



ANNUAL REPORT

AUDITOR GENERAL'S DEPARTMENT

2024

Report of The Auditor General on the Financial Transactions and Financial Statements of the Government of Jamaica for the Financial Year Ended March 31, 2024, and 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 30, 2024

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

Dear Madam,

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 2024 for tabling in the House of Representatives.

The report is a compendium of the performance of the Auditor General's Department for the period December 2023-November 2024 and all audits conducted up to November 2024.

Yours faithfully,

Pamela Monroe Ellis (Ms.), JP, F.C.A., F.C.C.A.
Auditor General

HEAD 42000: MINISTRY OF HEALTH AND WELLNESS – PHARMACY COUNCIL OF JAMAICA

ISSUE/CONCERNS	FINANCIAL EXPOSURE
RESOURCE MANAGEMENT	
<p>3.2.142. During the period I conducted the audit of the Pharmacy Council of Jamaica 2020/2021 financial statements. The audit revealed the following matters of concern:</p> <p>Weak cash management practices</p> <p>3.2.143. The audit revealed that there was need for immediate corrective measures and enhanced oversight to safeguard public funds to ensure public monies collected are lodged promptly and that official bank accounts are not overdrawn.</p> <p>Recommendation</p> <p>3.2.144. Management should review and strengthen internal controls over the operations of the Council to comply with the established GoJ guidelines to mitigate fraud and misappropriation of public funds. This should include implementing Standard Operating Procedures for the different areas of the Council.</p> <p>3.2.145. The PCJ explained that the overdraft resulted primarily from a delay in the transfer of funds from one bank account to another to cover operation expenses. Notwithstanding, steps are being taken to ensure the prompt lodgment of public funds and prevent the recurrence of overdrafts in its bank accounts.</p> <p>Outstanding Tax Obligations</p> <p>3.2.146. The audit revealed that the Council owes \$1,076,743 in General Consumption Tax (GCT) for the financial year 2020/2021 and \$4,554,038 for prior years to March 31, 2020. Ministry of Finance and the Public Service’s Circular Number 4, dated May 27, 2014 stipulates that all entities are required to pay GCT over to the Tax Administration Jamaica (TAJ) with effect from June 1, 2014, However, the Pharmacy Council cited that they have encountered challenges in determining their tax status and have committed to stridently follow up on the matter to finally ascertain whether the Council has tax exempt status. We also noted that PCJ incurred penalties and interest totalling \$375,174 as at March 31, 2021, for failure to pay up income tax withheld from fees paid to Board/Committee Members.</p> <p>3.2.147. Subsequent to the audit, we noted that PCJ paid up all income tax withheld. However, penalties and interests have increased to \$592,242.73 as at November 2024. Additionally, Management acknowledged the GCT liability and has since paid over \$287,751. However, an outstanding balance of \$10.45 million covering the period June 2014 to December 2024 remains as</p>	<p style="text-align: right;">\$10.45 million</p>

ISSUE/CONCERNS	FINANCIAL EXPOSURE
<p>at December 17, 2024. PCJ advised that they are unable to pay this amount in full and will be seeking a meeting with the TAJ to arrange a payment plan.</p> <p>3.2.148. Similarly, our audit revealed that as at March 31, 2021, the Ministry of Health and Well did not pay over to TAJ, statutory deductions totaling \$22.6 million, deducted from the salaries of PCJ's employees. We noted that amounts were owed from as early as 2013 and up to the time of reporting (December 2024), this indebtedness had increased to \$35.46 million. This included penalty of \$14.84 million and Interest of \$17.06 million (Table 18).</p> <p>3.2.149. Section 5.13.13.2 of the Financial Instructions requires all entities to pay statutory deductions to TAJ within five working days of the effective date of deductions or earlier as per the requirements of the statutes under which the deductions are effected. Therefore, the tardiness in paying over the statutory deductions violates the respective statutes under which the amounts were deducted and resulted in PCJ incurring penalties and interest totalling \$31.90 million. This also denied PCJ employees' right to benefits associated with the NIS and NHT deducted from their salaries. In keeping with Section 55 of the FAA Regulations, this matter will be referred to the Financial Secretary for surcharge.</p> <p>Improvement required over the payment of emoluments and maintenance of personnel records</p> <p>3.2.150. The Pharmacy Council does not have a Human Resources and Administration (HRA) function within the Council to manage employees' affairs. We noted that the human resource matters were dealt with by the Accountant. This led to deficiencies in the management of personnel matters.</p> <p>3.2.151. These weaknesses increased the risk of unauthorized access to the employees' service records, information being lost or misplaced and overpayments to staff. The risk of overpayment was manifested as our review of payroll records and employment contracts showed an overpayment of \$108,267.82 to an officer who retired on January 18, 2021, but was paid a full month's salary. While between May 2018 and March 2021, three contract officers were paid a total of \$7.4 million on expired contracts. Up to the time of reporting, the Pharmacy Council did not advise of the recovery of the overpayment or regularized the contracts of the officers.</p> <p>3.2.152. Section 9.6.1 (1) of the Financial Instructions 2017 requires Accounting and Accountable Officers to have in place a proper system of internal controls to prevent and detect overpayment. Therefore, the absence of a proper system of internal control over payroll to prevent or identify errors could result in a loss of public funds.</p>	<p>\$31.90 million</p>

