recommendations were completed to determine Management's actions in response to audit recommendations.

The Internal Audit Unit also participated in an assessment of the gaps in the Department's ethics system and played an instrumental role in getting the Department ready for its ISO 9001:2015 Certification Audit.

The IAU experienced staff constraints in 2020, which impacted output. The Unit was unable to replace the Internal Auditor who resigned from the service just before the pandemic began. There were also a large number of pre-audits that had to be completed which, coupled with the Unit's involvement in the AuGD's ISO 9001:2015 certification activities, reduced the Unit's output for the reporting period. The AuGD's Audit Committee was only able to meet once during the reporting period due to the quorum issues and the COVID-19 Pandemic.

Table 3: Internal Audits Reviews completed and submitted to the Audit Committee

AUDIT TOPICS
Appropriation Accounts (2019/2020)
Monthly Financial Statements
Reverification and Re-submission of Appropriations Accounts for 2013/2014 and 2015/2016
Information Security (WIP)
Follow up Report on the Review of Management of the Functions Delegated under the Public Service Regulations (1961) For the period November 1, 2013 to October 31, 2017
Petty Cash
Procurement Contracts
Quarterly follow-up on the Status of Audit Recommendations
Quarterly Contract Awards
Unplanned Audits via the Corporate Services Division Verification of Performance-based Salary Arrears Verification of Vacation Leave for Officers who resigned from the service Verification of Widows and Orphans returns to officers that resigned/retired from the service

LOOKING FORWARD

Having completed training in Quality Assurance, the Internal Audit Unit is looking forward to incorporating a Quality Assurance Improvement Program in its annual workplan. The coming year will also see the Internal Audit Unit migrate to the TeamMate Plus platform, the cloud-based version of the audit management software that government internal auditors utilise. That program is being spearheaded by the Internal Audit Directorate of the MoFPS. It is especially relevant, given the challenges posed by the COVID-19 Pandemic as the TeamMate Plus platform allows you to work from anywhere provided you have an internet connection and access to client's data. The Unit is also looking forward to leveraging the available technological resources including the continued use of the Microsoft Teams platform for Audit Committee meetings.

SECTION 2

PROVIDING ASSURANCE

RELEVANT STRATEGIC OBJECTIVES

SDG 2030

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

16.6 Develop effective, accountable and transparent insitutions at all levels.

GoJ National Development Plan, Vision 2030

Goal 2: The Jamaican society is secure, cohesive and just.

National Outcome 6 - Effecftive Governance.

National Outcomes

6.1 Strengthen the process of citizen participation in governance.

6.5 Strengthen public instutitions to deliver efficient and effective public goods and services.

6.7 Strengthen the accountability and transparency mechanisms.

AuGD Objectives

To improve public sector financial management and governance through the provision of financial compliance, information technology and performance audit reports on the basis of the ISSAIs resulting in actionable recommnedations.

To maximise the impact of our audit products by reflecting emerging risks and stakeholder's concerns in the planning of our audit work and by improved communciation about audit results.

THE ASSURANCE AUDIT

FINANCIAL STATEMENTS, APPROPRIATION ACCOUNTS AND COMPLIANCE AUDITS

2.1.1. 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.

2.1.2. In addition to the audit of financial statements, the Department's compliance audits are undertaken to determine the extent of compliance with the applicable laws, instructions, circulars, guidelines, standards and best practices. The key findings of the compliance audits were reported to the relevant Accounting and Accountable Officers and are included in section 3 of this report. During the period under review, we planned twenty-three (23) audits and issued 15 reports. As of November 30th, eight (8) reports remained as work-in-progress.

THE YEAR IN REVIEW

2.1.3. We delivered on key strategic objectives of the Department in 2020, through the conduct of one hundred and four-ty-five (145) planned audits of Public Bodies, Internationally Funded Projects, and MDAs. This target takes into consideration the Department's planned output for quarter 4 (FY2019/2020) and planned output for quarters 1 and 2 (FY2020/2021) with a cut-off date of November 30th for inclusion in this report. Of these 145 audits, 96 were executed, this represents 66.2% of the planned Financial Statements, Appropriation Accounts and Compliance audits for the period under review. The remaining 49 audits were recorded as work-in-progress.

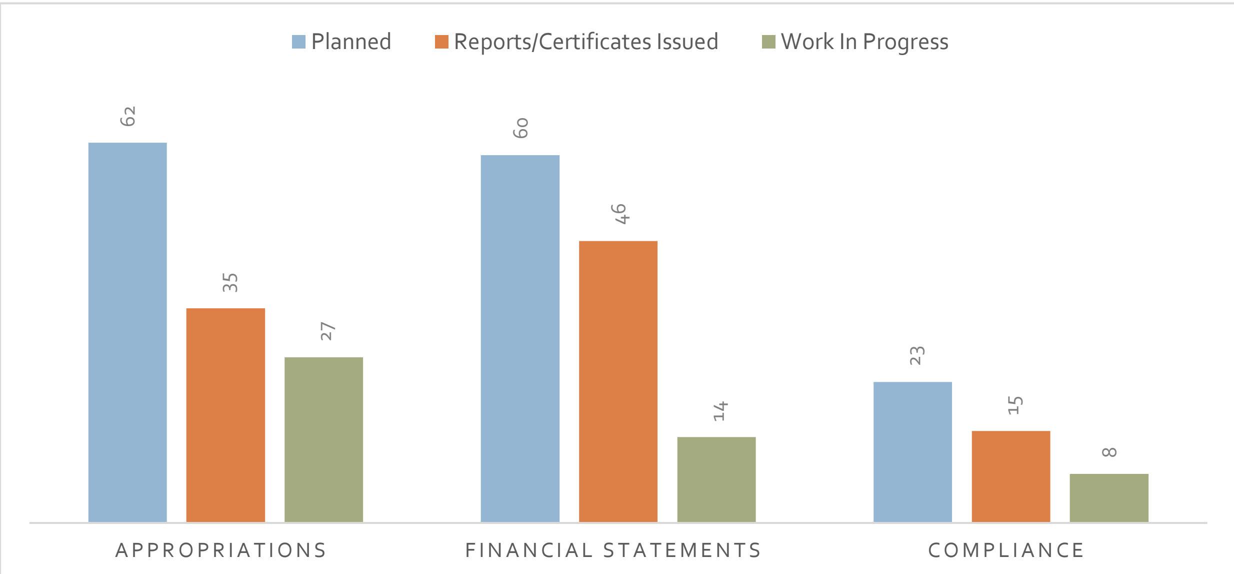


Figure 7: Planned and Executed Audits (Reports/Certificates Issued and Work in Progress)

The timely completion of our audits continues 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.

These delays account for the 49 audits which remain as WIP as of November 30, 2020.

2.1.4. Up to the time of this report, a total of 352 statements were outstanding spanning financial years 2008/2009 to 2019/2020. Of this number, 188 represent Appropriation Accounts and 164 represent the financial statements of Public Bodies. The Department has sought to include all outstanding statements between 2008/2009 to 2018/2019 in a backlog audit project anticipated to last three years and supported by a dedicated team of twelve auditors.

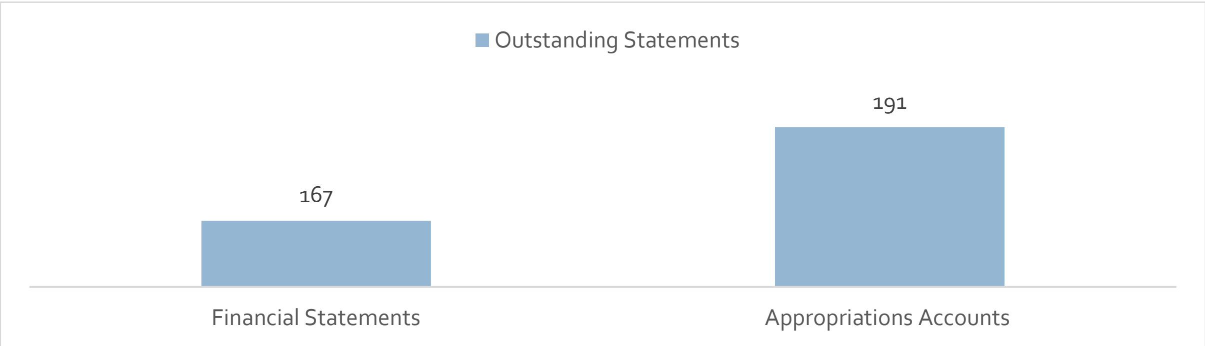


Figure 8: Outstanding Statements

Completion Reports

2.1.5. In keeping with the AuGD's policy and procedures, an audit completion report highlighting compliance and other issues identified during the audit of the financial statements and Appropriation Accounts is issued to clients. For the period under review, we issued fifty-five (55) such completion reports, with some reports relating to multiple financial years and or more than one account. The findings from these are included in section three of this report.

Our Achievements

46 or 77% of planned Financial Statement audits were issued with 14 remaining as WIP

35 or 56% of planned Appropriation Account audits were issued with 27 remaining WIP

15 or 65% of planned Compliance audits were issued with 8 remaining WIP

Our Challenges

Delays in getting information from clients

Incomplete information from clients

Inadequate management review of the financial statements especially the apporpriation accounts prior to submission for audit resulting in the need for frequent corrections.

The Year Ahead

To develop a full project plan to address the backlog audits

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 increase the use of the thematic apporach in our compliance audits

INFORMATION TECHNOLOGY AUDIT

THE YEAR IN REVIEW

2.2.1. 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 verify whether the government receives value from Information Technology (IT) investments and the associated security risks are properly managed.

2.2.2. Included in our annual report for the calendar year 2019, we planned to finalise three outstanding audit reports: Passport Immigration and Citizen Agency (PICA), Jamaica Library Service (JLS), Ministry of Local Government and Community Development (MLGCD) Application Management and Data Automation AMANDA) system and complete audit of the Ministry of Health and Wellness -records Management. These audits were included in our planned targets for the current 2020/2021 FY but were however not completed as planned to facilitate a request by the Minister of Finance to undertake the audit of the COVID-19 Allocation of Resources for Employees (CARE) Programme, which is the temporary cash transfer programme to individuals and businesses to cushion the economic impact of the *COVID-19* Pandemic.

AUDIT COVERAGE

Entity	Area of Focus	Status	Comments
Appropriation Accounts and Compliance Audit Reports			
Supreme Courts and Parish Courts (2016/17 and 2017/18)	Appropriation accounts, expenditure, journal vouchers, advance and payroll	Completed - April 2020	Appropriation Accounts certified
Legal Reform Department and Office of the Parliamentary Counsel (2018/19)	Fixed assets, emoluments, procurement, bank reconciliation, expenditure vouchers	Completed – September 2020	Two Appropriation Accounts certified
Department of Correctional Services (2016/17 and 2017/18)	Fixed assets, emoluments, procurement, bank reconciliation, expenditure vouchers	Completed – November 2020	
Information Technology Audit Reports			
Ministry of Finance and the Public Service	Review of the Information Systems Infrastructure Governing the CARE Programme with specific emphasis on the Compassionate Grant and SET Cash Components	Completed - May 2020	Based on the time constraints to provide the COVID-19 benefit, eGOV utilized an agile software development model in developing the CARE web application. Consequently, the AuGD adopted elements of the agile audit methodology to conduct, what we considered to be, a

Entity	Area of Focus	Status	Comments
Ministry of Finance and the Public Service	Review of the Information Systems Infrastructure Governing the CARE Programme with specific emphasis on the Compassionate, SET Cash, Small Business & PATH Grants Components	Completed - June 2020	real-time audit of the application whilst in the developmental stages.
Ministry of Finance and the Public Service	Review of the Information Systems Infrastructure Governing the CARE Programme with specific emphasis on General Grant	Completed – November 2020	
Passport Immigration and Citizen Agency (PICA)	Information Security Management and related controls.	Report being finalised	Deadline extended due to impact of COVID-19 to obtain audit evidence; resources re-allocated to audit of the CARE Programme and finalization of Compliance Audit Reports
Jamaica Library Service (JLS)	IT Project Management	In progress	
Ministry of Local Government and Community Development	Application Management and Data Automation Software (AMANDA)	In progress	

Table 4: Audit Status

OUR ACHIEVEMENTS

Over the period December 1, 2019 to November 30, 2020, the ITAU achieved the following:

We completed and issued three IT audit reports, 3 reports remain as WIPS

We certified three Appropriation Accounts and issued the related completion reports

We completed and issued one Compliance audit report

Addressed knowledge gaps through professional development initiaitves in data analytics, risk assessment, and agile auditing

Our Challenges

Competing demands resulting in the rescheduling of deliverables	Delays in the submission of documents and records by clients	Technical inexperience of the team

The Year Ahead

We plan to restructure the IT Audit Unit based on in-depth analysis on the performance of the unit and the development of a new IT audit staff profile.	We will seek to further strengthen staff competencies in data analytics and root cause analysis through external training initiatives.	We will continue to request information in advance to avoid delays in executing the audit plan.

THE PERFORMANCE AUDIT UNIT

THE YEAR IN REVIEW

2.3.1. The Performance Audit Unit (PAU) sought to achieve the key strategic objectives of Auditor General's Department, through implementation of the 2020-21 audit plan and the completion of audits carried over from previous years. We continued to use a risk-based thematic approach to select our audit topics, which sought to promote good governance and public financial management while assisting Parliament and citizens in holding public bodies to account. Accordingly, we continued to rely on feedback from Parliament, civil society, and other stakeholders to assess the impact of our audits.

2.3.2. However, as in previous years, the timely completion of our audits was adversely affected by delays in the submission of requested information, by some auditees as well as, deficiencies in their records management. Additionally, since March 2020, following the onset of the COVID-19 pandemic, these challenges have been exacerbated by the social distancing requirements among other restrictions, which extended the time spent reviewing physical records and consulting with our auditees. Notwithstanding, we continued our efforts to deliver high-quality audit reports with implementable recommendations, through rigorous interrogation of audit evidence using various analytical tools and verifications, consistent with our quality standards and the expectations of our stakeholders. Through the continued preparation of summaries (Prompts) of key findings and verifications, we assisted the Public Accounts Committee (PAC) in its review of issues raised by our audits.

OUR ACHIEVEMENTS

Greater feedback through consultations and surveys	Increased use of analytical tools and technology	Improved technical capacity through blended learning

OUR CHALLENGES

Delays in receipt of requested documents	Fieldwork affected by COVID-19 restrictions	Frequent requests for more time to provide information and respond to draft report

PERFORMANCE AUDIT REPORTS

2.3.3. Our performance audits continued to focus on governance practices and systems of internal control, particularly in the area of procurement and contracts management, in a context where our stakeholders and Parliament need to be assured that the Country receives value from the use of scarce financial resources. The performance of the Ministries, Department and Agencies (MDAs) were assessed in the context of the PBMA and FAA Acts, Government Procurement Guidelines and circulars, as well as the Corporate Governance Framework and good practice. We also considered the alignment of the entities' strategic and operational plans with the National Development Plan (NDP) - Vision 2030 and the UN Sustainable Development Goals (SDGs).

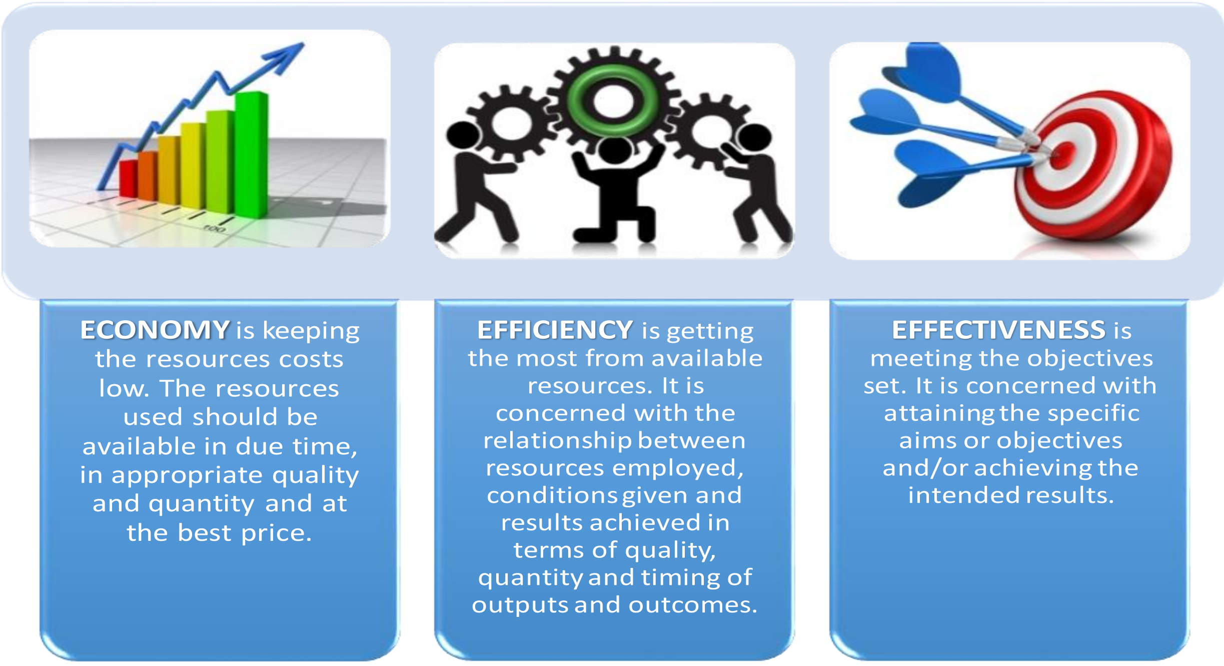


Figure 8: Performance Audit Reports

2.3.4. In the context of the additional challenges imposed by the COVID-19 environment, we increased our reliance on mid-point reviews and the Findings Matrix, to detect information gaps and material issues to address, on a timely basis, any problem that could affect the quality of our audit reports. At the same time, although we continued to review the physical audit evidence, we reinforced our requirement for auditees to provide information in soft copy to enhance the efficiency of the review process and to limit the exposure of all involved to the adverse effects of the COVID-19 pandemic. We also utilised virtual platforms to conduct meetings with the entities, which also proved to be effective.

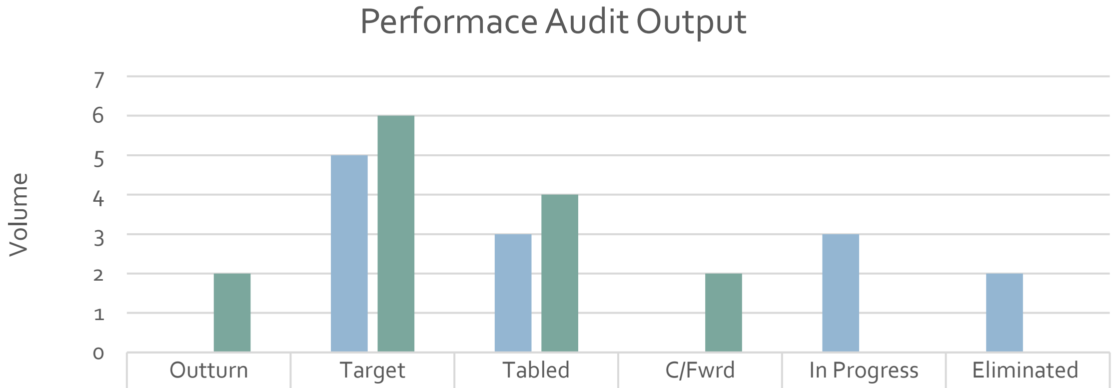
QUANTITY

2.3.5. To date, we have completed all outstanding audits carried forward from our 2018-19 and 2019-20 audit plans. Our 2020-21 audit plan was adjusted from five audits to three, in a context where the CAROSAI collaborative audit of the public health care systems coincided with our original plan to audit Jamaica's primary health care system and replaced the collaborative audit of coastal erosion. Currently, from our 2020/21 audit plan, the audit of Nutrition Products Limited is in progress, whereas planning has commenced for Major Infrastructural Development Project (MIDP)and Strong Resilient Public Health System audit linked to SDG3D. From the 2019-20 audit plan, the audit of Tourism Product Development Company Limited, which commenced in March 2020, consequent on delays in receipt of pertinent documentation, is in progress.

AUDIT COVERAGE

Audit Topic	Audit Plan	Date Table	Status	Comments
DG: Environmental Audit: Management of Forest Resources	2020/21			Removed from audit plan
Strong & Resilient National Public Health Systems: CAROSAI Collaborative Cross-Cutting Audit (linked to SDG 3D)	2020/21		Planning/training in progress	Replaced Coastal Erosion (CAROSAI Collaborative Cross Cutting Audit)
Nutrition Products Limited (NPL)	2020/21		Audit in Progress	Affected by delays in receipt of documentation
MIDP	2020/21		Planning in Progress	Audit to commence 2021
Delivery of Primary Health Care	2020/21			Subsumed in CAROSAI Collaborative Audit
Tourism Product Development Company Limited (TPDCO): Governance and Project Management	2019/20		Audit in progress	Affected by COVID-19 challenges.
HEART Trust/NTA	2019-20	September 2020		
Management System for the Maintenance of Parochial Roads: St Catherine Municipal Corporation	2018-19	July 2020		Converted to separate audit
Management System for the Maintenance of Municipal Roads: Kingston & St Andrew Municipal Corporation	2018-19	December 2020		Converted to separate audit
Governance Arrangements in Ministry, Region 1 & Selected Schools	2018-19			Audit to be updated
Urban Development Corporation	2018-19		Audit report delayed	Awaits audited financial statements and other documentation.

Table 5: Performance Audit Unit Audit Coverage



	Outturn	Target	Tabled	C/Fwrd	In Progress	Eliminated
2020/21	0	5	3		3	2
2019/20	2	6	4	2		

Figure 9: Performance Audit Output

OUR FINDINGS

2.3.6. As in previous years, we found deficiencies in Governance practices, particularly monitoring and oversight, and the absence of internal controls that undermined the efficiency and effectiveness of some MDAs. In addition, limited adherence to Government procurement guidelines as well as weak contract management denied the achievement of value from money (VFM) spent on projects. A comparative review of findings from the audits of the management systems for roads under the purview of RADA, St Catherine and Kingston & St Andrew municipal corporations, revealed common weakness which raised concerns regarding the efficient and effective use of resources in undertaking project, such that the Government and citizens of Jamaica receive value for money. In all three instances, the audits revealed a lack of knowledge regarding the extent of the road network for which they were responsible, limited strategic direction from the municipal corporations in terms of targets and performance indicators, a lack of transparency in the award of contracts, weak oversight of road projects and deficiencies in testing to ensure completed works meet quality standards.

The audit sought to assess whether Government, through SCMC had a reliable quality management system for Jamaica's parochial roads; and whether SCMC had adequate systems of internal control to ensure that funds allocated for the rehabilitation/maintenance of road works were managed effectively to enable the delivery of roads that met quality standards and receipt of value for money.

