



Ministry of Finance and the Public Service

Internal Audit Unit

**Auditor General's Department
Annual Audit Report 2019**

Richard Dillon
Chief Internal Auditor
Tel: (876) 932-4897

Table of Contents

1.0 Introduction4

1.2 Audit objectives 4

1.3 Scope and Methodology 4

Overview of the AuGD5

2.0 Summary of Significant Findings7

 3.0 Business Continuity7

 4.0 Procurement7

 5.0 Travel Allowance7

 6.0 Expenditure 7

 7.0 Cash Management Controls 7

 8.0 Governance..... 8

 9.0 Salary Payments.....8

 10.0 Human Resource Management8.

3.0 Business Continuity.....10

 3.1 Information systems backup policy12

 3.2 Improper Backup Practices12

4.0 Procurement.....14

 4.1 Purchase Order16

 4.2 Contracts / Service level agreements not seen17

 4.3 Service Level Agreement.....17

 4.4 Inventory Management17

5.0 Travel Allowance19

6.0 Expenditure21

7.0 Cashier Function22

8.0 Bank Reconciliation Controls25

9.0 Payroll and annual returns25

9.1 Separation Payments26

10.0 Human Resources Management27

10.1 Performance Management Appraisal System (PMAS)29

APPENDIX 131

SAMPLE VOUCHER 31

1.0 Introduction

The Internal Audit Unit (IAU) of the Ministry of Finance and the Public Service (MoFPS), as part of its plan of activities for the FY 2018\2019, conducted a compliance audit of the Auditor General's Department (AuGD). The audit was carried out consistent with the requirements of section 122 (4) of the Constitution of Jamaica which States: *"The accounts of the department of the Auditor General shall be audited and reported on by the Minister responsible for Finance"* and the Financial Administration and Audit (FAA) Act, Financial Instruction, version 1, January 1, 2017, section 2.4.4.4, which states, *"The accounts of the Auditor General's Department shall be audited by the Minister with responsibility for Finance"*.

1.1 The audit was conducted over the period July 1, 2019 to September 2019 and covered the review periods April 2016 to March 2017, April 2017 to March 2018 and April 2018 to March 2019.

1.2 Audit objectives

The main audit objective was to determine compliance with relevant laws and regulations, circulars and other Government of Jamaica guidelines in respect of Procurement, Payroll, Human Resources and Information Technology.

1.3 Scope and Methodology

The main areas of focus for the audit were transactions relating to Payroll (salaries and travelling allowance), Human Resources, Procurement, Inventory Management, Expenditure Control, Cash and Bank Management and Business Continuity. More specifically, the following source documents were reviewed:

- Payroll records (Salary binders, Statutory deduction records);
- Human Resource Records (Personal files, Performance Management Appraisal System file, background checks and exit interview files);
- Cash and Bank records (Receipts, Invoices and Lodgment books, Bank Statements);
- Payment and Journal vouchers with supporting documents;
- Inventory Records; and
- Procurement Files.

The audit methodology included interviewing key process owners to obtain knowledge of the various systems and to assess the associated risks. In addition, an Internal Control Questionnaire (ICQ) was administered for the purpose of information gathering.

Overview of the AuGD

The functions of the Auditor General's Department are executed on the authority of section 122 (1) of the Constitution of Jamaica. This mandates the Auditor General to at least, once in every year, audit and report on the accounts of the Government of Jamaica. This mandate is also embodied in other legislations such as the Public Bodies Management and Accountability Act, 2001, the Financial Administration and Audit Act, Fiscal Responsibility Framework Amendment Regulations, 2015 and the Financial Administration and Audit Act 2011.

In planning and performing the audit, IAU considered the Department's internal controls over the specified operational areas as a basis for designing the audit procedures and for the purpose of giving an independent assurance on the Department's risk management, governance and internal control processes accordingly.

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2.0 Summary of Significant Findings

The following represents a summary of the significant findings:

3.0 Business Continuity

1. The Auditor General's Department is currently without a Business Continuity Plan (BCP) or Continuity Focus Committee; and
2. The audit noted improper backup practices which exposed it to loss of critical data.

