

**PARLIAMENT OF GUYANA**

**REPORT**

of the

**PUBLIC ACCOUNTS COMMITTEE**

of the

**NATIONAL ASSEMBLY**

on the

**PUBLIC ACCOUNTS OF GUYANA**

**FOR THE YEARS**

**2000 & 2001**

27 FEBRUARYY 2006

**TO: THE SPEAKER AND MEMBERS OF THE NATIONAL ASSEMBLY**

**1. INTRODUCTION**

- 1.1 The Public Accounts Committee (PAC) of the National Assembly of the First Session (2001-2002) and also of the Second Session (2002-2004) of the Eighth Parliament of Guyana met on nineteen (19) and thirty (30) occasions, respectively, to examine the Public Accounts of Guyana for the fiscal years ended 31 December 2000 and 2001, respectively and the Auditor General's Reports thereon. Because of the prorogation of Parliament, the PAC of the Second Session was unable to complete its Report. The PAC of the Second Session met on forty-five(45) occasions and completed consideration of its Report for 2000 and 2001. I am now pleased to present to you this Report by the Members of the PAC.
- 1.2 The Constitution (Amendment) Act No. 6 of 2001 defines the "public accounts of Guyana" as: "public accounts of Guyana" includes the accounts of: -
- (i) All central and local government bodies and entities;
  - (ii) All bodies and entities in which the State has a controlling interest; and
  - (iii) All projects funded by way of loans or grants by any foreign State or organisation.
- 1.3 The report of the Auditor General on the Public Accounts for the years ended 31 December 2000 and 31 December 2001 were submitted to the Speaker of the National Assembly on 2 May 2002 and 31 October 2002, respectively. These reports were laid in the National Assembly on 9 May 2002 and 5 December 2002, respectively.
- 1.4 The PAC adopted the same methodology as that of previous years in obtaining testimony from Public Officers. Before they were invited to appear in front of the PAC, Accounting Officers were written to and asked to offer their comments on the relevant sections of the Auditor General's reports relating to their area of responsibility. Their responses thereto were circulated to PAC members and Advisers before deliberations began. In total, forty(40) Accounting Officers, along with their support staff, appeared before the Committee to give evidence and to assist the PAC in its deliberations.
- 1.5 The PAC continued to receive very valuable advice from the Auditor General, the Secretary to the Treasury and the Accountant General during its deliberations.
- 1.6 In accordance with Standing Order No. 76(3) the Committee attaches to this Report, its minutes of its proceedings. These minutes include: -
- (a) The names of the Members of the Committee and its Advisers; and
  - (b) Dates and times of Committee's meetings, the accounts examined and the names of the Public Officers who attended and gave evidence.

## **2. THE PAC'S MANDATE**

- 2.1 During the deliberations, concern continued to be expressed at the inadequacy of the PAC's mandate to "examine the accounts together with the Auditor General's report thereon". The Auditor General is required to submit his report on the Public Accounts to the Speaker of the National Assembly not later than nine (9) months after the close of the year. Invariably, this deadline was not being met because of the late submission of financial statements for audit as well as staffing difficulties at the Audit Office. The result is that the Auditor General's report is not usually made available for consideration by the PAC until at least twelve (12) months after the close of the financial year. Members are therefore concerned at the PAC's inability to examine and report on matters and issues of a more current nature.
- 2.2 The PAC noted that in many instances Accounting Officers who were responsible for the accounting operations of an Agency during the period of the Auditor General's Report, had been transferred to other Agencies or were no longer in the system when the Reports on the Public Accounts were being examined. In such instances, the Committee would, however, require those persons to avail themselves to assist the Committee in its enquiry. Should the necessity arise, the Committee intends to invoke the provisions of the Legislative Bodies (Evidence) Act, Chapter 1:08, to ensure the attendance of the persons at hearings of the Committee. This Act empowers Legislative Committees to summon persons to give evidence and produce documents. A person who refuses or neglects to attend without sufficient cause may be apprehended and held in custody for a period not exceeding one week.
- 2.3 The PAC is heartened that the relevant sections of the Constitution have been amended to provide the Audit Office with greater autonomy and flexibility to recruit and remunerate staff at competitive salaries. In addition, the new Audit Act was passed on 25 April 2004. The Rules, Policies and Procedures Manual of the Audit Office was also considered and finally approved by the PAC on 21 July 2004. The Auditor General is now tasked with the responsibility of preparing the Regulations as specified in the Audit Act. The Committee urges that the process be accelerated since with a fully staffed Audit Office, there is every likelihood of a more timely presentation of the Auditor General's reports to the National Assembly. The Auditor General should also consider issuing special reports on issues of a current nature thereby enabling the PAC to carry out its examination of these issues in a timely manner.
- 2.4 There continues to be a need for the tabling of the Treasury Memorandum in the National Assembly setting out in detail what actions the Government has taken or proposes to take in relation to findings and recommendations of the PAC. The result is that the findings of the Auditor General continue to repeat themselves year after year, with little effort being made on the part of some Accounting Officers to correct the deficiencies as they relate to their respective operations. It is, therefore, evident that there continues to be the need for the submission of a Treasury Memorandum to be tabled in the National Assembly. At the time of reporting, a treasury memorandum for the year 1999 was tabled in the National Assembly on 14 July 2005.

- 2.5 The PAC again wishes to emphasise that the accountability cycle cannot be regarded as complete without the Government's detailed response to the PAC's findings and recommendations. In this regard, the PAC recommends that it should be made a requirement of the Standing Orders that the Treasury Memorandum be tabled in the National Assembly not later than sixty (60) days after the PAC's report to the National Assembly is referred to the Government.
- 2.6 As a result of the constitutional amendments and the new Audit Act, the PAC has been mandated to exercise general supervision over the functioning of the Office of the Auditor General in accordance with the Rules, Policies and Procedures Manual for the functioning of the Office. The Auditor General shall prepare and submit to the PAC quarterly reports on the performance and operation of the Office. It shall also receive annually from the Auditor General a copy of an Annual Systems and Financial Audit Report with respect to the Office of the Auditor General.

### **3. GENERAL PROBLEMS OBSERVED IN GOVERNMENT FINANCIAL MANAGEMENT**

- 3.1 A number of general problems, many of which were previously identified and commented on by the PAC, continue to adversely affect the financial management system in Government and the operation of that system. These include: -
- Inadequate use of information technology;
  - Archaic and cumbersome systems;
  - Inadequate supervision leading to diseconomy, inefficiency and ineffectiveness in use of resources;
  - Non-compliance with the FAA Act;
  - Unsatisfactory management of cash resources;
  - Failure to reconcile bank accounts;
  - Non-compliance with the Tender Board Regulations; and
  - Poor control over the use of government vehicles.

### **Inadequate Use of Information Technology**

- 3.2. The Committee is concerned that present financial management system in Government remains largely manual despite rapid advances in information technology during the last decade. In late 1993, the Government had embarked on a comprehensive programme to computerise the systems through the use of a network of computers. However, at the time of reporting the Government had introduced a computerised Integrated Financial Management Accounting system with effect from 5 January 2004.
- 3.3 In view of the large number of transactions committed across the Central Government and the unavailability of skilled accounting personnel, it is obvious that the quality of financial accounting, cash management, reporting and related record-keeping would be greatly enhanced through the use of information technology. The PAC urges that before the end of the year 2002 an evaluation be conducted by means of a questionnaire: -
- (a) The status of the training programme which Government had embarked upon in the promotion of greater use of information technology and its comprehensive programme to computerise Government Ministries with a view to achieving the completion of the training by a given date;
  - (b) The level of acceptance/rejection which the programme of computerisation of the Ministries is encouraging from employees, particularly the older ones; and
  - (c) Also that a brief educational manual be compiled explaining the benefits to be gained from computerisation, among which are;  
To Ministries – increased efficiency and reduced operational cost and to employees – no displacement even among the older ones who might not be computer literate;
  - (d) The implementation of the use of available computer software to facilitate the acceleration of full computerisation of the Government’s financial management systems by a given date.

### **Archaic and Cumbersome Systems**

- 3.4 The PAC noted the facts that present financial management system has been in place since the Colonial era, with little or no modification over the years. From the evidence made available to the Committee, the system is archaic and cumbersome, and is not fulfilling its purpose of ensuring proper accountability for public funds.
- 3.5 The Committee took note of the expenditure by different entities on similar functions and activities, and recommends that future reports of the Auditor General compare the use of such resources by different entities with the aim to ensure that the maximum value for money is obtained and that where possible “best practices” systems and procedures are adopted.

3.6 The PAC recommends that the present system be reviewed urgently. The objectives of the review should be to ensure that:-

- A simple model is in place to reduce the number of routine activities currently carried out manually as well as paperwork involved;
- Account is taken of new developments in Government financial management;
- Advantage is taken of the rapid advances in information technology; and
- Account is taken of the availability of the relevant skills needed to manage the system.

At the time of reporting a new Fiscal Management and Accountability Act was passed in December 2003. This Act repealed Parts II, III and V of the FAA Act. Also a new Audit Act was passed in April 2004. This Act repealed Parts I and IV of the FAA Act.

**Non-compliance with the FAA Act**

3.7 Section 7(2) of the Financial Administration and Audit (FAA) Act provides for all Accounting Officers and Principal Receivers of Revenue to prepare and submit to the Auditor General, appropriation and revenue accounts within four (4) months of the close of the fiscal year. However, several Ministries, Departments and Regions continued to be in contravention of the Law by making their submissions of these statements after the statutory deadline. This has affected the Accountant General’s ability to make his consolidated submissions to the Auditor General and therefore limits the time available to the Auditor General to conduct his audit.

3.8 The PAC wishes to restate its previous recommendation that the accountability cycle be revised in such a way that the entire process, including the issuing of the Treasury Memorandum, is completed within twelve (12) months of the close of the fiscal year. In this regard, the PAC proposes the following deadlines for completion of various aspects of the cycle: -

| <b>DESCRIPTION</b>                             | <b>DEADLINE</b> |
|--|-----------------|
| Submission of appropriation & revenue accounts | 28 February     |
| “ “ consolidated accounts                      | 31 March        |
| Presentation of the Auditor General’s report   | 30 June         |
| PAC examination of the Public Accounts         | 31 August       |
| Presentation of Treasury Memorandum            | 30 September    |

- 3.9 A significant number of bank accounts currently in use, as well as non-operational bank accounts, were allowed to be overdrawn by large amounts without the authority of the Minister, in contravention of Section 22 of the FAA Act. The PAC cannot condone the continued contravention of the Law. It should not be over-emphasised that it is the responsibility of Accounting Officers to monitor bank accounts under their control so as to avoid these accounts being overdrawn. Accounting Officers should also be given time-frames within which to investigate overdrafts and to take steps to liquidate them and where that is not possible consultations should be sought with the Secretary to the Treasury and the Accountant General for the necessary approval in closing the accounts. With regard to accounts prior to 1996 the necessary action should be taken expeditiously to bring these old accounts to a close.
- 3.10 The PAC, however, recognises that despite their best efforts, Accounting Officers may not be able to ascertain the reasons for some of the prior years' overdrafts because of the passage of time and the non-availability of the relevant documents. In such circumstances, the PAC again recommends that losses reports be filed with the Secretary to the Treasury. In addition, the Secretary to the Treasury should institute surcharge proceedings against any officer who has been found negligent in causing a bank account to be overdrawn, as provided for by Sections 8 to 12 of the FAA Act. The PAC also observed instances in which funding of activities of capital nature from provisions under the Current Estimates.
- 3.11 The PAC is once more expressing its concern about the number of reported instances where large numbers of payments were made beyond year-end but the transactions were backdated to 31 December. These were not normal year-end transactions, which the Accountant General would allow through the opening of cashbooks for a few days after the close of the year. Rather, the Committee is convinced that in the majority of cases this was done to exhaust the allocations for the year. This practice, apart from being a breach of Section 36 of the FAA Act since all appropriations lapse on 31 December, may and probably lead to irregularities. Indeed, the practice in place can be regarded as one which encourages spending rather than saving, especially in the last two (2) months of the year.
- 3.12 The PAC recommends that the Accountant General take immediate steps to write and update all Accounting Officers on the procedures to be followed for the disbursement of salaries and wages and their related deductions in order to arrive at a "nil" balance at the end of the month and to prepare a programme to train accounting personnel in the procedures and methods of reconciliation of bank accounts.
- 3.13 The PAC continues to recommend that the practice of opening cash books beyond year-end should be discontinued. Any normal year-end transaction which is not included in an appropriation account can be accounted for in the following year, subject to the approval of the Secretary to the Treasury, as provided for under the existing arrangements. In addition, the Ministry of Finance should carefully monitor monthly releases to Ministries, Departments and Regions to avoid the acceleration of expenditure towards year-end.

