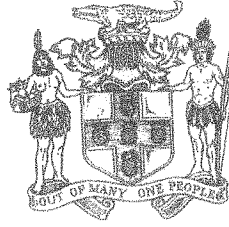




REPORT OF THE AUDITOR GENERAL ON
THE FINANCIAL TRANSACTIONS AND
FINANCIAL STATEMENTS OF THE
GOVERNMENT OF JAMAICA FOR 2016





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ANY REPLY OR SUBSEQUENT REFERENCE
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December 23, 2016

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

Dear Sir,

Pursuant to the provision of Section 122(2) of the Jamaica Constitution, I have the honour to submit my report on the results of my examination of the accounts of the Island for the year ended 31st March 2016 for tabling in the House of Representatives.

Yours faithfully,

*Pamela Monroe Ellis (Mrs.)
Auditor General*

and make informed decisions regarding employees' welfare. Management committed to future compliance.

ABSENCE OF CONTRACT

2.1.104 We identified two instances where repairs to buildings totalling \$1,222,837 were undertaken. However, no formal agreements were in place to protect the Department against non-performance or loss. Management advised that contracts will be duly prepared before work commences and a monitoring mechanism will be implemented.

Recommendations

We recommend that the responsible officers implement appropriate systems of control to improve the management of assets, stores and chemicals. In addition, inventory and personnel records should be updated in a timely manner to comply with Government guidelines. Also, reorder levels should be established to prevent stock out.

HEAD 45000: MINISTRY OF CULTURE, GENDER, ENTERTAINMENT AND SPORT

JAMAICA NATIONAL HERITAGE TRUST

2.1.105 An audit of the accounting records and financial transactions of the Jamaica National Heritage Trust was conducted for financial year 2003/2004.

Our main finding was:

2.1.106 We were unable to verify expenditure for the months of May, July, August and September 2003 totalling \$13,904,682 because the payment vouchers could not be located. A qualified opinion was subsequently expressed on the financial statements based on limitation in the scope of the audit.

Recommendations

Management was advised to implement controls to ensure that accounting records and financial statements are complete and accurate. Additionally, records should be carefully filed and any filing system should include a document log.

HEAD 50000: MINISTRY OF INDUSTRY, COMMERCE AGRICULTURE AND FISHERIES

2.1.107 An audit of the Appropriation Accounts, financial transactions, accounting and other operational records of the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAFA) was conducted to determine whether the Accounts were presented in accordance with the

applicable financial reporting framework. The audit also focused on assessing the effectiveness of the controls over the preparation and presentation of the Accounts as well as the level of compliance with relevant regulations, circulars and other Government of Jamaica financial guidelines. The period examined was April 2014 to March 2016. The areas of focus for the audit were the Appropriation Account, emoluments, bank reconciliation, revenue, expenditure and fixed assets.

WEAK CONTRACT MANAGEMENT

2.1.108 The GOJ's Procurement guidelines were not strictly adhered to for four contracts totalling \$29.3 million during the period. These contracts were for renovation and construction works carried out at various divisions of the Ministry. The infractions included lack of NCC approval and evidence of certificate of practical completion to support final payment. Additionally, 19 (66 per cent) of the 29 Procurement Committee minutes relating to the award of contracts were not initially signed by the Chairman; these minutes were later signed by the Chairman after being highlighted in our audit report. The Ministry also paid an additional \$2.6 million to complete a renovation contract related to the Twickenham Park location that was initially valued at \$9.5 million. MICAF also did not present the requisite approval for the extension of time on this contract that had a time overrun of over 70 days. The Ministry later took steps to remedy the concerns in relation to its contract management.

DEFICIENCIES IN ASSET MANAGEMENT

2.1.109 MICAF failed to record 33 of the 51 motor vehicles that are registered in the Ministry's name on the inventory record. Checks revealed that these 33 vehicles were being operated at outstations and agencies that fall under the Ministry's control. The Ministry subsequently carried out an investigation to identify the vehicles registered in its name and updated the inventory record accordingly; however, the Ministry indicated that it could not identify the location of three of the vehicles registered in its name.

2.1.110 The Ministry also did not report four accidents that took place during the period under review to the Financial Secretary and the Auditor General's Department as required by Government's guidelines. Additionally, motor vehicle efficiency records were not updated in over six months and despite several requests, a motor vehicle logbook was not presented for examination. In the absence of these control records, it could not be verified whether the MICAF's vehicles were operating efficiently and were being used for official business. The Ministry took steps to record maintenance activities subsequent to the audit.

2.1.111 Furniture and equipment purchased between April 2014 and February 2016 amounting to \$17.8 million were not included in MICAF's inventory records. We found that the procurement of assets within the Ministry was not always initiated by the Facilities Unit. This contributed to the Ministry's failure to adequately account for assets purchased, as these assets were not marked and inventoried prior to distribution. Subsequent to our report, the Ministry advised that steps

have been taken to update the inventory and that the exercise should be completed by March 2017.

Recommendations

In order to strengthen its overall operations, the Ministry was urged to review its controls to ensure that contracts are monitored and that all requirements of the procurement guidelines are adhered to and present the requested documentation for audit scrutiny. Also, a review of the Ministry's control over its assets is necessary. The Ministry accepted our recommendation and took steps to record these assets.

AGRICULTURAL COMPETITIVENESS PROGRAMME (ACP)

- 2.1.112 An audit of the accounting records and financial transactions of the Agricultural Competitiveness Programme for the financial year 2015-2016 revealed that there was general compliance with the terms and conditions stipulated in the loan agreement.
- 2.1.113 We noted improvements in the achievement of Project targets during the period under review, as the following activities were completed.
- Key personnel were engaged such as a Component 1, 2 and 3 Coordinators and an Information Technology Officer.
 - Production of the Beauregard sweet potato variety commenced in August 2015 and approximately one hundred and thirty (130) acres was produced. Approximately 77,884 pounds. have been accumulated for subsequent export to the UK market.
- 2.1.114 At the end of March 2016, approximately US\$5.8 million of the total loan funds of US\$15 million was unspent. The Project is slated to be completed by May 25th 2017.
- 2.1.115 Overpayments of salaries totalling \$54,904.75 were made to four Project staff for the period under review. Management was advised to recover all sums overpaid and take steps to prevent similar occurrences.

JAMAICA INTELLECTUAL PROPERTY OFFICE

- 2.1.116 An audit of the accounting records and financial transactions of the Jamaica Intellectual Property Office was conducted for the period April 2014 to March 2016 during the period April 11 through May 27, 2016.
- 2.1.117 The objective of the audit was to assess whether, in all material respects, the financial statements give a true and fair view of the Jamaica Intellectual Property Office's financial