4.0 Procurement

3. At the time of the audit, the procurement function within the Department was not formalized and as a result, there were breaches in respect of the processing of purchase orders.
4. The audit was not presented with contracts or service level agreements for two (2) companies noted to be providing service to the Department.

5.0 Travel Allowance

5. The Department did not maintain a travel register in the prescribed form which contravenes the FAA Act, Financial Instructions, 2017;
6. Inaccurate calculations of prorated travel allowance resulted in under payment to some officers; and
7. Anomalies were observed in respect of motor vehicle declarations submitted by four (4) officers, who use the motor vehicle of others to carry out official duties.

6.0 Expenditure

8. Although in general the review of expenditure records showed no material deviations, there were instances of internal control breaches.

7.0 Cash Management Controls

9. The following cash management control breaches were noted:
 - a) There was no evidence that the officer identified as the relief cashier was appointed, at the time of the audit.

- b) In general, the audit found that most of the required procedures in respect of the reconciliation of the Department's bank account were observed; however, the presence of some recurrent reconciling items on the statements will increase the risk of misstatements not being detected.

8.0 Governance

- 10. There was no evidence that the Department submitted the list of Accountable officers to the Financial Secretary as required by the FAA Act Instructions.

9.0 Salary Payments

- 11. The audit noted variance in the calculation of salary paid to some officers ;
- 12. The contracts seen on file in respect of three (3) officers were not signed; and
- 13. There were anomalies seen in the payments made to three (3) officers who were separated from the department during the review period. One officer was underpaid, one was overpaid, and the income tax deduction for one officer was understated.

10.0 Human Resource Management

- 14. A review of some HR practices on a sample basis, revealed the following breaches of the Staff Orders:
 - a) Signed Official Secrets Act declaration was not seen on file for three (3) officers;
 - b) Evidence of background checks were not seen for eight (8) officers ; and
 - c) Evidence of exit interview notes was not seen as documented on the file for seven (7) officers.
- 15. Review of the performance appraisal process showed weaknesses and as such, the audit was unable to verify the correctness of the information that was presented in respect of the payment of increments to some officers:
 - a) Increment/seniority information was not seen on personal files for some officers;
 - b) Performance evaluations were not seen for three (3) of the twelve (12) personal files reviewed; and
 - c) The calculation of increments consequent on reclassification of posts were not accurate for some officers, which resulted in overpayments.

DETAILED AUDIT FINDINGS

3.0 Business Continuity

Finding:

The AuGD is currently without a Business Continuity Plan (BCP) specific to Information Technology or a Continuity focus committee.

Effect:

- The Department may not be adequately prepared for disaster eventualities that have increased in occurrence and cost in recent years and could render the Department's operations inoperable for an extended period of time;
- All IT related strategic objectives and Department goals are at greater risk of not being achieved.

3.1 Business Continuity and Disaster Recovery planning are critical components of emergency management and organizational resilience and is essential in an environment where there is increasing dependency on technology and exposure to information and communications technology (ICT) disasters.

Business continuity planning concerns the ability to continue critical functions and processes during and after an emergency event, considering critical stakeholders, key business processes and vital records.

In accomplishing its mandate the AuGD is a custodian of highly sensitive and confidential information and it is therefore the Department's responsibility to safeguard this information in the event of malicious attacks or natural disasters, by implementing a robust business continuity plan which is supported by a robust ICT disaster recovery plan.

3.2.1 The Auditor General's Department has a dedicated ICT function which is staffed by a complement of three (3) Information Technology (IT) personnel. The audit assessed the Department's Business Continuity and Disaster Recovery Technology plans to determine the preparedness of the Information Technology Unit to safeguard IT assets and to support the Department's recovery in the event of a disaster. As such, the audit reviewed the backup procedures employed by the Department.