MANAGEMENT SYSTEMS FOR THE MAINTENANCE OF PAROCHIAL ROADS: ST CATHERINE MUNICIPAL CORPORATION (SCMC)

2.3.7. The audit revealed that the SCMC Council could not demonstrate that it provided strategic direction to enable the Corporation to achieve its objectives nor did it establish medium and long-term goals and performance targets to guide the entity's operation. For the last 5 years, the Council has not developed strategic, operational and procurement plans to guide parochial road repairs and maintenance. With no established service standards and KPIs, SCMC had no basis to determine performance and whether the targets were achieved. SCMC did not have a comprehensive inventory of roads under its purview to inform the planning and appropriately prioritize the use of limited resources for road maintenance and rehabilitation works. Further, the process of determining works to be carried out under the Roads in the Parish, Divisional Allocation and Lengthman programmes, lacked transparency.

2.3.8. SCMC failed to document the deliberations that informed decisions to guide the selection and approval of road projects and, by extension, the divisions that would benefit from road repairs. These records would have provided evidence of the requisite due diligence and consultations used to guide the selection of road projects. Deficiencies in record-keeping also limited verification that funds allocated from the Parochial Revenue Fund (PRF) were appropriately spent. Further, SCMC had limited information regarding its contract activities and due to the absence of a contract register, could not readily provide a list of the contracts entered into during the period under review. We identified 11 instances in relation to contracts with an aggregate value totalling $15.4 million, for which SCMC permitted the commencement of works before agreements were signed. In these 11 instances, the dates on the supporting documents suggested that the SCMC accepted the supplier's offer after the contractors certified that the works were done.

2.3.9. Additionally, SCMC did not provide documentation related to the selection and award of the contractors for 55 road work projects, which had a combined value of $121 million. Against this background, we could not determine how SCMC assured itself that it received value from funds spent. The Local Government (Financing and Financial Management) Act stipulates that the input of the public must be sought in determining the strategic direction of the corporation and the prioritization of limited resources. However, we saw no evidence that the SCMC consulted with the public in accordance with the Act.

The audit sought to assess whether Government, through KSAMC, had an effective quality management system for Jamaica's parochial road works. Also, whether KSAMC had adequate systems of internal controls to ensure that funds allocated for rehabilitation and maintenance are managed effectively to enable the delivery of roads that meet quality standards and achieve value for money.

MANAGEMENT SYSTEM FOR MAINTENANCE OF PAROCHIAL ROADS: KINGSTON & ST ANDREW MUNICIPAL CORPORATION

2.3.10. Our audit of KSAMC found that the Council did not consistently develop strategic plans or performance targets to facilitate the delivery of cost-effective quality road works. Strategic plans are considered necessary for assessing the maintenance needs of the roads for which KSAMC had responsibility to support efficient allocation of scarce resources, were not finalized over the period under review. We found that although KSAMC's Council developed draft strategic plans for 2018-2022 and 2020-2024, these plans remained in draft at the date of this report.

2.3.11. KSAMC advised that staff limitation impacted the Corporation's efforts to develop appropriate plans and strategies, including risk assessment and performance targets and indicated that substantial work was being undertaken in this regard. Consequently, KSAMC did not have in place, approved medium to long term strategies, goals, and performance targets to deliver a quality road network. KSAMC obtained funding for road maintenance from proportions of property tax and motor vehicle licences, paid into the MLGRD-managed Parochial Revenue Fund (PRF). However, we were unable to determine whether PRF allocations were properly allotted, owing to the absence of an updated parochial road inventory - the inventory was last updated in 1992. Over the review period

(2014-15 to 2019-20), MLGRD allocated $3.7 billion from the PRF. KSAMC did not develop any procurement plans or link aspects of financing to annual operational plans.

2.3.12. The Corporation's failure to consistently prepare annual procurement plans was not only a breach of the GOJ Procurement Guidelines but hindered the Corporation's ability to systematically plan for and execute its roads maintenance activities in an efficient and effective manner. In its response, KSAMC indicated that the Corporation has been devoid of a fully staffed Procurement Unit; for the period under review, there was only a Procurement Officer and a Procurement Clerk to manage all facets of procurement of the Corporation. However, the Corporation has had in place a very robust and professional Procurement Committee that exercised strict oversight and prudence in the execution of its duties as it related to matters brought for deliberation and approval.

2.3.13. In September 2020, the Ministry of Finance and the Public Service approved the expansion of the Procurement Unit for the KSAMC to include a Director of Public Procurement and Procurement Manager. In October 2020, applicants were invited to fill the positions.

2.3.14. From a listing of road works contracts provided, we identified 630 contracts, valuing $778 million. We noted that direct and emergency contracting procurement methodologies accounted for 89.84% (566) of the 630 contracts. However, whereas the listing provided details of the number of contracts awarded and the procurement methodologies utilized, we were not provided with documentation demonstrating the use of an adequate tendering process to determine whether KSAMC adhered to the GOJ procurement guidelines in the award of contracts.

2.3.15. Our audit found that the condition of parochial roads was at increased risk of worsening given reduction in preventative and routine road maintenance between 2014-15 to 2016-17. Our analysis of data provided in MLGRD's annual report revealed that road repair activities declined by 83 per cent, from 30.12km to 5.1km, representing 0.8 per cent of the total kilometres of parochial roads presented. Road patching, drain cleaning and bushing declined by 21, 86 and 53 per cent, respectively. Notwithstanding the decline in the volume of road work activities, KSAMC experienced a 27 per cent increase in the value of road maintenance expenditures over the same period (2014-15 to 2016-17), pointing to increased costs in the values of contracts executed/completed for less maintenance work done. In its response, KSAMC stated that it was conducting a detailed analysis of the routine road maintenance programme of 2014-15 to 2016-17 to verify the report and to determine if there was in fact a reduction.

The audit sought to determine if HEART, during the period 2014-15 to 2018-19, was managing effectively, its educational and skills training programmes to contribute meaningfully to Jamaica achieving a competent and efficient labour market; also, whether HEART and the Country received value from the money spent on skills training programmes.

CAPACITY OF SKILLS TRAINING PROGRAMME; HEART NSTA

2.3.16. Our audit found that whereas HEART made significant efforts to increase the number of trainees to its skills training programmes, certification rate relative to enrolment was low. Our analysis of enrolment data showed that between 2014-2015 and 2018-2019, of 232,301 trainees, HEART certified only 103,452 trainees or 45 per cent as at 10 June 2020. This was despite an increase in the number of admissions over the five-year period, 2014-15 and 2018-19. HEART targets a certification rate of 70 per cent for its training programmes each year. Given the low certification rate of 45 per cent, HEART would not have yielded maximum value from training expenditure of $30.5 billion, between 2014-15 and 2018-19, to deliver skills training programmes.

2.3.17. HEART indicated that its training expenditure included $3 billion for social intervention programmes and initiatives that were not geared towards certification. Deficiencies were also identified in HEART's monitoring and oversight of skills training programmes, administered by External Training Providers (ETPs), which delivered low certification results. HEART provided subventions to the ETPs, including Community Training Interventions (CTIs), to deliver skills training programmes geared towards the certification of unattached, underserved and at-risk youths. However, there was little or no entrepreneurial and employment benefits from $8.3 billion disbursed to ETPs. Further, HEART's CTI evaluation reports cited ineffective management and oversight of CTIs poor coordination, low literacy levels, and missed targets as some of the factors that contributed to the low certification rate.

2.3.18. HEART acknowledged that the social conditions of unattached youths impacted their ability to complete these programmes. However, the less than desirable outcome for these programmes demonstrated that the practice of using multiple programmes, with similar content did not reflect a comprehensive approach towards targeting at-risk youths vis-a-vis a wholistic programme that offered technical and social interventions. Further, we found that HEART did not always ensure that adequate evaluations were conducted before disbursing further subventions to continue the programmes with the respective CTIs. From a sample of 50 evaluation reports for 24 CTIs, which received subventions totalling $657 million, we found that 21 (42 per cent) of the reports did not include information needed for HEART to effectively assess the viability of the training programmes at each CTI.

2.3.19. Our audit also found that HEART did not demonstrate that it effectively monitored the Career Advancement Programme Youth Empowerment Solution (CAP-YES), in keeping with the Project Charter and its own Policy, to mitigate key risks identified. After an initial disbursement of $25 million in subvention to the Caribbean Maritime University (CMU), to administer the programme, HEART appeared not to satisfy itself that CMU complied with the established operating, reporting and expenditure control procedures, before making further disbursements totalling $50 million, bringing the total disbursed to $75 million.

2.3.20. While we were able to verify the existence of supporting documents for expenditure totalling $62.6 million, documents to support expenditure totalling $2.1 million were not provided. In March 2020, CMU returned $10.3 million approximately one and a half years after the programme ended. With low certification, employment, career advancement and business opportunities outputs, HEART could not demonstrate that it received value from the reported $64.7 million spent on the programme.

Quality

2.3.21. We planned and conducted our performance audits in accordance with Government auditing standards applicable to performance audits and standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). We also conducted our audits in accordance with the Department's Quality Assurance Framework and International Standards on Quality Control (ISQC 1). In addition, we sought to strengthen the quality of our analysis by employing analytical tools and software.

Timeliness

2.3.22. During 2020, the timeliness of our audit reports continued to be affected by delays in submission of requested information and responses to our draft reports by our auditees, coupled with the inefficiencies occasioned by manual record-keeping of many public bodies. However, the onset of the COVID-19 pandemic and the need for social distancing, among other requirements, necessitated an extension of the time taken to review and scan documentation given the limited availability of electronic records from several of the auditees. Hence, coupled with time allocated to complete audits brought over from prior years, we were only able to commence our 2020/21 audit plan in the third quarter of the year.

Looking Forward

2.3.23. Our audit plan for 2021-22 reflects three audits including the CAROSAI collaborative audit from the 2020-21 audit plan that is expected to continue well into 2021 and requiring a larger than average team given the scope. The remaining two audits themes will be selected following a review of sectors that were identified and ranked based on risk, at our 2019/20 brainstorming session held with selected stakeholders to inform our three-year rolling Strategic Business Plan. In finalising the selection of audits, we will also consider the sectoral impact of the COVID-19 pandemic and the achievement of the Sustainable Development Goals (SDGs) by 2030.

ECONOMIC ASSESSMENT UNIT

THE YEAR IN REVIEW

2.4.1. The Economic Assessment Unit (EAU) continued to support the Auditor General's responsibilities under the Financial Administration and Audit (FAA) Act, submitting five reports to Parliament in 2020. Two reports, the Auditor General's review of the February Fiscal Policy Paper (FPP) and the assessment of the Norman Manley International Airport (NMIA) public private partnership were tabled, while the Auditor General's validation of the fiscal impact of the COVID-19 pandemic, which supported Government's suspension of the fiscal rules, was tabled in May 2020. The EAU's performance audit of the Jamaica Urban Transit Company (JUTC) was tabled in July 2020, while the Auditor General's review of the FPP 2020/21 Interim Report was tabled in October 2020. Preparation of internal quarterly economic reviews and bulletins continued to support the timely review of the fiscal policy papers while providing insights on fiscal policy issues of interest to the AuGD. However, the EAU continued to be hampered in its conduct of five-year financial analyses (FSA) of selected public entities by the unavailability of financial statements and annual reports.

OUR ACHIEVEMENTS

- 3 fiscal policy reviews were tabled
- one performance audit and one PPP assessment were tabled
- All statutory deadlines were met

OUR CHALLENGES

- Unavailability of financial records from selected public bodies.
- Delays in receipt of requested information as well as access challenges associated with the COVID-19 Pandemic
- Limited availability of electronic records

ECONOMIC ASSESSMENTS

Reports Submitted to Parliament	**Date Tabled**	**Deadline**	**Comments**
Review of the Fiscal Policy Paper FY2020/21	February 2020	Met	Tabled within the period specified by the FAA Act
Review of the FPP FY2020/21 Interim Report	October 2020	Met	Tabled two weeks after the Ministry of Finance tabled the Report.
Assessment of NMIA PPP	February 2020	Met	
Auditor General's validation of the fiscal impact of COVID-19	May 2020		Enabled the Government's Suspension of the Fiscal Rules for 2020/21
Performance Audit of JUTC	July 2020		
Financial Statements Analytical of USF	In progress as per plan		

Table 6: EAU Reports Submitted to Parliament

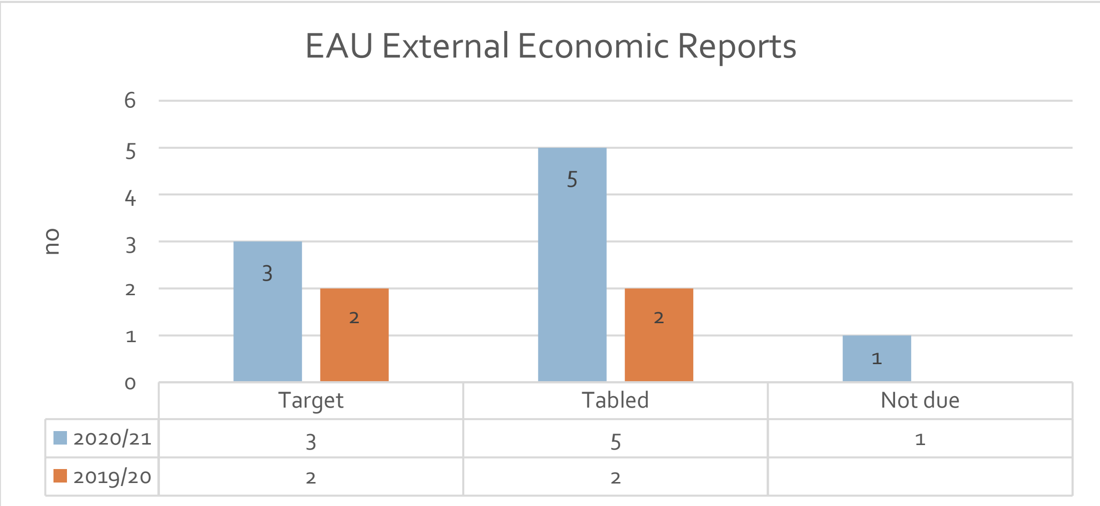


Figure 10: EAU External Economic Reports

FISCAL POLICY PAPER (FPP) FY2020/21

The review of the FPP FY2020/21 that was tabled in Parliament on February 11, 2020, 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.

2.4.2. The Auditor General (AG) found that the FPP met the requirements of the Third Schedule and included the minimum content under the Fiscal Responsibility Statement, Macroeconomic Framework and Fiscal Management Strategy. The FPP identified and evaluated major risks under the classifications Macroeconomic risks, Contingent Liabilities, Natural Disasters & Climate Change and 'Others', as well as mitigating strategies for most of these risks. However, the Report did not provide sufficient evaluation for some of the identified risks, in particular inflation, nominal economic growth, natural disasters, and contingent liabilities emanating from public bodies.

2.4.3. The Auditor General found that actual outturns for FY2016/17 to 2018/19 deviated marginally from target, while the forecasts for FY2019/20 and FY2020/21 in the FPP FY2020/21, were conservatively adjusted downwards relative to the FPP FY2019/20, consistent with lower projections for global economic growth. For FY2021/22 and FY2022/23, the macroeconomic indicators were adjusted to reflect an improvement in most industries, while cognizant of significant risks. Against this background, the Auditor General was reasonably assured that the FPP FY2020/21 complied with the conventions and assumptions of prudent fiscal management and the enhanced fiscal rules, notwithstanding the additional global risk to economic activities from the ongoing coronavirus.

2.4.4. The Auditor General found the reasons given for the deviations in revenue from the budget for April to December 2019 to be reasonable, particularly for tax and non-tax revenue. The Auditor General recommended that future Fiscal Policy Papers disclose the source of net public sector debt, including disaggregation of foreign currency and interest rate composition, as this would provide greater transparency in relation to the reasons of the accumulation of public debt, given the change in classification since April 2017.

The mid-year (Interim) FPP Report, which was laid before the Houses of Parliament on October 6, 2020 was reviewed in accordance with the Auditor General's responsibilities under Section 122 of the Constitution of Jamaica and the requirements of FAA Act.

FPP FY 2020/21 INTERIM REPORT

2.4.5. The FPP FY2020/21 Interim Report was reviewed in the context of the FAA Act and the continuing implications of the COVID-19 pandemic for Jamaica's fiscal outlook. The Interim FPP indicated that for FY2020/21, nominal and real GDP are projected to contract by 2.8 per cent and 7.9 per cent, respectively, relative to growth of 5.7 per cent and 1.2 per cent projected in the February FY2020/21 FPP. For FY2021/22, nominal and real GDP growth are projected at 8.7 per cent and 4.2 per cent, respectively, as the economy is expected to recover from the large contraction in the current fiscal year.

2.4.6. The Report did not provide a justification for the recovery. Having highlighted that subsequent to the lifting of travel restrictions, Jamaica has been experiencing increases in the number of positive COVID-19 cases and that if the situation worsened there could be further tightening of restrictions which could adversely impact economic activities; prudent fiscal management would dictate a more conservative approach to the forecast for FY2021/22. However, the Ministry maintained its optimistic forecast, treating the worsening COVID-19 pandemic as a potential explanation for the deviation to FY2021/22 fiscal outturn, instead of adjusting the fiscal indicators downward.

2.4.7. The Report also highlighted that for FY2019/20, revenue overperformed relative to the Original Budget and Third Supplementary estimates, based on record low unemployment and improving economic performance. However, given the significantly lower GDP than budgeted for FY2019/20, and the established relationship between tax revenue and GDP, the explanation provided was insufficient. The Auditor General reiterated her recommendation that the Ministry should consider reporting on the performance of tax arrears collected relative to the Budget, as this could provide greater transparency in explaining revenue performance. The explanations provided for the deviations in Revenue relative to the Revised Estimates for April to July 2020, merely represented a disaggregation of the components. For example, the underperformance of taxes from international trade activities was ascribed to lower receipts from customs duty, stamp duty and environmental levy, instead of the underlying causes such as the level of imports and exchange rate. Similarly, for Income & Profits and Production & Consumption, there was no indication of causation factors such as interest rate or economic output.

2.4.8. The Interim FPP however, indicated that three of the existing PPPs had indicated their intention to invoke the force majeure clauses provided for in their concession agreements. Our review of the Norman Manley International Airport PPP using the IMF/World Bank PPP Fiscal Risk Assessment Model (PFRAM), noted that in the event the force majeure continued without remedy beyond six months, inhibiting the Concessionaire's performance of service, either party could initiate termination of the Agreement. Although the likelihood of such event materializing was assessed to be low, the fiscal impact to the Government was assessed to be medium, in the context where the level of termination payment by AAJ to the Concessionaire is mitigated by insurance proceeds, which accrue to the Concessionaire. In contrast, the Government would still have to contend with potentially lower revenues.

Section 48C (3) of the FAA Act states that "Subsection (2) applies where:

The Auditor General has validated in the prescribed manner that the estimated fiscal impact of the eventuality is equal to or greater than one and a half per cent of gross domestic product; and thereafter.

AUDITOR GENERAL'S VALIDATION OF THE FISCAL IMPACT FROM THE COVID-19 PANDEMIC

2.4.9. On May 13, 2020, the Minister of Finance announced in the House of Representatives his intent to move for a suspension of the fiscal rules promulgated in February 2010 and amended in 2014 and 2015, owing to the COVID-19 Pandemic. The Auditor General reviewed the submission of the Planning Institute of Jamaica, as required by the Financial Administration and Audit (FAA) Act, as well as supporting information from the Ministry of Finance related to the Minister's request for the suspension of the Fiscal Rules.

2.4.10. In order to measure the estimated fiscal impact, the AuGD used the Ministry of Finance's revised medium-term projections for nominal GDP, exchange rates and interest rates, along with other macro-economic indicators to project for Central Government revenue, expenditure, fiscal balance as well as the public debt stock. The results were found to be similar to the Ministry's revised forecast for the Central Government accounts; with differences of less than 0.001 per cent of GDP in respect of tax revenue and 0.01 per cent of GDP for the fiscal balance. Based on these results, the Auditor General validated that the estimated fiscal impact of the eventuality - the COVID-19 pandemic, exceeded the GDP threshold of 1.5 per cent.

The JUTC performance audit was pre-empted by an attempt to assess its performance through a five-year financial statement trend analysis, which was thwarted owing to the absence of financial statements for the period FY2017/18 and FY2018/19. The audit sought to determine whether JUTC was managing the operations and maintenance of its fleet economically and efficiently such that commuters received a reliable level of service. Also, whether JUTC had adequate internal controls to enable the entity to operate in an efficient and effective manner and receive value from funds spent.

THE PERFORMANCE AUDIT OF THE JAMAICAN URBAN TRANSIT COMPANY (JUTC)

2.4.11. The audit found weaknesses in JUTC's governance practices and internal control environment, which were manifested by a lack of financial transparency, breaches of the Human Resource (HR) policy, minimal adherence to Government guidelines, including procurement law and guidelines, and limited accountability by JUTC's leadership.

2.4.12. The audit found that poor Human Resource Management (HRM) practices and weak financial management resulted in unbudgeted or unapproved expenditures. JUTC had an unapproved staff capacity costing an accumulated $1.15 billion that was not leveraged for operational efficiency. Its management exceeded the overtime budget by $728.6 million, despite excess staff capacity. Moreover, the recruitment of mechanics during the period was mainly apprentices and lower grade mechanics on temporary contracts ranging from 6 to 12 months initially, with subsequent short-term extensions.

2.4.13. Although JUTC conducted a route assessment in FY2017/18 to streamline its operation and improve efficiency via route rationalisation, the programme was subsequently discontinued without any evidence of approval from the Board or analysis regarding the impact on service or financial sustainability. JUTC could not determine the specific operational cost per bus to inform its operational strategies and further, most of the fleet was not installed with the necessary specialized hardware and software to facilitate this analysis. JUTC's fleet management software - Automated Vehicle Locator (AVL) system acquired in 2017 was yet to be implemented, denying the achievement of value for money.

2.4.14. JUTC's management did not actively monitor sub-franchise operators to assess whether the arrangement benefitted the Company. We found no structured reporting on the operations of these sub-franchises in respect of the total performance of all JUTC routes, in terms of revenue and passenger count, to inform route rationalization exercises and assess the viability. Further, JUTC's maintenance programme was ineffective, as demonstrated by a high incidence of malfunctioning buses, which adversely impacted service delivery. Despite excess mechanics on staff and available funding for training, JUTC's management outsourced maintenance and repairs services, costing approximately $419 million.

2.4.15. Additionally, frequent use of direct contracting procurement methodology for high-value transactions, particularly fuel, did not meet the important principles of transparency, competition, and fairness. The lack of adequate due diligence by JUTC in its procurement of buses resulted in the non-receipt of full value for money. We also noted a net accumulated shortage of 231,222.3 litres of fuel, valued at approximately $36.5 million with shortages at the Portmore depot accounting for approximately 55 per cent of the net accumulated shortage and JUTC failed to properly account for the fuel variations recorded in its reconciliation reports.

2.4.16. The Auditor General recommended that JUTC urgently conduct a cost-benefit analysis to determine the feasibility of its bus routes and determine whether an expansion in the sub-franchise operations would benefit the financial sustainability of the Company. In addition, a structured monitoring mechanism should be implemented for sub-franchise operators to increase the level of accountability. The Board should implement internal controls to ensure adherence to Government Policy guidelines and regulations, as well as the adoption of proper HRA practice. JUTC must also take immediate steps to improve inventory management systems and consider full implementation of the electronic inventory management system Sage Accpac.