- 3.14 In its previous Report the PAC drew the attention to several State institutions in receipt of subventions were found to be significantly in arrears in terms of financial reporting without evidence of any action being taken to ensure that they are financially accountable for funds appropriated to them by Parliament. In addition, the FAA Amendment Act of 1993 requires all agencies in which controlling interest vests with the State to submit audited financial statements to the National Assembly within six(6) months of the close of the financial year. This requirement was, however, honoured in the breach, except in few instances, without any sanctions being imposed for the continued violation of the Law.
- 3.15 The PAC recommends that all outstanding reports be laid in the National Assembly as early as possible. In addition, appropriate sanctions, including possible withholding of subvention, should be imposed on the Heads of institutions for any failure on their part to have timely financial reporting and for not having their audited accounts laid in the National Assembly within the required deadline. In this regard, Accounting Officers should establish deadlines within which financial reporting of these entities is brought up-to-date.
- 3.16 The proceeds from the Guyana Lotteries are not paid over to the Consolidated Fund. Instead, they are kept in a special bank account at the Bank of Guyana and are used to meet public expenditure. A similar observation was made in respect of funds received by a number of Ministries, Departments and Regions, notably the Ministry of Education, the Guyana Defence Force and the Operations and Maintenance Division of Region 2. This practice, apart from being a breach of Section 17 of the FAA Act as well as a usurpation of Parliamentary authority to incur expenditure, can and probably does lead to irregularities.
- 3.17 The PAC wishes to emphasise that requirement of the Law as it relates to public revenues must be scrupulously observed. All revenues are required to be paid over to the Consolidated Fund gross and under no circumstances should expenditure be met from such revenues. Similarly, all public expenditures must be voted for by the National Assembly and reflected in the National Estimates. In this regard, the PAC recommends that the Finance Secretary carry out a survey of Ministries, Departments and Regions as well as semi-autonomous agencies to determine to what extent the practice of retaining public revenues is prevalent. Based on the results of the survey, steps should be taken against the errant agencies to ensure that this practice is discontinued.
- 3.18 The Committee noted the frequency with which it was reported by the Auditor General that there were cases involving large numbers of employees who had not been properly registered with the National Insurance Scheme (NIS) and the implications which that had for their social security or other benefits.
- 3.19 The abuse of the Contingencies Fund continued unabated despite comment to this effect in previous PAC reports. As required by Section 25 of the FAA Act, this fund should only be used if the proposed expenditure is (a) unforeseen (b) urgent (c) no other provision exists and (d) the expenditure cannot be postponed without injury to the public interest until adequate provision is made by the National Assembly. It follows that the Fund should not be used to cover routine expenditure. Due process must be followed and supplementary appropriations sought where there are inadequate allocations.

### **Unsatisfactory Management of Cash Resources**

- 3.20 The Auditor General has reported that the Consolidated Fund was overdrawn by \$54.263 billion and \$63.726 billion as at 31 December 2000 and 31 December 2001, respectively, although large sums were held in other Government bank accounts. The main reason for this state of affairs is the general failure to transfer to the Consolidated Fund unspent balances at the end of the year, especially in relation to capital programmes, as well as to close bank accounts which were no longer in use. Had such transfers been undertaken, the Consolidated Fund would have reflected positive balances of \$22.143 billion and \$15.983 billion as 31 December 2000 and 31 December 2001.
- 3.21 The PAC considers the above state of affairs to be far from satisfactory from the point of view of the management of the Government's cash resources. The Committee noted that steps have been taken to close inactive accounts and to effect transfer to the Consolidated Fund. However, the process needs to be accelerated so that the minimum number of bank accounts are kept in use and all funds which represent public revenues are speedily transferred to the Consolidated Fund. Such difficulties could be overcome by the accelerated introduction of appropriate information technology and treatment of reconciliation of bank accounts as a priority activity.

### **Failure to Reconcile Bank Accounts**

- 3.22 The vast majority of bank accounts under the control of Ministries, Departments and Regions remained unreconciled and in some cases the related cash books were not properly maintained. The failure to reconcile bank accounts, to maintain proper cash books and the absence of supervisory checks have contributed to the several acts of misappropriation of funds which are now engaging the attention of the Police and the Courts.
- 3.23 Despite the Government's decision in 1996 to close all bank accounts and to open new accounts in an attempt to start from a clean position, the problems associated with the old accounts continued in respect of the majority of new accounts, which were opened. Accounting Officers, without exception, have attributed this state of affairs to staffing difficulties. Much of the evidence, however, indicates that the reconciliation of bank accounts is not considered a priority activity. Generally, Ministries, Departments and Regions appear to concern themselves only with receiving funds from the Treasury and making payments. The related record keeping, reconciliation, and monitoring and supervision remain very much neglected.
- 3.24 The PAC again recommends that the Ministry of Finance carry out a survey of all Ministries, Departments and Regions with a view to determining an acceptable level of staffing at the various accounting units, both in terms of numbers and skills involved. Based on the results of the survey, urgent steps should be taken to ensure that all Ministries, Departments and Regions are properly staffed with accounting personnel. Thereafter, Accounting Officers should be made responsible for ensuring that all bank accounts under their control are properly reconciled within thirty(30) days of the close of the month. They should be held personally liable for failure to do so and the appropriate penalties imposed on defaulting Accounting Officers.

## **Non-compliance with the Tender Board Regulations**

- 3.25 The PAC continues to express concern at the level of non-compliance in a number of agencies with the existing Tender Board Regulations relating to the procurement of goods and services and the undertaking of works, both capital and current. In particular, there was continued evidence of contract-splitting to avoid adjudication by the Ministerial and the Central Tender boards. The PAC also noted the need to adopt procedures to ensure transparency in respect of the evaluation of tenders to be recommended for inclusion in the Public Procurement Act. In addition, there is urgent need to activate the Public Procurement Commission.
- 3.26 At the Ministry of Home Affairs, the Ministerial tender board did not function for eleven (11) months in the year while at the Guyana Defence Force, there was an almost total absence of competitive bidding before contracts were awarded, even in cases of the acquisition of non-military items.
- 3.27 In several instances, minutes of tender board meetings were not maintained in a manner to allow for an independent evaluation of the basis of the awards of contracts, especially in cases where contracts were not awarded to the most competitive bidders.
- 3.28 The PAC is extremely alarmed at the high incidence of variation orders which were issued after contracts were awarded, despite the widespread practice of engaging the services of consultants to prepare estimates and to oversee the works. Other concerns include instances of overpayments to contractors and of defective, poor quality and incomplete work.
- 3.29 Numerous instances were highlighted where Accounting Officers failed to seek the requisite approval to undertake works which were not reflected in the Capital Profile of the concerned Ministry or Department and hence not approved by the National Assembly. Such work can only be undertaken through a request for a change in programme and approval from the Chief Planning Officer.
- 3.30 In the light of widespread violations referred to above, the PAC again strongly recommends urgent reforms by way of legislation of the Government's Tender Board Regulations to ensure as far as possible greater transparency, fairness, equity and accountability in the system. Such reforms should include:-
- A re-organised Central Tender Board to include representatives of various interest groups;
  - Reviewing the authority limits for Regional, Ministerial and Departmental Tender boards as well as those of Accounting Officers;
  - Guidelines for the keeping of proper minutes of meetings held and decisions taken;
  - Requirements for filing and general record-keeping;
  - Procedures and criteria to be followed for the issuing of variation orders;

- Prohibition of contract-splitting;
- The forms of sanction to be imposed for any violation of the tendering procedures;
- Procedures for the formal evaluation of public tenders and for the availability of such evaluation to bidders; and
- All documents relating to contracts and the contracts themselves approved by the Central Tender Board must be copied to the Auditor General and the executing agency.

A number of these recommendations would have been suspended by the promulgation of the Public Procurement Act.

### **Poor Control over the Use of Government Vehicles**

- 3.31 Control over use of Government vehicles continued to be very lax. In many cases, log books were not kept or were not satisfactorily maintained. Many Government vehicles were also not marked to identify them as State property. The PAC is deeply concerned that this state of affairs remains uncorrected since it lends itself to serious abuse with consequential financial loss to the State. It therefore urges all Accounting Officers to ensure that the requirement to maintain log books and to have vehicles marked, be rigidly enforced, except where security considerations determine otherwise, so as to secure as far as possible effective control over the use of Government vehicles.
- 3.32 The Committee noted the high cost of maintenance and the high level of consumption of fuel and recommends that Governments Agencies acquire appropriate “Fleet Management” computer software to enable them to closely monitor maintenance cost, the consumption of fuel and lubricants, etc. in order to be able to access the operating efficiency and cost effectiveness of operating their fleet of vehicles or equipment. Motor vehicles and other equipment, which are used by the various Governments, should be replaced on a regular basis within, but definitely not beyond their economic life. The records will show that the yearly cost of repairs and maintenance of vehicles and equipment which have surpassed their economic lives equal or exceed the cost of replacing them. In instances where vehicles and equipment are unserviceable, these should be disposed of in a transparent and timely manner, in order to recover maximum value before they deteriorate.

## **4. THE PUBLIC ACCOUNTS STATEMENTS**

- 4.1 Despite an assurance previously given by the Accountant General, the issuing and redemption of Treasury Bills remained unreported in the Statement of Receipts and Payments of the Consolidated Fund. In order to give a full picture of the movement of the Fund from one year to the next, it is necessary for transactions relating to Treasury Bills to be included.