3.2. The review was carried out in keeping with the Global Technology Audit Guide (GTAG) practices, which states that: "A well-established and thoroughly tested Disaster Recovery Plan must be developed in harmony with the Business Continuity Management plan of an organization to increase the probability of successfully recovering from a disaster." The audit therefore sought to determine whether:

- A Business Continuity Plan for the Department existed and was appropriately aligned to the Department's strategic plan;
- The Information Technology plan reflected standard procedures to mitigate/ limit the loss of critical data and business disruptions;
- Documented processes and procedures (in Technology Plan) were being periodically assessed and practiced; and
- There is compliance with best practices and / or International Standards in relation to disaster recovery.

Management Response:

The AuGD accepts that at the time of the Audit, there was no Business Continuity Plan in place specific to information technology. However, the Department does have a Disaster Preparedness Policy and Plan which contains its other business continuity plans.

The Executive Management Committee (EMC) approved the formation of an IT Steering Committee, with established Terms of Reference dated May 10, 2018. The Executive Management Committee (ECM) of the AuGD approved the outsourcing of the BCP as it was determined that the required skillsets were not present in-house. However, due to the exorbitant cost assistance was sought from the ODPEM and eGovJa. ODPEM did not provide the desired assistance expected, while eGovJa indicated that the Unit with responsibility for BCP development is now defunct.

3.1 Information systems backup policy

Finding:

The audit did not see any evidence that the Department has a formally documented Information System backup policy in place.

Effect:

The Department may not be adequately prepared for disaster eventualities that have increased in occurrence and costs in recent years.

A backup policy is a pre-defined, set schedule whereby information from business applications such as Oracle, Microsoft SQL, email server databases and user files is copied to disk and/or tape to ensure data recoverability in the event of accidental data deletion, corrupted information or a system outage. The policies will typically have a default protection scheme for most of the servers in the environment, with additional policies for certain critical applications or data.

The Department was advised to establish a committee to assess the Technological Risks to which the Department is exposed, especially if its vision and mission realization are to be protected. This committee should be tasked with the objective of developing a Policy document which will include a policy for backup of the organisation's data.

Management Response:

The AuGD's Executive Management Committee (EMC) approved the formation of an IT Steering Committee, with established Terms of Reference.

3.2 Improper Backup Practices

Overview

Backup is done by a scheduler (application) programmed by the Database Administrators. Tapes should be removed and replaced daily, weekly, and monthly. Ideally, data should be backed-up at a separate location, whether on servers or tapes. If the tape method is chosen, a set of tapes should be removed from servers and transported to a suitable off site location.

Findings:

Although a very detailed backup policy document exists, which is commendable, proper backup procedures are not being practiced. The audit noted from interviews that one set of tapes was being used, and these remained in the server and were being overwritten at each backup cycle by the Backup Software. As a result,

- The organization was only storing a 24 hour backup of its data;
- The tapes were exposed to the same risks to which the server was exposed. That is, if the sever went down, there would be a large possibility the tapes could be damaged also; and
- If a virus hits the server, the tapes could also be affected which in actual fact means the organization has no real backup of its data.

Effect:

There is the possibility of a loss of critical backed up information in addition to the possible loss of operational time and avoidable costs for restoration.

Information Systems Audit and Control Association (ISACA) International Standards states that " ... if it is stored onsite and if the entity suffers a pandemic event such as a fire, the event would destroy the operational data and the backup data. Thus, the backup principle for storage is to provide a location that is at a safe distance from the entity's location."

Management Response:

The AuGD's backup mechanism takes a weekly backup (to Storage Area Network), and then a full backup is done to tape (which stores for up to 4 weeks).

We accept the fact that the storage of tapes internally poses risks should the server be affected. We are currently seeking how best we can store our tapes off-site to mitigate the risks identified (possible agreement with an MDA).

In the past, site visits to [two service providers' facilities] were done with a view to activate our off-site storage strategy; however, costs and storage area conditions proved to be deterrents to the implementation.