Internal Reports

2.4.17. The EAU prepared three Internal Quarterly Economic Reports (IQER) on Central Government performance from January to March 2020, April to June 2020 and July to September 2020. Of note, the report for the December 2020 quarter is not yet due. In addition, the Unit prepared two Economic Bulletins, one outlining the GOJ Revenue Measures and Fiscal Stimulus Response, and the other informing on the disbursement of US$520 million to Jamaica by the International Monetary Fund to address the COVID-19 Pandemic. These reports continued to support the timely review of the Fiscal Policy Papers (FPP) while keeping staff informed on current fiscal developments.

Quality

2.4.18. The EAU conducted its reviews of the Fiscal Policy Paper in accordance with the standards issued by the International Association of Supreme Audit Institutions (IASAI) and the International Standard on Assurance Engagement (ISAE) 3000. The Unit benefitted from the input of the Department's Quality Assurance Unit, which sought to ensure that all reports adhered to the required quality standards.

Timeliness

2.4.19. The EAU met all statutory deadlines for the submission of the Fiscal Policy Papers. However, in terms of the Performance Audit of the JUTC, the deadline for completion was missed, due in part to delays in the provision of requested information, as well as the manual nature of some of the Company's records.

Looking Forward

2.4.20. In accordance with the Auditor General's responsibilities in the FAA Act, we plan to review and submit to Parliament for tabling, two Fiscal Policy Papers (inclusive of the interim mid-year review). We also intend to undertake analytic reviews of the financial statements for one self-financing public body and a performance audit of a related entity. We will continue to prepare quarterly reviews of Central Government performance to inform the FPP reviews, as well as economic bulletins on fiscal issues of interest to AuGD staff.

SPECIAL AUDITS UNIT

THE YEAR IN REVIEW

2.5.1. The Special Audits Unit continued to support the key strategic objectives of Auditor General's Department in 2020, through the conduct of special audits in keeping with Section 25 of the FAA Act. Audits were selected based on requests from Public Accounts Committee, the public, as well as internal assessments. However, given the volume of requests from the stakeholders for special audits, we continued to use a risk-based approach to select our audits, while relying on the feedback from Parliament, civil society, and other stakeholders to assess the impact of our findings and recommendations. Further, we adopted an agile approach to our audits whereby all team members were involved in the planning and review sessions, frequently revisiting the audit objectives to clear up bottlenecks to ensure ongoing focus on the high value areas of the audits.

2.5.2. The benefit of this approach was manifested in the broadening of the scope for the audit of the Private Bonded Warehouses at the Jamaica Customs Agency (JCA) to include the Bunkering services at the Ports, based on continuous interrogation and exploration of audit evidence by team members. Although the expansion of the audit scope impacted the achievement of the targeted deadline, the audit is nonetheless, at an advanced stage.

2.5.3. During the year, the Unit was also called upon to assist with an audit of COVID-19 resources for the Employees Care Programme, based on the Government of Jamaica's response to the impact of the COVID-19 pandemic. The audit of the CARE Programme utilized the Real Time Audit Approach, which was unprecedented at the AUGD. This approach entailed undertaking the review while the programme was ongoing and prior to the payments being made, enabling millions of dollars in savings to the Government by detecting irregularities and anomalies in real time, protecting the integrity of the programme. The audit was conducted in three phases which culminated with the tabling of three reports. In the first phase, we collaborated with the Information Technology (IT) Unit to audit the Compassionate Grants, while we exclusively audited: SET CASH, BEST CASH and Small Business Loans under the programme. Two of the reports were tabled in April and June 2020, respectively, while the third phase report was tabled in December 2020.

SPECIAL AUDITS

Audits	Status	Comments
Private Bonded Warehouses at JCA (2018/19 Audit Plan)	In progress	Scope broadened to include Bunkering Services at the ports of Jamaica
COVID-19 Resources for Employees (Care) Programme	Tabled	Three reports (April, June & December 2020)

Table 7: Special Audits Reports Status

THE COVID-19 RESOURCES FOR EMPLOYEES (CARE) PROGRAMME

2.5.4. The audit review of the COVID-19 Allocation of Resources for Employees (CARE) Programme, which is the temporary cash transfer programme to individuals and businesses to cushion the economic impact of the COVID-19 Pandemic, was undertaken in response to a specific request from the Minister of Finance.

2.5.5. The overarching objective of the audit was to determine whether the programme's internal control structure was sufficient to reduce the risk of grant awards being made to individuals who do not meet the qualifying criteria. Accordingly, the audit therefore sought to assess the integrity of the *We Care* application and the strength of its security protocols to provide assurance that reliance could be placed on the system to process and validate payments only for applications that meet the *We Care* programme established qualifying criteria. The application reviewed focused on the step-by-step processing and handling of data, from the application stage to the approval for disbursement.

2.5.6. The audit was conducted in accordance with auditing standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI) that require among other criteria, that we plan and perform the audit to obtain reasonable assurance that reliance may be placed on the internal controls over the CARE Programme and that the transactions were executed in accordance with the relevant guidelines. The audit was executed in three phases commencing with an information system's review of the '*We Care* Application' (CARES Portal) which manages the receipt, processing, and validation of applications, followed by the SET Cash and Small Business Grants components and finally an interrogation of the CARES Portal database related to BEST Cash.

THE FIRST PHASE: *WE CARE* APPLICATION (CARES PORTAL)

2.5.7. The audit of the CARES Portal revealed that the physical and environmental security controls implemented by eGovJa were adequate to prevent and detect unauthorised access and environmental hazards to the CARES system servers. The entity had formal policies and procedures which were observed to be effective and consistent with international best practices. Access to sensitive facilities was appropriately restricted and only accessible to authorized personnel.

2.5.8. On the other hand, our tests of the database of 402,393 applications revealed a few anomalies. For example, 394 applicants were flagged as eligible although they did not meet the established criteria; 3,343 applications were processed after the cut-off date; submissions of five applicants were accepted by the system for grants in two different categories. Additionally, at the time of this report, we did not complete our verification to determine whether the system restricted applications to Jamaican-based Internet Protocol (IP) addresses. The issues identified were immediately brought to the attention of eGov Jamaica to investigate the matters before payments are made to the individuals. Subsequently, eGov Jamaica confirmed our findings and indicated that additional control measures had been or would be implemented to prevent a recurrence.

THE SECOND PHASE: SET AND SMALL BUSINESS GRANTS

2.5.9. This phase of the audit sought to determine if there was compliance with the eligibility, processing and disbursement guidelines pertaining to the SET Cash and Small Business Grants components, as well as assess additional controls over the processing of Compassionate Grants to determine the effectiveness of the bank validation controls, and the reliability of the batching, approval and disbursement processes. An assessment of the risks associated with the payment of the COVID-19 PATH Grant was undertaken to determine whether reliance could be placed on the systems and processes used in administering the Grant under this component of the CARE Programme.

2.5.10. We found that there was compliance with the eligibility rules relating to the Small Business Grants component. The controls over the bank validation, batching, approval and disbursement processes relating to the Compassionate Grant, SET Cash and Small Business Grants were reliable and operated effectively. Although the SET Cash eligibility controls operated as designed, the efficiency of the eligibility determination process was impacted by anomalies associated with the P45s submitted by employers in relation to their payroll tax returns.

2.5.11. The review of the COVID-19 PATH Grant payments revealed that approximately nine per cent of the additional beneficiaries on the May 2020 payments list were previously terminated and should not have been included on the list. The Ministry of Labour and Social Security indicated that a review was being undertaken to strengthen the relevant controls to prevent a recurrence.

THE THIRD (FINAL) PHASE: BEST CASH

2.5.12. We compared the BEST CASH grant applications in the CARE Portal System with the P45s and payroll tax returns in RAiS for those companies in the tourism sector to confirm the eligibility status of each applicant based on the CARE Programme's eligibility requirements. Based on the changes in criteria, we had to perform our audit eligibility test six times. On the final audit review, we found no employee retention count differences between our test and TAJ's determination as reflected in the CARE Portal System.

2.5.13. However, the audit revealed that in 17 instances, the employers indicated that they retained less than what was determined through the eligibility criteria. This difference amounted to an aggregate excess of 488 employees, which represents an excess of $8,784,000 in BEST CASH grants. Discrepancies in the filing of the payroll tax returns inclusive of the noted challenges with the varying payroll software may have accounted for the differences emanating from those reflected on the payroll tax returns and those retained. EgovJa later indicated that the employee retention provided by employers in April 2020, represented an estimate and had no bearing or relation to the derivation of qualified or eligible application. Therefore, there was no financial exposure or risk to the Government in terms of overpayments.

2.5.14. EgovJa further advised that even though 17 applicants (Employers) were compensated for more employees than they had initially estimated, there were also over 200 instances where applicants were compensated for less than they initially estimated. The AuGD requested that EgovJA investigate the differences out of an abundance of prudence prior to payments being made.

QUALITY

2.5.15. The Special Audits Unit conducted all its audits in accordance with the standards issued by The International Association of Supreme Audit Institutions (INTOSAI) for compliance and performance audits, Government regulations and guidelines as well as best practices. The Unit was also sought to ensure that all reports adhered to the Department's quality standards.

TIMELINESS

2.5.16. The Special Audits Unit was unable to meet the deadlines set for completion of the Audit of the Private Bonded Warehouse in a context where the scope was broadened to include critical information that came to its attention relating to bunkering services at the Ports. Further, there were continued delays in receipt of requested information, coupled with the strict observance to protocols in the early stage of the COVID-19 pandemic affected the timely access to records at the audited entity's worksite.

LOOKING FORWARD

2.5.17. We plan to complete our outstanding audits by the end of the audit cycle. We recognise that we will not be able to respond to all requests for special audits but at the same time, we consider the increasing demand for special audits, a demonstration of the significant trust and confidence in the ability of the Unit to undertake rigorous and exhaustive interrogation of audit evidence. Accordingly, for FY2021/22, we will continue to select audits using the risk-based approach and aim to undertake at least one special audit as well as other targeted reviews. We aim to continually improve the quality of our investigations through increased use of analytical tools such as Root Cause Analysis, training in forensic analysis and other techniques.

TRACKING RECOMMENDATIONS

PETROJAM'S IMPLEMENTATION PLAN FOR AUDITOR GENERAL'S RECOMMENDATIONS

BACKGROUND

2.6.1. Against the background of public concerns about allegations of malpractice, the Auditor General commissioned a comprehensive audit to assess whether the operational activities, governance and monitoring framework at both Petrojam and the Petroleum Corporation of Jamaica (PCJ) were consistent with the principles of good financial management. The audit also sought to determine whether the procurement and contracts management practices accorded with GOJ Guidelines and good practices, to attain value for money.

2.6.2. The audit identified weaknesses in the governance and monitoring framework at both PCJ and Petrojam, deficiencies in Petrojam's procurement and contracts management practices and operational activities that, if left unresolved, would increase the risk of corrupt acts and further erode Petrojam's profitability.

Figure 10: Governance deficiencies within PCJ and Petrojam

2.6.3. Based on the audit findings, the Auditor General proffered several recommendations for implementation to strengthen the monitoring and oversight responsibilities for both entities.

AUDITOR GENERAL'S KEY RECOMMENDATIONS FROM THE 2018 AUDIT

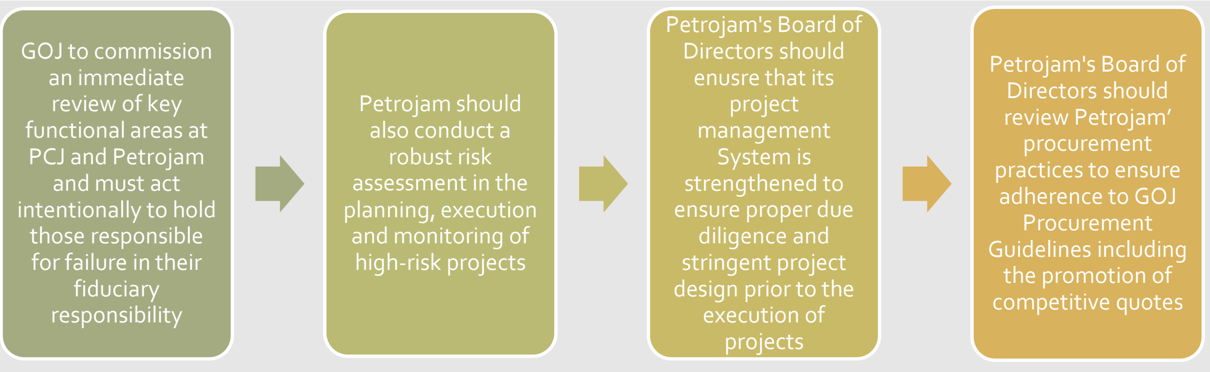


Figure 11: AuGD's Key Recommendations from the 2018 audit of PCJ and Petrojam

PETROJAM'S IMPLEMENTATION PLAN FOR THE AUDITOR GENERAL'S RECOMMENDATIONS

2.6.4. Petrojam submitted a status report on the implementation of measures based on the recommendations and weaknesses outlined in my report published in December 2018. Petrojam's measures mainly sought to address breaches of the GOJ Accountability Framework and the Corporate Governance Framework; weaknesses in Human Resource Management practices; concerns regarding a lack of transparency in its ex-refinery pricing mechanism; unaccountable oil losses, as well as deficiencies in its management of capital investments and financial management. In addition, Petrojam shared information on redefined initiatives to further reduce oil loss and reduce safety/ discomfiture issues at the refinery.

MAJOR ACTIONS IMPLEMENTED BY PETROJAM

AuGD Audit Findings	Auditor General's Recommendations	Status of Implementation as at June 2020
Deficiencies related to GoJ's Accountability and Corporate Governance Frameworks	The Permanent Secretary should ensure that an appropriate arrangement is established to effectively monitor public bodies: include a system that ensures board minutes and other specified reports are submitted to the PS.	All approved board and sub-committee minutes submitted to MSET and MoFPS. All outstanding annual reports including FY2019/20 submitted to MSET. All sub-committees of the Board constituted. A Board Charter and a Whistle-blower policy were also approved. A Corporate Governance Committee was also formed. Donation/sponsorship policy being reviewed with Board and checklist established to allow for proper due diligence. Approved checklist to form part of updated donations policy.
Weaknesses in Human Resource Management -	The MoFPS should make it a prerequisite that Boards of all	Recruitment practices in keeping with policy. Reconciliation

AuGD Audit Findings	Auditor General's Recommendations	Status of Implementation as at June 2020
recruitment practices not always consistent with internal policies, with explicit acts of nepotism. Petrojam's donation policy lacked transparency. Petrojam's failure to implement corrective works to improve working conditions at the Refinery also resulted in payment of monthly discomfiture allowances to staff, totalling $57 million between April 2015 and July 2018.	public bodies establish a Governance sub-committee to monitor and review governance arrangements; it should develop and disseminate core and ethical values to set expectations of standards of behaviour.	/regularisation of Petrojam's list of established positions continues with MoFPS. Installations of Nitrogen Purge System commenced in July 2020, to be completed in Q3 2020. New compressors to be designed and installed in 2022.
	Petrojam's Board of Directors should initiate a review of its procurement practices with a view to strengthen its project management along with stringent project design to minimise unplanned variations and cost overruns.	Procurement training conducted by MoFPS for procurement unit was undertaken on October 30, 2019 and Procurement Committee on November 1, 2019.
	Petrojam needs to conduct a robust risk assessment in planning, executing and monitoring high -risk projects.	Appropriation for Training & Project Management Professional (PMP) certification included in FY2020-21 budget. Analysis of Gate system using the Lean Sigma Approach in July 2019 identified weaknesses in project management; Countermeasures developed and are being implemented. General Project Management Training for fourteen (14) persons conducted in Q4 2018/19. Training in Rapid Assessment and Recovery of Troubled Projects conducted in 2Q 2020/21. Quarterly in house "lunch and learn" sessions conducted to provide refresher on key project management topics.
Petrojam's market adjustment was a discretionary value determined by its Pricing Committee; however due to the absence of minutes we could not determine whether the adjustment was made in a transparent manner.		The Pricing Committee continues to meet weekly with participating representatives from MSET, OUR and MoFPS. Minutes of the meetings are prepared and shared with the representatives. A Market Adjustment Policy was developed and is being utilised on an ongoing basis by the Committee.
Reported unaccountable oil loss was 600,684 barrels valuing $5.2 billion in 5 years.		Several oil loss initiatives have been implemented to reduce oil losses which fell to 0.03% in 2019-20 relative to a target of 0.4%. Redefined initiatives

AuGD Audit Findings	Auditor General's Recommendations	Status of Implementation as at June 2020
		included in tank repair program and repair of flare meter. The company continued routine dives.
Petrojam does not have an efficient system to validate the volume of products received against that ordered upon transfer to storage tanks. Petrojam acquired a Meter and Prover system in 2010, costing US$495,611 to accurately measure the volume of LPG received. However, Petrojam has not commissioned it into use. An assessment conducted in February 2018 revealed that a major component was obsolete.		For LPG, the metering section of the Prover was recalibrated by the original equipment manufacturer and returned. Engineering designs were completed, and the meter is to be installed in Q3 2020/21.
Petrojam increased its reliance on short term loan financing to support its operations.		The Strategy is to increase long term loan and reduce reliance on short term financing.

Table 8: Implemented actions by Petrojam

AUDITOR GENERAL'S REVIEW

2.6.5. A review of Petrojam's implementation plan revealed progress regarding the strengthening of oversight responsibilities of the Board of Directors particularly compliance with the Public Bodies Management and Accountability (PBMA) Act and the Corporate Governance Framework. This is important given that several malpractices resource administration identified by the 2018 audit occurred because of weak internal controls and a lack of transparency in decision making. For example, the audit revealed that the number of donations doubled between 2013-14 and 2017-18 despite a cash flow problem, but Petrojam did not provide the rationale for the level of increase in donations. Note is taken of the increased oversight of Petrojam's donations and the implementation of checklists to allow for proper due diligence and transparency.

2.6.6. In awarding contracts, Petrojam frequently contravened the terms of the procurement law and good practice by utilizing the Direct Contracting (DC) and Direct Contracting Emergency (DC-E) procurement methodologies without meeting the allowable circumstances, thus depriving itself of value for money. Note is taken of the inclusion in Petrojam's budget, training and certification in project management, which should enhance the successful implementation of new projects and achievement of value for money.

2.6.7. I noted the implementation by Petrojam of new initiatives to reduce oil losses, which support existing measures that were strengthened, such as tank repair and preventative maintenance programmes, security measures and sampling and testing procedures. Among the new initiatives were the implementation of a dedicated 'slop drum' (i.e. no slopping of LPG to crude); installation of Tank Master Real-time Inventory Measurement; installation of the LPG Meter and Prover System, and the utilisation of Gauge Tickets for fuel used from tankage during shutdowns. I would interpret the enhanced approach to the containment of oil losses as recognition by Petrojam that, while oil losses may be a normal part of the refinery process, it is important to pursue efforts to maximise the achievement of value for money spent.

2.6.8. I commend Petrojam's management for its efforts in implementing the Auditor General's recommendations and improving its level of transparency. I look forward to continuing efforts to close remaining gaps identified by the 2018 audit, to improve operational and financial efficiency and achieve value for money.

SECTION 3

SUMMARY OF AUDIT FINDINGS AGAINST THEMATIC FRAMEWORK

SUMMARY OF AUDIT FINDINGS AGAINST THEMATIC FRAMEWORK

3.1.1. The thematic framework was developed in 2016 following an extensive review of audits conducted over a five-year period, April 2011 to November 2016, to ascertain commonalities in the nature of the issues identified. These issues were grouped into five audit themes and are defined in our Thematic Framework 2016. The audit reports contained in this section have been categorised according to these themes.

AUDIT THEMES

Ministries, Departments, Agencies and Projects	G	PM	RM	PCM.	ICT
Head 07000: Children's' Advocate			✓		
Head 08000: Independent Commission of Investigations (INDECOM) – Caribbean Anti-Corruption Programme #204232-104 Department for international Development (DFID)					
Head 15000: Office of the Prime Minister			✓		
Head 15000: Office of the Prime Minister – Youth Employment in Digital and Animation Industries Project		✓			
Head 15020: Office of the Prime Minister – Registrar General's Department	✓		✓		
Head 16049: Management Institute for National Development			✓		
Head 17000: Ministry of Tourism – Bath Fountain Hotel and Spa	✓				
Head 19000: Ministry of Economic Growth and Job Creation – Development Bank of Jamaica, Credit Enforcement Programme for the Micro Small and Medium Enterprises (MSMEs) Project		✓			
Head 19000: Ministry of Economic Growth and Job Creation – Jamaica Social Investment Fund (Jamaica Disaster Vulnerability		✓		✓	

Ministries, Departments, Agencies and Projects	G	PM	RM	PCM.	ICT
Reduction Project (DVRP) and Jamaica Integrated Community Development Project (ICDP) 2020					
Head 19000: Ministry of Economic Growth and Job Creation – National Environmental and Planning Agency (NEPA), Integrated Management of the Yallahs and Hope River Watershed Management Areas Project 2019/2020			✓		
Head 19046: Ministry of Housing, Urban Renewal, Environment and Climate Change – Forestry Department			✓		
Head 20000: Ministry of Finance and the Public Service - Foundations for Competitiveness and growth Project (FCGP) 2020		✓			
Head 20000: Ministry of Finance and the Public Service - Planning Institute of Jamaica, Improving Climate Data and Information Management Project		✓			
Head 20000: Ministry of Finance and the Public Service – Provident Fund	✓				
Head 200011: Accountant General's Department			✓		
Head 200011: Accountant General's Department			✓		
Head 200019: Pension Statutory (Financial Year 2013/2014)			✓		
Head 2000056: Tax Administration Jamaica			✓		
Head 26000: Ministry of National Security – Firearm Licensing Authority	✓		✓		
Head 26000: Ministry of National Security – Police Civilian Oversight Authority			✓		
Head 26024: Department of Correctional Services	✓		✓		
Head 28052: Legal Reform Department			✓		

Ministries, Departments, Agencies and Projects	G	PM	RM	PCM.	ICT
Head 28053: Office of the Parliamentary Counsel			✓		
Head 30000: Ministry of Foreign Affairs and Foreign Trade	✓		✓		
Head 40000: Ministry of Labour and Social Security, Internal Audit Findings	✓				
Head 40000: Ministry of Labour and Social Security			✓		
Head 40000: Ministry of Labour and Social Security – National Insurance Scheme	✓				
Head 40000: Ministry of Labour and Social Security – Programme of Advancement Through Health and Education Integrated Support to Jamaica's Social Protection Strategy (ISJSPS)		✓			
Head 41000: Ministry of Education, Youth and Information - Early Childhood Commission			✓		
Head 42000: Ministry of Health and Wellness – Pharmacy Council of Jamaica			✓		
Head 42000: Ministry of Health and Wellness – Surveillance and Response to Avian and Pandemic Influenza in Jamaica (CDC) Project		✓			
Head 42034: Ministry of Health and Wellness – Bellevue Hospital			✓		
Head 42035: Ministry of Health and Wellness – Government Chemist			✓		
Head 46000: Ministry of Culture, Gender, Entertainment and Sport – Jamaica National Heritage Trust	✓		✓		
Head 50000: Ministry of Industry, Commerce, Agriculture and Fisheries – Anti-Dumping and Subsidies Commission (ADSC)			✓		
Head 51000: Ministry of Agriculture and Fisheries – Pilot Program for Climate Resilience		✓			