- 4.2 The Auditor General continues to report on the Government's liability to the Lloyds Bank of London in respect of two (2) loans, which has been attracting interest semi-annually. That liability, inclusive of interest, stood at G\$2.764 billion at the end of 1998. (Information relating to subsequent years was not made available.) The PAC wishes to express its previously stated view that had action been taken in a timely manner in relation to this matter since several years of interest charges, which account for the greater portion of the debt, could have been avoided.
- 4.3 The PAC is particularly concerned at the large amounts which were held in special accounts at the Bank of Guyana on behalf of the Government. These are funds which relate to projects which came to an end and appeared to be transferable to the Consolidated Fund. The failure to ascertain what amounts should be transferred to the Fund creates avenues for extra budgetary sources of financing. Of particular concern is the use of moneys held in Account No. 1663 - Agricultural Rehabilitation Special Account (ARSA).
- 4.4 The proper accounting for gifts received by Government agencies both within and outside of Guyana remains unsatisfactory. The Committee wishes to re-emphasise the importance of valuing all gifts and informing the Accountant General so that they can be reflected in the Public Accounts.
- 4.5 The Public Debt Register was not satisfactorily maintained, as several columns were incompletely written up e.g. omission of repayment terms. Loan agreements were also not tabled in the National Assembly in a timely manner. In addition, several deficiencies in the system of recording, monitoring and reporting of outstanding loans or credits guaranteed by the Government as well as loans and advances from the Consolidated Fund, were also highlighted in the Auditor General's Report.

## **5. SPECIFIC ISSUES RELATING TO MINISTRIES, DEPARTMENTS AND REGIONS**

- 5.1 Some Ministries/Departments/Regions have shown improvements in the management of their financial affairs over the years. These include the Ministries of Housing & Water, and Trade Tourism & Industry, the Guyana Police Force, the Guyana National Service and Parliament Office. The PAC wishes to commend the relevant Accounting Officers for efforts in this regard. There are, however, a number of specific issues, which the PAC would like to highlight in respect of other Ministries, Departments and Regions. In addition a comparison was made of the Auditor General's findings over the years 1999 to 2001. These are detailed at the Appendix.

## **6. OTHER SPECIFIC RECOMMENDATIONS**

- Guidelines should be issued by the Finance Secretary differentiating capital expenditure from Current expenditure;
- Consideration should be given to employ contract officers to bring backlog work up-to-date;

- To minimise or prevent defective work by contractors, the new Audit Act should include forensic auditing and there should be a central list black-listed contractors;
- Urgent consideration should be given for the erection of a government warehouse;
- Statutory status should be given to the Students' Loan Agency as early as possible in order to put it under obligation to have annual financial reporting and audit;
- Copies of divestment documents should be made available to the Finance Secretary and the Auditor General and should be kept in a fire proof vault or safe;
- Agencies and Auditor General should collaborate on means of transportation to remote areas;
- The Accountant General to take immediate steps to write and update all Accounting Officers on procedure in disbursing salaries and wages and their related deductions to reflect "nil" balances at the end of each month;
- Government Departments to acquire appropriate "Fleet Management" computer software to enable them to closely monitor maintenance costs, consumption of fuel and lubricants, etc. in order to be able to better access the operating efficiency and cost effectiveness of operating their fleet of vehicles;
- The system of evaluation of tenders to be included in the Procurement Act, which should be activated as early as possible;
- The need for speedy action by the Finance Secretary to respond to requests of Accounting Officers to dispose of unserviceable items

## **7. CONCLUDING REMARKS AND ACKNOWLEDGEMENTS**

- 7.1 In my capacity as Chairman of the PAC, I wish to express my sincere gratitude to the other members for their contribution to the work of the Committee and for the non-partisan approach they have adopted throughout the deliberations of the Committee. It was indeed hard work spanning a period of five(5) months, and had it not been for the strenuous efforts of all members of the Committee, this report might not have been possible.
- 7.2 The advisers to the Committee - the Auditor General, the Secretary to the Treasury and the Accountant General - and their support staff have all assisted the Committee in no small measure. It has certainly been a learning experience in public accountability. Finally, the Committee will be remiss if it does not offer a special word of thanks for the overwhelming administrative support of the Clerk of the National Assembly and the Clerk of the Committee and their support staff.

- 7.3 Since the preparation of this Report, the Committee has noted that in subsequent years some Accounting Officers have made a special effort to comply with the financial regulations, accounting systems and procedures.

**WINSTON MURRAY  
CHAIRMAN  
PUBLIC ACCOUNTS COMMITTEE**

27 FEBRUARY 2006

## APPENDIX

### COMPARISON OF FINDINGS 1999 TO 2001

#### The Public Accounts Statements

| NO.  | MAIN OBSERVATION  | STATUS   |  |  |
|--|---|--|--|--|
|  |   | 1999   | 2000   | 2001   |
| <b>Statement of the receipts and payments of the Consolidated Fund</b> |   |  |  |  |
| 1  | The Consolidated Fund Bank Account continued to be over drawn, due mainly to the failure to reconcile the various Government bank accounts and to pay over sums due to the Fund. The Consolidated Fund was not properly reconciled since February 1988. | Overdraft of \$57.110M,<br>Situation remained the same | Overdraft of \$54.263M,<br>Situation remained the same | Overdraft of \$63.726M,<br>Situation remained the same |
| 2  | Entries in the cash book relating to revenue and other receipts were not recorded in the relevant month, but, several months later. In addition, the cash book did not reflect accumulated balances.  | Situation remained the same                            | Situation remained the same                            | Situation remained the same                            |
| 3  | The accumulated total of all GOG bank accounts reflected a positive balance. However, this not include the balances on the overseas Missions bank accounts as well as those of any other overseas accounts held by the Government.                      | \$14.101M  | \$22.143   | \$15.983M  |
| 4  | An amount of \$470.769M was due by the Guyana High Commission in London to the Lloyds Bank in London.   | Situation remained the same                            | Situation remained the same                            | Situation remained the same                            |
| 5  | Amounts held in special bank accounts at the Bank of Guyana were not transferred to the Consolidated Fund.  | \$10.482M  | \$11.811M  | \$15.690M  |

|  |  |                              |                             |                              |
|--|--|------------------------------|-----------------------------|------------------------------|
| 6  | A cash book analysis to show the revenues received as licences and application fees for cambios and treasury bills was not maintained by the Accountant General's Department.  | Situation remained the same  | Situation remained the same | Situation remained the same  |
| 7  | Ministries and Departments were delinquent in refunding unspent amounts to the Consolidated Fund. The main reason for not refunding the unspent amounts was the failure to effect reconciliation of the various bank accounts. | Situation remained the same  | Situation remained the same | Situation remained the same  |
| 8  | There has been deficiency of receipts over payments due to capital expenditure payments exceeding capital revenue.   | Deficiency of \$5.540M       | Deficiency of \$7.968M      | Deficiency of \$12.248       |
| 9  | There were differences between the cash book balance and the amount on the financial statement in terms of the receipts and payments of the Consolidated Fund.   | Situation remained the same  | Situation remained the same | Situation remained the same  |
| 10   | An investment register to monitor Government's investments was not kept at the Ministry of Finance.  | Situation remained the same  | Situation remained the same | Situation remained the same  |
| 11   | The values of gifts received by Ministries/Departments/Regions were not reflected in the Country's accounts as Miscellaneous Revenue.  | Situation remained the same  | Situation remained the same | Situation remained the same  |
| <b>Statement of revenue actually paid into the Consolidated Fund as compared with the estimates of revenue</b> |  |                              |                             |                              |
| 12   | Proceeds from external loans fell short of the projected levels. Disbursements made by funding agencies were not brought to account as capital revenue.  | Shortfall of \$5.583 billion | -                           | Shortfall of \$5.931 billion |

|  |   |                             |                             |                             |
|--|---|-----------------------------|-----------------------------|-----------------------------|
| 13   | Amounts disbursed as grants to various Government agencies were not reflected in the estimates of revenue and expenditure nor in the public accounts.   | Situation remained the same | Situation remained the same | Situation remained the same |
| <b>Statement of expenditure from the Consolidated Fund as compared with the estimates of expenditure</b> |   |                             |                             |                             |
| 14   | Disbursements made by funding agencies were not brought to account as capital expenditure.  | Situation remained the same | Situation remained the same | Situation remained the same |
| <b>Statement of the Public Debt</b>  |   |                             |                             |                             |
| 15   | The Public Debt Register was not properly maintained. In addition, no system was in place for the monitoring of disbursements by funding agencies and for updating the disbursement column of the Register. | Situation remained the same | Situation remained the same | Situation remained the same |
| 16   | There was an increased in the public debt.  | \$2.302 billion             | \$9.979 billion             | -                           |
| <b>Statement of the outstanding loans or credits guaranteed by the government</b>                        |   |                             |                             |                             |
| 17   | There were several deficiencies in the system governing the recording, monitoring and reporting of outstanding loans and credits guaranteed by the Government.  | Situation remained the same | Situation remained the same | Situation remained the same |
| <b>Statement of outstanding loans &amp; advances made from the consolidated fund</b>                     |   |                             |                             |                             |
|  | Debts have been outstanding for at least twenty years and there has been no evidence of any action taken to recover them.   | Situation remained the same | Situation remained the same | Situation remained the same |
| <b>Statement of receipts and payments of the contingencies fund</b>                                      |   |                             |                             |                             |
| 18   | Eighteen (18) advances totalling \$7.634M relating to the period 1986 to 1989 remained outstanding.   | Situation remained the same | Situation remained the same | Situation remained the same |

|   |   |                             |                             |                             |
|---|---|-----------------------------|-----------------------------|-----------------------------|
| 19  | A number of advances granted from the Contingencies Fund did not satisfy the criteria for the granting of such advances.  | Situation remained the same | Situation remained the same | Situation remained the same |
| <b>Balances held on deposit by the Accountant General and the outstanding advances made in pursuance of Section 23 of the FAA Act</b> |   |                             |                             |                             |
| 20  | The cash book of the Deposit Fund was not cast and balanced for a number of years and it could not be determined when last the bank account was reconciled.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 21  | The records for the Deposit Fund were not maintained in a manner so as to adequately monitor or control advances granted from the Fund.   | Situation remained the same | Situation remained the same | Situation remained the same |
| <b>The current assets and liabilities of the government</b>   |   |                             |                             |                             |
| 22  | The General Account reflected a large balance at the end of the year instead of a 'nil' balance. In addition, it could not be determined when last this account was reconciled.   | Balance of \$9.227 billion  | Balance of \$20.550 billion | Balance of \$25.795 billion |
| 23  | Non-Sub-Accounting Ministries and Departments bank account No. 3001 was not reconciled for a number of years. This account reflected a balance at the end of the year mainly due to unspent amounts not being paid over to the Consolidated Fund. | Balance of \$18.685 billion | Balance of \$13.168 billion | Balance of \$9.635 billion  |
| 24  | The majority of new bank accounts were not reconciled since their establishment.  | Situation remained the same | Situation remained the same | Situation remained the same |
| 25  | Numerous bank accounts were overdrawn without the authority of the Minister.  | Situation remained the same | Situation remained the same | Situation remained the same |

