



Auditor General's Department Annual Report Financial Year 2018/2019



REPORT OF THE AUDITOR GENERAL ON THE
FINANCIAL TRANSACTIONS AND FINANCIAL
STATEMENTS OF THE GOVERNMENT OF JAMAICA FOR
THE FINANCIAL YEAR ENDED MARCH 31, 2019
AND
A PERFORMANCE REPORT OF THE
AUDITOR GENERAL'S DEPARTMENT



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
QUOTED:-

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December 20, 2019

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

Dear Sir,

Pursuant to the provision of Section 122 (2) of the Jamaican Constitution, I have the honour to submit my report on the results of my examination of the accounts of the Island for the year ended 31st March 2019 for tabling in the House of Representatives.

Yours faithfully,

Pamela Monroe Ellis (Mrs.)
Auditor General

Issue/Concern(s)	Financial Exposure
<p><i>and Coastal Areas</i> exceeded its approved budget for the financial year 2015/2016 by \$477,000.00. This resulted in the Accounting Officer approving a reallocation of funds (Virement) of \$477,000.00 from Object 25-<i>Use of Goods and Services</i> to Object 21-<i>Compensation of Employees</i> in breach of the Ministry of Finance's Circular No. 19 dated October 27, 2014. The Ministry of Tourism did not receive the requisite approval from the Ministry of Finance or Parliament to incur this excess expenditure.</p> <p>3.2.20 The Ministry subsequently advised that steps have been taken to obtain the relevant approval from the Ministry of Finance to reallocate funds to cover the excess.</p>	

Head 17000: Ministry of Tourism Bath Fountain Hotel and Spa

Issue/Concern(s)	Financial Exposure
Resource Management	
<p><u>Improper Management of Stores and Fixed Assets Inventory</u></p> <p>3.2.21 In previous audit reports, Bath Fountain Hotel and Spa was advised to improve the system of internal control over the management of its inventory records. However, Bath has not taken appropriate steps to reduce the risk of financial losses over the management of stock items. We noted that during the period under review, Bath purchased foods and drinks costing \$3.2 million for the restaurant; however, the requisite certification that the items purchased were received and recorded was not done. Our review identified differences between the stock on hand and the stock register. We also noted that Bath did not maintain stock cards and the movement of stock items in and out of the store was not recorded on the requisite perpetual inventory system. Further, Bath did not conduct routine or independent annual stock count, which would have assisted management in identifying the discrepancies that may exist. Consequently, we could not assess the basis on which Bath replenished stock items and determined the accuracy of the stock balances at a given time.</p> <p>3.2.22 Additionally, Bath did not properly label items of furniture and equipment; the Master Inventory record was not consistently updated and the requisite location record was not maintained. As such, in 88 instances we were unable to reconcile assets seen on the inventory records. Bath's failure to implement proper controls over the management of stores inventory and fixed assets increases the risk of misappropriation of assets being undetected.</p> <p><u>Recommendation</u></p> <p>3.2.23 Management was advised to strengthen the system of control over its store inventory to ensure that the movements of items in and out of stock are brought to account in a timely manner and assets are safeguarded at all times. The Ministry has committed to resolve the above mentioned weaknesses.</p>	3.2 million

Head 17000: Ministry of Tourism – Milk River Hotel and Spa

Issue/Concern(s)
Resource Management
<p><u>Inadequate control over Inventory</u></p> <p>3.2.24 Milk River Bath Hotel and Spa did not maintain an updated Master Inventory record to account for inventory items under its custody. We noted that the records that were maintained did not accurately reflect the balance of inventory items on hand at any given time. Additionally, we saw no evidence that periodic stock counts were conducted to determine the existence and condition of items; as well as to reconcile items found on hand with the inventory records. Milk River Hotel and Spa's inability to maintain a proper perpetual inventory system increases the risk of misappropriation of the entity's assets.</p> <p><u>Recommendation</u></p> <p>3.2.25 Milk River was advised to implement controls to ensure that the management of its inventory is done in accordance with the Government of Jamaica guidelines and to prevent financial loss. The Ministry has given a commitment to resolve the weaknesses identified.</p>

Head 1900: Ministry of Economic Growth and Job Creation

Issue/Concern(s)
Resource Management
<p>3.2.26 The audit of the accounting records and financial transactions for the periods spanning 15/16 to 17/18 revealed a generally satisfactory state of affairs with the exception of the following:</p> <p><u>Lack of Independent Check of Appropriation-In-Aid (AIA) Collection</u></p> <p>3.2.27 Parliament made budgetary provisions for AIA of \$1.68 billion for Recurrent Head and \$250 million for Capital A Head, but MEGJC reported collections of only \$841.2 million for Recurrent Head, a shortfall of \$839.2 million. However, MEGJC did not implement proper systems of control to provide assurance that the AIA collected from the various entities was complete and accurate. This in the context where the required independent reviews of statements submitted by agencies that collect AIA were not conducted for the period under review. Management was advised that the absence of these checks could result in funds not being properly accounted for and misstatements in the Appropriation Accounts. MEGJC acknowledged the deficiencies in the monitoring of the AIA collection which it ascribes to staff constraint; notwithstanding, steps are being taken to review the AIA collections.</p>