Ministries, Departments, Agencies and Projects	G	PM	RM	PCM.	ICT
Head 51000: Ministry of Agriculture and Fisheries – Promoting Community-based Climate Resilience in the Fisheries Sector Project		✓			
Head 6800: Ministry of Transport and Mining			✓		
Head 72000: Ministry of Local Government and Rural Development			✓		

HEAD 07000: OFFICE OF THE CHILDREN'S ADVOCATE

Issue/Concerns	Financial Exposure
Resource Management	
3.2.1. The audit of the accounting records and financial transactions of the Office of the Children's Advocate (OCA) for the financial years 2015/2016 to 2018/2019 identified weaknesses in the OCA's controls over its classification of transactions. Additionally, the OCA's Accounting Officer approved the virement of funds totalling $648,434.65 to cover excesses on Object 21 (Compensation of Employees), relating to Activity 0489 – Office of the Children's Advocate for the financial year 2015/2016, in breach of the *Ministry of Finance and Planning Circular #19 dated October 27, 2014*.	$648,434.65

HEAD 08000: INDEPENDENT COMMISSION OF INVESTIGATIONS (INDECOM) – CARIBBEAN ANTI-CORRUPTION PROGRAMME (CACP) #204232-104-DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID)

Issue/Concerns	Financial Exposure
3.2.2. The audit of INDECOM's financial statements for CACP Programme # 204232-104 for financial years 2019/2020, the accounting records and financial transactions revealed a generally satisfactory state of affairs.	N/A

HEAD 15000: OFFICE OF THE PRIME MINISTER

Issue/Concerns	Financial Exposure
Resource Management	
Improper use of funds in Deposit Accounts **3.2.3.** The audit of the accounting records and financial transactions of the Office of the Prime Minister (OPM) for the financial year 2018/2019 revealed that there was an increased risk that funds held in deposit accounts by the OPM may not be available for the purpose for which they were received due to the OPM's practise of utilizing these funds for recurrent expenses contrary to the Ministry of Finance guidelines. 3.2.4 We found that funds totalling approximately $4.1 million spent from two deposit accounts were used primarily to purchase foreign exchange for overseas trips while funds totalling $502,772.44 were used to offset credit card expenses. Additionally, $141,712.57 from the funds used to offset credit card expenses was reimbursed to the incorrect deposit account. 3.2.5 Management was advised to strengthen the relevant controls to ensure that funds placed in deposit accounts are used only for the intended purposes. 3.2.6. OPM has since indicated that steps will be taken to close the deposit accounts.	N/A

HEAD 15000: OFFICE OF THE PRIME MINISTER – YOUTH EMPLOYMENT IN DIGITAL AND ANIMATION INDUSTRIES PROJECT

Issue/Concerns	Financial Exposure
Project Management	
3.2.7. The objective of the *Youth Employment in the Digital and Animation Industries Project* is to support youth employment 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 and was scheduled to last for approximately five years and five months with effect from September 3, 2014. However, the Project has been extended to July 30, 2021. **Project Targets not achieved as planned** 3.2.8. The Project did not achieve four of its seven targets for the period under review. Management indicated that the achievement of the targets was largely impacted by delays in the procurement process for activities, some of which were the result of the timing of the World Bank's approval of the 2019 restructuring. Additionally, the onset of the COVID-19	N/A

Issue/Concerns	Financial Exposure
Project Management	
pandemic resulted in the postponement of some activities and the revision of the planned method of execution of others. Management was reminded to strengthen the planning, monitoring and oversight of its project activities to ensure that the Project's objectives are achieved within the agreed timelines. **Inadequate evidence to support HEART/NSTA Trust Expenditure** 3.2.9. The Project's financial statements included expenditure totalling approximately US$2.3 million relating to expenses incurred by HEART/NSTA Trust under a Memorandum of Understanding between the Office of the Prime Minister (OPM) and the Trust to undertake services relating to *Sub-component 1(a) of Component Three (digital and technical skills development for youth)* of the Project. This expenditure represented approximately 70% of the total project expenditure for the period under review. However, management did not present sufficient and appropriate evidence to substantiate this expense. Consequently, I was unable to provide any assurance that this amount represents legitimate project expenditure. 3.2.10. In response to our report, OPM indicated that the Project Implementation Unit (PIU) has since developed procedures for the monitoring of expenses incurred by HEART/NSTA Trust under the MOU. These procedures were incorporated into the Project Operational Manual and submitted to the World Bank in August 2020. I was also advised that an internal audit of the Project by the OPM's Internal Audit Department was initiated in February 2020 but was interrupted by the onset of the COVID-19 pandemic. OPM indicated that the internal audit has since resumed. In its response, OPM also stated that "*payment files which are held in the PIU were collected by a member of the AuGD's team and later returned to the PIU. The documentation from HEART/NSTA Trust was submitted via email to the PIU and forwarded to the AuGD. During the period of the 'fieldwork', no request was made for additional documentation with respect to the HEART/NSTA Trust expenditure, nor was the PIU requested to facilitate a site visit to HEART*". 3.2.11. During the audit fieldwork, the payment files were reviewed to verify a sample of project expenses. The files received did not include supporting documentation for the monies expended by HEART/NSTA Trust. The PIU forwarded reports/ reconciliations received from HEART/NSTA Trust but no supporting documents, though requests were made both verbally and via email. In November 2020, HEART/NSTA Trust submitted a "database" detailing the enrolment for the YEDAI Project. However, the "database" contained a number of discrepancies, including duplicate participant entries, name fields that were either empty or contained numbers, and training date fields that were also empty. Consequently, we were not able to place reliance on the data provided. These discrepancies were communicated to HEART/NSTA Trust.	

Issue/Concerns	Financial Exposure
Project Management	
3.2.12. Management was advised to strengthen its controls and monitoring of the HEART/NSTA Trust arrangement and ensure that independent verification checks are carried out to support the expenditures relating to the Project.	

HEAD 15020: OFFICE OF THE PRIME MINISTER – REGISTRAR GENERAL'S DEPARTMENT

Issue/Concerns	Financial Exposure
Governance	
Resource Management	
3.2.13. The audit of the Registrar General's Department (RGD) for the financial year 2018/2019 revealed that the Agency had made significant strides in improving internal controls over the preparation of the financial statements in accordance with applicable accounting standards and GoJ Guidelines. However, the following matters of concern were noted: **Non- completion of Performance Evaluation Reports** 3.2.14. RGD has been tardy in conducting annual Key Performance Indicators (KPI) review and submitting the relevant reports to the Ministry of Finance and the Public Services (MoFPS), the Portfolio Minister and the Auditor General. At the time of reporting, the Agency had just completed the KPIs for financial years 2016/17 and 2017/18. Sections 12.2.2-3 and 13.1.1 - 3 of the Financial Instructions to Executive Agencies (EA) requires the CEO of Executive Agencies to prepare and submit to the MoFPS, Portfolio Minister and the AuGD quarterly and annual performance reports, one month after the end of the quarter and three months after the end of each financial year, respectively. These reports should include, among other things, achievements of key performance indicators measured against those forecast in the Agency's Business Plan. 3.2.15. The non-submission of the quarterly and annual performance reports may hinder the effective oversight of the Agency's operations by denying stakeholders information to determine whether key policy decisions were implemented and inform their decision to allocate resources to improve performance. 3.2.16. RGD subsequently acknowledged the non-submission of the reports as an oversight and provided evidence that the reports were submitted to the Portfolio Ministry on November 17, 2020, for review and subsequent submission to the MoFPS.	

Issue/Concerns	Financial Exposure
Governance	
Outstanding amounts owed to Government entities 3.2.17. RGD was not faithfully paying over to the Tax Administration Department and the Accountant General's Department statutory deductions, and net surplus on operations. RGD's records disclosed that the Agency owes the Consolidated Fund and Tax Administration of Jamaica (TAJ) $102.27 million for protracted periods spanning more than five years. This amount comprises $14.09 million in unpaid PAYE deductions and $88.18 million representing unremitted surplus for period 2015 to 2017. The GoJ guidelines and the EA Act require entities to pay over statutory deductions and 50 per cent surplus five working days after the date it was deducted and three months after the financial year in which the surplus was earned. RGD indicated that TAJ agreed to a payment plan with the Agency in 2016; whereby the Agency will make equal monthly instalment of $2 million until the amount is cleared. However, the Agency records revealed that only five of the 12 monthly payments were made during the period. **Recommendations** 3.2.18 RGD was advised to implement proper systems that will ensure review and reporting of the Agency KPIs is in keeping with the stipulated guidelines. 3.2.19 Management was also encouraged to review and streamline its business processes in an effort to improve the Agency's cash flow so that outstanding obligations can be met when they fall due. 3.2.20. RGD has since advised that the Agency intends to resume the $2m payments to TAJ in the 4th quarter of FY (2020-2021) as it experienced a drastic reduction in revenue for the period March to June 2020 mainly due to Covid-19 and its attendant challenges. The RGD is still trying to recover while trying to honour all our liabilities. 3.2.21. The Agency acknowledged its failure to remit to the Accountant General's Department the 50 per cent net surplus for the years identified and explained that it is extremely difficult to comply, as there have been dire cash flow constraints and the volume of liabilities to be settled from the limited cash available also presented a challenge. 3.2.22. RGD indicated that it is cognizant of its obligations to settle and is trying as best as is possible to make payments to the Accountant General's Department in the soonest possible time. The Agency also advised of its intention to engage the Executive Agency Monitoring Committee of the Ministry of Finance and the Public Service to seek advice on how to treat this matter.	

HEAD 16049: OFFICE OF THE CABINET - MANAGEMENT INSTITUTE FOR NATIONAL DEVELOPMENT

Issue/Concerns	Financial Exposure
Resource Management	
Inadequate Management of Accounts Receivable 3.2.23. The audit of the accounting records and financial transactions of the Management Institute for National Development (MIND) for the financial year 2019/2020 revealed that the agency 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 $249 million as at March 31, 2020. Of this amount, the agency estimated that approximately $47.7 million was deemed irrecoverable. 3.2.24. 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 reduce the outstanding balances.	$249 million

HEAD 17000: MINISTRY OF TOURISM – BATH FOUNTAIN HOTEL AND SPA

Issue/Concern	Financial Exposure
Governance	
3.2.25. The audit of the accounting records and financial transactions for Bath Fountain Hotel & Spa Statement of Receipts and Payment for the financial year ended March 31, 2019, revealed a generally satisfactory state of affairs except for the following: **Improvements required in the systems of internal control over the accounting and human resource functions** 3.2.26. Improvements are required in the systems of internal control over the accounting function to ensure that the work of the sole accountant is subjected to independent review to minimize, detect, and correct errors and irregularities in a timely manner. Additionally, Bath did not establish a Human Resource (HR) function or assign responsibility to execute staff-related issues. Bath's failure to operationalise a human resource function, contributed to the non-maintenance of employees' personal records to facilitate verification of leave availability and emoluments paid to staff. This also heightens the risks of under and overpayment of emoluments and staff denied benefits to which they are entitled.	

Issue/Concern	Financial Exposure
Governance	
3.2.27. Bath was encouraged to implement a proper system of controls to ensure the effective management of the Hotel's HR needs. 3.2.28. The Ministry of Tourism subsequently indicated that it recognises the need to strengthen its internal controls and have since taken steps to improve them. However, efforts to recruit additional staff was unsuccessful due to the location and low compensation package.	

HEAD 19000: MINISTRY OF ECONOMIC GROWTH AND JOB CREATION – DEVELOPMENT BANK OF JAMAICA, CREDIT ENFORCEMENT PROGRAMME FOR THE MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) PROJECT

Issue/Concerns	Financial Exposure
Project Management	
3.2.29. The Credit Enhancement Programme for Micro, Small and Medium Enterprises (MSMEs) Project is a partnership between the Government of Jamaica 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. 3.2.30. The audit of the accounting records and financial transactions of the Project for the year ended March 31, 2020, 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.	N/A

HEAD19000: MINISTRY OF ECONOMIC GROWTH AND JOB CREATION - JAMAICA SOCIAL INVESTMENT FUND (JAMAICA DISASTER VULNERABILITY REDUCTION PROJECT (DVRP) AND JAMAICA INTEGRATED COMMUNITY DEVELOPMENT PROJECT (ICDP) 2020

Issue/Concerns	Financial Exposure
Project Management	
Procurement and Contract Management	
3.2.31. The Jamaica Social Investment Fund, Jamaica Disaster Vulnerability Reduction Project (JDVRP) and Jamaica Integrated Community	

Issue/Concerns	Financial Exposure
Project Management	
Procurement and Contract Management	
Development Project (ICDP) are funded through a $72.0 million loan facility from the International Bank for Reconstruction and Development (IBRD). **Jamaica Disaster Vulnerability Reduction Project (DVRP)US$30.0 million Loan** 3.2.32. The implementation of the Project is anticipated to reduce the level of devastation caused by natural hazards, especially on the productive sector of the economy, decrease the recovery period, and eliminate or reduce the need for the GOJ to divert budgetary allocations to directly finance disaster recovery. The outcome of this project is intrinsically linked to Goal four (4) and Outcome fourteen (14) - Hazard Reduction and Adaption to Climate change of the National Development Plan, Vision 2030 and by extension Sustainable Development Goal (SDG) number thirteen (13) - Climate Action. **Jamaica Integrated Community Development Project (ICDP) US$42.0 million** 3.2.33 The objective of this project is to enhance access to basic urban infrastructure and services and contribute to increased community safety in selected economically vulnerable and socially volatile inner-city communities in Jamaica. The outcome of this project is linked to Goal four (4) and Outcome fifteen (15) - Sustainable Urban and Rural Development of the National Development Plan, Vision 2030 and by extension Sustainable Development Goal (SDG) number nine (9) and eleven (11). **Project implementation delays led to unachieved targets**	
3.2.34 The overall execution of the Projects' planned activities continues at a slow rate. Since the implementation of the JDVRP, only US$6.2 or 20.66 per cent of the loan amount has been utilized. The Project delivered only eight of the 17 planned activities, while the remaining nine (9) had not started after four years of implementation. JSIF records indicate that the contributory factors for the slow implementation relate to delayed procurement of consultants for key activities, largely due to the complex and/or specialized nature of the projects. 3.2.35. Management indicated that the Project indicators would not convincingly show the actual achievement until the final stages.	US$6.2m
3.2.36. As at March 31, 2020, the ICDP project utilized US$35.48 million or 88.32 per cent of the Loan funds. Similarly, the ICDP Project experienced challenges in successfully procuring consultancy services, especially for Basic Infrastructure and Access to Services (Component 1) and Institutional Strengthening for Urban Management and Public Safety (Component 3). The delayed procurement activities impacted the completion of the	US$35.48

Issue/Concerns	Financial Exposure
Project Management	
Procurement and Contract Management	
Project, which should have ended May 31, 2020. However, the World Bank approved an extension to May 31, 2021. 3.2.37. Management acknowledged that there were challenges with failed tenders, especially in specialized activities (e.g. Blueprint), as well as other procurement and approval delays. It was communicated that decisions were made to rescope or pause activities in keeping with fiscal space. Also, the onset of the emerging COVID-19 pandemic impacted implementation methodologies mainly for social interventions. 3.2.38. Subsequent to the audit, JSIF advised that approval was granted to extend the ICDP to May 2021. Management also indicated that the JSIF team adjusted operations accordingly to drive completions and at November 2020, activities 14 of the 17 indicators were underway or completed, and approximately 95 per cent of the loan is committed with the rest on track to be disbursed by March 2021. **Time overruns and variations** 3.2.39. At March 31, 2020, JSIF records disclosed that 15 contracts valuing approximately $1.930 billion under the Integrated Infrastructure Projects (IIP) had time overruns spanning 1 to 16 months, which JSIF indicated incurred associated costs of $30.40 million. Additionally, JSIF presented evidence that variations to the original contract sums totalled $329.43 million, varying the contract value from 6 to 69 per cent of the original contract sum. 3.2.40. JSIF's indicated that the contributory factors for the variations were due to un-forecasted events such as rock excavation in trenches, remeasurement of pipes and roadworks, repairs to existing pipes and structure, change in scope of work due to unforeseen underground conditions, relocation of utility poles, inadequacies in the National Water Commission (NWC) approved designs and associated Bills of Quantities and revised specifications for pipe materials. We would have expected JSIF to have conducted proper preliminary assessment of the risk associated with the projects/contracts prior to implementation. Also, JSIF should have conducted proper planning and scoping of the work to be done and implement a robust system of coordination and monitoring of design work with the NWC to minimize the incidence of variations, time and cost overruns on these contracts. Management acknowledges that there were significant time overruns for most of the IIPs. 3.2.41. JSIF's failure to conduct proper planning and design robust strategies to accelerate the project activities increased with the risk that the project objectives will not be achieved.	$30.40 million

Issue/Concerns	Financial Exposure
Project Management	
Procurement and Contract Management	
Recommendations 3.2.42. The DVRP and ICDP projects are intrinsically linked to the mentioned National Development Plan outcome and the SGDs; therefore, management of JSIF should put appropriate measures in place to avoid repetition of the shortcomings and develop strategies to ensure that the project objectives are achieved within the disbursement period. 3.2.43. In justifying the variations, JSIF explained that construction contracts do not contain contingency sums; therefore, all necessary changes and modifications for unforeseen items identified during construction necessitate a variation order (which also allows for transparency and oversight). 3.2.44. JSIF has since reported that due to strategies employed to keep implementation on track, as of November 2020, 13 of 15 IIPs/contracts under ICDP had achieved practical or final completion, with the remaining two slated for completion by January 2021. The three (3) fire stations and the Port Royal Street Revetment under DVRP are due to be completed by March 2021.	

HEAD 19046: MINISTRY OF HOUSING, URBAN RENEWAL, ENVIRONMENT AND CLIMATE CHANGE – FORESTRY DEPARTMENT

Issue/Concerns	Financial Exposure
Resource Management	
3.2.45. During the period under review, we completed the audits of the 2014/2015 and 2015/2016 financial statements of the Forestry Department. For both years, the audit opinion was qualified as I was unable to determine whether the carrying value of biological assets totalling $162.38 million disclosed in the Financial Statements was fairly presented, as the valuation was outdated. Management did not provide sufficient and appropriate evidence to support this value.	$162.38 million

Head 19048: Ministry of Economic Growth and Job Creation – National Environment and Planning Agency (NEPA), Integrated Management of the Yallahs and Hope River Watershed Management Areas Project 2019/2020

Issue/Concern	Financial Exposure
Project Management	
3.2.46. The Integrated Management of the Yallahs and Hope River Watershed Management Area is jointly funded by the Global Environment Fund (GEF), through the Inter-American Development Bank (IDB), with a grant of US$3.9 million and the Government of Jamaica (GoJ) contribution of US$8.9 million. This Project, which supports Outcome 13 of the National Development Plan, Vision 2030, aims to improve the conservation and management of biodiversity and the provision of ecosystem services in the Yallahs and Hope River Watershed Management area. This is a sector-wide programme that should have been implemented over a five-year period from October 1, 2014 to September 30, 2019. However, an extension was granted to October 31, 2020. **3.2.47.** Our review of financial statements and accounting records for the FY 2019/20 revealed a generally satisfactory state of affairs. **Improvement in progress of project activities** **3.2.48**. During the period under review, we noted a marked improvement in the governance arrangements of the project, which yielded noteworthy progress in the execution of contracts and finalization of key procurement activities. This resulted in an acceleration of project spending, the completion of 31 of the 33 deliverables. NEPA advised that the donor has granted three (3) months to January 2021 to conclude wrap up activities of the outstanding activities.	N/A

Head 20000: Ministry of Finance and the Public Service – Foundations for Competitiveness and Growth Project (FCGP) 2020

Issue/Concerns	Financial Exposure
Project Management	
3.2.49. The Foundations for Competitiveness and Growth Project (FCGP) is jointly funded by the Government of Jamaica (GoJ) and World Bank (IBRD) through a loan of US$50m that will be disbursed by the World Bank over a six-year period from September 3, 2014, when the agreement was signed. The Project's main objective is to strengthen the business environment in Jamaica for private sector investment. The primary project beneficiaries will be private firms operating in Jamaica. Both 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 help bring deals to market. The outcome	N/A

Issue/Concerns	Financial Exposure
Project Management	
of this project is fundamentally linked to Goal three (3) and outcome seven (7)- a stable Micro-economy of the National Development Plan, Vision 2030, and by extension Sustainable Development Goals (SDGs) number nine (9) and eleven (11): Industry, Innovation and Infrastructure and Sustainable Cities and Communities, respectively. 3.2.50. The audit of the financial and accounting records of the FCGP for the period ended March 31, 2020, revealed a generally satisfactory state of affairs and compliance with the terms and condition of the loan agreement; however, the following matter of concern was noted. **FCGP developed strategies to accelerate deliverables but a key activity is lagging** **3.2.51.** For the period under review, the FCGP was able to implement 17 of the 23 planned Project indicators. However, due to delays experienced in the early phase, an extension of twenty-three (23) months was granted to complete the Project activities. One such initiative that was not completed and is significant to the improvement of the competitiveness of the business environment is the revision of the Fair Competition Act (FCA), to include provisions on mergers and acquisitions. The draft amendments prepared and submitted by the consultant in 2018, had not been presented to the Cabinet Office for consideration, albeit two years have elapsed. **3.2.52.** Management indicated that the consultant's contract, which expired in 2018, was not extended as a timeline could not be ascertained when the necessary review would be actioned. **3.2.53.** Management was advised to implement strategies that will ensure the Project is completed within the life of the Loan, as the Government may need to identify additional resources to implement any outstanding activity. The FGCP has since advised that the comments of the Cabinet Submission were scheduled to be presented to the Ministry of Industry, Investment and Commerce (MIIC), during the week of November 23-27, 2020.	

HEAD 20000: MINISTRY OF FINANCE AND THE PUBLIC SERVICE - PLANNING INSTITUTE OF JAMAICA, IMPROVING CLIMATE DATA AND INFORMATION MANAGEMENT PROJECT

Issue/Concerns	Financial Exposure
Project Management	
3.2.54. 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 for Reconstruction and Development and is estimated to last for	N/A

Issue/Concerns	Financial Exposure
Project Management	
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. **3.2.55.** The audit of the accounting records and financial transactions of the ICDIMP for the financial year ended March 31, 2020, revealed that the project did not achieve six of the eighteen planned targets for the period. Of the six outstanding targets, five were in progress and one did not start. Management subsequently indicated that two of the outstanding targets were achieved after the year-end. **3.2.56.** Management was reminded that delays in completing project activities increase the risk of the project not achieving its intended objectives within the planned timelines. Going forward, management should continue to strengthen the planning, monitoring and oversight of its project activities to ensure that the project's objectives are met within the agreed timelines.	

