



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

Head 68000: Ministry of Transport and Mining

ISSUE/CONCERNS	FINANCIAL EXPOSURE
Resource Management	
<p>3.2.162 The audit of the accounting records and financial transactions of the Ministry of Transport and Mining (MTM) revealed the following areas of concern:</p>	
<p><u>Inadequate Controls over Fixed Assets</u></p>	
<p>3.2.163 The Ministry did not have an effective system of control over the management of fixed assets as required by the relevant guidelines. We were unable to verify the existence of twenty computers costing approximately \$1.9 million, which were purchased by the Ministry for the Island Traffic Authority. Despite repeated requests, they were not presented for examination. Additionally, there was no evidence that the ITA had received these computers.</p>	\$1.9 million
<p><u>Weaknesses in the Monitoring of Advances</u></p>	
<p>3.2.164 There was a high risk of expenditure being misstated in the MTM's accounts due to the absence of an effective system to ensure that all departmental advances are cleared in a timely manner. We identified outstanding advances of approximately \$645.9 million relating to the 2016/2017 financial year. Consequently, expenditure may be understated by this amount.</p>	\$645.9 million
<p><u>Unapproved Excess Expenditure</u></p>	
<p>3.2.165 Our review of the Appropriation Account of the Ministry of Transport and Mining revealed that the Ministry's actual expenditure for the financial year 2015/2016 exceeded its approved budget by approximately \$99.9 million. Of this amount, approximately \$33.4 million related to excess expenditure under Object 21 - Compensation of Employees.</p>	\$99.9 million
<p>3.2.166 Additionally, our review of the Appropriation Accounts of the former Ministry of Transport, Works and Housing (Head 6500 and 6500B) revealed that the Ministry's actual expenditure under six of its activities exceeded its approved budget for the financial year 2015/2016 by approximately \$68.9 million. Of this amount, approximately \$5.3 million related to excess expenditure under Object 21 - Compensation of Employees and \$63.6 million related to physical infrastructure projects.</p>	\$68.9 million
<p>3.2.167 The Accounting Officer was advised to obtain the requisite approvals for the excess expenditures and ensure that going forward all expenditure remain within the approved budget and comply with the Financial Instructions.</p>	
<p><u>Discrepancies in Accounting for Appropriations-In-Aid</u></p>	
<p>3.2.168 The actual Appropriations-in-aid (AIA) expenditure for Head 6500 (Ministry of Transport, Works and Housing) exceeded the approved budget by approximately \$102.9 million while the AIA collected by the Toll Road Authority was understated by \$961,631 for the 2015/2016 financial year. Additionally, we were unable to verify AIA expenditure amounting to approximately \$201.2 million for the 2015/2016 financial</p>	

ISSUE/CONCERNS	FINANCIAL EXPOSURE
Resource Management	
year relating to the Caribbean Maritime Institute due to the absence of sufficient supporting documents. Despite our requests, the Ministry did not provide the relevant documents for review.	

Head 72000: Ministry of Local Government & Community Development

Issue/Concerns								
Governance								
<p>3.2.169 For the period under review, Parliament approved \$13.3 billion for the Ministry of Local Government and Community Development (MLGCD) to carry out its operations. However, up to the date of this report, the MLGCD failed to submit the 2018/2019 Appropriation Accounts for all three heads for audit scrutiny in keeping with Section 24 I (1) (a) and (b) of the Financial Administration and Audit (FAA) Act. As a consequence, Parliament as well as other key stakeholders would have been denied timely information in assessing the results of the Budget implementation and to guide their review of subsequent budget submission. The MLGCD indicated that the delay in the submission of the Appropriation Accounts was caused by the challenges faced with the implementation of the Government Financial Management System (GFMS).</p>								
<p><u>Municipal Corporations</u></p>								
<div><p>Status of Municipal Corporations Audits</p><table><thead><tr><th>Audit Status</th><th>Percentage</th></tr></thead><tbody><tr><td>Audits in progress</td><td>12%</td></tr><tr><td>Audit not commenced</td><td>15%</td></tr><tr><td>Not presented for Audit</td><td>73%</td></tr></tbody></table></div>	Audit Status	Percentage	Audits in progress	12%	Audit not commenced	15%	Not presented for Audit	73%
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<p>3.2.170 The AuGD continues to work with the MLGCD to clear the backlog in the audit arrears of the Municipal Corporations financial statements. However, as mentioned in previous reports we are still facing challenges in auditing the accounts, as the issues relating to missing and incomplete records compounded with human resource constraints still persist. This has had a significant impact on the timely completion of financial statements we are currently auditing. Further, as at the date of this report 73 per cent of the financial statements have not been submitted for audit.</p>								