4.0 Procurement

During a review of the procurement function, the audit examined forty-eight (48) procurement transactions which were executed during the period April 2016 and March 2019. These transactions were in respect of general goods and services and were within the procurement band of \$15,000 and \$1.5M. The review of the procurement practices showed the following deviations:

Findings:

- There was no procurement unit at the time of the audit in contravention of the General Provisions of the Government of Jamaica Handbook for Public Sector Procurement.
- At the time of the audit, the procurement function within the Department was not formalized and as a result it was noted that, except for the processing of purchase orders which was done by the Accounts Unit, the procurement activities were carried out by the acting Director of Human Resource Management
- The absence of a formal Procurement Unit within the Department represents a breach of MOF Circular #36 dated, November 9, 2012, which entrusts the responsibility for the preparation of Purchase Orders solely to the Procurement function. At the time of the audit, it was noted that the processing of the Purchase Orders was being done by the Accounts Unit of the Department, although it is signed by the Deputy Auditor General for Corporate Services.

Effects:

- The Department's ability to adequately manage its procurement activities in an effective manner could be compromised when the process is fragmented and the ability to obtain value for money could be adversely impacted.
- The Department's reputation could be adversely impacted for executing its procurement activities contrary to the Government of Jamaica Procurement rules especially if there is a material loss which is accrued to the breach.

The Government of Jamaica Handbook Public Sector Procurement Vol 1; General Provisions section 2.3 captioned Specialist Procurement, states *"Each procuring Entity shall establish a specialist Procurement Unit, staffed with competent personnel who are knowledgeable and adequately trained to manage the entity's procurement process"*

Also, the Ministry of Finance Circular# 36 sec 3.5 dated November 9, 2012, states " The Procurement Unit is solely entrusted with the responsibility of the preparation of Purchase Orders, seeking all the necessary approvals and issuing Purchase Orders to vendors."; section 4.1 (d) states "Following selection and approval of the supplier, the designated procurement officer must prepare the necessary purchase order for issue to the selected vendor. Where an electronic purchase order is used, the procurement officer must generate the purchase order from the system."; section 3.3 (g) states "A purchase order must include the following "signature of the authorized procurement officer".

Management Response

- There is an officer currently charged with managing the procurement function although not her substantive role. In addition, other procurement structures such as the Procurement Committee are all in place to enhance the process and procurement objectives as set out by GOJ.
- Two procurement posts were approved by MoFPS after the enactment of the new procurement laws. The AuGD sought to recruit the respective officers without success as applicants interviewed did not display the competencies required. A Procurement Officer has now been employed and the process to recruit the Director of Procurement is in-train.

4.1 Purchase Order

Finding:

The audit noted three (3) instances where purchase orders amounting to \$281,583.86 were generated twice to a supplier for the same goods and service without one being cancelled. Although there was no evidence that duplicate payments were actually made in these instances, the Department must ensure that the appropriate controls are implemented to prevent the reoccurrence of duplicated purchase orders.

Effect:

The generation of two purchase orders for the same transaction could result in duplicated payments. This could result in losses to the Department as it could be difficult to recover overpayments from suppliers.

Ministry of Finance Circular #36 dated November 9, 2012, section 3.1 states "The issue of the purchase order commits the Government to pay for goods and services received in accordance with the terms of the Purchase order."; and

Section 3.2, states "where there is a need to make significant changes to a purchase order that has been issued to the supplier, which would change the original intention of its terms and conditions, the original purchase order must be cancelled and a new purchase order must be prepared."

Management Response:

The AuGD accepts the auditors' findings and greater care will be taken to ensure that voided documents are properly mutilated to prevent unauthorized use. However, there were no duplication of payments.

4.2 Contracts/ Service level agreements not seen

Overview

The audit requested the contracts or service level agreements for five (5) companies which provided service to the Department to confirm that the appropriate contractual a

4.3 Service Level Agreement

The Cabinet Office procured CaseWare and Teammate for the Department to support the leveraging of technology and the modernization of its operations. The Department made annual payments over the period 2018 to 2020 amounting to \$47.7 million (JA) to these suppliers for annual license fee.

Findings:

There were no service level agreements seen in place for Teammate (Wolters Kluwer Financial Services) and CaseWare (CaseWare International) although \$47.7 million (JA) was paid for license fee over the period 2018 to 2020.

Effect:

The Department's ability to hold the service provider accountable for service delivery is compromised.