**OFFICE OF THE PRESIDENT**

| NO. | MAIN OBSERVATIONS  | STATUS   |  |   |
|-----|--|--|--|---|
|     |  | 1999   | 2000   | 2001  |
| 1.  | Partial reconciliations, unexplained or uncleared reconciling items affecting bank account 3007          | Partial reconciliation done                          | Unexplained reconciling items included in reconciliation   | 64 stale-dated unrepresented cheques remaining uncleared  |
| 2.  | Delay in investigating the overdraft and closing of the non-operational main bank account No. 932        | Situation remains the same                           | Situation remains the same   | Situation remains the same  |
| 3.  | Employees not registered with NIS  | 110 Employees  | 42 Employees   | 59 Employees  |
| 4.  | Failure to adhere to stores regulations  | Situation remains the same                           | Situation remains the same   | Situation remains the same  |
| 5.  | Log books not presented  | 14 Outstanding                                       | No adverse comment   | No adverse comment  |
| 6.  | Excessive vehicle maintenance costs, when compared with the costs of acquiring new vehicles              | \$11.280M spent on 13 vehicles                       | \$6.346M on spent 12 vehicles, all of which received extensive maintenance costing \$10.992M in 1999 | \$5.535M spent on 13 vehicles, of which 10 received extensive maintenance costing \$8.840M over the years 1999 and 2000 |
| 7.  | Students trained overseas had not returned to fulfill their contractual obligations                      | Two (2) for the year, increasing the number to 18    | One (1) for the year, increasing the number to 19  | Two (2) for the year, but the return of 6 reduced the number to 15  |
| 8.  | Two (2) autonomous agencies, namely the IAST and GNEA, had had protracted arrears in financial reporting | IAST - 17 years in arrears; GNEA 15 years in arrears | IAST - 18 years in arrears; GNEA 16 years in arrears   | IAST - 1 year in arrears; GNEA 17 years in arrears  |

|     |   |                                     |                                    |                                      |
|-----|---|-------------------------------------|------------------------------------|--------------------------------------|
| 9.  | The Voted Provision was over expended on a number of occasions  | 23 subheads for a total of \$6.210M | 3 subheads for a total of \$0.595M | 7 subheads for a total of \$0.347M   |
| 10. | Several breaches of Tender Board Regulations were observed among other things, viz.                         |                                     |                                    |                                      |
|     | (a) Apparent subdivision to avoid adjudication at higher levels   | √                                   | √                                  | √                                    |
|     | (b) Departmental Tender Board Minutes did not indicate all relevant information                             | √                                   | √                                  | √                                    |
|     | (c) Contracts were awarded without adherence to a system of quotations and/or other Tender Board procedures | √                                   | √                                  | √                                    |
|     | (d) No evidence of competitive bidding.   | √                                   | √                                  | √                                    |
|     | (e) Failure to obtain approval for change(s) in capital programme(s)  | √                                   | -                                  | √                                    |
|     | (f) Apparent overpayment on contract(s)   | 12,003 - \$5.778M                   | -                                  | 12,001 - \$2.272M; 14,015 - \$1.449M |
|     | (g) Overstatement of expenditure under subhead  | 14,015 - \$28.747M                  | 14,015 - \$2.553M                  | -                                    |
|     | (h) Basis of award not stated   | 7 cases valued at \$2.542M noted    | 28,001 - \$4.999M                  | √                                    |

**OFFICE OF THE PRIME MINISTER**

| NO | OBSERVATION   | STATUS                 |      |          |
|----|---|------------------------|------|----------|
|    |   | 1999                   | 2000 | 2001     |
| 1  | Excess expenditure was incurred under a subhead although there were funds available to vire under other subheads. | Subhead 191 - \$10,000 | -    | -        |
| 2  | Excessive amounts were expended on repairs to vehicles and historical records of vehicles were not maintained.    | -                      | -    | \$3.068M |

**MINISTRY OF FINANCE**

| NO | OBSERVATION   | STATUS                       |                              |                              |
|----|---|------------------------------|------------------------------|------------------------------|
|    |   | 1999                         | 2000                         | 2001                         |
| 1  | A Goods Received Book was not maintained to account for purchases and receipts of stores.   | Situation remained the same. | Situation remained the same. | -                            |
| 2  | A telephone register to account for all overseas calls was not maintained.  | Situation remained the same. | Situation remained the same. | -                            |
| 3  | A list of the Government Agencies indebtedness to the Guyana Power Company in respect of electricity charges was not produced for audit examination | Situation remained the same. | Situation remained the same. | Situation remained the same. |
| 4  | The State Planning Secretariat was still not dissolved although it became defunct several years ago. The accounts were last audited in 1991.        | Situation remained the same. | Situation remained the same. | Situation remained the same. |
| 5  | The operation of Bass, CANU and COMU should be brought under the control of the Customs & Excise Dept.  | Situation remained the same. | Situation remained the same. | Situation remained the same. |
| 6  | Inventory records to account for all assets under the control of the Ministry were not maintained.  | Situation remained the same. | Situation remained the same. | Situation remained the same. |
| 7  | Stores regulations were not followed in the maintenance of stores records.  | Situation remained the same. | Situation remained the same. | -                            |
| 8  | A separate revenue account was not maintained for each Loan   | Situation remained the same. | -                            | Situation remained the same  |

### ACCOUNTANT GENERAL'S DEPARTMENT

| NO | OBSERVATION   | STATUS                      |                             |                             |
|----|---|-----------------------------|-----------------------------|-----------------------------|
|    |   | 1999                        | 2000                        | 2001                        |
| 1  | The salaries bank account No. 506 which became non-operational in June 1996 reflected an overdraft balance ..... at the end of the year.  | Situation remained the same | Situation remained the same | Situation remained the same |
| 2  | The salaries bank account No. 3002 was not reconciled in the traditional manner.  | Situation remained the same | Situation remained the same | Situation remained the same |
| 3  | A stores ledger was not maintained by the accounting unit to record all purchases made.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 4  | There continued to be large amounts outstanding for conference advances.  | Situation remained the same | Situation remained the same | Situation remained the same |
| 5  | The consolidated fund was not properly reconciled since 1988 and the account reflected a large overdrawn balance at the end of the year.  | Situation remained the same | Situation remained the same | Situation remained the same |
| 6  | Non-sub-accounting ministries bank account No. 3001 and the General Account No. 405 reflected large balances at the end of the year due to the failure to refund all unspent balances to the Consolidated Fund.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 7  | Omai Royalties Account No. 964 reflected large balance resulting from delays in effecting transfers to the 400 A/c.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 8  | Revenue and Deposits account No. 981 reflected a large balance resulting from failure by some non-sub-accounting ministries and departments to submit collector's cash book/statements on a timely basis to the Accountant General's Department for processing. | Situation remained the same | Situation remained the same | Situation remained the same |

**CUSTOMS AND EXCISE DEPARTMENT**

| NO. | MAIN OBSERVATIONS   | STATUS   |   |  |
|-----|---|--|---|--|
|     |   | 1999   | 2000  | 2001   |
| 1   | Bank accounts were either not reconciled or nor reconciled promptly and no action was taken to investigate a balance of \$30.220M in the salaries bank account. | Situation remained the same.   | Situation remained the same.  | This account was closed.   |
| 2   | A number of PID's were outstanding, including those with CIF at the time of reporting. There were also importers whose bonds were inadequate.                   | 305 PID's valued \$6.678 billion, CIF valued \$70.278M and 10 importers with inadequate bonds. | 83 PID's valued \$531.138M, 22 CIF valued \$212.5M and 6 importers with inadequate bonds. | 2 PID's valued \$27.940M.  |
| 3   | Seizure files not submitted for audit.  | 27 files   | 36 files  | 8 files  |
| 4   | Delays in perfecting bills of sight.  | 7 valued \$2.881M.   | 19 valued \$32.525M   | 7 valued \$2.881M  |
| 5   | Only some of the cargo vessel files were completed and submitted to the Quality Review Section.   | 487 files out of 1,115 were submitted.   | 213 files out of 1,069 were submitted.  | 781 files out of 1,003 were submitted.                                       |
| 6   | Manufactures not effecting payment in respect of consumption tax within the prescribed 15 days of the close of the month.                                       | 113 manufacturers.   | 44 manufacturers.   | 15 manufacturers.  |
| 7   | Liquor licences for registered premises were not renewed.   | 239 premises.  | 2,038 premises.   | 1,740 premises.  |
| 8   | Outstanding overtime fees.  | Fee totalling \$7.582M   | Laxity by the Department to collect merchants' overtime.                                  | \$33.454M were still outstanding, although several demand notices were sent. |

|    |   |   |   |   |
|----|---|---|---|---|
| 9  | There was a number of dishonoured cheques at the end of the year.   | 44 cheques totalling \$29.730M.                               | 61 cheques totalling \$38.350M for 1999 & 2000.               | Same as for 2000. Also, 165 valued at \$113.320M for 2001.    |
| 10 | Stale dated cheques not cleared. These cheques were received during the Public Service strike.  | 56 valued \$49.934M.  | \$14.698M unclerared.   | Same as in 2000.  |
| 11 | Old revenue bank account No. 489 reflected a balance of \$169.164M. It was recommended that this balance be transferred to the Consolidated Fund. | No action taken to transfer balance to the Consolidated Fund. | No action taken to transfer balance to the Consolidated Fund. | No action taken to transfer balance to the Consolidated Fund. |

**INLAND REVENUE DEPARTMENT**

| NO. | MAIN OBSERVATIONS  | STATUS                      |                              |                              |
|-----|--|-----------------------------|------------------------------|------------------------------|
|     |  | 1999                        | 2000                         | 2001                         |
| 1   | Revenue account No. 3025 reflected large balances. Also bank accounts were either not reconciled or not reconciled promptly. | Balance of \$4.361 billion. | Balance of \$1.302 billion.  | Balance of \$1.302 billion.  |
| 2   | Registered companies not submitting their annual returns to the Department.  | 294 companies.              | 2,655 companies.             | 3,123 companies.             |
| 3   | No penalties being imposed against employers who failed to submit PAYE returns.  | 28 instances.               | 348 instances.               | 250 instances.               |
| 4   | Professional fees were not paid by all self-employed persons.  | 243 practitioners.          | 240 practitioners.           | 247 practitioners.           |
| 5   | Hotel tax returns were submitted late and no action taken against some of the defaulters.                                    | 100 days late.              | 180 days late, 5 defaulters. | 180 days late, 6 defaulters. |

|   |  |                              |                              |                              |
|---|--|------------------------------|------------------------------|------------------------------|
| 6 | Some sub-treasuries and sub-offices/districts were delinquent in the submission of CCBS. | Situation remained the same. | Situation remained the same. | Situation remained the same. |
|---|--|------------------------------|------------------------------|------------------------------|

**MINISTRY OF FOREIGN AFFAIRS**

| NO. | MAIN OBSERVATIONS   | STATUS                       |                                    |                              |
|-----|---|------------------------------|------------------------------------|------------------------------|
|     |   | 1999                         | 2000                               | 2001                         |
| 1   | Old salaries bank account No. 458 reflected a large balance of \$84.547M which should have been paid over to the Accountant General's Department.       | Situation remained the same. | Situation remained the same.       | -                            |
| 2   | Salaries cash book not properly maintained.   | Situation remained the same. | Situation remained the same.       | -                            |
| 3   | Generally, the budgetary allocations for the overseas missions were sent late in several instances.   | Situation remained the same. | Situation remained the same.       | -                            |
| 4   | Monthly remittances to the missions were sent late in several instances.  | Situation remained the same. | Situation remained the same.       | -                            |
| 5   | Sub-accountant cash book was not properly written up and no evidence of supervisory checks.   | Not properly written-up.     | No evidence of supervisory checks. | -                            |
| 6   | Capital remittances to the several Permanent Missions were sent in the following year, resulting in the Capital Appropriation Account being overstated. | Situation remained the same. | Situation remained the same.       | Situation remained the same. |
| 7   | Prompt action not taken by Ministry to clear advances taken by senior officials.  | Situation remained the same. | Situation remained the same.       | Situation remained the same. |

|    |   |                              |                              |                              |
|----|---|------------------------------|------------------------------|------------------------------|
| 8  | Lack of segregation of duties at several Missions.  | Situation remained the same. | Situation remained the same. | Situation remained the same. |
| 9  | Excess expenditure observed at several Missions.  | Situation remained the same. | Situation remained the same. | Situation remained the same. |
| 10 | Acknowledgement receipts for revenues remitted to the Accountant General's Department were not sent to the Mission. | Situation remained the same. | Situation remained the same. | Situation remained the same. |