HEAD 20000: MINISTRY OF FINANCE AND THE PUBLIC SERVICE – PROVIDENT FUND

Issue/Concerns	Financial Exposure
Governance	
3.2.57. The AuGD undertook the audit of the financial statements, accounting records and financial transactions of the Provident Fund for the period 2014/15 to 2018/19. The Provident Fund has since been wound up and all funds have been transferred to the Consolidated Fund.	N/A

HEAD 20011: MINISTRY OF FINANCE AND THE PUBLIC SERVICE - ACCOUNTANT GENERAL'S DEPARTMENT

Issue/Concerns	Financial Exposure
Resource Management	
3.2.58. The Accountant General's Department (AcGD) plays a pivotal role in the management of pension payment for public servants and, at best, should guarantee the security and integrity of pension administration processes. This is necessary, given that pension administration is an important component of remuneration to provide social protection for more than 33,000 government pensioners with a budgeted allocation of $187.66 billion between 2012/2013 and 2019/2020 for pension obligations. As such, AcGD must constantly upgrade its pension process to be able to respond to the pensioners' need for effective service in order to provide social protection and promote greater participation and viability of social insurance and pension schemes in alignment	

Issue/Concerns	Financial Exposure
Resource Management	
with Outcome 3 - Effective Social Protection of the National Development Plan, Vision 2030. 3.2.59. A previous audit report tabled in Parliament in March 2012, highlighted various shortcomings relating to pension administration at the AcGD, and subsequent reviews revealed that some concerns raised have persisted. **Reconciliation of Pension Bank Accounts** 3.2.60. AcGD improved the timely preparation of bank reconciliations statements for its bank accounts. Significant improvement was noted in the preparation of monthly bank reconciliation statements. At the time of reporting, bank reconciliation statements for the AcGD's two active pension bank accounts were prepared up to October 2020. Notwithstanding the strides made, we noted that the bank reconciliation statements contained uncleared reconciling items totalling \$138.85 million. This represents net debits of \$109.69 million and possible financial loss if the bank fails to make the necessary adjustments. The review of the Bank reconciliation is an important internal control designed to ensure that any errors or omissions do not go unnoticed. Bank errors not promptly addressed could result in unrecoverable losses of public funds. 3.2.61. As an integral internal control mechanism, bank reconciliations that are not reliable impact negatively on the decision-making process and may prevent pensioners from receiving payments where the accounts are underfunded due to inaccurate information. 3.2.62. AcGD has since indicated that the Department recognises the weaknesses and is committed to clearing the reconciling items through the commissioning of a project. **Pension Management** 3.2.63. The process of checking to ensure that pensioners are alive before continuing disbursing pension payments and removing deceased pensioners from the payroll remains ineffective. We found instances in which AcGD paid a total of \$1.8 million to 25 pensioners, for periods up to seven months, after the expiration of their life certificates and acknowledgement of their deaths. The loss exposure, stemming from this deficiency, could be more considering that we conducted our assessment on a sample basis. AcGD's policy requires pensioners to submit life certificates on a quarterly basis to verify that they are alive before the disbursement of pension payments. Although there are cases where pensioners' life certificates had expired, or death acknowledged, the AcGD was slow in discontinuing pension payments, resulting in the loss of public funds. In addition, we found that AcGD made pension payments of more than \$609 million to pensioners living overseas between 2012 and 2018,	

Issue/Concerns	Financial Exposure
Resource Management	
without verifying that the pensioners are alive. We found seven instances in which pensioners did not submit any life certificate for periods up to 17 years. 3.2.64. The Jamaican Missions made payments to pensioners living overseas, and AcGD reimbursed these payments monthly. However, we found that the AcGD routinely reimbursed the Missions without any verification to confirm the legitimacy of the payments. The matter was further exacerbated by the absence of formal procedural policies between the AcGD and the Missions to ensure the necessary verification that pensioners are alive. 3.2.65. The AcGD presented a draft life certificate policy and indicated that the aim is to have it published as a policy document by December 31, 2020. The AcGD also provided evidence of meetings held with the Ministry of Foreign Affairs to formalize the arrangement for the payment of pensioners living overseas. 3.2. 66. In addition, the AcGD has not prioritized monitoring pensioners who are over 90 years old who are considered high-risk. This resulted from prolonged delays in visiting pensioners who are over 90 years old, to verify that they are alive. For example, in February 2017, AcGD's payroll database showed 434 pensioners over the age of 90 of which only 149 were listed as active, demonstrating AcGD slowness in removing inactive pensioners from the payment system. The AcGD indicated that it visited only four of these pensioners between April 2016 and March 2017. However, AcGD only provided evidence of the verification conducted for two of the pensioners. After the audit, AcGD indicated that the Department visited 153 of these pensioners in 2019/20. 3.2.67. Notwithstanding, the timely verification that pensioners are alive is a critical component in the pension administration process to safeguard the integrity of pension payments, reducing the risks of disbursing pension payments after the death of pensioners and ensuring that payments are not being collected by ineligible individuals. The untimely verification of pensioners is a recurring deficiency highlighted in previous audits. Thus demonstrating that the AcGD failed reduce its risk exposure to the acceptable level of making payments to deceased pensioners for no more than three months, considering that life certificates are valid for three months. This is a critical success factor in pension administration. 3.2.68. One of the factors contributing to[1] the AcGD failing to achieve this critical success factor, is the absence of basic internal controls processes and work plans. We recognized that AcGD's pension administration process is largely manual, highlighting the need to implement a robust system of developing work plans with key performance indicators to measure progress in pension administration activities such as visitations, updating pension files and	

Issue/Concerns	Financial Exposure
Resource Management	
payroll system. AcGD provided a draft pensioners visitation plan for 2018, indicating the absence of a systematic approach to ensuring the timely verification of pensioners over 90 years old. AcGD did not provide the required quarterly operational plan monitoring reports. Therefore, we could not assess whether the AcGD monitored and evaluated performance targets relating to the pensions administration activities and where these were achieved[2]. 3.2.69. We further noted that pension files and payroll system were not updated to ensure accuracy in the pension administration process. For example, in some instances, it took up to 33 months to remove pensioners from the payroll. The failure to update the files and payroll system may result in irregularities and loss of public funds. This risk manifested when AcGD overpaid 23 dependents a total of $4.1 million because it failed to identify dependents over eighteen years, or where extensions granted by the MOFPS had expired for those in school. To date, the overpaid amounts have not been recovered. 3.2.70. In May 2018, AcGD approved Standard Operating Procedures and Risk Management Framework aimed at improving the pension administration process. However, these did not include strategies to address weaknesses identified in pensioners verification process. Also, the required fraud prevention plan was not developed in breach of Section 145 of the FAA Financial Management Regulations (2011). At the time of our audit, the Risk Management Framework was yet to be operationalized. 3.2.71. The AGD has since indicated that the Department has been executing improvement activities for Pensions Process, to address gaps identified within and external to the audit report. These activities include implementation and execution of the documentation improvement and records management projects and drafting of a life certificate policy and escalation protocols. The establishment of monitoring mechanisms such as the Standard Operating Procedures and Policy Review Committee and an Internal Control Review Committee which incorporates risk assessment activities and its monitoring. Other improvements to the Department include the implementation of the Performance Management Appraisal System (PMAS) and training in internal controls and the FAA Act Instructions. 3.2.72. The absence of formal documented procedures may have contributed to the inconsistencies in application of Income Tax for overseas pensioners. We noted that while the Jamaican Missions in the USA and Canada deduct Income Tax from pension payments, the Crown Agents in the United Kingdom did not deduct the requisite tax from Supplementary Allowance for 2011, 2012, and 2014 resulting in J$404,799 being owed to TAJ. Additionally, the annual tax returns for overseas pensioners which is due by March 15 annually, were not	

[2] FAA Act Instructions [S8.17.5 (1)]

Issue/Concerns	Financial Exposure
Resource Management	
filed which is in breach of the Income Tax Act. AcGD's failure to file the annual tax returns could result in the imposition of penal interest and pensioners denied rights to certain benefits. 3.2.73. AcGD has since paid the outstanding tax and advised that discussion has commenced with Tax Administration of Jamaica (TAJ) regarding the filing of these annual returns. **Weaknesses in Internal Controls** 3.2.74. AcGD did not employ strong systems of internal controls over its accounting, financial and human resources practices. 3.2.75. A proper assessment of the financial management of AcGD's pension administration could not be conducted as the last Appropriation Account presented and certified was the FY 2013/2014. AcGD did not prepare and submit the Appropriation Accounts for Recurrent (Pension Head 20019) with budgetary allocation of $187.66 billion, for the period 2014/2015 – 2019/2020. As a result, Parliament and the MoFPS are deprived of information to assess the AcGD's stewardship in managing the $187.66 billion allocated for Pension Administration over the period reviewed. The non-preparation of the accounts not only breached the Law but raises concerns regarding the level of accountability of public funds. Section 24(I) of the FAA Act stipulates that the Accounting Officer should prepare and submit annual appropriation accounts for certification four months after the related financial year.	

Financial Year	Head	Approved Budget ($'000)	Due date
2014/15	Head 2019 Pensions	25,060,123	July 31, 2015
2015/16	Head 2019 Pensions	26,764,933	July 31, 2016
2016-17	Head 2019 Pensions	30,051,084	July 31, 2017
2017-18	Head 2019 Pension	34,063,713	July 31, 2018
2018-19	Head 2019 Pensions	36,543,668	July 31, 2019
2019-20	Head 2019 Pensions	35,173,560	July 31, 2020
TOTAL		187,657,081	

Source: Approved Estimates of Expenditure 2014- 2020

Issue/Concerns	Financial Exposure
Resource Management	
3.2.76. AcGD has since advised that the Appropriation accounts for all the referenced years have been submitted to the Internal Audit Department for review. However, a timeline for finalization and submission to the AuGD was not provided. 3.2.77. AcGD did not derive any value for $5.0 million spent to acquire machine and software. In April 2015, the AcGD acquired an auto seal pressure machine at a cost of $1.2 million for printing pensioners pay slips and life certificates to replace the outsourcing arrangements. AcGD also procured the accompanying software for US$29,228/JM$3.8 million. However, five years later in 2020, the machine has still not been commissioned into use, while AcGD continued the outsourcing arrangements and paid approximately $37.42 million for the FYs 2016/17 to October 2020. Up to March 31, 2020, a formal agreement to protect the GoJ's interest was not implemented and there was no indication that the printery was selected based on competitive price quotations, further demonstrating that AcGD failed to satisfy itself that it had chosen the most cost-effective option for printing services. The extensive period of non-commissioning and use of the system may result in the software becoming obsolete and the government would not obtain any benefit from the expenditure incurred. It also indicates the unpreparedness of the AcGD to implement a system because of a lack of proper due diligence. 3.2.78. Since the audit, the AcGD has taken steps to formalize the printing arrangement. However, the process in not finalized. The AcGD advised that the current physical infrastructure of the Department, which has changed since the purchase of the noted equipment along with the required internal capacities and controls, does not sufficiently allow for the in-house printing and dispatching of life certificates. Alternative use of this equipment is being undertaken. **Recommendations** 3.2.79. The AcGD should act with urgency to review the pension system and implement strong and targeted internal controls to ensure the protection and integrity of the system. This should include continuous and routine monitoring, and clear policy guidelines particularly over the overseas pension process. 3.2.80. The AcGD should investigate and take steps to prevent and correct all breaches including recovery of all overpayments and follow-up with the financial institutions to clear the reconciling items.	

HEAD 20011: MINISTRY OF FINANCE AND THE PUBLIC SERVICE - ACCOUNTANT GENERAL'S DEPARTMENT

Issue/Concerns	Financial Exposure
Resource Management	
3.2.81. The audit of the Accountant General's Department (AcGD) accounting records and financial transactions for the Pension Statutory Appropriation Account, Statements J - Receipts and Payments of the Contingencies Fund and Statement C - Actual expenditure from the Consolidated Fund Principal Bank Account as compared with the estimates of expenditure, revealed weaknesses relating to ineffective internal controls and gaps in financial management regarding timely preparation of bank reconciliations, recording and processing of interest due to the Consolidated Fund. 3.2.82. Management was advised to promptly implement an effective and efficient system that will ensure compliance with the promulgated guidelines and guarantee accuracy of the statements before submission for certification. Further, given the volume of transactions associated with the preparation of Statement C, consideration should be given to reduce the manual effort by integrating the process with the Central Treasury Management System and the Government Financial Management Information System (CTMS /GFMIS). This will allow for the generation of more reliable monthly and annual financial reports. 3.2.83. Subsequent to our report, management has commenced the implementation of measures to improve the processes.	

HEAD 20019: MINISTRY OF FINANCE AND THE PUBLIC SERVICE - PENSION STATUTORY (FINANCIAL YEAR 2013/14)

Issue/Concerns	Financial Exposure
Resource Management	
Absence of approval for reallocation of approved budget 3.2.84. The AcGD did not present the requisite virement approvals to relocate budgeted funds to facilitate excess expenditure totalling $3.082 billion for 10 activities. Section 21(1) of the Financial Management Regulations stipulates that the prior approval of the Financial Secretary should be obtained before reallocating the approved budget. The absence of the requisite virement approval undermines good corporate governance principles of transparency and accountability and could negatively impact the planning for various activities in subsequent financial years.	$3.082 billion

Issue/Concerns	Financial Exposure
Resource Management	
3.2.85. AcGD has since advised that active steps are being taken to improve its pension budget execution process and the Department continues to action solutions to prevent such occurrences.	

HEAD 20056: MINISTRY OF FINANCE AND THE PUBLIC SERVICE - TAX ADMINISTRATION JAMAICA

Issue/Concern	Financial Exposure
Resource Management	N/A
3.2.86. The audit of Appropriation Accounts, accounting records and financial transactions of Tax Administration Jamaica (TAJ) for the period the 2016/17 to 2018/19 revealed a satisfactory state of affairs. The few issues found were communicated and addressed by management.	

HEAD 26000: MINISTRY OF NATIONAL SECURITY - FIREARM LICENSING AUTHORITY

Issue/Concerns	Financial Exposure
Governance	
Resource Management	
Inadequate Controls over Fixed Assets and Inventories 3.2.87. The audit of the accounting records and financial transactions of the Firearm Licensing Authority (FLA) for the 2017/2018 financial year identified weaknesses in the FLA's controls over fixed assets and inventories. We were unable to determine the accuracy and completeness of the Inventories balance totalling $2.5 million due to the absence of sufficient and appropriate evidence to support this amount in the accounts. Management was not able to provide a record of the detailed movement of Inventories as they reported that the relevant records could not be located.	$2.5 million
Excess Termination Payments in breach of the Ministry of Finance Guidelines 3.2.88. The FLA paid five former employees a total of approximately $8.4 million in termination benefits in excess of the amounts due under their employment contracts and in breach of the Ministry of Finance Circular No. 15 dated May 8, 2012 - Fixed Term Contract Officers Policy Guidelines. The FLA terminated the employment of these individuals in 2017 and paid them notice pay ranging from three months to twenty months and gratuity without the requisite performance evaluations. One officer was also paid three months' travelling allowance as part of his termination package. The termination	$8.4 million

Issue/Concerns	Financial Exposure
Governance	
Resource Management	
agreements for four of the former employees did not indicate why the employees were terminated and management did not provide any evidence of the reasons for their termination. The other employee was terminated with immediate effect after tendering his resignation and giving the FLA three months' notice. 3.2.89. Management indicated that "in accordance with clause 9(i) of the said policy, the Firearm Licensing Authority (FLA) entered into mutual agreement (separation agreement) with four (4) employees" and "the mutual agreement facilitated changes in the terms and conditions of the existing contracts of the individuals and was done prior to the expiration of their original contracts. It was on this basis that the FLA made payments to these four (4) employees". 3.2.90. However, the evidence presented revealed that the referenced agreements were separation agreements, which resulted in the immediate termination of the officers' employment contracts and did not facilitate changes in employment terms and conditions as intended by clause 9 (i). Additionally, FLA did not provide any evidence that the Ministry of Finance and the Public Service gave permission for any material changes to the contracts of these former employees as required by clause 10 (iii) of Circular No. 15. 3.2.91. Management was reminded that those charged with the governance of the FLA are required to act in accordance with the guidelines issued by the Minister responsible for the public service in all matters relating to emoluments payable to staff in keeping with Section 20 of the Public Bodies Management and Accountability Act. Payment of termination benefits contrary to the Ministry of Finance guidelines exposes the FLA to an increased risk of loss and action may be taken against the responsible officers in keeping with the Public Bodies Management and Accountability Act.	

HEAD 26000: MINISTRY NATIONAL SECURITY – POLICE CIVILIAN OVERSIGHT AUTHORITY

Issue/Concerns	Financial Exposure
Resource Management	
3.2.92. The audit of the Public Civilian Oversight Authority (PCOA) financial statements for the period 2018/19 disclosed the following matters: **Weaknesses in Systems of Internal Control** 3.2.93. There was a high risk of PCOA's financial statements being misstated due to the absence of an effective system to ensure that accounting records are properly reconciled. Our review identified unrecorded transactions in the financial statements amounting to $19.12 million.	

Issue/Concerns	Financial Exposure
Resource Management	
3.2.94. Additionally, PCOA did not maintain the requisite records to reflect all the fixed assets under its controls, including assets purchased at a cost of $1.3 million during the financial year 2018/19. 3.2.95. We also observed that at March 31, 2019, overpayments of board fees to members, amounting to $387,313, remain unrecovered since 2006. We found that the board members who are indebted to the Authority include past and existing members and one who is deceased. Up to the time of reporting, we found no evidence that a request was made of the Ministry of Finance and the Public Service (MoFP) for a write-off of the uncollected amounts in keeping with Section 7.7 of the Financial Instructions. 3.2.96. PCOA was advised to implement effective systems of control that will ensure accounting transactions are properly brought to account and fixed assets are safeguarded. 3.2.97. Subsequent to the report, PCOA advised that steps are being taken to recover the outstanding amounts from existing and past members. Also, a request was made of the parent Ministry to seek a write-off from the Finance Ministry for the sum owed by the member who is now deceased.	

HEAD 26024: MINISTRY OF NATIONAL SECURITY - DEPARTMENT OF CORRECTIONAL SERVICES

Issue/Concerns	Financial Exposure
Governance	
Resource Management	
Submission of Appropriation Accounts 3.2.98. DCS breached Section 24H (2) of the Financial Administration and Audit Act by not submitting three Appropriation Accounts with approved budgets totalling $22.1 billion for financial years 2016/17, 2018/19 and 2019/20. Also, the 2017/18 Appropriation Account with approved budget of $7.1 billion was submitted 18 months after the prescribed due date. DCS' s failure to submit Appropriation Accounts has prevented the timely assessment of its records by the Auditor General thus significantly delaying (i) the corrective actions to be taken and (ii) the imposition of appropriate sanctions on officers, where applicable, for breaches of the Financial Administration and Audit (FAA) Act and GoJ's established guidelines. Further, the oversight responsibilities of the Ministries of National Security (MNS) and Finance and the Public Services (MoFPS) in the implementation of the DCS's approved budget would have also been significantly curtailed.	$22.1 billion

Issue/Concerns	Financial Exposure
Governance	
Weaknesses in procurement process 3.2.99. We were unable to satisfy ourselves that DCS received value from $185 million paid to four contractors between 2016/17 and 2017/18 as the contracts, requisite procurement documents and minutes of procurement meetings were not presented for audit review. Owing to this, we did not obtain any assurance that DCS' contract award process, including the evaluation, recommendation and approval, was transparent and in keeping with the provisions set out in the Government of Jamaica (GOJ) Procurement Guidelines. 3.2.100. Additionally, in breach of the GoJ Procurement Guidelines, DCS utilized the direct contracting methodology to award contracts, totalling $55.6 million, to four contractors for the supply of uniforms. The contract values, which ranged between $6.7 million and $18.9 million, surpassed the approved direct contracting threshold of $1.5 million, and required the use of the limited tendering and local competitive bidding methodologies. Further, two of the contractors whose contract values totalled $25.6 million, did not possess valid Tax Compliance Certificates at the time of contract award. 3.2.101. According to DCS records, the Commissioner approved the direct contracting to meet a deadline and avoid the payment in lieu of uniform. However, this highlights a lack of proper planning and weaknesses in DCS governance practices as an approaching timeline for an annual expenditure is not an appropriate justification for direct contracting. By circumventing the competitive process, DCS would have denied itself the opportunity of procuring the items at a more economic rate to achieve greater value for money. **Inadequate controls over motor vehicle operations** 3.2.102. DCS did not have an affective system of control over the management of fleet vehicles as required by the GoJ Motor Vehicle Policy. Our review of the DCS' records revealed that 8 motor vehicles were involved in at least 10 separate accidents. However, none of these incidents were reported to the Auditor General, Financial Secretary or the Attorney General in keeping with the GoJ guidelines. Additionally, DCS did not present the accident files for two of the vehicles, hence we were unable to determine whether (i) the driver was authorized to operate the vehicle; and (ii) the driver reported the incident to the Transport Manager or to the Police. 3.2.103. Further, we found no evidence that the Transport Manager obtained repair estimates or independent damage assessment reports for five of the accidents noted. As such, we could not ascertain a value for the losses or determine whether the visible damages were consistent with the drivers' accident statements. Consequently, we were unable to ascertain	$185.0 million

Issue/Concerns	Financial Exposure
Governance	
the value to be recovered from either the DCS' driver or a third party if found to be negligent. 3.2.104. Notwithstanding, to its credit, DCS maintained logbooks for its fleet vehicles. However, our review revealed incompleteness in the data captured. We found that specific location travelled to and the odometer readings, pre- and post-travel, were not consistently documented. DCS' accounting records indicated that between 2016/17 and 2017/18, the Department spent $75.9 million and $6.6 million, respectively, on fuel and repairs & service of its fleet vehicles. However, DCS did not maintain the required Operational Efficiency Record, which would capture each fleet vehicle's, speed-o-meter readings, petrol consumption, maintenance and repair costs and accident history. This raises concerns about DCS' ability to determine whether the vehicles were used for official duties as well as its ability to (i) properly monitor, evaluate and reconcile fuel, oil and lubricant usage; and (ii) assess vehicle efficiency.	
Salary overpayments	
3.2.105. We identified eight instances of salary overpayments totalling $1.5 million due to the failure of personnel/supervisory officers to timely notify the Human Resource (HR) and Accounts unit of the employees' separation from DCS. From a sample of 28 officers who separated from DCS during 2016/17 and 2017/18, we found that nine officers (or 32 per cent) were paid beyond their separation dates as there was no appropriate mechanism in place to ensure their timely removal from the payroll. In addition, DCS was unable to justify payments totalling $301,002 in allowances and incremental increases paid to the nine officers.	$1.5 million
Weaknesses in bank reconciliation process	
3.2.106. The audit revealed that DCS did not have an appropriate reporting mechanism in place that will ensure Correctional Centres to timely notify head office of the lodgements made to its Deposit Account. Consequently, as at October 2020, DCS had unidentified lodgements totalling $2.1 million that the Department was unable to classify and properly bring to account. We found that a lack of coordination between DCS' head office and its Correctional Centres along with the absence of intercompany reconciliation were the main reasons for DCS' inability to identify the source of funds.	$2.1 million
3.2.107. Further, we found no evidence that DCS made any attempts to research the balances and therefore could not indicate whether the funds should be held to its inmates' credit or be treated as Miscellaneous Revenue and paid over to the Consolidated Fund. This lack of effort was evident in the year-on-year movement in the total unrecorded amount, which remained relatively constant over a 4-year period, reflecting a balance of $2.11 million in October 2020, relative to $2.06 million in March 2017. Also, DCS could not indicate precisely how far back the transactions were dated.	