Management Response:

The Service Level Agreements (SLA) pertaining to TeamMate and CaseWare is based on the annual renewable terms and agreement that is manifested in the subscriptions paid to these entities. The AuGD is at liberty to alter the agreement annually based on the number of licenses that it choose to utilize.

4.4 Inventory Management

The Department' s internal procedure requires new items of inventory to be recorded on a PDF excel work sheet as received. A sample of items invoiced were cross-referenced with the PDF excel work sheet to ascertain consistency of the information.

E'fading:

The Department has a System of Internal Management which meets its responsibilities as mandated by the FAA Act. Minor omissions were identified which were referred to management, who made a commitment to review and strengthen the weaknesses.

5.0 Travel Allowance

Travelling expenses and subsistence represent a significant budgetary expenditure, being approximately \$115M in the F/Y 2018/2019, up from approximately \$111M in the prior year 2017/2018. Travelling allowance represents the largest budgetary expenditure allocation for the Department.

The officers of the AuGD who travel extensively are required to submit their individual travel claims monthly to the Accounts Department for reimbursement. The audit reviewed transactions relating to travel claims submitted for four (4) months namely; April to June 2018, as well as August 2016.

Findings:

- The Department did not maintain a travel register in the form prescribed by the FAA Act, Financial Instructions, 2017. Instead, a travel listing is generated monthly in excel and does not reflect the vehicle details of each officer. Additionally, the listing does not adhere to the requirement for the register to be kept on a continuous basis and not to be closed for each financial year. The audit noted that this finding has been the subject of previous internal audit reports that have gone unaddressed.
- From the audit of a sample of travel claims, it was found that seven travel officers were short paid a total of \$14,262.23 and four were overpaid a total of \$34,157.43. The primary cause of the errors was the inaccurate application of the formula for prorating travelling allowance and the use of an incorrect rate in computing the payment.
- The appropriate administrative internal controls were not in place to ensure that officers make the relevant declaration when using motor vehicles not owned by them in carrying out official duties, as stipulated by the FAA Act.

Effect:

The ability of the Department to adequately manage the risks associated with administering travel allowance is adversely impacted and could compromise the Department's ability to detect erroneous payments in a timely manner.

The Financial Administration and Audit (FAA) Act, Financial Instructions, version 1, dated January 1, 2017; section 5.15.7 Travel Register, states:

(i) "Permanent Secretaries, Head of Departments and Chief Executive Officers shall be required to maintain a Travel Register for recording all particulars in respect of travelling allowance and mileage paid to each travelling officer."

(ii) "The Travel Register shall be kept on a continuous basis and shall not be closed for each financial year ".

Section 8.7.8 Other Registers states "Travel Register - for keeping a record in respect of each travelling officer and shall be maintained in the format prescribed at Appendix 24."

Circular No.13 dated June 10, 2013, section 5 (5.10) Travelling Claims states "Where travelling allowance is to be paid for a portion of a month the calculation shall be based on calendar year as shown below:

Number of days for which the allowance is payable X travel rate

"365/366"

FAA Act, Financial Instructions, section 5.15.2, Captioned 'Motor vehicle Not Owned by Travelling Officer (ii) (b) states:

"The application must be supported by:

(i) A signed declaration by the owner of the motor vehicle... ; and (ii) A signed declaration by the travelling officer....."

And (iv) states:

"The use of motor vehicles assigned to travelling officers by virtue of declarations must be renewed annually by the travelling officer but must not be extended for period exceeding three years."

Management Response:

The necessary steps will be taken to ensure that the travel register conforms to the standards of the FAA Act. Also, the Human Resource and Administration Unit will implement the required internal controls to ensure that there is compliance with the use of motor vehicle declaration.

All overpayment and short payments were rectified except in one instant where the officer resigned. She was overpaid \$434.43.