### ELECTIONS COMMISSION

| NO. | MAIN OBSERVATIONS  | STATUS         |   |  |
|-----|--|----------------|---|--|
|     |  | 1999           | 2000  | 2001                                     |
| 1   | Cheque Orders not cleared within the specified period of 16 days                                       | Not applicable | 57 cleared on average 30 days later than required             | No adverse comment                       |
| 2   | Breach of Tender Board Procedures, no three-quotation system   | Not applicable | 3 contracts   | No adverse comment                       |
| 3   | Advances issued from main bank account   | Not applicable | 3 contracts awarded without the required system of quotations | No adverse comment                       |
| 4   | Advances were outstanding  | Not applicable | 1 totalling \$4.934M  | A number of advances totalling \$649,920 |
| 5   | Unpresented vouchers resulted in an inability to determine whether value was received for moneys spent | Not applicable | No adverse comment  | 5 vouchers totalling \$6.487M            |
| 6   | Salaries cash book did not reflect the required 'Nil' balance  | Not applicable | September to December   | January to December                      |

**MINISTRY OF LOCAL GOVERNMENT**

| No. | MAIN OBSERVATIONS   | STATUS                       |                              |                              |
|-----|---|------------------------------|------------------------------|------------------------------|
|     |   | 1999                         | 2000                         | 2001                         |
| 1   | The salaries bank account No. 3074 reflected large balances at the end of the year. The cash book was only cast and balanced to May 1998 and the account was not reconciled since it was established in May 1996.             | Situation remained the same. | Situation remained the same. | -                            |
| 2   | The cash book for the imprest account No. 3075 revealed no evidence of supervisory checks. In addition, the account was not reconciled since it was established in May 1996.  | Situation remained the same. | Situation remained the same. | -                            |
| 3   | Financial returns were not submitted to the Ministry to account for funds transferred to municipalities and NDCs. As a result, it could not be determined how the amounts transferred were expended in term of capital works. | Situation remained the same. | Situation remained the same. | Situation remained the same. |
| 4   | The vast majority of municipalities and NDCs were significantly in arrears in terms of financial reporting.   | Situation remained the same. | Situation remained the same. | Situation remained the same. |

**MINISTRY OF AGRICULTURE**

| NO. | MAIN OBSERVATIONS   | STATUS  |  |  |
|-----|---|---|--|--|
|     |   | 1999  | 2000   | 2001   |
| 1   | Salaries bank account not reconciled.   | Since July 1996.                                  | Since July 1996.                                       | To December 2001.                                      |
| 2   | Non-operational accounts reflecting positive balances and should be closed and balances transferred to Consold. Fund.                 | Reflecting positive balances.                     | Closed and reflected nil balances.                     | Closed and reflected nil balances.                     |
| 3   | Main bank account not reconciled promptly. Cheques are being back dated .   | December 1996.<br>354 cheques valued \$201.6999M. | May 2000.<br>516 cheques valued \$299.794M.            | November 2001.<br>55 cheques valued \$142.581M.        |
| 4   | Old bank account No. 938 was overdrawn by \$6.596M, while another old bank account No. 705 reflected a positive balance of \$40.428M. | Situation remained the same.                      | Situation remained the same.                           | Situation remained the same.                           |
| 5   | Cheque orders not cleared within the specified time.  | 516   | 679 valued at \$487.683M.                              | 327 valued at \$77.626M.                               |
| 6   | Log books not presented for audit.  | 13 log books.                                     | -  | 21 log books.  |
| 7   | Utility register not updated.   | Situation remains the same.                       | -  | -  |
| 8   | Statutory bodies have been delinquent in producing statements for audit.  | Situation remains the same.                       | 4 bodies were still in arrears.                        | 4 bodies were still in arrears.                        |
| 9   | Budgetary allocation for current expenditure used for purchases of a capital nature.  | -   | \$1.248M under current instead of capital expenditure. | \$3.372M under current instead of capital expenditure. |
| 10  | Basis of award could not be determined due to central tender board files not being located.   | 15 instances. CTB files were destroyed by fire.   | 7 instances.   | 3 instances.   |

**MINISTRY OF PUBLIC WORKS**

| NO. | MAIN OBSERVATIONS  | STATUS  |   |   |
|-----|--|---|---|---|
|     |  | 1999  | 2000  | 2001  |
| 1   | Severe staff constraints with adverse impact on Ministry's Operations  | Situation remains the same                                | Situation remains the same                                | Situation remains the same  |
| 2   | Untimely reconciliations of bank accounts  | Still not being reconciled promptly or in a timely manner | Still not being reconciled promptly or in a timely manner | Still not being reconciled promptly or in a timely manner               |
| 3   | Delays in investigating, transferring funds of and closing non operational bank account No. 929  | Situation remained the same                               | Situation remains the same                                | Situation remains the same  |
| 4   | Four officers who were signatories of the Ministry's bank account were engaged in continuous overtime to reconcile the bank accounts and were also paid allowances they were not entitled to | Situation remains the same                                | Situation remained the same                               | Situation remained the same except allowances were paid up to June 2001 |
| 5   | Employees not registered with NIS  | 47 Employees  | 52 Employees  | 19 Employees  |
| 6   | Cash Book kept open after 31 December  | 426 Cheques drawn totalling \$135.393M                    | 745 Cheques drawn totalling \$374.621M                    | Cash Book kept open until 14 Feb.                                       |
| 7   | Cheque Orders being cleared later than the stipulated time frame   | Cleared on average of 29 days                             | -   | Cleared on average of 56 days   |
| 8   | Capital items being purchased from Current funds   | Situation remained the same                               | Situation remains the same                                | Situation remains the same  |

|    |  |   |   |   |
|----|--|---|---|---|
| 9  | Excessive amounts expended on transportation cost for Air Transport staff although the Ministry had a large fleet of vehicles  | Amount of \$10.933M spent. Ministry's fleet of vehicles totalled 53 | Amount of \$10.173M spent. Ministry's fleet of vehicles totalled 31 | Amount of \$10.594M spent. Ministry's fleet of vehicles totalled 39 |
| 10 | A large number of contracts being entered into with one person by the Ministry for repairs to vehicles and equipment although the Ministry had 2 mechanical workshops staffed by 9 mechanics | 59 contracts for repairs to 31 vehicles and 3 equipment             | 20 contracts for repairs to 16 vehicles                             | 11 contracts for repairs to 17 vehicles and 3 equipment             |
| 11 | Absence and improper maintenance of log books resulted in uncertainty whether effective control was exercised over the use of vehicles and equipment   | Situation remained the same   | Situation remained the same   | Situation remained the same   |
| 12 | Substantial amounts were paid to Region 4 for Electricity because the meters were not registered in the Ministry's name  | \$14.5M paid  | \$17.151M paid  | \$13.007M paid  |
| 13 | Stores ledger and master inventory were not maintained   | Situation remained the same   | Situation remained the same   | Situation remained the same   |
| 14 | Instances of sub-division of contracts to avoid adjudication by Central Tender Board   | Situation remained the same   | Situation remained the same   | Situation remained the same   |
| 15 | Instances were observed where change in programme was not sought for capital works undertaken.   | Situation remained the same   | Situation remained the same   | -   |
| 16 | Tender board procedures not followed nor were waiver of tender procedures sought   | Situation remained the same   | Situation remained the same   | Situation remained the same   |
| 17 | Excess expenditure on appropriation accounts   | Excess of \$11.995M   | -   | -   |
| 18 | Overpayment to Contractors   | -   | Overpayment of 2.471M, \$7.555M and \$0.559M                        | -   |

**MINISTRY OF EDUCATION**

| NO. | MAIN OBSERVATIONS  | STATUS                       |                                       |                                      |
|-----|--|------------------------------|---------------------------------------|--------------------------------------|
|     |  | 1999                         | 2000                                  | 2001                                 |
| 1   | Salaries bank account was consistently overdrawn during the year.  | Situation remained the same. | Situation remained the same.          | There has been an improvement.       |
| 2   | Non-operational accounts reflected positive and negative balances should be closed and amounts transferred to the Consolidated Fund. | Situation remained the same. | Situation remained the same.          | Accounts were closed.                |
| 3   | Authorised staff strength is being exceeded.   | 2,346 staff.                 | 2,213 staff.                          | 2,734 staff.                         |
| 4   | Not paying over NIS deduction resulted in the Ministry being indebted to the Scheme.   | \$4.522M                     | \$3.153M                              | \$4.563M                             |
| 5   | Bank accounts not being reconciled in a timely manner and on several were overdrawn.   | November 1999                | November 1999, 50 occasions overdrawn | January 2000, 81 occasions overdrawn |
| 6   | Cheque orders not cleared within the specified time.   | 213 valued \$14.285M         | 425 valued \$17.425M                  | 38 valued \$2.266M                   |
| 7   | Payment vouchers not presented for audit examination.  | 293 valued \$34.096M         | 494 valued \$129.385M                 | 90 valued \$19.234M                  |
| 8   | Log books not presented for audit examination.   | Not all were presented       | 12 not presented                      | Log books for 11 vehicles            |
| 9   | Utility registered not updated to facilitate reconciliation to votes ledger.   | No improvement               | No improvement                        | No improvement                       |
| 10  | Breaches in stores and tender board regulations  | No improvement               | No improvement                        | No improvement                       |

**GEORGETOWN PUBLIC HOSPITAL CORPORATION**

| NO. | MAIN OBSERVATIONS   | STATUS          |                              |                              |
|-----|---|-----------------|------------------------------|------------------------------|
|     |   | 1999            | 2000                         | 2001                         |
| 1   | Salaries cash book was not properly maintained, significantly large balances were evident.                        | Not applicable. | Not properly maintained      | Situation remained the same. |
| 2   | Unclaimed salaries register was not properly written up, pay change directives were not processed promptly.       | Not applicable. | Situation remained the same. | Situation remained the same. |
| 3   | Adherence to Tender Board procedures to procure drugs not strictly followed.                                      | Not applicable. | Situation remained the same. | Situation remained the same. |
| 4   | Stores records were not maintained to account for receipt and utilisation of fuel.                                | Not applicable. | Situation remained the same. | Situation remained the same. |
| 5   | Registers to record Utility charges such as electricity, water and overseas telephone charges was not maintained. | Not applicable. | Situation remained the same. | Situation remained the same. |
| 6   | Revenue collected by the Corporation was not transferred to the Consolidated Fund contrary to Sec. 17 of FAA Act. | Not applicable. | Not properly maintained      | Situation remained the same. |
| 7   | Master inventory and sectional inventories were not maintained.   | Not applicable. | Situation remained the same. | Not properly maintained      |

