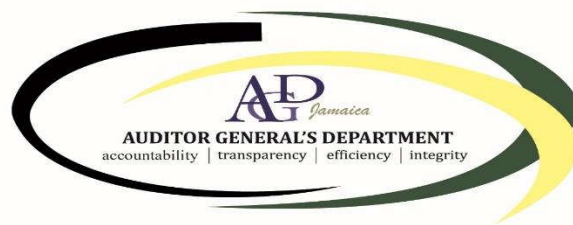


# Auditor General's Department Annual Report

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**

**Issue/Concerns**

The MNS has since reported that the errors and excesses identified on the Appropriation Accounts were due to technical issues with the Financial Management System (FinMan) that is used to prepare the statements.

**Head 26022: Police Department**

**Issue/Concerns**

**Governance**

**Regulatory breach in the submission of Appropriation Accounts**

**3.2.47** For the FY 2017/2018, Parliament approved \$35.5 billion for the Police Department to fulfil its responsibilities to maintain law and order. However, the Department did not submit its Appropriation Accounts for the 2017/2018 financial year in keeping with the Law. The non-submission of the statements undermines good corporate governance practices as this prevents Parliament from effectively monitoring expenditure from the Consolidated Fund and to hold the Accounting Officer accountable for the use of public funds under his/her stewardship. Management should take the necessary steps to ensure that the outstanding Appropriation Account is submitted in keeping with the requirements of the FAA Act. The Police Department has since advised that the delay in submission was based on the instructions issued by the Ministry of Finance and the Public Service regarding the reporting of the Appropriations-In-Aid. The Department also indicated that they have been experiencing difficulties in reconciling the amounts presented by the Accountant General’s Department.

**Head 26024: Department of Correctional Services**

**Issues/Concerns**

**Governance**

**Regulatory breach in the submission of Appropriation Accounts**

**3.2.48** The AuGD was unable to determine whether approved budgetary allocation of approximately \$7.5 and \$7.06 billion for the 2016/2017 and 2017/2018 financial years were spent in keeping with the wishes of Parliament as the Department of Correctional Services (DCS) did not submit its Appropriation Accounts for examination in accordance with Section 24I of the Financial Administration and Audit (FAA) Act. The non-submission of the statements weakens the accountability process and deny stakeholders relevant information to inform strategic decisions. The DCS has since indicated that the 2016/2017 and 2017/2018 Appropriation Accounts were submitted to its parent Ministry in July 2018 for review by the Accounts and Internal Audit Units, respectively. However, at the time of reporting, the statements were not returned to the DCS for final adjustments and submission to this office.