6.0 Expenditure

The Department reported total expenditure for the year F/Y April 2018 to March 2019 of \$732.1M. The audit examined 80% of payment vouchers processed for the period and in general, the expenditure process conformed to the stipulated guidelines for the payment of public monies. However the audit found the following variances:

Findings:

- The audit found thirty-eight (38) instances totaling \$864,000.00 in which supporting documents for payments were not signed or stamped that the service was satisfactorily rendered as required by the Financial Instructions.
- There were fifty-nine (59) instances totaling approximately \$1.1M in which supporting documents for payments were not signed or stamped approved for payment.
- As a practice, the programme managers do not affix their signatures to payment vouchers although the design of the voucher requires it. (see appendix 1 for sample of payment voucher).

Effect:

Improper payments could be made if the internal controls to support the processing of payments are not adhered to.

The Financial Administration and Audit Act Instructions, 2017 Section 5.9.1 Payment Voucher (ii) (f) captioned "Payment Voucher" states, " where appropriate, attached to the payment voucher must be a signed statement by the relevant officer indicating that the service specified has been satisfactorily performed or goods received in good condition."; and Section 5.9.1 Payment Voucher (v) states, "the supporting bills/invoices/claims should be rubber stamped "paid" and its correctness must be certified by an authorized officer."

Ministry of Finance Circular# 36, Section 4.1 (a) gives prominence to the role of the Programme Manager in the procedure, for the preparation of purchase orders, whereby the Programme Manager must receive the purchase order from the Procurement Unit and hence the relevance of the signature.

Management Response:

All invoices paid are certified and approved for payment by the requisite personnel. We will endeavour to comply with the process and denote payment made on all paid invoices as required.

7.0 Cashier Function

The FAA Act stipulates special conditions under which the function of the cashier should be executed. A review of this area was done to verify that these conditions were being adhered to and the following were observed.

Findings:

- The personal file of the officer who functioned as Relief/Assistant Cashier did not show that he was permanently appointed in the Government Service at the time of inspection.

Review of the cash transactions show that the officer was performing cashiering duties since October 2018. Between October 2018 and March 2019, the relief cashier issued over one hundred (100) receipts for amounts totaling approximately \$2.4M.

- There was no indication in the personal file that the officer was formally designated as an accountable officer as required by the Financial Regulations.
- IAU enquired of The Public Expenditure Policy Division at the Ministry of Finance on November 25, 2019, who indicated that there was no evidence that the AuGD submitted a list of Accountable Officers as required by the Financial Instructions.

Effect:

Failure to conform to the requirement of the FAA Act could undermine the accountability process.

The FAA Act, Financial Management Regulations, section 31, captioned Collection of Public Monies states, "An accountable officer should not assign the duties of collecting monies to any person other than a permanently appointed officer. .. except in exceptional circumstances where written approval is given by the accounting officer."

Section 5.3.1 "Responsibility for Collection of Revenue" states, "It shall, however be the duty of the Accounting Officer to ensure that revenues collectible by the Ministry or Department under his control: (d) are entrusted to individuals who are designated as Accountable Officers with the responsibility to collect and remit government revenue".

Section 5.3.8 (iii) states "Receipts must be signed by the officer authorized to receive public monies".

FAA Act, Financial Management Regulations section 25 - (1), captioned" Accountable Officers states, "Accounting Officers shall appoint public officers in their departments as accountable officers based on their functions in accordance with section 24F of the Act."

Section 26 - (1) "Accountable officers shall signify acceptance of the appointment letter to the accounting officer."; and

(2) "A copy of the letter shall be submitted to the Financial Secretary."

Section - 27 (2) "A list of all appointed accountable officers and their positions shall be submitted to the Financial Secretary within thirty days following the end of each financial year"

Management Response:

- The assignment for cash collection duties to a temporary staff was due to oversight and the need to segregate duties as three of the officers' were newly employed to the Department.
- We will endeavor to comply with the Act and issue letters to all Accountable Officers' and submit the list to MoFPS as required.

8.0 Bank Reconciliation Controls

Finding:

The audit examined bank reconciliations for the period April 2018 to March 2019. In general, the audit found that the required procedures in respect of the reconciliation of bank accounts were observed, as the one bank account in operation was reconciled on a regular and timely basis.

The bank reconciliation process at the AuGD is substantially manual. Based on the audit carried out for the review period, no material misstatement was identified.