**MINISTRY OF HEALTH**

| No. | MAIN OBSERVATIONS   | STATUS                      |                             |                             |
|-----|---|-----------------------------|-----------------------------|-----------------------------|
|     |   | 1999                        | 2000                        | 2001                        |
| 1   | Amount were reflected as unclaimed salaries due to the delay of processing pay change directives promptly.  | Situation remained the same | Situation remained the same | Situation remained the same |
| 2   | Salaries cash book not properly maintained.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 3   | Old main bank account No. 946 with overdraft balance of \$102.899M remained un-investigated.  | Situation remained the same | Situation remained the same | Situation remained the same |
| 4   | Stores ledger was not maintained at the CAU and GRN's were not affixed to payment vouchers.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 5   | Log books were not properly maintained and journeys not authorised.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 6   | Gift register was not updated and gifts received were not valued and the Accountant General informed so that the valued be recorded in the Public Accounts. | Situation remained the same | Situation remained the same | Situation remained the same |
| 7   | The Pharmacy Bond lacked proper storage facilities and was considered unsuitable for storing drugs and medical supplies.                                    | Situation remained the same | Situation remained the same | Situation remained the same |
| 8   | There was lack of stores procedures to verify receipt of items.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 9   | The master inventory was not updated.   | Situation remained the same | Situation remained the same | Situation remains the same  |

|    |  |                            |                            |                            |
|----|--|----------------------------|----------------------------|----------------------------|
| 10 | Purchase of micro-biological and laboratory equipment valued at \$1.678M in 1997 as not received despite the lapse of 3 years 1 month. | Situation remains the same | Situation remains the same | Situation remains the same |
|----|--|----------------------------|----------------------------|----------------------------|

**MINISTRY OF HUMAN SERVICES**

| No. | MAIN OBSERVATIONS  | STATUS                      |                             |                             |
|-----|--|-----------------------------|-----------------------------|-----------------------------|
|     |  | 1999                        | 2000                        | 2001                        |
| 1   | The old public assistance imprest bank account No. 902, which ceased to be operational several years ago, was overdrawn by \$270.586M.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 2   | The old public assistance and old age pension bank account No. 3039 with an allocation of \$130M reflected a balance of \$19.424M at the end of 1999, 2000 and a balance of \$8.2M at the end of 2001. This difference represents vouchers still to be recouped. | Situation remained the same | Situation remained the same | Situation remained the same |
| 3   | The balance in the ordinary imprest account No. 3038 which ceased to be operational in 1998 was not transferred to the Consolidated Fund.  | Situation remained the same | Situation remained the same | Situation remained the same |

**MINISTRY OF CULTURE, YOUTH AND SPORTS**

| NO. | MAIN OBSERVATIONS   | STATUS                       |                   |                     |
|-----|---|------------------------------|-------------------|---------------------|
|     |   | 1999                         | 2000              | 2001                |
| 1   | Salaries cash book reflected significant balances during the year.  | No improvement               | No improvement    | No improvement      |
| 2   | Contracts below the limit of \$180,000 expended on rehabilitation of BIDCO building.  | 56 contracts valued \$4.296M | Improved for 2000 | Improved for 2001   |
| 3   | Tender board procedures were not followed in the contracting of security services.  | No improvement               | Improved for 2001 | Improved for 2001   |
| 4   | National Sports Commission was last audited   | 1999                         | 2000              | 2001                |
| 5   | Guyana Museum was last audited  | 1996                         | 1996              | 1996                |
| 6   | Amounts received from Guyana Lotteries Commission were deposited into the Special Project ban account No. 3174 and amounts expended were not recorded in the appropriation a/c. | No improvement               | No improvement    | No improvement      |
| 7   | Proceeds received from the National Cultural Centre were deposited into a current account No. 410004235 instead of the Consol. Fund.  | No improvement               | No improvement    | No improvement      |
| 8   | The National Trust received subvention totalling \$6.868M and audits for many years are outstanding.  | -                            | No improvement    | No improvement      |
| 9   | Ownership of vehicles could not be determined, nor was PSM approval sought.   | -                            | -                 | No improvement      |
| 10  | Payment vouchers not presented for audit  | -                            | -                 | 79 valued \$11.954M |
| 11  | Log books not presented for audit.  | -                            | -                 | 8 log books         |

|    |  |   |   |                   |
|----|--|---|---|-------------------|
| 12 | Fuel account not maintained to monitor the receipt of fuel and a quantity of bill did not indicate the registration of numbers of vehicles supplied. | - | - | No improvement    |
| 13 | Contracts were awarded without written quotations.   | - | - | 5 valued \$1.288M |
| 14 | Contracts were awarded without a system of quotations.   | - | - | 7 valued \$2.318M |

**MINISTRY OF HOUSING AND WATER**

| NO. | MAIN OBSERVATIONS   | STATUS                      |                             |                             |
|-----|---|-----------------------------|-----------------------------|-----------------------------|
|     |   | 1999                        | 2000                        | 2001                        |
| 1   | A qualified opinion was given on the accounts of GUYWA since certificates of titles to land were not presented for audit scrutiny and the amount shown, as stock was not adjusted to reflect the results of the year-end stock count. | Situation remained the same | Situation remained the same | Situation remained the same |
| 2   | A qualified opinion was issued on the accounts of GS & WC since the amount shown as debtors in the balance sheet could not be satisfactorily determined.  | Situation remained the same | -                           | Situation remained the same |
| 3   | Financial statements for CH & PA were not submitted on time to verify whether the subvention received was properly expended.  | Situation remained the same | Situation remained the same | Situation remained the same |

**MINISTRY OF HOME AFFAIRS**

| NO. | MAIN OBSERVATIONS  | STATUS   |  |  |
|-----|--|--|--|--|
|     |  | 1999   | 2000   | 2001   |
| 1   | The cash book for salaries bank account No.3022 was either not presented or not properly written up and bank reconciliation was not done. No reconciliation done since 1996. | No improvement   | No improvement   | No improvement   |
| 2   | There was a failure to reconcile the main bank account No.3020. Last reconciled  | Overdrawn by \$26.754M, 1996                             | 1996   | 1996   |
| 3   | Items purchased not traced to the goods receipt books and/or other stock records   | \$137.755M   | \$1.753M   | \$4.131M   |
| 4   | The purchases of uniforms failed to comply with Tender Board Regulations   | No tender board approval seen                            | No tender board approval seen. There was also evidence of subdivision to avoid CTB | There were sub division in three instances to avoid MTB totalling \$740,000              |
| 5   | Tender board procedures were not observed for the purchase of Materials, Equipment and supplies  | No Tender Board approval for amounts totalling \$4.567M. | No Tender Board approval for amounts totalling \$2.787M                            | 31 instances totalling \$9.727M requiring MTB approval, no 3-quote system where required |
| 6   | Under subheads Rental & Maintenance of Buildings and Maintenance of Infrastructure evidence was seen of breaches in Tender Board Procedures.                                 | No evidence of the use of a system of quotations         | Subdivision seen in 13 instances for \$4.188M and another 5 for \$1.468M           | 7 instances of sub-division valued at \$2.341M   |

|    |   |   |  |   |
|----|---|---|--|---|
| 7  | Expenditure for Vehicles, Spares and Services and Maintenance did not adhere to Tender Board Procedures   | No TB approval for purchases totalling \$431,476. | No comment                               | 3 instances valued at \$364,345, where three quotations were not used |
| 8  | A register of overseas calls was not maintained to monitor all overseas calls.                            | No TB approval for purchases totalling \$431,476. | No comment                               | 3 instances valued at \$364,345, where three quotations were not used |
| 9  | Payment vouchers were not presented.  | 28 for a total of \$1.126M                        | No comment                               | No comment  |
| 10 | No evidence change in programme approved  | Subheads 12,002 & 24,001                          | Subheads 12,002, 17,001, 25,001 & 26,001 | Subheads 17,001 & 24,002  |
| 11 | Multiple breaches of Tender Board Procedures  | Subheads 12,002 & 24,001                          | Subheads 12,002, 17,001, 25,001 & 26,001 | Subheads 17,001 & 24,002  |
| 12 | Deliberate breach of Section 36 of the FAA Act, including the charge of expenditure to the Deposit's Fund | No comment  | Subheads 12,002, 17,001, 25,001 & 26,001 | Subheads 17,001 & 24,002  |

### GUYANA POLICE FORCE

| NO. | MAIN OBSERVATIONS   | STATUS         |                |                    |
|-----|---|----------------|----------------|--------------------|
|     |   | 1999           | 2000           | 2001               |
| 1   | Salaries cash book did not reflect the required 'Nil' balance at the end of each month. | No improvement | No improvement | No adverse comment |
| 2   | Employees were not registered with 'NIS'  | 616 employees  | 564 employees  | 125 employees      |

|   |  |                    |   |  |
|---|--|--------------------|---|--|
| 3 | Subdivision of contracts to avoid adjudication at CTB - purchase of uniforms | No adverse comment | No adverse comment  | 26 instances   |
| 4 | Log books not properly maintained, and in cases were not presented;          | No adverse comment | Log books were not properly maintained & 8 books were not presented | Log books were not properly maintained & 25 books were not presented |
| 5 | Adequate details not recorded in register of overseas telephone calls        | No improvement     | No improvement  | No improvement   |
| 6 | Stores records were not balanced   | No improvement     | No adverse comment  | No adverse comment   |
| 7 | Incorrect credits to Imprest A/Cs 3033 & 3035 remained uncleared             | No adverse comment | No adverse comment  | A/c 3033 - \$119,142 & a/c 3035 - \$972,063                          |

### GUYANA DEFENCE FORCE

| NO. | MAIN OBSERVATIONS   | STATUS                      |                                      |                                      |
|-----|---|-----------------------------|--------------------------------------|--------------------------------------|
|     |   | 1999                        | 2000                                 | 2001                                 |
| 1   | Salaries account was either unreconciled or had unreconciled differences                | Not reconciled since 1996   | Unreconciled difference of \$13.509M | Unreconciled difference of \$13.510M |
| 2   | Salaries cash book did not reflect the required 'Nil' balance at the end of each month. | No improvement              | No improvement                       | No improvement                       |
| 3   | Unclaimed salaries for previous years not transferred to Consolidated Fund              | \$9.832M remained unclaimed | \$6.667M remained unclaimed          | \$7.453M remained unclaimed          |

|    |  |                    |                                |                                 |
|----|--|--------------------|--------------------------------|---------------------------------|
| 4  | A liability of \$14.690M improperly paid from the unclaimed salaries account, yet to be recovered from annual appropriations         | No improvement     | No improvement                 | No improvement                  |
| 5  | Amounts due to the Consolidated Fund not fully paid over.  | No adverse comment | \$0.309M of \$1.926M paid over | \$8.161M of \$13.360M paid over |
| 6  | Subdivision to avoid adjudication at a higher level and/or failure to use a system of quotations required by Tender board procedures | No improvement     | No improvement                 | No improvement                  |
| 7  | Shortages & Irregular transactions regarding issues of fuel and lubricants   | No improvement     | No improvement                 | No improvement                  |
| 8  | Log books not presented for audit scrutiny   | No adverse comment | 37 required were not presented | 13 of 50 were presented         |
| 9  | Lack of adequate stores accounting for fuel and lubricants   | No adverse comment | Bin cards not maintained       | Bin cards not maintained        |
| 10 | Extensive expenditure for the hire of vehicles, without action to explore the possibility of acquiring vehicles                      | \$51.920M expended | \$57.334M expended             | \$95.953M expended              |
| 11 | A register for overseas calls were not maintained to record and monitor all overseas calls made                                      | No improvement     | No improvement                 | No improvement                  |
| 12 | Un-reconciled differences in the Electricity Charges Register  | No adverse comment | No improvement                 | No improvement                  |
| 13 | Retention of revenue derive from commerical activities of GDF aircraft not paid to Consol Fund                                       | \$72.428M received | \$27.548M received             | \$157.783M received             |

|    |   |                |                |                |
|----|---|----------------|----------------|----------------|
| 14 | Breach of Tender Board Procedures, subdivision to avoid adjudication of a higher level. | No improvement | No improvement | No improvement |
|----|---|----------------|----------------|----------------|