Issue/Concerns	Financial Exposure
Governance	
Weaknesses in the recording transactions and storage of records 3.2.108. There was need for improvement over the recording of transactions and the storage of records to facilitate retrieval and verification of transactions recorded. At the time of reporting, DCS could not locate expenditure vouchers and supporting documentation for payments totalling $24 million; hence, we were unable to determine if DCS attested to whether the related goods, service and works paid for were provided/rendered satisfactorily. 3.2.109. Further, our review of payment vouchers and related transactions revealed that 330 payments totalling $57.9 million, relating to goods and services, were incorrectly classified under Object 21- Compensation of Employees. Of note, this has the effect of increasing DCS' wage bill and renders the Department in breach of GoJ's Virement Policy, which does not permit the Accounting Officer to reallocate funds to and from Object 21. Further, given the volume of misclassification, this highlights poor management oversight and indicates that the system of internal controls over the checking and reviewing process is not working as intended. The over/understatement of expenditure would undermine DCS' decision-making process and raises concerns regarding the correctness and reliability of DCS' financial statements. **Recommendations** 3.2.110. DCS was advised to review its financial reporting process with a view to improv the timeliness in preparing and submitting its Appropriation Accounts and the internal controls over the management of motor vehicles, salaries and deposits to minimise the risk exposure whilst ensuring compliance to the GoJ established guidelines. 3.2.111. Management accepted our recommendation and indicated that it recognises the need for improvement and has since advised that steps are being taken to address the issues raised.	$24 million

HEAD 28052: MINISTRY OF JUSTICE - LEGAL REFORM DEPARTMENT

Issue/Concern	Financial Exposure
Resource Management	
In adequate control of Assets 3.2.112. The audit of the Legal Reform Department Appropriation Account, related accounting records and financial transactions for the financial year 2018/2019 revealed a generally satisfactory state of affairs.	N/A

However, improvement was needed in the control of assets to ensure proper management of assets acquired.	

HEAD 28053: MINISTRY OF JUSTICE - OFFICE OF THE PARLIAMENTARY COUNSEL

Issue/Concern	Financial Exposure
Resource Management	
3.2.113. The audit of the Appropriation Account, related accounting records and financial transactions of the Office of the Parliamentary Counsel (OPC) for the financial year 2018/2019 disclosed a generally satisfactory state of affairs except for the following: **Inadequate asset management system** 3.2.114. The Counsel did not maintain a master inventory, individual inventory, location and office machine and equipment records in keeping with the Ministry of Finance guidelines. Therefore, in the absence of a proper inventory management system, OPC will not be able to account for its assets as well as make informed decisions regarding additional acquisitions or replacements. **Recommendation** 3.2.115. The Ministry of Justice (MOJ) was advised to implement proper systems that will ensure the fixed assets are managed in keeping with the GoJ's Control of Government Furniture, Office Machines and Equipment Manual to mitigate the risks highlighted.	N/A

HEAD 30000: MINISTRY OF FOREIGN AFFAIRS AND FOREIGN TRADE

Issue/Concerns	Financial Exposure
Governance	
Resource Management	
3.2.116. The audit of the accounting records and financial transactions of the Ministry of Foreign Affairs and Foreign Trade (MFAFT) for the financial years 2017/2018 to 2018/2019 revealed a generally satisfactory state of affairs.	N/A

HEAD 40000: MINISTRY OF LABOUR AND SOCIAL SECURITY

Issue/Concerns	Financial Exposure
Resource Management	
3.2.117. The audit of the Ministry of Labour and Social Security (MLSS) Appropriation Accounts, related accounting records and financial transactions for the financial years 2016/2017 and 2017/2018 revealed the following:	
Non-adherence to GoJ Guidelines on budget reallocation persists	
3.2.118. FAA Instructions 3.7 states that an Accounting Officer may cause budget reallocations under certain conditions, but such reallocations shall not be permitted under: Object 21-Compensation of Employees, Object 23 – Rental of Property and Machinery; Object 24– Utilities and Communication Services; and Object 25– Use of Goods and Services - sub-sub-objects: Drugs; Medical Laboratory Services; and Medical Supplies. However, contrary to this guideline, MLSS did not obtain the requisite approval for the reallocation of $36.36 million to facilitate excess expenditure on Objects 21, 23 and 24. Also, the prior approval of the Accounting Officer was not provided for the reallocation of $40. 45 million to Objects 22, 25 and 32. Further, MLSS failed to submit the quarterly reports on the reallocations authorized by the Accounting Officer to the Financial Secretary, in keeping with Section 3.7(viii) of the Financial Instructions.	$76.81 million
3.2.119. In an effort to correct these shortcomings, the MLSS sought retroactive approval from the MoFPS nine (9) months after the period in which the reallocation occurred; however, the MoFPS did not authorise the reallocation citing breaches of established policy. MLSS's recurring violations of established guidelines reflect management's override of GoJ's budgetary control process, which undermines the transparency and accountability principles of public financial management. Further, MLSS's failure to report the reallocation to the Financial Secretary would have prevented the MoFPS in exercising its oversight function over the execution of the MLSS's approved budget and resulted in the reallocations not being included in the supplementary estimates of expenditure.	
3.2.120. Subsequent to our report, the MLSS advised that the delay in submitting virement request to the Accounting Officer was due to staff shortage in the Accounts Unit. MLSS further indicated that a compilation of the reallocation submissions was made to the Ministry of Finance, and they advised the MLSS that the proposals would be accommodated within the Final Supplementary Estimates FY 2017/2018.	
3.2.121. The MLSS also indicated that it would commence the submission of the quarterly reports by the last quarter of the FY 2017/18.	
Tardiness in recording transactions contributed to breakdown in budgetary control	

Issue/Concerns	Financial Exposure
Resource Management	
3.2.122. MLSS was tardy in preparing and recording transactions to the accounting system and making journal entries relating to the reallocation of funds. We found that MLSS delayed the preparation and recording of journal entries relating to the reallocation of $123.5 million by 9 months, after the Accounting Officer approved the reallocation. The tardiness in recording these transactions would have prevented the MLSS in determining the year-to-date expenditure and balance of funds available for spending. This delay may have contributed to the excesses that occurred on the mentioned objects and also heightens the risks of un-authorized entries in the MLSS's accounts. 3.2.123. The MLSS advised that the backlog is due to staffing challenges and that going forward there should be improvement as the Ministry becomes more current with the submission of its accounts. **Weak system of controls over the management of Expenditure Adjustment Journals raises doubt on the legitimacy of transactions brought to account** 3.2.124. The MLSS failed to implement an effective system of internal control over its payment process to ensure that transactions brought to account by means of Expenditure Adjustment Journals (EAJs) are legitimate and comply with the GoJ's guidelines. We found that transactions totalling $173.42 million, brought to account by way of 52 EAJs, were not adequately supported by either a physical voucher or supporting documentations, and differences were identified between supporting documents and EAJs. Consequently, we could not validate the completeness and accuracy of these transactions. The absence of an effective system of control over the use of EAJs exposes the MLSS to loss of public funds. **Recommendations** 3.2.125. Management was advised to implement proper systems that will ensure that the reallocation of appropriated funds is done in accordance with the GoJ's Virement Policy, and the requisite journal entries recorded to the accounting system in a timely manner. 3.2.126. We also encouraged MLSS to move urgently to review and improve its system of internal controls to include, among other things, robust monitoring and reconciliation process that will prevent and detect errors and irregularities whilst ensuring compliance with the requisite laws and guidelines. 3.2.127. The MLSS has since advised that it notes the recommendations of the Auditor General's Department and is committed to improving its system of internal control. However, this improvement will be supported by the filling of posts in the Units.	$123.5 million $173.42 million

HEAD 40000: MINISTRY OF LABOUR SOCIAL SECURITY - INTERNAL AUDIT FINDINGS

Issue/Concern	Financial Exposure
Governance	
3.2.128. In keeping with the principles of good corporate governance and ensuring effective internal control structure and systems, the Financial Accounts and Audit (FAA) Act, the Financial Instructions require Ministries, Departments and Agencies (MDAs) to establish a system of internal audit for examining the accounting systems, risk management and governance practices of the MDAs. The FAA Instructions also stipulates that the Chief Internal Auditor should submit a monthly report to the Accounting Officer within five working days of the end of each month and a report of the previous three months on a quarterly basis. A copy of the report must be sent to the Audit Committee and the Auditor General. The Accounting Officer is required under the FAA Financial Instructions to maintain an Internal Audit Report Register which must detail when an Internal Audit Report was received, its recommendations and actions taken.[1] 3.2.129. We reviewed the quarterly internal audit reports for the period March 2017 to December 2019, and the following is a summary of what the internal auditor found: **Management non-responsive to internal audit findings**: 3.2.130. The internal audit unit of the Ministry of Labour and Social Security (MLSS) identified significant internal control deficiencies in several operational areas. As part of good governance practices, management should consider the work of internal audit as an important tool that provides independent assurance that an organisation's risk management, governance and internal control processes are operating effectively. However, the repetitive findings from the internal audit reviews and MLSS apparent non-responsiveness in addressing the internal control deficiencies, suggest management's lack of commitment in establishing and maintaining effective internal controls to help safeguard assets and further achieve its objectives. Up to the time of reporting, we found that the MLSS was yet to respond to approximately sixty (60) issues concerning systemic weaknesses identified, in the Ministry's operations, from as far back as March 2017. 3.2.131. MLSS's lack of responsiveness to the findings of the Internal auditor is cause for concern, as this matter was also reported in the Auditor General's Department (AuGD) Activity-Based Audit - National Insurance Scheme 2016 Audit Report. At that time, we reported that MLSS had not responded to 27 issues raised by the Internal Auditor from as far back as December 2011. In response to the AuGD's enquiry, MLSS advised that draft responses were submitted to the Permanent Secretary in September 2015, and the Chief Internal Auditor and Chairman of the Audit Committee in November 2015. Further, the matter of the outstanding management's response was brought to Management's attention annually, by the Chairman of MLSS's Audit Committee; however, the matter was not addressed.	

Issue/Concern	Financial Exposure
Governance	
3.2.132. MLSS's tardiness in addressing internal control weaknesses was further demonstrated by management's failure to maintain an Internal Audit Report Register which must detail when an Internal Audit Report was received, its recommendations and actions taken as required by Section 2.4.1.3 of the FAA Instructions. 3.2.133. Subsequent to the AuGD's report, MLSS acknowledged that there is a deficiency in the area of submission of responses to the Internal Audit Unit. MLSS further advised that management will be addressing the deficiencies in the areas with the aim of the respective managers providing substantial responses and facilitating the recommendations that have been made. **Grants under the Programme of Advancement through Health and Education (PATH):** 3.2.134. In March 2017, the internal audit unit's review revealed that MLSS has not developed a system to adequately record and monitor applications for grants, resulting in over payments of approximately $120,000 and the payments of amounts totalling $130,000, in the financial years 2014/2015 and 2015/2016, to individuals who had not met the criteria outlined in the policy for transitional grants. Inefficiencies in the internal control system contributed that MLSS making payments to beneficiaries up to one year after beneficiaries completed their course of study at post-secondary institutions. The report also highlighted overspending in the Social Protection Project budget for the 2014/2015 and 2015/2016 FYs by $10 million and $11 million, respectively. However, no evidence was provided to substantiate who gave the approval for the excess expenditure. 3.2.135. In June 2017, the internal audit review of the internal control in place to account for cheques, revealed weaknesses to include the non-recording of cheques that were reportedly sent to the local office for disbursement. The audit further highlighted that post-secondary grant cheque being received; however, the cheques were reportedly disbursed to payees. No documentary evidence was provided to substantiate that six cheques valued at approximately $165,000 were disbursed to payees. 3.2.136. Another audit report in September 2018, revealed unwarranted expenditure of $2 million and 52 beneficiaries received duplicate supplemental payment valued at $140,000. Also, the internal audit review of the bi-monthly valued at approximately $330,000 were not logged at the local office as cash transfers for the period December 2018 to April 2019 revealed that approximately 174 individuals with the same name and date of birth on the Beneficiary Management Information System were identified as being in receipt of duplicate payments amounting to $2.8 million. Thirty-two (32) of these beneficiaries were previously reported to the management of PATH as being in receipt of duplicate payment in 2017.	

Issue/Concern	Financial Exposure
Governance	
3.2.137. In June 2019, the internal audit reported that MLSS did not implement adequate quality control mechanisms to guarantee the accuracy of the number of beneficiaries and the amount each beneficiary should receive on a bi-monthly basis. The internal audit investigations revealed that payment files received from the Management Information System Unit (MIS) were accepted without the relevant internal quality assurance checks. The officers who signed certifying that payments should be made each cycle, could not provide the basis on which certifications were done. 3.2.138. Further, the internal audit review also raised concerns about social workers predominantly performing office duties. At the same time, there was a backlog of social work cases while MLSS was ineffective in tracking and accounting for work done by social workers. **Poor Procurement management:** 3.2.139. A December 2017 internal audit report revealed deficiencies in MLSS procurement practices. Procurement Committee minutes were not properly maintained, as minutes were not presented to confirm that the Committee approved the procurement of goods, services and works amounting to $54 million. For the period April 2017 to December 2017, payments totalling $50 million were made to five suppliers for security, janitorial and other services; however, no valid contract was seen. The report noted that despite previous audit reports in 2015 and 2016, the MLSS continued to operate in breach of the procurement guidelines, as there was no evidence that the relevant steps were taken to regularize the janitorial service. 3.2.140. There was also no indication that the expired carry-on agreement was renewed; notwithstanding, the two contractors were paid more than $14 million between January and December 2017. Also, there was no evidence that MLSS consistently prepared comparable estimates to evaluate contractors' quotations and scope of work to be carried out. The report cited one instance in which request for quotation was seen in respect of work to renovate office space and walkway construction at a cost of $2.4 million. However, no estimate was seen to compare the proposers' prices. From the number of works undertaken at MLSS offices, there was only one instance in which a comparable estimate was seen. 3.2.141. MLSS has since advised that a Specialist Procurement Unit and a Property Management and Maintenance Unit have been established and staffed to execute the requisite functions in these areas. Also, at the time of reporting, MLSS indicated that the tendering process for the security service and development of specifications for the Janitorial services were in progress. **Weaknesses in the procurement of consultants for advisory service:**	

Issue/Concern	Financial Exposure
Governance	
3.2.142. The internal auditor also indicated that no evidence was presented to indicate that other individuals were invited to express an interest to provide the consultancy service. No evidence of a terms of reference was provided. Instead, the proposal put forth by the consultant was accepted. 3.2.143. For the period November 15, 2012 to December 22, 2014, the sum of US$471,448.28 was paid to the Consultant. Of this amount, five payments totalling US$255,729.94 related to professional fees. Some of these invoices referred to project coordination which included developing templates for evaluation, liaising and conducting meeting with professionals. However, no document was presented that indicated the contractual arrangement was extended to project management. Furthermore, a contract was not presented to confirm that the Contractor was retained beyond May 2013. Only two contracts were seen, first in 2011 and the second commencing October 1, 2012 for a period of eight months. 3.2.144. Significant weaknesses were also highlighted in the management and execution of the renovation, refurbishing and subsequent operations of the Melia Braco Village Resort. Examination revealed that between February 12, 2017 and June 29, 2017 more than JA$187M was transferred from the National Insurance Fund (NIF) to one of the NIF's Resort Management Company Limited (NIFRMCOL) without the prior approval of the NIF Board or Permanent Secretary. 3.2.145. Procurement and payment weaknesses were identified as funds were paid to several contractors to provide similar services, and invoices were not endorsed to indicate whether goods/services were received or rendered satisfactorily. As a result, the audit could not confirm whether there was value for money as the basis of establishing contract fee was not documented and, in some instances, contractors were terminated after significant sums were disbursed. 3.2.146. In response to the AuGD summary findings, MLSS indicated that since the Internal Audit Report, the Ministry has implemented new procedures to prevent a recurrence. This includes a requirement for the Advisory Board and or the Permanent Secretary to approve all transfers from the Fund to NIFRMCOL. **Weak systems of control over Fixed Assets:** 3.2.147. For the period April 2018 to June 2019, the internal auditor reported that the Ministry spent over $99M on capital goods, yet despite multiple internal and external audit reports, MLSS did not maintain accurate records to account for all assets acquired. Notwithstanding, management failed to respond appropriately to these recurring issues, demonstrating scant regard for maintaining an effective internal control system over fixed asset.	

Issue/Concern	Financial Exposure
Governance	
3.2.148. The delay in addressing these deficiencies not only impair accountability, transparency, and probity, but also created an environment that is conducive to undetectable abuse and misuse of government properties as well as unauthorized removal of assets. 3.2.149. Records were not properly maintained to reflect all acquisitions made between 2016 and 2018 totalling $7 million. Computers valuing $3 million were not inventoried. There were significant variances between the master and individual location inventory. There were also differences between the inventory records and physical counts for items such as televisions, refrigerators, and fans. Basic inventory management practices were ignored, given that location charts were either incomplete/inaccurate or non-existent, and physical counts to verify the existence and conditions of assets was also absent. Consequently, there were significant gaps between the inventory records and the internal audit physical verification process. 3.2.150. The internal audit report also indicated that MLSS spent $4M to acquire new split air conditioning units in the last four financial years. However, no records were maintained to account for over 100 split air conditioning units. Units deemed unserviceable were reportedly destroyed, but the internal audit verification process was impeded by the absence of service records and evidence of destruction. Tents which MLSS purchased in March 2019 for $445,000 were neither captured on the Inventory Management Control system (IMCS) nor previous records. In other instances, assets that were recorded on inventory were not seen at the locations. Consequently, the physical count did not correspond with the records. 3.2.151. Another audit report in September 2018 also highlighted that purchases of fixed assets valued at approximately $20 million were not recorded in the fixed asset register. In addition, there was no documentary evidence to substantiate if assets valued at $13 million were received by MLSS or the respective partners of the Social Protection Project. These deficiencies could result in MLSS inability to account for fixed assets purchased thereby increasing the risk of misappropriation of assets. **Motor vehicle management concerns:** 3.2.152. A December 2019 report highlighted that adequate controls did not exist over the custody of advance fuel cards, as the register was not properly maintained to track all movements. For the period reviewed, MLSS spent over $40 million for the maintenance and fuelling of motor vehicles. 3.2.153. However, records were not appropriately maintained to track vehicle usage and expenses related to each vehicle. Vehicle logs were not properly maintained as pertinent information was not always documented to indicate non-operational/down time of the vehicle. Further, vehicles were not adequately deployed to optimise cost efficiency. There was no documented evidence that the activities of the drivers were properly monitored, as the daily	

Issue/Concern	Financial Exposure
Governance	
assignment record books were not periodically compared to the Amber trip log record. 3.2.154. There was also inconsistency in the application of time restriction placed on the usage of advance fuel cards. While drivers were permitted to purchase fuel within a specific timeframe, this restriction was not applied to all drivers. Drivers were allowed to keep the advance fuel cards for extended periods up 107 days. 3.2.155. The audit also revealed that in 245 instances where timecards were issued, the signature of the issuing officer were not noted in 104 of these instances, in six other instances the signature of the driver who collected the card was missing and the return date of the card was not indicated in 92 instances. Despite installing tracking system, the internal audit revealed inadequacy in the reporting mechanism. It was found that drivers had no direct contact with Amber Alert to inform them if a vehicle is stolen. 3.2.156. In November 2018, a vehicle was stolen and the driver had to relay the information to the Transport Manager who then contacted Amber; however, the location could not be retrieved at that point. Consequently, the system failed to assist in detecting the location of the stolen vehicle. Absence of proper management of advance fuel cards retards controls as transparency and accountability may be impaired while unrestricted access can facilitate unauthorized usage. 3.2.157. Deficiency in reporting accidents involving the MLSS vehicles to both the Ministry of Finance and the Auditor General's Department. The relevant accident files or individual motor vehicle files were not updated with all accidents reported. 3.2.158. The audit report also expressed concerns that MLSS motor vehicles were not prudently deployed to minimize unnecessary consumption. Furthermore, adequate controls did not exist over the processing and certification of overtime claims for drivers. The records showed that on numerous occasions. overtime claim forms for drivers were checked off by the Chief Caretaker and not the administrative staff in the Central Administration Unit. It was communicated that the Caretaker merely confirmed the total number of hours worked for the period. 3.2.159. These were some of the weak internal controls uncovered by the internal audit unit at MLSS, which were characterized by poor supervision, lack of documentation processes and override of established policies and procedures, which ultimately provide opportunities for the misappropriation of government assets by a single individual or collusion. To date, the management at MLSS has not responded to the internal audit reports to provide the assurance that steps are being taken to address the deficiencies.	

Issue/Concern	Financial Exposure
Governance	
3.2.160. MLSS has since indicated that it notes the AuGD's concerns regarding its failure to act upon the Internal Auditor's report and outlined steps the Ministry will be taking to have the concerns remedied. Some of the steps outlined include investigating the overpayments of grants to PATH beneficiaries, analysing fixed assets with the intention of placing items that were not previously inventoried on the IMCS, reporting future accidents to the relevant entities and reviewing overtime claims to prevent further discrepancies. **What should be done** 3.2.161. Management should, without further delay, provide the requisite response to the findings of the Internal Auditor. The response should include, amongst other things, a timetable of implementation of the IA's recommendations to correct the systematic internal control weaknesses, ensuring adherence to established GoJ's guidelines and holding delinquent officers accountable in the execution of their duties. 3.2.162. MLSS should also investigate the incidence of irregularities and recover sums paid that were not due. Where losses occurred, the sums should be recovered from the responsible officers and a report should be made forthwith to the AuGD and the Financial Secretary for surcharge action to be imposed in keeping with Section 20 of the FAA Act.	

