

Auditor General's Department Annual Report

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL TRANSACTIONS AND
FINANCIAL STATEMENTS OF THE GOVERNMENT OF JAMAICA
FOR THE YEAR ENDED MARCH 31, 2018
AND
A PERFORMANCE REPORT OF THE AUDITOR GENERAL'S DEPARTMENT



VISION STATEMENT

"A better country through effective audit scrutiny"

The Auditor General's Review

I am pleased to present my annual report for the period 2017/2018. This report, as in previous submissions, is divided into three sections. The first section deals with the performance of the Auditor General's Department (AuGD) for the period December 1, 2017 – November 30, 2018; the second section provides summaries by audit type and the third section, 'Year in Reports', details the findings of audits conducted during the period reviewed.

This year, I advanced the momentum in executing more cross-cutting audits which sought to assess sectors with roles critical to the attainment of Jamaica's National Development Plan (NDP) – Vision 2030 and the United Nation's Sustainable Development Goals (SDGs). Conducting these audits has reassured me that the Department's strategic vision for the next five years remains in line with our vision - ***a better country through effective audit scrutiny***. In furtherance of the audit agenda, focus was placed on strengthening the capacity of members of staff to effectively undertake the planned audits. In this regard, members of staff participated in 57 training activities representing a combination of classroom and blended learning programmes. Whereas some training programmes were funded by donor partners, training cost borne by the AuGD for the period amounted to \$2.5 million.

The AuGD adopts the blended learning method of knowledge-sharing to impart audit methodologies and standards. Included in the 57 staff training programmes are two blended programmes relating to performance and compliance audits. The methodologies developed during these audits are reflected in amended/new manuals for performance and compliance audits. Further to this, the AuGD participated in two blended programmes which were spearheaded by the INTOSAI Development Initiative (IDI). Subsequent to this, I submitted a report to Parliament on Jamaica's Preparedness for the Implementation of the Sustainable Development Goals, which was tabled September 2018. The report on the other audit – *Effectiveness of the Institutional Framework for Corruption Prevention* - will be submitted to the Speaker of the House for tabling during the first quarter of 2019.

The results of the other audits executed during the period revealed that there is still major room for improvement in how public officers undertake their fiduciary responsibilities. Government resources were exposed to misuse or loss owing to weaknesses in governance arrangements, resource management as well as procurement and contract management. In all instances, the persons charged with responsibility for governance were informed of the deficiencies identified and recommendations were proffered for improvement.

In pursuit of fulfilling my mandate as stipulated by the Constitution, we completed 254 audits up to November 2018. A significant number of agencies/ministries have not yet submitted financial statements in keeping with sections 43-2 of the FAA Act and Section 3-2,3 and 22 of the PBMA Act. Particularly in the case of Ministries, many were affected by technical issues with the Financial Management System (FinMan), which must be addressed by the Ministry of Finance. This contributed to the late or failed submission of Appropriation Accounts.

I cannot guarantee that all errors, irregularities or deficiencies were identified as our scope was limited to the sample selected for review. Nevertheless, the audits were planned in such a manner to reasonably identify instances of breaches and irregularities. Some of the deficiencies identified during the audit, particularly in governance, would have presented financial exposure (unresolved monetary risks) to the Government, underscoring the urgent need for Ministries, Departments and Agencies (MDAs) to strengthen governance arrangements and resource management to safeguard limited resources.

I would like to take this opportunity to thank my team for their continued commitment to the mandate of the Department as well as our stakeholders who have continued to provide us with their invaluable feedback and input through our focus groups. Finally, I extend appreciation to the Heads of Entities for the courtesies they have extended to my staff during the year.



Pamela Monroe Ellis, F.C.C.A, F.C.A.
Auditor General
December 27, 2018

Issues/Concerns
<p>3.2.98 Additionally, the Ministry’s own reviews revealed that three former employees were overpaid salaries and allowances totalling \$1,073,279. Up to the time of this report, only \$104,200 had been recovered, leaving an outstanding balance of \$969,079. We advised management to take the necessary steps to recover the overpayment.</p> <p>3.2.99 The Ministry subsequently advised that steps are currently being taken to recover the overpayments.</p>
<p><u>Inadequate Fixed Asset Controls</u></p> <p>3.2.100 We were unable to verify the existence of forty-three items of computer equipment costing \$7,799,754 because the Ministry’s Fixed Asset Inventory was incomplete. Additionally, the responsible officer was unaware of their acquisition and consequently, was not able to identify their location. The Accounting Officer was advised to strengthen the controls over the management of fixed assets in order to safeguard these resources.</p> <p>3.2.101 The Ministry has since indicated that steps have been taken to improve its fixed assets management.</p>
<p><u>Outstanding Bank Reconciliations</u></p> <p>3.2.102 The Ministry did not prepare any bank reconciliation statement for its salaries bank account since February 2017. Consequently, errors or irregularities may have gone undetected resulting in an increased exposure to potential losses. The Accounting Officer was advised to make every effort to bring the reconciliations up-to-date.</p> <p>3.2.103 The Ministry subsequently advised that the outstanding bank reconciliation statements will be completed by March 2019.</p>
<p><u>Retention of Fees</u></p> <p>3.2.104 The Ministry retained approximately \$144.9 million representing receipts from the rental of staff residences, sale of bid documents and the collection and treatment of medical waste. However, the Estimates of Expenditure did not provide for any of these receipts to be treated as Appropriations-in-Aid (AIA). The Accounting Officer should take the necessary steps to ensure that all fees collected by the Ministry, outside of approved AIA, are paid over to the Consolidated Fund.</p>

Ministry of Health: 42000B - Institutional Strengthening to the Ministry of Health to Improve National Surveillance, Prevention and Control of Infectious Diseases Project – Non-reimbursable Technical Cooperation No. ATN/OC-14788-JA

Issue/Concern
<p>Procurement and Contract Management</p>
<p>3.2.105 In December 2014, the Government of Jamaica (GoJ) signed a Non-Reimbursable Technical Cooperation with the Inter-American Development Bank (IDB) to provide financial aid up to US\$250,000 for Institutional Strengthening. This financial aid was earmarked to strengthen Jamaica’s response to the Chikungunya Virus and to prepare for the threat of the Ebola Virus Disease (EVD).</p> <p>3.2.106 The audit of the financial statements and transactions of the Project for Institutional Strengthening to the Ministry of Health to improve National Surveillance, Prevention and Control of Infectious Diseases Project revealed the following:</p>