**MINISTRY OF LEGAL AFFAIRS**

| NO. | MAIN OBSERVATIONS   | STATUS                             |                                   |  |
|-----|---|------------------------------------|-----------------------------------|--|
|     |   | 1999                               | 2000                              | 2001   |
| 1   | Salaries cash book reflected positive and negative balances during the year.  | Situation remained the same        | Situation remained the same       | Improvement with reconciliation but not balances.                    |
| 2   | Payment vouchers not presented for audit  | 19 valued \$2.556M                 | Improvement                       | Improvement  |
| 3   | Excess expenditure without authority  | \$414,000 in respect of 7 subheads | \$30,000 in respect of 2 subheads | \$767,000 in respect of 5 line items within 4 operational programmes |
| 4   | Bank reconciliation for salaries bank account No. 3120  | No mention made                    | 5 months in arrears               | Unreconciled balances at the end of every month                      |
| 5   | Permanent stores register was not properly maintained and sectional inventories were not kept.  | Situation remained the same        | Situation remained the same       | Improvement  |
| 6   | State Solicitor's bank account No. 120, Public Trustee's bank account no. 270, Official Receiver's Insolvency Estates bank account No. 330 were not reconciled for many years and the related cash books and ledgers were not maintained, also vouchers were not pre-numbered | Situation remained the same        | Situation remained the same       | Situation remained the same  |

|   |   |                              |                               |                |
|---|---|------------------------------|-------------------------------|----------------|
| 7 | Applications for registration of business and files for land titles were not produced for audit   | 80 applications and 50 files | 140 applications and 28 files | No improvement |
| 8 | Change in programme approval was not seen for capital works done at Georgetown Magistrate's Court | Situation remained the same  | Improvement                   | Improvement    |

**SUPREME COURT, MAGISTRATE'S COURT AND DEEDS REGISTRY**

| NO. | MAIN OBSERVATIONS   | STATUS                       |                             |  |
|-----|---|------------------------------|-----------------------------|--|
|     |   | 1999                         | 2000                        | 2001   |
| 1   | Salaries bank account No. 4002 was never reconciled and cash book reflected significant balances during the year. | Situation remained the same  | Situation remained the same | Improvement with reconciliation but not balances.                      |
| 2   | Unpaid salaries register was not maintained   | Situation remained the same  | Situation remained the same | Situation remained the same  |
| 3   | Authorised staff strength exceeded  | No mention                   | 33 persons                  | 34 persons   |
| 4   | Main Bank Account No. 4004 was never reconciled.  | Situation remained the same  | Situation remained the same | Reconciled but with unreconciled differences at the end of each month. |
| 5   | Payment voucher not presented for audit   | 128 vouchers                 | 131 vouchers                | Situation remained the same  |
| 6   | Contracts sub-divided to avoid tender board procedures  | Sub-division                 | Sub-division                | Sub-division   |
| 7   | Payments made without proper authorisation  | 24 payments valued \$5.539M. | Improvement                 | Improvement  |
| 8   | Meals supplied without any form of competitive bidding  | \$2.263M expended            | Situation remained the same | Situation remained the same  |

|    |   |                                      |   |                                |
|----|---|--------------------------------------|---|--------------------------------|
| 9  | A register of properties was not kept to ascertain the basis of charges for rates and taxes by the City Council               | Situation remained the same          | Situation remained the same                           | Situation remained the same    |
| 10 | Revenue collected not deposited in to the consolidated fund.  | \$63.311M as revenue for 1995 – 1999 | \$87.121M as revenue for 1995 – 2000                  | No improvement                 |
| 11 | Non compliance with stores regulation and assets acquired were not recorded on master inventory nor marked.                   | Situation remained the same          | -   | -                              |
| 12 | Salaries bank account No.3113 and bastardy accounts 158 and 3106 were not reconciled since their establishment September 1996 | No improvement                       | No improvement  | No improvement                 |
| 13 | Case jackets not produced for audit examination   | 342 jackets                          | 195 jackets for Essequibo                             | 342 jackets                    |
| 14 | Inventory records for all assets under the control of the Magisterial District were not kept nor were assets marked.          | No improvement                       | No improvement  | No improvement                 |
| 15 | Short banking of revenue  | No mention made                      | \$1.445M and \$40,600 for accounts Nos. 3104 and 3106 | \$663,604 for account No. 3104 |

**REGION 1**

| NO. | MAIN OBSERVATIONS  | STATUS                       |                              |                              |
|-----|--|------------------------------|------------------------------|------------------------------|
|     |  | 1999                         | 2000                         | 2001                         |
| 1   | Salaries bank accounts were overdrawn on several occasions during the year.  | Situation remained the same. | Situation remained the same. | Situation remained the same. |
| 2   | A number of employees not registered with NIS  | Situation remained the same. | Situation remained the same. | Situation remained the same. |
| 3   | A comparison between authorised staff strength and actual revealed excesses.   | -                            | Situation remained the same. | Situation remained the same. |
| 4   | Not all log books for vehicles and equipment were presented for audit scrutiny.  | Situation remained the same. | Situation remained the same. | Situation remained the same. |
| 5   | The region charged fixed rates for electrical appliances regardless of wattage. However, the basis for this decision could not have been determined. | Situation remained the same. | Situation remained the same. | Situation remained the same. |
| 6   | Bin cards and stock ledger were both maintained by the storekeeper this constitutes a breach of Section 6(2) of the Stores Regulations of 1993.      | Situation remained the same. | Situation remained the same. | Situation remained the same. |
| 7   | Fuel was purchased on credit using a slip of paper. A copy of this was not retained by the Regional Office to facilitate reconciliation.             | -                            | Situation remained the same. | Situation remained the same. |
| 8   | Inactive imprest bank account was not closed and the balance transferred to the Consolidated Fund despite repeated recommendations.                  | Situation remained the same. | Situation remained the same. | Situation remained the same. |

**REGION 2**

| NO. | MAIN OBSERVATIONS  | STATUS  |   |  |
|-----|--|---|---|--|
|     |  | 1999  | 2000  | 2001                                       |
| 1   | Non-operational salaries bank accounts Nos. 677 and 678 were not reconciled and were overdrawn.                | \$297,127 & \$410,744 respectively.                           | Account closed on 10 October 2000           | Not applicable                             |
| 2   | Authorised staff strength exceeded   | 861 persons   | 664 persons                                 | 799 persons                                |
| 3   | Late notification of pay changes resulting in overpayment  | No adverse comment  | No adverse comment                          | Amounts of \$0.358M overpaid to 9 persons  |
| 4   | Stale dated cheques not cancelled and cash book adjusted.  | 14 cheques totalling \$62,508                                 | No adverse comment                          | 18 cheques totalling \$71,828              |
| 5   | Cheque orders being cleared long after the required time   | 25 cheque orders totalling \$2.843M                           | No improvement                              | 851 cheque orders totalling \$102.619M     |
| 6   | Log books not presented for audit, partial submission and those were not properly written up.                  | Not presented for 25 vehicles, partial submission of 18 books | 18 vehicles, partial submission of 16 books | 11 vehicles, partial submission of 5 books |
| 7   | A number of officers who resided in the Suddie Hospital Compound were enjoying the supply of free electricity. | Situation remained the same.                                  | Situation remained the same.                | Situation remains the same.                |
| 8   | A register of government buildings not maintained by the Town Council  | Situation remained the same.                                  | Situation remained the same.                | Situation remained the same.               |

|    |   |                              |                                       |                              |
|----|---|------------------------------|---------------------------------------|------------------------------|
| 9  | Stores Regulation were not adhered to with regard to record keeping at Regional Hardware Store, Mechanical and Suddie Hospital Ration Stores. Also, no master inventory was maintained. | Situation remained the same. | Situation remained the same.          | Situation remained the same. |
| 10 | Drugs received as gifts at Suddie Hospital were not valued and reported to the Secretary to the Treasury for incorporation in the Public Accounts.                                      | Situation remained the same. | Situation remained the same.          | Situation remained the same. |
| 11 | Officers occupying government quarters not paying rent  | 51 officers                  | 44 officers                           | 38 officers                  |
| 12 | The imprest bank account No. 679 was overdrawn and last reconciled to December 1995   | Situation remained the same. | This account was closed on 13.10.2000 | -                            |
| 13 | Advances granted from imprest were not cleared within the stipulated period   | Situation remained the same. | Situation remained the same.          | Situation remained the same. |
| 14 | Approval for change in programme was not seen in 2 instances  | Situation remained the same. | Situation remained the same.          | Situation remained the same. |
| 15 | Contracts were not awarded on a competitive basis and no reasons for selection were stated.   | Situation remained the same. | Situation remained the same.          | -                            |

**REGION 3**

| NO. | MAIN OBSERVATIONS  | STATUS                              |                                   |                                   |
|-----|--|-------------------------------------|-----------------------------------|-----------------------------------|
|     |  | 1999                                | 2000                              | 2001                              |
| 1   | Deductions were not recovered from the relevant agencies.  | \$894,141                           | \$1.174M                          | \$3.772M                          |
| 2   | Salaries bank account was overdrawn periodically and was not reconciled.   | Situation remained the same.        | No mention was made               | Since its establishment           |
| 3   | Employees were without NIS numbers, penalties were incurred with late payment of NIS contributions.              | 1,114 employees, penalties remained | 364 employees, penalties remained | 119 employees, penalties remained |
| 4   | Actual staff strength exceeded the authorised staff strength   | 1,360 persons                       | 1,122 persons                     | 1,276 persons                     |
| 5   | A system of quotation was not followed   | 4 purchases                         | 15 purchases                      | 20 purchases valued \$2.396M      |
| 6   | Log books not produced for audit examination   | 14 books                            | 27 books                          | 5 books                           |
| 7   | Utility registers were not updated to facilitate reconciliation with votes ledger                                | Situation remained the same.        | Situation remained the same.      | Situation remained the same.      |
| 8   | Shortcomings such as excesses/shortages of items were highlighted in the stores at Vreed-en-Hoop, Crane and WDRH | Situation remained the same.        | Situation remained the same.      | Situation remained the same.      |
| 9   | Change of programme was seen for a number of works undertaken that were not reflected in the Capital Profile     | Situation remains the same.         | 6 instances                       | 4 instances                       |
| 10  | Payments for works of a capital nature made from current expenditure.  | No comment                          | 4 instances valued \$7.794M       | 1 instance valued \$44,914        |

|    |  |                                  |                                  |                                  |
|----|--|----------------------------------|----------------------------------|----------------------------------|
| 11 | Variation orders issued after the contract was awarded | 13 variation totalling \$10.693M | 14 variation totalling \$11.605M | 26 variation totalling \$19.994M |
|----|--|----------------------------------|----------------------------------|----------------------------------|