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<p>Recommendation</p> <p>3.2.153. The Pharmacy Council should establish a structured HRA function to facilitate timely communication with the Ministry of Health on employees' employment status to ensure appropriate payments are made, including contractual payments, meticulous record-keeping, as well as implement robust security measures to safeguard employee information.</p> <p>3.2.154. PCJ acknowledged the weaknesses in the management of personnel matters and indicated their intention of addressing them through the MoFPS.</p> <p>INFORMATION AND COMMUNICATION TECHNOLOGY</p> <p>Shortcomings in Information Technology (IT) Control</p> <p>3.2.155. Even though the Council does not have much automation, it's important for organisations to have strong controls to protect their information from unauthorized access and manipulation. However, our review found that the Council was at risk because it did not have an ICT policy, procedures, or a formal business continuity or disaster recovery plan. Without these policies and plans there is a high risk that the Council's data could be accessed or altered without permission, which could affect the accuracy and reliability of their financial information as well as the PC's ability to continue its operation seamlessly in the event of a disaster.</p> <p>Recommendation</p> <p>3.2.156. Management should act promptly to develop and implement policies and procedures to not only protect the Council's IT environment but also to improve the efficiency and reliability of the Council's operations.</p> <p>3.2.157. PCJ has since advised that the necessary steps will be taken to address the ICT weaknesses identified.</p>																																														
<p>Table 18</p> <table border="1"> <thead> <tr> <th colspan="5" data-bbox="261 1423 1138 1451">Outstanding Penalties, Interest and Statutory Deductions</th> </tr> <tr> <th colspan="5" data-bbox="261 1451 1138 1478">Balance from May 2013 to December 2024</th> </tr> <tr> <th data-bbox="261 1478 412 1570"></th> <th data-bbox="412 1478 594 1570">Penalty</th> <th data-bbox="594 1478 776 1570">Interest</th> <th data-bbox="776 1478 956 1570">Outstanding Statutory Deductions as at December 2024</th> <th data-bbox="956 1478 1138 1570">Total Outstanding Balance as at December 2024</th> </tr> <tr> <th data-bbox="261 1570 412 1598"></th> <th data-bbox="412 1570 594 1598">\$</th> <th data-bbox="594 1570 776 1598">\$</th> <th data-bbox="776 1570 956 1598">\$</th> <th data-bbox="956 1570 1138 1598">\$</th> </tr> </thead> <tbody> <tr> <td data-bbox="261 1598 412 1625">Ed. Tax</td> <td data-bbox="412 1598 594 1625"></td> <td data-bbox="594 1598 776 1625">1,135,020.10</td> <td data-bbox="776 1598 956 1625">(118,923.54)</td> <td data-bbox="956 1598 1138 1625">1,016,096.56</td> </tr> <tr> <td data-bbox="261 1625 412 1652">PAYE</td> <td data-bbox="412 1625 594 1652">14,841,798.15</td> <td data-bbox="594 1625 776 1652">10,488,377.91</td> <td data-bbox="776 1625 956 1652">2,102,718.46</td> <td data-bbox="956 1625 1138 1652">27,432,894.52</td> </tr> <tr> <td data-bbox="261 1652 412 1680">NIS</td> <td data-bbox="412 1652 594 1680"></td> <td data-bbox="594 1652 776 1680">2,365,337.00</td> <td data-bbox="776 1652 956 1680">1,046,209.32</td> <td data-bbox="956 1652 1138 1680">3,411,546.32</td> </tr> <tr> <td data-bbox="261 1680 412 1707">NHT</td> <td data-bbox="412 1680 594 1707"></td> <td data-bbox="594 1680 776 1707">3,067,929.36</td> <td data-bbox="776 1680 956 1707">535,353.79</td> <td data-bbox="956 1680 1138 1707">3,603,283.15</td> </tr> <tr> <td data-bbox="261 1707 412 1734">TOTAL</td> <td data-bbox="412 1707 594 1734">14,841,798.15</td> <td data-bbox="594 1707 776 1734">17,056,664.37</td> <td data-bbox="776 1707 956 1734">3,565,358.03</td> <td data-bbox="956 1707 1138 1734">35,463,820.55</td> </tr> </tbody> </table>		Outstanding Penalties, Interest and Statutory Deductions					Balance from May 2013 to December 2024						Penalty	Interest	Outstanding Statutory Deductions as at December 2024	Total Outstanding Balance as at December 2024		\$	\$	\$	\$	Ed. Tax		1,135,020.10	(118,923.54)	1,016,096.56	PAYE	14,841,798.15	10,488,377.91	2,102,718.46	27,432,894.52	NIS		2,365,337.00	1,046,209.32	3,411,546.32	NHT		3,067,929.36	535,353.79	3,603,283.15	TOTAL	14,841,798.15	17,056,664.37	3,565,358.03	35,463,820.55
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