Head 40000: Ministry of Labour and Social Security – National Insurance Scheme

Issue/Concern	Financial Exposure
Governance	
3.2.163. The audit of the National Insurance Scheme (NIS) consolidated financial statements, accounting records and financial transactions for the financial years 2014 and 2015 revealed the following: **Failure to account for employers' contributions** 3.2.164. NIS did not have an effective system to account for employers' contributions. Consequently, at March 31, 2015, the Scheme did not account for outstanding employers' contributions totalling $2.95 billion. Also, the NIS did not determine the outstanding employers' contributions for the financial year ended March 31, 2014. Therefore, the outstanding employers' contributions for year ended March 2014 was not disclosed in the Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income and Notes to the Financial Statements in keeping with the requirements of the International Accounting Standards (IAS 18), Revenue Recognition. This	$2.95 billion

Issue/Concern	Financial Exposure
Governance	
omission may have the impact of materially misstating the revenue for the reported period. Further, NIS's failure to conduct proper checks and monitoring might result in some delinquent employers being overlooked and contributors' rights to benefits under the Scheme may be denied.	
3.2.165. The MLSS subsequently advised that it recognizes the need for recording the outstanding employers' contributions within its financial statements. As such, the Compliance Module of the recently introduced Jamaica National Insurance Scheme System, scheduled for completion by the fourth quarter of the FY 2021/22, will interface with Tax Administration Jamaica thereby providing timely balances on Employers' Contributions.	
NIS tardiness in preparing monthly bank reconciliation statements and poor cash management led to unauthorised overdrafts	
3.2.166. Our review of the bank reconciliation statements for the Financial year 2014/2015, revealed that the requisite monthly bank reconciliation statements for seven bank accounts were prepared on June 1, 2015: one to twelve months after the prescribed timeframe for preparation. We also noted that the bank reconciliation statements were not properly reconciled as the statements included $5.38 million in reconciling items, relating to overstatement and understatement of lodgements and pension vouchers from as far back as April 2014, that were not resolved with the financial institution or updated to the Fund's general ledger. Also, the Bank reconciliation statements bore no evidence of review by an independent officer.	$5.38 million
3.2.167. The NIS's tardiness in reconciling the bank accounts did not support the intended internal control over the Fund's cash resources, making it possible for fraud and irregularities to remain undetected for protracted periods. Also, NIS's failure to prepare correct and timely bank reconciliation statements deprives stakeholders of complete and accurate financial information on which to make decisions.	
3.2.168. Further, NIS failure to perform timely reconciliation of its bank accounts and exercise proper cash management led to the Bank's imposition of $5.99 million in overdraft charges against the Fund. We identified that on three occasions during 2014/2015, NIS's Old Age Bank Account went in an overdraft position, due to insufficient funds. NIS did not present evidence that the prior written approval of the Financial Secretary was obtained for incurring these overdrafts.	$5.99 million
3.2.169. Management has since taken steps to bring the bank reconciliation statements up to date and subsequently advised that the NIS is liaising with the Bank for the correction of amounts incorrectly captured on its Statements. The MLSS further advised that the Ministry had written to the Bank on at least two occasions requesting that cheques should be returned to the Ministry in the event that there are insufficient funds in the bank accounts and requested a reversal of these charges.	

Issue/Concern	Financial Exposure
Governance	
Postmaster General (PMG) Advance account was not reconciled 3.2.170. The NIS did not implement an effective system of control over the management of advance payments made to the PMG. We found no evidence that the NIS performed regular reconciliation of the PMG advance account to prevent and detect errors and irregularities. For example, for the period ended March 2014, the NIF only recorded in the Fund's general ledger, $5.61 billion of the $7.39 billion that was advanced to the PMG. 3.2.171. We also noted that the journal vouchers supporting the entries recorded in the Fund's general ledger were not approved nor were the requisite supporting documents presented for audit scrutiny. This weak control environment heightens the risks for misstatements, undetected fraud and irregularities. Further, users of the statements could not place reliance on the financial information for decision making purposes. **Weak system of control over management of Journal entries exposes the Fund to financial losses** 3.2.172. There is a need to strengthen the system of controls over the processing of journal entries to minimize the risk of illegitimate and unauthorized transactions that could lead to financial losses to the Fund. Our review identified breakdown in the system of controls where 425 journal vouchers with transactions totalling $49 billion bore no evidence that they were reviewed and authorized by the responsible officers. 3.2.173. Additionally, 234 journal vouchers representing pension expenses totalling $24 billion were not supported by the appropriate source documents. Of this amount, $23 billion were not authorized. Consequently, we are unable to authenticate whether the expenses were legitimate and constituted a proper charge on the Fund. 3.2.174. The NIS accepts that there was a weakness and advised that subsequent to the period under review, management has implemented new controls to prevent recurrence of this nature. **Recommendation** 3.2.175. Management should implement proper systems of control over the administration of the Fund to prevent financial loss while ensuring adherence to the financial reporting framework and the GoJ guidelines.	

HEAD 40000: MINISTRY OF LABOUR AND SOCIAL SECURITY – PROGRAMME OF ADVANCEMENT THROUGH HEALTH AND EDUCATION INTEGRATED SUPPORT TO JAMAICA'S SOCIAL PROTECTION STRATEGY (ISJSPS) PROJECT

Issue/Concerns	Financial Exposure
Project Management	
3.2.176. The Integrated Support to Jamaica's Social Protection Strategy (ISJSPS) Project is funded by a $50.0 million loan from the Inter-American Development Bank (IDB,) disbursed over a four-year period from November 25, 2015, when the agreement was signed. Counterpart funding was provided by the Government of Jamaica (GoJ). 3.2.177. The objectives of the Project were to support consumption, protect and promote the human capital accumulation of the Programme of Advancement Through Health and Education (PATH) beneficiaries, as well as 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 to the poor and vulnerable population. The objectives of this Project are 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). The audit of the ISJSPS disclosed the following: **Project achievements** 3.2.178. At March 31, 2020, PATH initiated 44 of the 46 contracts that were at the planning stage in the previous year; while contracts for the remaining two activities- Research Identifying Employment Opportunities in Selected Parishes, and Evaluation of Senior Day Activity Centre, were yet to be implemented. Management indicated that the procurement process, particularly for infrastructure works, was prolonged by late start of the Project. 3.2.179. Subsequent to the audit, MLSS advised that these activities had to be changed owing to COVID-19. Consequently, the Bank approved an extension of the Project to October 2021 and replaced the outstanding activities with the following: • Further development of the LMIS Website (Phase 4) & the further development of the LMIS Mobile App (Phase 2) to facilitate the job placement process once jobs become available post COVID • Public Awareness Campaign on the LMIS via social media. • Procurement of Wellness kits for the Seniors to help with coping strategies during the COVID period. 3.2.180. At the time of reporting, MLSS advised that these activities were advanced in the procurement process and will be completed by the first part of 2021.	N/A

Issue/Concerns	Financial Exposure
Project Management	
3.2.181. Despite the strides made during the financial year, a number of concerns were noted. **Unclaimed PATH benefits** 3.2.182. Under the cash grant component, PATH pays a cash grant either by printed cheques or prepaid cash card to the poor and vulnerable registered under the Programme. However, up to the time of reporting, management did not implement a Service Level Agreement (SLA) with the financial institutions that administer the cash payment under the prepaid cash card facility, despite the recommendation from the Ministry's Internal Auditor, since 2011. As such, there was no documented guidelines on the roles and responsibilities of the financial institutions administering payments on behalf of PATH. 3.2.183. Since the audit, MLSS advised that a draft SLA document is currently with the Ministry's Legal Department for their review. However, the timeline for implementation was not provided. 3.2.184. Although PATH suspended cheque payments after two consecutive periods of non-collection by beneficiaries, this arrangement was not implemented for the prepaid cash card facility with financial institutions. We found that on March 31, 2020, beneficiaries had not collected approximately J$270.79 million disbursed by cheques and cash cards. Of this amount, approximately J$77 million disbursed under the prepaid cash card facility remain unclaimed, since 2017, by 1,823 beneficiaries at a financial institution over multiple pay cycles. 3.2.185. Subsequent to the audit, PATH wrote back J$281.79 million relating to unclaimed cheques and the Commercial Bank returned the outstanding monies from the respective cash cards to the Ministry's Administrative Bank account. **Beneficiaries non-compliant with Government Health and Education Cash Grant Programmes** 3.2.186. Our analysis of the beneficiary payments for pregnant/lactating women up to Grade 13 students for April 2019 to February 2020, revealed that 72,457 individuals were non-compliant, resulting in the non-disbursement of J$277.86 million during the period. In addition, the non-compliance rates were higher amongst Grade 9 to 11 males when compared to the females. This non-compliance may negatively impact the GOJ's social protection programme in the medium and long term as well as Outcome # 3 of the National Development Plan, Vision 2030. 3.2.187. Additionally, approximately J$270.79 million in cash grants disbursed under the programme remained uncollected. Although, the undisbursed funds could imply savings to taxpayers, on the other hand, some of the most vulnerable may have been denied the benefits of education and health	

Issue/Concerns	Financial Exposure
Project Management	
programmes to improve the social conditions consistent with Outcome # 3 of the National Development Plan, Vision 2030. 3.2.188. MLSS has since advised that it is considering a revision in the conditionalities for students, given that countries in Latin America that have implemented Social Protection Programmes similar to PATH, use softer conditionalities. **Tardiness in preparing reconciliation statements for the Beneficiary Bank Account persists** 3.2.189. At March 2020, PATH delayed the preparation of the Beneficiary Statements and the Government of Jamaica Administrative Bank Reconciliation Statements by 13 and 5 months, respectively. Government guidelines require monthly and annual reconciliation of bank accounts; however, the last statements prepared were for October 2019 and February 2020, respectively. 3.2.190. Additionally, we found that despite approval of the reconciliation statement, the Administrative Bank Account balance was not reconciled with the Cash book balance. Consequently, we could not be assured that the bank transactions and available cash balance of $1.31 million, reported for the GoJ Administrative Bank Account, were complete and accurate. 3.2.191. PATH indicated that the outstanding reconciliations were not completed due to system-related issues with the accounting software and its compatibility with the Financial Institution's upgraded platform. 3.2.192. Subsequent to the audit, we verified that the March 2020 GoJ Administrative Bank Reconciliation was approved on November 24, 2020 and noted that the available cash balance reported on March 31, 2020 was materially understated by J$53 million (US$391,689). The scope limitation resulted in a qualified audit opinion owing to the uncertainty about the accuracy of the available cash balance at March 31, 2020.	

HEAD 41000: MINISTRY OF EDUCATION, YOUTH AND INFORMATION - EARLY CHILDHOOD COMMISSION

Issue/Concerns	Financial Exposure
Resource Management	
Overpayment to Early Childhood Practitioners **3.2.193.** The audit of the accounting records and financial transactions of the Early Childhood Commission (ECC) for the 2018/2019 financial year revealed that the Commission has an increased exposure to losses because unrecovered overpayments relating to former Early Childhood Practitioners increased by approximately $2.5 million as at March 31, 2019, moving from approximately $30.4 million at the end of the financial year 2017/2018 to approximately $32.9 million at the end of 2018/2019. 3.2.194. This issue, which was the subject of previous audit reports, is primarily due to weaknesses in the controls over the payment of subsidies to Early Childhood Practitioners resulting in the continued payment of some Practitioners after they have separated from the Early Childhood Institutions. While we noted improvements in the rate of recovery for recent overpayments, the total amount outstanding continues to increase. 3.2.195. Management was advised to strengthen its controls over the payment of subsidies to Early Childhood Practitioners to ensure that Early Childhood Practitioners are not paid after they have separated from the Early Childhood Institutions and continue its efforts, in collaboration with the Ministry of Education, Youth and Information, to recover the outstanding amounts. 3.2.196. The ECC, in its response, indicated that it has not been able to fill vacant Early Childhood Development Officer positions in a timely manner and its approved budget for travel expenses is insufficient, resulting in visits to subsidy-paid schools not being conducted with the required frequency. This leads to a delay in removing Early Childhood Practitioners from the subsidy payroll in a timely manner. 3.2.197. The Commission has, however, taken steps to improve its internal controls resulting in an annual reduction in overpayments and it continues to pursue strategies, in collaboration with the Ministry of Education, to recover outstanding receivables.	$32.9 million

Head 42000: Ministry of Health and Wellness

Issue/concerns	Financial exposure
Resource Management	
3.2.198. The audit of the Appropriation Accounts of the Ministry of Health and Wellness (Heads 4200A and 4200B) for the financial year 2014/2015 identified weaknesses in the Ministry's controls over its commitment process, posting and classification of transactions, and bank reconciliation. Additionally, we were unable to verify the accuracy and completeness of Appropriations-in-Aid (AIA) totalling $867.49 million received from the National Health Fund and Capital A expenditure totalling $840.8 million due to the absence of sufficient and appropriate evidence to support the AIA and the expenses recorded in the accounts.	$867.49 million $840.8 million
3.2.199. The Ministry, in its response, indicated that funds were transferred directly from the NHF to the Regional Health Authorities (RHAs) resulting in the need for the MOHW to request information from the RHAs to determine the level of funding received directly from the NHF. The Ministry indicated that it has since written to the NHF, requesting that all requests and disbursement of funding by the NHF to the RHAs be made through MOHW in order to enable the Ministry to "properly account for all funds disbursed to the Regions and to ensure that expenditures are in line with the designated purpose".	
Bank Interest not paid over to Miscellaneous Revenue	
3.2.200. MOH did not pay over interest earned on its Capital A bank account, totalling $2,141,258.73 for the financial year 2014/2015, to the Accountant General for Miscellaneous Revenue as required by Circular #14 dated May 24, 2007. Management was advised to immediately lodge the interest earned to the Miscellaneous Revenue account and ensure that going forward all interest earned is remitted promptly to the Accountant General for Miscellaneous Revenue in keeping with the Ministry of Finance guidelines.	$2.1 million
3.2.201. In response, the Ministry indicated that all balances and interest in the NHF Deposit Account was used in support of Dengue eradication activities. MOHW acknowledged that it erred in utilizing interest earned without seeking prior approval from the Ministry of Finance. The Ministry indicated that it will also ensure that there is no recurrence of this and will promptly transfer any interest earned to Miscellaneous Revenue. The Ministry of Health and Wellness also stated that it will be writing to the Ministry of Finance to seek retroactive approval for the utilization of the interest earned.	

HEAD 42000: MINISTRY OF HEALTH AND WELLNESS – PHARMACY COUNCIL OF JAMAICA (PCOJ)

Issue/Concerns	Financial Exposure
Resource Management	
3.2.202. The audit of the Pharmacy Council of Jamaica's (PCoJ) financial statements for the period April 2015 to March 2018 disclosed the following matters of concerns.	
Weak control over Fixed Assets	
3.2.203. Contrary to the stipulation of the GoJ guidelines, PCoJ did not maintain the requisite Fixed Asset Register to support the acquisition of fixed assets totalling $2.79 million reflected in the Financial Statements. The absence of the relevant fixed assets record impeded our effort to determine whether all assets owned and controlled by the PCoJ were disclosed at the appropriate valuation for the period under review. PCoJ has since taken steps to update the Fixed Asset Register.	$2.79 million
Unreconciled bank accounts	
3.2.204. PCoJ did not faithfully prepare bank reconciliation statements for its bank accounts, as only six (6) of the requisite 72 reconciliation statements were completed during the period under review. Though the bank reconciliation statement for the Fees Account agreed with the Council's cashbook, cumulative reconciling differences of $1.76 million were noted.	$1.76 million
3.2.205. Consequently, we were unable to satisfy ourselves that the bank transactions reported by the PCoJ were complete and accurate. Further, PCoJ's failure to undertake the requisite monthly reconciliation of its bank accounts has prevented the Council from detecting and correcting banking irregularities in a timely manner.	
3.2.206. At the time of reporting, we verified that PCoJ made some improvements by completing the reconciliation statements up to July 2020.	
Non-payment of Income Tax	
3.2.207. PCoJ did not remit to the Commissioner of Inland Revenue (CIR) income tax of $227,350, deducted from gratuity payments in 2016. *Section 41* of the Income Tax Act requires Income Tax to be remitted to the CIR 14 days following the month of deduction. PCJ's failure to remit tax in the stipulated timeline represents a breach of the Income Tax Act and may result in the imposition of penal interest at 50 per cent.	$0.23 million
3.2.208. PCoJ was advised to implement systems to strengthen its internal control processes to ensure that administrative errors and breaches are detected and corrected in a timely manner.	

Issue/Concerns	Financial Exposure
Resource Management	
3.2.209. PCoJ has since advised that all efforts will be made to ensure that the amount payable to the Commissioner of Inland Revenue is made in swift order.	

HEAD 42000: MINISTRY OF HEALTH AND WELLNESS – SURVEILLANCE AND RESPONSE TO AVIAN AND PANDEMIC INFLUENZA IN JAMAICA (CDC) PROJECT

Issue/Concerns	Financial Exposure
Project Management	
3.2.210. The Surveillance and Response to Avian and Pandemic Influenza Project is funded by a US$2.0 million grant from the Center for Disease Control and Prevention (CDC) and will be disbursed over a five-year period from September 1, 2016 based on the availability of funds, as outlined in the cooperative agreement. **Delay in Project's Execution** 3.2.211. The Project was scheduled to commence in September 2016. However, the planned activities did not commence until financial year 2017/18. The Project's records revealed that the suspension of activities in 2016 was due to procurement issues relating to contracting a technical expert. As of March 31, 2019, MoHW was able to achieve 16 of the 20 planned activities and utilized US$635,402.33 (60.5 per cent) of US$1.049 million approved for spending. 3.2.212. MoHW acknowledges the delay in the execution of the Project and indicated that despite the delays the Project activities remain on track for completion August 31, 2021. **Taxes Not Deducted and Paid Over to TAJ** 3.2.213. MOHW did not deduct and remit to Tax Administration Jamaica (TAJ) the requisite income taxes, totalling $790,000, from consultants contracted to the Project. MoHW subsequently indicated that the consultants were advised to settle their outstanding obligations with the TAJ.	$931,000

HEAD 42034: MINISTRY OF HEALTH AND WELLNESS - BELLEVUE HOSPITAL

Issue/concerns	Financial exposure
Resource management	
3.2.214. The audit of the accounting records and financial transactions of the Bellevue Hospital for the financial years 2016/2017 to 2017/2018 identified weaknesses in the hospital's controls over expenditure, revenue, deposits and inventory. Management was advised to take the necessary steps to strengthen the hospital's system of controls over its financial operations. **Overpayment of Emoluments** 3.2.215. Four employees were overpaid emoluments totalling $103,443.21 due to the failure of the responsible officer(s) to make the appropriate salary related adjustments. Management was advised to take the necessary steps to recover the amounts overpaid and ensure that going forward, the hospital's system of internal checks and controls over the preparation and payment of emoluments is strengthened to prevent a recurrence.	$103,443.21

HEAD 42035: MINISTRY OF HEALTH AND WELLNESS - GOVERNMENT CHEMIST

Issue/Concerns	Financial Exposure
Resource Management	
3.2.216. The audit of the accounting records and financial transactions of the Government Chemist for the financial year 2015/2016 revealed a generally satisfactory state of affairs. However, the Department exceeded its approved budgetary allocation for *Object 22 (Travel Expenses and Subsistence)* by $122,062 for the 2015/2016 financial year; but the Accounting Officer did not approve any virement of funds to cover this excess.	**$122,062**

HEAD 46000 A & B: MINISTRY OF CULTURE, GENDER, ENTERTAINMENT AND SPORT

Issues/Concerns	Financial Exposure
Governance	
Resource Management	
3.2.217 The audit of the accounting records and financial transactions of the Ministry of Culture, Gender Entertainment and Sport (MCGES) for the financial years 2015/2016 to 2018/2019 revealed the following areas of concern.	
Unapproved Variation	
3.2.218. There was an unapproved variation of approximately $10.97 million in relation to works done at the Trelawny Multipurpose Stadium. The Ministry indicated that this was due to a merger of the works for Phase 1 and 2 of the project into one contract instead of two separate contracts.	$10.97 million
Salary Overpayments	
3.2.219. The Ministry overpaid a former employee $87,267.59 during the period under review. Management was advised to take the necessary steps to recover the amounts overpaid. MCGES has since indicated that steps have been taken to recover the amount from Family Benefits Contribution refunds owed to the former employee.	$87,267.59
Outstanding Appropriation Accounts	
3.2.220. The MCGES's Accounting Officer did not submit the Appropriation Accounts for the financial year 2018/2019 for audit in keeping with the requirements of the FAA Act. The approved budgetary allocation (net of AIA) for the financial year 2018/2019 totalled approximately $3.35 billion for Recurrent and Capital expenditure.	$3.35 billion
3.2.221. The Ministry indicated that the finalization of the Appropriation Accounts has been delayed due to a system error on the Government Financial Management System. I was advised that the Accountant General's Department is investigating the issue.	
Excess Expenditure on Object 21 (Compensation of Employees)	
3.2.222. The Ministry's Accounting Officer approved the virement of funds totalling approximately $2.7 million to cover excesses on Object 21 – Compensation of Employees in breach of the Ministry of Finance's Circular #19 dated October 27, 2014.	$2.7 million
3.2.223. MCGES indicated that the excess was identified after the changes in the Ministry's portfolio in March 2016 and the transfer of the budgets of the new portfolios. The Ministry indicated that, of the $2.7 million excess, $2.567 million related to two of the transferred subjects.	

HEAD 46000: MINISTRY OF CULTURE, GENDER, ENTERTAINMENT AND SPORT – JAMAICA NATIONAL HERITAGE TRUST

Issue/Concerns	Financial Exposure
Governance	
Resource Management	
3.2.224. During the period under review, we completed the audits of the 2004/2005, 2005/2006 and 2006/2007 financial statements of the Jamaica National Heritage Trust (JNHT). The Financial Statements gave a true and fair view of the financial position of the JNHT as at the end of each financial year and of its financial performance, and its cash flows in accordance with International Public Sector Accounting Standards.	

HEAD 50000: MINISTRY OF INDUSTRY, COMMERCE, AGRICULTURE AND FISHERIES – ANTI-DUMPING AND SUBSIDIES COMMISSION (ADSC)

Issue/Concerns	Financial Exposure
Resource Management	
3.2.225. The audit of the Anti-Dumping and Subsidies Commission financial statements for the period April 1, 2016 to March 31, 2018 disclosed that the Commission has implemented sufficient internal controls over the management of cash, expenditure, revenue and fixed assets that would mitigate the exposure of the Commission to anomalies. 3.2.226. Notwithstanding, those areas of concerns arising from the audit were discussed with management who has committed to implement the necessary corrective actions to address the concerns raised.	N/A

HEAD 51000: MINISTRY OF AGRICULTURE AND FISHERIES – JAMAICA 4-H CLUBS

Issue/Concerns	**Financial Exposure**
Resource Management	
3.2.227. During the period under review, we completed the audit of the 2014/2015 financial statements of the Jamaica 4-H Clubs.	

Issue/Concerns	**Financial Exposure**
Biological Assets and Utilities Expense	
3.2.228. We were unable to verify the accuracy and completeness of the biological assets balance totalling $8.37 million and utilities expenses totalling $8.02 million due to the absence of sufficient and appropriate evidence to support these amounts.	$8.37 million $8.02 million
3.2.229. Management has since indicated that steps have been taken to improve the controls and accounting for biological assets and utilities expense.	
Unremitted Withholding Tax	
3.2.230. Withholding taxes amounting to approximately $1.42 million were not paid over to the Tax Authority. Management was reminded that failure to pay over taxes deducted at source is a breach of the relevant tax law and may result in penalties, interest, and other charges.	$1.42 million
Unrecorded Liability	
3.2.231. The Jamaica 4-H Clubs' financial statements did not include a liability of approximately $2.45 million being advance payments made by the Sugar Industry Authority to farmers on the Clubs' behalf under the Sugar Cane Expansion Fund Program. Management said that they would be writing to the Sugar Industry Authority to inquire about the amount owed and request the supporting documentation for inclusion in the financial statements.	$2.45 million

HEAD 51000: MINISTRY OF AGRICULTURE AND FISHERIES - PILOT PROGRAM FOR CLIMATE RESILIENCE (PPCR)

Issue/Concerns	Financial Exposure
Project Management	
3.2.232. The objective of the *Pilot Programme for Climate Resilience (PPCR)* was to support Jamaica in the preparation of the *Jamaica Promoting Community-based Climate Resilience in the Fisheries Sector Project*, which aims to enhance community-based climate resilience among targeted fishing and fish farming communities in Jamaica. The *PPCR*, which was financed by a US$125,000 grant from the International Bank for Reconstruction and Development, came to an end on July 22, 2017.	N/A
3.2.233. The financial statements for the PPCR were submitted for audit approximately 17 months after the stipulated submission deadline. Management indicated that due to limited human resources, they were challenged in preparing the requisite statements for an audit to be conducted within the specified timeline.	