**REGION 4**

| NO. | MAIN OBSERVATIONS  | STATUS                      |                             |                             |
|-----|--|-----------------------------|-----------------------------|-----------------------------|
|     |  | 1999                        | 2000                        | 2001                        |
| 1   | Salaries bank account reflected an authorised overdrawn balance and were not reconciled since they were established. | Situation remained the same | Situation remained the same | Situation remained the same |
| 2   | Non-operational bank account No. 684 balance to be transferred to the Consolidated Fund.                             | Situation remained the same | Situation remained the same | Situation remained the same |
| 3   | Salaries cash book was not reflecting 'nil' balances but reflected significant balances at the end of the month.     | Situation remained the same | Situation remained the same | Situation remained the same |
| 4   | A number of employees not registered with the NIS.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 5   | Cheque order vouchers were not being cleared within 16 days.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 6   | Obsolete and unserviceable items in Triumph Store not disposed of.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 7   | Master and sectional inventories not updated since 1996.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 8   | Stores Regulations not fully complied with at the Triumph Stores.  | Situation remained the same | Situation remained the same | Situation remained the same |

**REGION 5**

| NO. | MAIN OBSERVATIONS  | STATUS                      |                             |                             |
|-----|--|-----------------------------|-----------------------------|-----------------------------|
|     |  | 1999                        | 2000                        | 2001                        |
| 1   | Salaries cash book reflected positive balance at the end of each month rather than 'nil' balances  | Situation remained the same | Situation remained the same | Situation remained the same |
| 2   | Examination of reconciliation statements for account No. 3096 for December revealed that the statement was not signed as prepared, checked and certified by the relevant officers. | Situation remained the same | -                           | Situation remained the same |
| 3   | A comparison of the authorised staffing as shown in the Estimates of Expenditure with the actual staff employed revealed that the actual staffing was substantively exceeded.      | -                           | Situation remained the same | Situation remained the same |
| 4   | Cheque order vouchers were not cleared promptly.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 5   | Log books were not properly written up.  | Situation remained the same | Situation remained the same | Situation remained the same |
| 6   | Several deficiencies were observed in the store-keeping procedures.  | Situation remained the same | Situation remained the same | Situation remained the same |
| 7   | Several contracts were awarded to contractors whose bids were not the lowest and no reasons were stated in the tender board minutes.   | Situation remained the same | Situation remained the same | Situation remained the same |

**REGION 6**

| NO. | MAIN OBSERVATIONS  | STATUS                      |                             |                             |
|-----|--|-----------------------------|-----------------------------|-----------------------------|
|     |  | 1999                        | 2000                        | 2001                        |
| 1   | Salaries bank account No. 870 which became non-operational some years ago, reflected a balance of \$1.386M at the end of the year.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 2   | The present salaries bank account No. 3072 reflected overdrawn balance at the end of several months  | Situation remained the same | Situation remained the same | Situation remained the same |
| 3   | Account No. 3072 was not reconciled since November 1996.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 4   | Examination of reconciliation statements for account Nos. 3070 and 3071 for December revealed that they were hand-written and there was no evidence of checking and certification. | -                           | Situation remained the same | Situation remained the same |
| 5   | A significant number of employees were not registered with NIS   | Situation remained the same | Situation remained the same | Situation remained the same |
| 6   | A comparison of the authorised staffing as shown in the Estimates of Expenditure with the actual staff employed revealed that the actual staffing was substantively exceeded.      | -                           | Situation remained the same | Situation remained the same |
| 7   | Cheque order vouchers were not cleared promptly.   | Situation remained the same | Situation remained the same | Situation remained the same |

|    |  |                             |                             |                             |
|----|--|-----------------------------|-----------------------------|-----------------------------|
| 8  | Log books were not produced for audit examination.   | Situation remained the same | Situation remained the same | Situation remained the same |
| 9  | No stores ledgers were being maintained at the Regional Accounting Unit to provide for independent check on the bin cards. | Situation remained the same | Situation remained the same | Situation remained the same |
| 10 | Shortages/excesses of several items of inventory.  | -                           | Situation remained the same | Situation remained the same |
| 11 | No action was taken in respect of expired drugs at several hospitals.  | Situation remained the same | Situation remained the same | Situation remained the same |
| 12 | A master inventory to account for all assets under the control of the Region was not maintained.                           | Situation remained the same | Situation remained the same | Situation remained the same |

### REGION 7

| NO. | MAIN OBSERVATIONS  | STATUS                      |                             |                             |
|-----|--|-----------------------------|-----------------------------|-----------------------------|
|     |  | 1999                        | 2000                        | 2001                        |
| 1   | Salaries and imprest bank accounts were overdrawn on several occasions during the year | Situation remained the same | Situation remained the same | Situation remained the same |
| 2   | A number of employees were not registered with the National Insurance Scheme           | Situation remained the same | Situation remained the same | Situation remained the same |
| 3   | Not all log books for vehicles and equipment were presented for audit scrutiny         | -                           | Situation remained the same | Situation remained the same |

|   |   |                             |                             |                             |
|---|---|-----------------------------|-----------------------------|-----------------------------|
| 4 | Shortages of fuel and lubricant were noted between bin cards and physical count. In addition the Region installed 2 storage tanks but were not put into use | Situation remained the same | Situation remained the same | Situation remained the same |
| 5 | Shortage of 238 tons of stone, however no action was taken by the Regional Administration despite recommendations made                                      | Situation remained the same | Situation remained the same | -                           |
| 6 | Incomplete works were noted and despite recommendations no action was taken   | Situation remained the same | Situation remained the same | -                           |

### REGION 8

| NO. | MAIN OBSERVATIONS   | STATUS                      |  |   |
|-----|---|-----------------------------|--|---|
|     |   | 1999                        | 2000   | 2001  |
| 1   | Essential employment records, such as, a diary of pay-change and a salaries control register were not maintained.                                   | Situation remained the same | Situation remained the same                                      | Salaries control register kept but no signs of supervisory checks           |
| 2   | Old salaries bank accounts Nos. 698 and 699 were overdrawn as a result of fraudulent transactions in 1996.  | Situation remained the same | The accounts were closed in October 2000 (fraud in police hands) | Fraud still in police hands   |
| 3   | New salaries bank accounts Nos. 3134 and 3135 were not reconciled since they were established in 1997 and were also overdrawn on several occasions. | Situation remained the same | Situation remained the same                                      | Draft reconciliation statements were prepared with effect from January 2001 |
| 4   | Salaries cash book for account No. 3134 was not properly maintained and none was kept for account No. 3135.   | Situation remained the same | Situation remained the same                                      | -   |
| 5   | A number of employees were not registered with NIS  | 82 employees                | 110 employees  | 112 employees   |

|   |  |                             |                                |                               |
|---|--|-----------------------------|--------------------------------|-------------------------------|
| 6 | Log books for vehicles and equipment were not produced for audit examination.                  | 12 vehicles                 | 2 out of 12 log books produced | 6 out of 9 log books produced |
| 7 | Imprest account No. 3136 was overdrawn and was not reconciled since its establishment in 1997. | Situation remained the same | Situation remained the same    | Situation remained the same   |

### REGION 9

| NO. | MAIN OBSERVATIONS  | STATUS                      |  |                             |
|-----|--|-----------------------------|--|-----------------------------|
|     |  | 1999                        | 2000   | 2001                        |
| 1   | Salaries bank account No. 3125 was overdrawn on several occasions  | Situation remained the same | Situation remained the same  | Situation remained the same |
| 2   | Salaries bank account No. 695 was overdrawn on several occasions and wages account No. 696 reflected large balances which should be transferred to the Consolidated Fund | Situation remained the same | Accounts were closed and balances transferred to the Consolidated Fund | -                           |
| 3   | Salaries cash book reflected large balances at the end of each month instead of 'nil' balances   | Situation remained the same | Salaries cash books were maintained                                    | -                           |
| 4   | A comparison revealed that actual staff exceeded the authorised staff as shown in the estimates of expenditure.  | -                           | 349 employees  | 169 employees               |
| 5   | Net salaries and wages were refunded to the sub-treasury instead of gross salaries.  | -                           | Situation remained the same  | Situation remained the same |
| 6   | Cheque orders not cleared at the time of audit   | -                           | 404 valued \$44.169M   | 957 valued \$268.291M       |
| 7   | Substantial purchases were made during the year, however, proper stores procedures were not observed.  | Situation remained the same | Situation remained the same  | Situation remained the same |

|    |  |                             |                             |                             |
|----|--|-----------------------------|-----------------------------|-----------------------------|
| 8  | Log books were not presented for audit                                 | Situation remained the same | 13 out of 38 were produced  | 9 out of 33 were produced   |
| 9  | Significant differences in fuel and lubricants                         | -                           | Situation remained the same | Situation remained the same |
| 10 | Bank accounts Nos. 3125, 3126 and 3127 were not reconciled up-to-date. | -                           | Situation remained the same | Situation remained the same |
| 11 | Old imprest bank account No. 697 was overdrawn on several occasions    | Situation remained the same | Account was closed          | -                           |
| 12 | The inventory records were not up-to-date                              | Situation remained the same | Situation remained the same | Situation remained the same |

#### REGION 10

| NO. | MAIN OBSERVATIONS   | STATUS  |   |   |
|-----|---|---|---|---|
|     |   | 1999  | 2000  | 2001  |
| 1   | Untimely reconciliations of bank accounts   | Still not being reconciled promptly or in a timely manner | Still not being reconciled promptly or in a timely manner | Still not being reconciled promptly or in a timely manner |
| 2   | Delays in investigating overdraft of and closing non-operational bank account No. 861 | Situation remained the same                               | Situation remained the same                               | Situation remained the same                               |
| 3   | Employees not registered with NIS   | 141 employees   | 134 employees   | 594 employees   |
| 4   | Master and sectional inventories not maintained                                       | Situation remained the same                               | Situation remained the same                               | Situation remained the same                               |
| 5   | Cheque orders being cleared later than the stipulated time frame                      | Cleared on average of 92 days                             | Cleared on average of 50 days                             | Cleared on average of 65 days                             |

|   |   |                                |                                |                                 |
|---|---|--------------------------------|--------------------------------|---------------------------------|
| 6 | A number of unserviceable vehicles were found in various workshops  | Situation remained the same    | Situation remained the same    | Situation remained the same     |
| 7 | Excess expenditure incurred under various subheads when funds are available under other subheads and virements could have been sought | Excess expenditure of \$1.448M | Excess expenditure of \$17,000 | Excess expenditure of \$390,000 |
| 8 | Instances were observed where change in programme was not sought for capital works undertaken   | Situation remained the same    | -                              | Situation remained the same     |