9.0 Payroll and annual returns

Findings:

- The audit of payroll was conducted on a sample of thirty three (33) officers and the process showed overpayment of salary amounting to two hundred and six thousand eight hundred and thirty seven dollars and thirty seven cents (\$206,837.37) in respect of three (3) officers. The overpayments were in relation to no pay leave and acting allowance.
- A sample of sixteen (16) employees was selected to verify the accuracy of deductions and general conformity to the requirement for payroll preparation. It was found that on four (4) occasions new employees were paid off the payroll and statutory amounts were deducted accordingly. The employees were added to the payroll in the subsequent months but the statutory amounts which were deducted in the previous month were not included in the year to date statutory figures in the payroll.

Effects:

- The overpayment is in breach of the FAA Act Instruct 2017 and the responsible officer could be held accountable for approving such payments.
- The Department has an obligation to pay over statutory deductions in accordance with Jamaica's tax requirements and failure to do so is in breach of the law. Additionally, the affected persons could be denied future benefits if their annual returns are not paid over to the relevant authorities as required.

Management Response

We will implement the necessary measures to prevent this from reoccurring.

9.1 Separation Payments

The records showed that for the period of April 2016 to March 2019, a total of fifteen (15) employees were separated (through retirement & resignation) from the AuGD. In reviewing the payments to the separated officers, the following anomalies were noted.

Findings:

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The **FAA Act Instructions Revised 2017, Section 5.13.20 Recovery of Debt** (v) states "In the case of resignation of an employee from the public service he/she shall be paid all accumulated leave and any recalled leave to which he/she is entitled on the effective date of resignation. Payment shall be at the rates prevailing at the date of resignation."

Management Response:

Overpayment will be reco'.ered from retroactive due to the officer and the short payment will be made accordingly.

10.0 Human Resources Management

Based on the staff list obtained during the audit, the AuGD has a staff complement of one hundred and sixty-four (164) officers. During the period April 2016 to March 2019 the Department recruited twenty (20) employees. Examination of a sample of twenty (20) personal files revealed that adequate controls were evident in key human resource activity of recruitment and selection and were demonstrated in the following outcomes:

- The personnel files were properly minute;
- Application forms were completed and included on employees file;
- Release was sought where necessary for employees coming from another MDA's;
- Terms of employment contract were signed and dated regarding acceptance of employment; and
- Posts on the Departments' Organizational Chart were in agreement with the Civil Service Establishment Act.

There were three (3) exceptions however, which are highlighted below:

Findings:

- The administrative controls system for the engagement of contract officers were not consistently applied as it was found that for the period three (3) contract officers did not sign their employment contract. Two of the employments (ie, unsigned contracts) had a two year duration which took effect in 2015 and the other was for three years which took effective 2016. These contracts valued fourteen million six hundred and ninety seven thousand four hundred and thirty three dollars (\$14,697,433.00) in total.
- A signed Official Secrets Act Declaration was not seen on the personal file of three (3) officers who were employed during the period April 2016 to March 2019. However management indicated in their responses that the officers signed the Official Secrets Act Declaration subsequent to the audit.
- When recruiting, the Department's standard procedure is to obtain character references for candidates who have been shortlisted and a background check done on the successful candidate. From a sample a seventeen (17) new recruits over the period April 2016 to 2019, it was found that the Department did not apply this procedure in a consistent manner.

Effect:

The Department may not be able to hold the officers accountable for key performance outcomes based on the terms of employment.

Management Responses:

- The noted contracts were the first set that the Department issued. All contracts awarded subsequent to the noted dates have been countersigned by the contracted parties, hence, there are no fears about holding such officers accountable for key performance outcomes. Due care is being taken to ensure that contracts are properly executed by having awardees signature properly affixed as evidence to their agreement to the terms and conditions therein.
- The Human Resource & Administration Unit has already taken the necessary steps to have the officers mentioned above complete the Official Secrets Act Declaration to ensure compliance with the Act. Copies are now placed on their files. Two of the noted staff were temporarily engage prior to being permanently engaged hence the oversight.
- The Department did not do reference checks on employees coming from another MDA as most of these persons would have been previously screened by the Office of the Services Commission or their respective Agency. Since 2014 and prior to Nov 2018, police checks and personal references were collected for employees after their initial six (6) months period had ended. Five of the cited staff mentioned in the report worked with other GOJ entities prior to being engaged and reference checks were made prior to engagement, hence the lack of evidence of background checks. Prior to November 2018, the AuGD utilized formal sources such as police records and submitted references for background checks.