Issue/Concerns	Financial Exposure
Project Management	
3.2.234. Overall, the PPCR met three of its four major targets. The target not met was the *development of business models for coastal marine poly-culture, and artisanal long lines for offshore pelages*. Management indicated that while this component was not completed as a formal business model, aspects that could have contributed to the business model were presented in the draft recommendation report.	

HEAD 51000: MINISTRY OF AGRICULTURE AND FISHERIES - PROMOTING COMMUNITY-BASED CLIMATE RESILIENCE IN THE FISHERIES SECTOR PROJECT

Issue/Concerns	Financial Exposure
Project Management	
3.2.235. The objective of the *Promoting Community-Based Climate Resilience in the Fisheries Sector Project* is to enhance community-based climate resilience among targeted fishing and fish farming communities in Jamaica. The project, which is financed by a US$4,875,000 grant from the International Bank for Reconstruction and Development, is expected to last for 5 years from March 28, 2018 to March 31, 2023. **Project Targets not achieved as planned** 3.2.236. The Project did not achieve seven of its nine planned targets for the period under review. Of these seven outstanding targets, five were in progress and two did not start. 3.2.237. Management was advised to strengthen the planning, monitoring and oversight of its project activities taking into consideration the current COVID-19 pandemic and the associated restrictions as well as the expected procurement timelines for planned targets to ensure that the project's objectives are met within the agreed timelines.	N/A

HEAD 53000: MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE - FAIR TRADING COMMISSION

Issue/Concerns	Financial Exposure
Resource Management	
3.2.238. The audit of the accounting records and financial transactions of the Fair-Trading Commission (FTC) for the financial years 2015/2016 and 2016/2017 revealed a generally satisfactory state of affairs.	N/A

HEAD 53000: MINISTRY OF INDUSTRY, COMMERCE, AGRICULTURE AND FISHERIES – JAMAICA INTELLECTUAL PROPERTY OFFICE (JIPO)

Issue/Concerns	Financial Exposure
Resource Management	
3.2.239. The audit of financial statements and related accounting records for the period April 1, 2018 to March 31, 2019, revealed that Jamaica Intellectual Property Office (JIPO) implemented sufficient internal controls measures over the management of cash, expenditure and revenue that would mitigate the exposure of the Office to anomalies. However, there was room for improvement over the management of the entity's fixed assets to prevent misstatement and misappropriation. 3.2.240. JIPO has not taken steps to address the deficiencies highlighted in prior audit reports. These include (i) the absence of asset identification codes; and (ii) delays in updating of the asset location records with assets acquired at cost of $1.1 Million. Further, JIPO did not provide an annual status report on its fixed assets in keeping with the requirements of Section 7.3.5 of the Financial Instructions and the GOJ's Assets Management Policy. **Recommendation** 3.2.241. Management was advised to review its operational procedures for the management of fixed assets and implement proper systems of controls to safeguard these resources. 3.2.242. JIPO has since taken steps to address the deficiencies and indicates management's commitment to improve its fixed assets management.	$1.1 million

HEAD 56000 MINISTRY OF AGRICULTURE AND FISHERIES, FORMERLY MINISTRY OF INDUSTRY, COMMERCE, AGRICULTURE AND FISHERIES (MICAF)

Issue/Concerns	Financial Exposure
Governance	
3.2.243. The audit of MICAF's Recurrent, Capital A and Capital B Appropriation Accounts for the Financial year ended March 2016 revealed the following: **Poor Budget Execution** 3.2.244. MICAF's Capital-A Appropriation Account for 2015/16 has reflected that expenditure exceeded the Voted Provision by $205.9 million, resulting in an excess on the Head. Similarly, for the Recurrent Appropriation account, actual expenditure exceeded the approved budget by $65.6 million on four Objects: (Object 22-Travel expenses and subsistence: Object 25- Use	$247.05 million

Issue/Concerns	Financial Exposure
Governance	
of Goods and Services, Object 29-Awards and Social Assistance and Object 32- Fixed Assets). 3.2.245. However, MICAF did not present the requisite approval for the excess on the Head and the virement approval that authorized the reallocation of $41.15 million to facilitate excess expenditure on the mentioned four Objects. Instead, management explained that the Second Supplementary Estimates passed in March 2016, reduced the original estimates after expenditure had already incurred. MICAF further stated that this concern was communicated to the Ministry of Finance but, to date, the matter has not been regularised. 3.2.246. Section 116 of the Constitution of Jamaica requires Parliamentary approval for expenditure in excess of the sum provided for by the Appropriation Law. Therefore, the absence of the requisite approval for the excess expenditure on the Capital A Head and reallocation of appropriated funds not only breached the Constitution, but also indicates a weakness in the implementation of MICAF's approved budgets and exposed the government to budget overrun and undue fiscal risk. 3.2.247. The Ministry accepted the AuGD's recommendations and advised that they will be communicating with the Finance Ministry to regularise the excess expenditure through inclusion in the final supplementary estimates as well as to take appropriate steps to ensure the approval of the Permanent Secretary is in place prior to reallocation of appropriated funds to mitigate the instances of over-expenditure without approval.	

Head 68000: Ministry of Transport and Mining

Issue/Concerns	Financial Exposure
Resource Management	
3.2.248. The audit of the accounting records and financial transactions of the Ministry of Transport and Mining (MTM) for the financial year 2017/2018 revealed the following areas of concern. **Excess expenditure on Object 21 (Compensation of Employees) for two activities** 3.2.249. There was a breakdown in the Ministry's commitment planning and control system resulting in excess expenditures for Compensation of Employees (Object 21) totalling $418,758.58 for two activities. MTM indicated that the excess was due to "additional expenditure incurred to facilitate payment of salary arrears in respect of wage agreement and additional expenditure incurred in respect of acting arrangements that became necessary".	$418, 758.58

Issue/Concerns	Financial Exposure
Resource Management	
3.2.250. Management was advised to strengthen its system of commitment planning and control to ensure that funds are available before expenditure is incurred. 3.2.251. MTM has since indicated that steps have been taken to reduce the risk of recurrence and that they were advised by the Ministry of Finance that the excess would be regularized in the Final Supplementary Estimates for 2017/2018. **Outstanding Advance to Caribbean Maritime Institute (now Caribbean Maritime University).** 3.2.252. The Ministry has not received value for money in relation to payment of approximately $19.8 million made to the Caribbean Maritime Institute (now Caribbean Maritime University) as part of a $39.7 million contract to construct containerized offices at its head office at 138H Maxfield Avenue. The Project was scheduled to be completed over 24 weeks beginning March 20, 2017. The Ministry paid the Caribbean Maritime Institute $19.8 million on March 24, 2017, as an advance on the Project. However, to date, construction has not started and the sum has not been returned to the Ministry despite its written request for a return of the funds in May 2019. 3.2.253. MTM has since indicated that it is in dialogue with the new CMU executives to resolve this matter.	$19.8 million

HEAD 72000: MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

Issue/Concern	Financial Exposure
Resource Management	
3.2.254. The audit of the accounting records and financial transactions for the Ministry of Local Government and Community Development 2015/2016 to 2018/2019 Appropriation accounts (Head 72000, 72000A,72000B) revealed the following: **NSWMA Spends Excess AIA collections without Parliamentary Approval** 3.2.255. Excess A-I-A of $16.299.6 million collected by the National Solid Waste Management Authority (NSWMA) was used to supplement the budget for garbage collection and disposal as well as to facilitate payment for the insurance of motor vehicles (garbage trucks) instead of being surrendered to the Consolidated Fund as required by Section 4.5.8 and 4.5.9 of the FAA Act, Instructions. The necessary approval was not obtained prior to making the respective payments. Management's failure to obtain the requisite prior approval to expend the funds not only overrides GoJ's established budgetary	$6.69 million

Issue/Concern	Financial Exposure
Resource Management	
control procedures but also undermines the accountability process and would have prevented the Ministry of Finance and the Public Service (MoFPS) from including the amounts in the Supplementary Budget. 3.2.256. The Ministry indicated that since retroactive approval cannot be sought, as a measure of control to deter a repeat of this breach, the Ministry has advised all relevant Agencies that failure to surrender revenues unapproved for use as Appropriations in Aid to the Consolidated Fund, will result in the sums being recovered from their subvention. Subsequent to our report, the MLGRD deducted $9.6 million from the NSWMA's subvention and paid over this amount the Consolidated Fund. **Absence of approval for the reallocation of approved budget** 3.2.257. The prior approval of the Accounting Officer was not obtained for the reallocation of $76.38 Million in the Recurrent budgets for the financial years 2015/2016 to 2017/2018 as required by Section 3.7(i) of the Financial Instructions. Also, for the period under review, the MLGCD reallocated $6.04 million to facilitate excess expenditure on Objects 21, 23 and 24, which is not allowed under the Financial Instructions. 3.2.258. We also noted that for the 2015/2016 financial year, actual expenditure exceeded the approved budget by $48.25 million. Section 116 of the Constitution of Jamaica requires Parliamentary approval for expenditure in excess of the sum provided for by the Appropriation Law. Also, 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, Object 24 Utilities and Communications. 3.2.259. MLGCD also failed to submit the quarterly reports on the reallocation of expenditure authorized by the Accounting Officer to the Financial Secretary, as a requirement of Section 3.7(viii) of the Financial Instructions. 3.2.260. The MLGCD's failure to obtain the prior approval to reallocate appropriated funds reflects management's override of GoJ's established budgetary control guidelines on the reallocation of appropriated funds, which undermines the transparency and accountability principles of public financial management. 3.2.261. Notwithstanding, the explanation provided by management that the excess expenditure on Objects 23 and 24 for 2016/17 was due to a misunderstanding relating to the time the new FAA (Financial Administration and Audit) Instructions would have taken effect and circumstances that were beyond managements control.	$82.42 million

Issue/Concern	Financial Exposure
Resource Management	
3.2.262. MLGCD's failure to report the reallocation to the Financial Secretary would have prevented the MoFPS in exercising its oversight function over the execution of the Ministry's approved budget and resulted in the reallocation not included in the supplementary estimates of expenditure. **Funds advanced from the Parochial Revenue Fund for budgetary support** 3.2.263. We noted that the Ministry expended $22.6M from the Parochial Revenue Fund (PRF) to facilitate repairs of fire fighting vehicles for the Jamaica Fire Brigade. We also noted that $50 Million was advanced from the PRF for the rehabilitation of the Ministry of Local Government and Community Development (MLGCD) Head Office (Hagley Park Road). The payments were made contrary to the established purpose of the PRF as detailed in Section 14(1) of the Local Government Financing and Financial Management Act, 2016, which states that payments from the PRF should be made to Municipal Corporations to carry out their functions, which includes developing, managing, and maintaining infrastructure and public facilities such as parochial roads, etc. The amounts advanced were subsequently reimbursed to the PRF. 3.2.264. The Ministry was advised to institute proper budgeting and fiscal control measures that will ensure funds are available to meet its expenditure and not utilise the PRF to supplement its budget. 3.2.265. MLGRD explained that funds advanced from the PRF were used to facilitate emergency circumstances and in situations that required immediate response pending receipt of funds from the MoFPS. **Appropriation Accounts not reviewed by Internal Audit** 3.2.266. We noted that the Internal Audit Unit of the Ministry of Local Government & Community Development did not audit the 2016/2017 to 2017/2018 Appropriation Accounts prior to submission to the Auditor General. Section 73 of the Financial Administration and Audit Act Regulation (2011) requires the Chief Internal Auditor of Ministries and Departments to audit the Appropriation Accounts before presenting to the Financial Secretary and the Auditor General for certification. 3.2.267. MLGRD was encouraged to implement proper systems that will ensure all virement of funds are prepared and approved prior to the reallocation of funds and ensure that the Appropriation Accounts are audited by the Chief Internal auditor prior to submission to the Auditor General and the Financial Secretary to comply with relevant GOJ guidelines. 3.2.268. Management has since advised that the Ministry will make formal submission to the MoFPS for the reallocation of budgeted funds for the three	

Issue/Concern	Financial Exposure
Resource Management	
financial years. Also, going forward the Internal Audit Unit will endeavour to provide statements that are verified.	

APPENDICES

OUTSTANDING FINANCIAL STATEMENTS AND APPROPRIATION ACCOUNTS AS OF MARCH 2020

	Ministry, Statutory Bodies and Executive Agencies	Type of Statement	Years	Total outstanding
	Forestry Department (*)	Accrual basis	2017/2018 to 2019/2020	3
	National Environment and Planning Agency (*)	Accrual basis	2018/2019 to 2019/2020	2
	Companies Office of Jamaica	Accrual basis	2019/2020	1
	Jamaica Custom Agency (*)	Accrual basis	2017/2018 to 2019/2020	3
	Jamaica Information Service	Accrual basis	2019/2020	1
	National Commission on Science and Technology	Cash basis	2014/2015 to 2019/2020	6
	Jamaica Intellectual Property Office	Accrual basis	2019/2020	1
	National Land Agency (*)	Accrual basis	2019/2020	1
	Passport, Immigration and Citizenship Agency (*)	Accrual basis	2018/2019 to 2019/2020	2
	Fisheries Management and Development Fund	Cash basis	2015/2016 - 2019/2020	5
	Capital Development Fund	Accrual basis	2017/2018 to 2019/2020	3
	Firearm Licensing Authority	Accrual basis	2019/2020	1
	Pesticides Control Authority	Accrual basis	2016/2017 to 2019/2020	4
	Private Security Regulation Authority	Cash basis	2019/2020	1
	National Council on Education	Accrual basis	2019/2020	1
	Anti-Dumping and Subsidies Commission	Accrual basis	2018/2019 to 2019/2020	2
	Financial Investigations Division	Accrual basis	2018/2019 to 2019/2020	2
	Institute of Jamaica	Accrual basis	2017/2018 to 2019/2020	3
	Jamaica 4-H Clubs	Accrual basis	2019/2020	1
	Jamaica National Heritage Trust	Accrual basis	2008/2009 to 2019/2020	12
	Land Administration Management Programme	Accrual basis	2015/2016 to 2017/2018	3
	National Council on Drug Abuse	Accrual basis	2011/2012 to 2019/2020	9
	National Gallery of Jamaica	Accrual basis	2016/2017 to 2019/2020	4
	National Insurance Scheme	Accrual basis	2019/2020	1
	National Youth Services	Accrual basis	2013/2014 to 2019/2020	7
	Pharmacy Council of Jamaica	Accrual basis	2018/2019 to 2019/2020	2
	Police Civilian Oversight Authority	Accrual basis	2019/2020	1

	Ministry, Statutory Bodies and Executive Agencies	Type of Statement	Years	Total outstanding
	Export Division	Accrual basis	2014/2015 to 2019/2020	6
	Social Development Commission	Accrual basis	2019/2020	1
	National Library of Jamaica	Cash basis	2019/2020	1
	Jamaica Library Services	Accrual basis	2019/2020	1
	Clarendon Municipal Corporation	Modified Accrual Basis	2013/2014 to 2019/2020	7
	Hanover Municipal Corporation	Modified Accrual Basis	2016/2017 to 2019/2020	4
	Kingston & St. Andrew Municipal Corporation	Modified Accrual Basis	2015/2016 to 2019/2020	5
	Manchester Municipal Corporation	Modified Accrual Basis	2016/2017 to 2019/2020	4
	Portland Municipal Corporation	Modified Accrual Basis	2016/2017 to 2019/2020	4
	Portmore Municipal Council	Modified Accrual Basis	2017/2018 to 2019/2020	3
	St. Ann Municipal Corporation	Modified Accrual Basis	2009/2010 to 2019/2020	11
	St. Catherine Municipal Corporation	Modified Accrual Basis	2016/2017 to 2019/2020	4
	St. Elizabeth Municipal Corporation	Modified Accrual Basis	2019/2020	1
	St. James Municipal Corporation	Modified Accrual Basis	2013/2014 to 2019/2020	7
	St. Mary Municipal Corporation	Modified Accrual Basis	2013/2014 to 2019/2020	7
	St. Thomas Municipal Corporation	Modified Accrual Basis	2014/2015 to 2019/2020	6
	Westmoreland Municipal Corporation	Modified Accrual Basis	2012/2013 to 2019/2020	8
	Parochial Revenue Fund	Accrual basis	2018/2019 to 2019/2020	2
01000	His Excellency the Governor General and Staff	Appropriation Account	2019/2020	1
02000	Houses of Parliament	Appropriation Account	2019/2020	1
06000	Office of the Services Commission	Appropriation Account	2011/12, 2014/15 to 2019/2020	7
15000	Office of the Prime Minister	Appropriation Account	2018/2019 to 2019/2020	2
15000B	Office of the Prime Minister	Appropriation Account	2018/2019	1
15000C	Office of the Prime Minister	Appropriation Account	2019/2020	1
15020	Registrar General's Department (*)	Appropriation Account	2014/2015, 2015/2016 & 2019/2020	3

	Ministry, Statutory Bodies and Executive Agencies	Type of Statement	Years	Total outstanding
16000	Office of the Cabinet	Appropriation Account	2018/2019 to 2019/2020	2
16000B	Office of the Cabinet	Appropriation Account	2018/2019	1
16000C	Office of the Cabinet	Appropriation Account	2019/2020	1
17000	Ministry of Tourism	Appropriation Account	2018/2019 to 2019/2020	2
19000	Ministry of Economic Growth and Job Creation	Appropriation Account	2018/2019 to 2019/2020	2
19000A	Ministry of Economic Growth and Job Creation	Appropriation Account	2018/2019	1
19000B	Ministry of Economic Growth and Job Creation	Appropriation Account	2018/2019	1
19000C	Ministry of Economic Growth and Job Creation	Appropriation Account	2019/2020	1
19046	Forestry Department (*)	Appropriation Account	2013/2014 to 2019/2020	7
19047	National Land Agency (*)	Appropriation Account	2010/2011 to 2019/2020	10
19048	National Environment and Planning Agency (*)	Appropriation Account	2018/2019 to 2019/2020	2
19050	National Works Agency (*)	Appropriation Account	2011/2012 to 2019/2020	9
20000	Ministry of Finance and the Public Service	Appropriation Account	2018/2019 to 2019/2020	2
20000A	Ministry of Finance and the Public Service	Appropriation Account	2018/2019	1
20000B	Ministry of Finance and the Public Service	Appropriation Account	2015/2016 & 2018/2019	2
20000C	Ministry of Finance and the Public Service		2019/2020	1
20011	Accountant General	Appropriation Account	2013/14, 2015/16, 2016/17, 2018/19 & 2019/20	5
20018	Public Debt Servicing (Interest Payments)	Appropriation Account	2013/2014 to 2019/2020	7
20019	Pensions	Appropriation Account	2013/2014 to 2019/2020	7
20056	Tax Administration Jamaica	Appropriation Account	2019/2020	1
26000	Ministry of National Security	Appropriation Account	2019/2020	1
26000C	Ministry of National Security	Appropriation Account	2019/2020	1
26022	Police Department	Appropriation Account	2018/2019 to 2019/2020	2

	Ministry, Statutory Bodies and Executive Agencies	Type of Statement	Years	Total outstanding
26024	Department of Correctional Services	Appropriation Account	2016/17, 2018/19, 2019/20	3
26057	Institute of Forensic Science & Legal Medicine	Appropriation Account	2017/2018 to 2019/2020	3
28000C	Ministry of Justice	Appropriation Account	2019/2020	1
28000B	Ministry of Justice	Appropriation Account	2017/2018 to 2018/2019	2
28023	Court of Appeal	Appropriation Account	2019/2020	1
28026	Family Courts	Appropriation Account	2019/2020	1
28027	Resident Magistrates' Courts/Parish Courts	Appropriation Account	2013/14 to 2015/16, 2018/19 to 2019/20	5
28028	Revenue Court	Appropriation Account	2019/2020	1
28029	Supreme Court	Appropriation Account	2013/2014 to 2015/16, 2019/2020	4
28031	Attorney General	Appropriation Account	2018/2019 to 2019/2020	2
28032	Trustee in Bankruptcy	Appropriation Account	2014/2015 to 2015/2016	2
28054	Court Management Services	Appropriation Account	2010/11, 2018/19, 2019/20	3
30000	Ministry of Foreign Affairs & Foreign Trade	Appropriation Account	2019/2020	1
40000	Ministry of Labour & Social Security	Appropriation Account	2011/12 to 2012/13, 2019/20	3
40000A	Ministry of Labour & Social Security	Appropriation Account	2012/2013	1
40000B	Ministry of Labour & Social Security	Appropriation Account	2011/2012 to 2012/2013	2
40000C	Ministry of Labour & Social Security	Appropriation Account	2019/2020	1
41000	Ministry of Education, Youth & Information	Appropriation Account	2012/13, 2014/15 to 2019/20	7
41000A	Ministry of Education, Youth & Information	Appropriation Account	2014/2015 to 2018/2019	5
41000B	Ministry of Education, Youth & Information	Appropriation Account	2014/2015 to 2018/2019	5
41000C	Ministry of Education, Youth & Information		2019/2020	1
41051	Child Development Agency (*)	Appropriation Account	2017/2018 to 2019/2020	3
42000	Ministry of Health	Appropriation Account	2015/2016 to 2019/2020	5
42000A	Ministry of Health	Appropriation Account	2015/2016 to 2017/2018	3

	Ministry, Statutory Bodies and Executive Agencies	Type of Statement	Years	Total outstanding
42000B	Ministry of Health	Appropriation Account	2015/2016 to 2018/2019	4
42000C	Ministry of Health	Appropriation Account	2019/2020	1
42034	Bellevue Hospital	Appropriation Account	2015/2016 to 2019/2020	5
42035	Government Chemist	Appropriation Account	2017/2018 to 2019/20	3
46000	Ministry of Culture, Gender, Entertainment & Sport	Appropriation Account	2018/2019 to 2019/2020	2
46000A	Ministry of Culture, Gender, Entertainment & Sport	Appropriation Account	2018/2019	1
46000B	Ministry of Culture, Gender, Entertainment & Sport	Appropriation Account	2018/2019	1
46000C	Ministry of Culture, Gender, Entertainment & Sport	Appropriation Account	2019/2020	1
50000	Ministry of Industry, Commerce, Agriculture & Fisheries	Appropriation Account	2015/16, 2018/19, 2019/20	3
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
50000C	Ministry of Industry, Commerce, Agriculture & Fisheries		2019/2020	1
5300	Ministry of Industry, Investment & Commerce	Appropriation Account	2014/2015 to 2015/2016	2
5300B	Ministry of Industry, Investment & Commerce	Appropriation Account	2014/2015	1
50038	Companies Office of Jamaica (*)	Appropriation Account	2016/2017 to 2019/2020	4
56000A	Ministry of Science, Energy & Technology	Appropriation Account	2018/2019	1
56000B	Ministry of Science, Energy & Technology	Appropriation Account	2018/2019	1
56039	Post & Telecommunications Department	Appropriation Account	2018/2019 to 2019/2020	2
72000A	Ministry of Local Government & Community Development	Appropriation Account	2018/2019	1
	Total			**352**

** 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.*