

Auditor General's Department Annual Audit Report

Financial year 2016/2017

REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL TRANSACTIONS
AND FINANCIAL STATEMENTS OF THE GOVERNMENT OF
JAMAICA FOR THE FINANCIAL YEAR ENDED
MARCH 31, 2017



VISION STATEMENT

*"A better country through effective audit
scrutiny"*



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ANY REPLY OR SUBSEQUENT REFERENCE
TO THIS COMMUNICATION SHOULD BE
ADDRESSED TO THE AUDITOR GENERAL
AND NOT TO ANY OFFICER BY NAME
AND THE FOLLOWING REFERENCE
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December 27, 2017

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 2017 for tabling in the House of Representatives.

Yours faithfully,

Pamela Monroe Ellis (Mrs.)
Auditor General

ISSUE/CONCERNS
Resource Management
<p>Inadequate Control over Assets</p> <p>3.2.162 Contrary to the Procedures Manual for the Control of Government Furniture, Office Machines and Equipment, the Mission’s inventory record only comprised a list of the furniture and equipment placed in each location. In addition, the identification numbers placed on the assets did not conform to the prescribed format. Likewise, gifts were not so labelled or inventoried to distinguish them from the Consulate’s assets.</p> <p>3.2.163 Further, the Mission did not maintain the requisite Office Machines and Equipment Record, although repairs and servicing expenditure of CDN \$41,871.38 was incurred during the period under review.</p> <p>3.2.164 Failure to maintain up-to-date inventory records could hinder the Mission’s ability to safeguard and account for the assets.</p> <p>3.2.165 The Head of Mission should ensure that appropriate inventory records are maintained up-to-date to comply with the established procedures.</p>
Procurement and Contract Management
<p>Payments without Valid Contracts</p> <p>3.2.166 The Consulate-General did not have valid contracts in place to support payments totalling CDN \$292,999.04 made to six suppliers for rental accommodation for the official residence, servicing for the elevator, disabled lift, heating and air-condition system, and cleaning services. The absence of a valid contract could expose the Mission to risks such as security of tenure, price increases and unsatisfactory performance. The Consulate should ensure valid contracts are in place to protect the Mission’s interest.</p>

Head 40000 Ministry of Labour and Social Security

ISSUE/CONCERNS
Governance
<p>Regulatory breach in submission of Appropriation Accounts</p> <p>3.2.167 The MLSS’s Accounting Officer did not submit 12 Appropriation Accounts representing accumulated budgetary allocation of approximately \$40.96 billion for the financial years 2011/2012 to 2016/2017 as required by the FAA Act. The non-submission of the Appropriation Accounts not only breaches the FAA Act but it also prevents Parliament</p>

ISSUE/CONCERNS

from effectively monitoring expenditure from the Consolidated Fund. This also undermines good governance practices as stakeholders are denied relevant information to inform decisions and to hold the Accounting Officer accountable for the use of public funds under his/her stewardship.

Table 17 –Appropriations Accounts not submitted (Accumulated)

Period not yet submitted for Auditing	Recurrent (\$000)	Capital A (\$000)	Capital B (\$000)	Approved Budget (\$000)
2011/12	1,968,181	No allocation	3,900,332	5,868,513
2012/13	2,277,788	650,000	3,742,605	6,670,393
2013/14	2,414,695	No allocation	4,696,053	7,110,748
2015/16	813,000	No allocation	6,225,744	7,038,744
2016/17	2,719,406	No allocation	6,036,251	8,755,657
Total	10,193,070	650,000	30,117,418	35,444,055

Capital B Projects Programme of Advancement Through Health and Education (PATH)

Non-compliance with Tax Guidelines Resulting in Salary Overpayments

3.2.168 PATH did not deduct the requisite PAYE, Education Tax and National Housing Trust from the periodic gratuity payments made to 11 officers. Taxes amounting to \$1.31 million were not deducted and remitted to Tax Administration Jamaica. Consequently, the officers were overpaid this amount. Overpayments are potential loss of public funds and if unrecovered, the responsible officers may be required to make good the full amount of the overpayment.

Canadian Farm and Factory Workers Programme

Inadequate Control over the write-off of Debts

3.2.169 Jamaican Liaison Services (JLS) did not have in place approved policies and procedures to guide the write-off and collection of debts. Additionally, there was inadequate segregation of duties as the Deputy Chief Liaison Officer (DCLO), who has supervisory responsibility for the collection of “Operational Cess”, inappropriately approved debt write-off of CD\$14,852 owed by Growers since 2014, in contravention of the Ministry of Finance guidelines. These weaknesses undermine the transparency and accountability of the process and could allow inconsistency in the management of debts.

Outstanding Matters from 2016 Audit Report

Draft Budget still not approved

3.2.170 We observed that JLS submitted the budget to the Management Committee for review and approval; however, we found no evidence that this was done. The budget process not only provides a mechanism to assess management’s performance over the