The AuGD now has a standing contract with PICA for conducting background checks of all individuals to whom we offer permanent employment. As recommended, reference checks will be done in future by the Department.

10.1 Performance Management Appraisal System (PMAS)

Although the Department has implemented the Performance Management Appraisal System, the audit found that the Department did not operate a sound and transparent system that routinely and consistently assessed and rewarded the performance of staff. As a result the following were noted:

Findings:

Of a sample of twelve (12) employees it was observed that:

- No supporting correspondence was seen on the personal files for four (4) officers in relation to the payment of increment and seniority allowance;
- No Annual Performance appraisal was done for three officers; and
- No documentation was seen on file to justify the non-payment of increment to two (2) officers even though they met the required scored of 75%.

Effect:

Failure to ensure that a robust performance appraisal system is in place is a breach of the Staff Orders and could affect staff productivity and morale.

Staff Orders for the Public Service, 2004, Section 9.6.1 (h) mandates that one of the managers' roles and responsibilities in performance management is to conduct assessment based on the performance assessment criteria and prepare performance reports. This is also in keeping with Section 6.4.1 (i) which states that increments are normally paid to permanent employees who demonstrate fully satisfactory performance during the previous year.

Management Responses:

- The Human Resource and Administration Unit will ensure that a copy of the approval for payment of increment/seniority /lump sum etc. is placed on the respective employees file.
- We currently have an approximately 80% compliance rate and we are striving for 100%. The Human Resource and Administration Unit continue to write to all managers and supervisors to complete and submit outstanding evaluations on time. Completion and submission of PERs is also a 100% target on Managers/ Supervisors Work plan. In addition, with the proposed implementation of MY HR+, the Department expect significant improvement in the compliance rates.
- Gaps were identified in the performance appraisal of two of the officers hence the non-payment of increments.

SAMPLE VOUCHER

Corrunit#/Adv# **COI111023**

Chief# _____

Amount **\$153,133.05**

Total/SubTotal CIF

\$153,133.05

Programme Manager's Certification

I certify that the goods/service have been satisfactorily provided and that the rates/prices are fair and reasonable and the relevant financial instructions _____ have been followed.

Programme Manager

Date _____

**Voucher Processing details
Officers)**

Authorization(Finance and Accounts Division/Bnncb/UnitXAccountable

Prepared by, _____

(Suorrell)

Checked _____

Prepared By _____

(Nuff)

I certify that this voucher has been properly prepared, the payee(s) entitled to the amount stated herein, that the rates and prices are fair and reasonable, the calculations are correct, according to regulations and contracts and that funds are available.

?

Certifying Officer

Authorising Officer

2018/4/23



MINISTRY PAPER NO.....

AUDIT REPORT IN RESPECT OF THE AUDITOR
GENERAL'S DEPARTMENT FOR THE PERIOD
APRIL 2016 TO MARCH 2019

2020

Ministry of Finance and the Public Service

MINISTRY PAPER NO.....

**AUDIT REPORT IN RESPECT OF THE AUDITOR GENERAL'S
DEPARTMENT FOR THE PERIOD APRIL 2016 TO MARCH 2019**

The Honourable House of Representatives is being requested to take note of the attached audit report in respect of the Auditor General's Department for the period April 2016 to March 2019

The report is being tabled in accordance with Section 122 of the Constitution of Jamaica which states inter alia:

'The accounts of the department of the Auditor General shall be audited and reported on by the Minister responsible for Finance'.

-Nigel Clarke

Nigel Clarke, DPhil, MP
Ministry of Finance and the Public Service

November 20, 2020

