



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

ISSUE/CONCERNS	FINANCIAL EXPOSURE
<p>Agency's operations, transactions were adequately supported, and controls were appropriately implemented to safeguard assets.</p> <p>3.2.33. Notwithstanding the following matter of concern was brought to management's attention:</p> <p>Improvement required over the Management of Trade Receivables¹</p> <p>3.2.34. Amounts owed to MIND for services that have been rendered but not yet paid for (Trade Receivables) was approximately \$204.4 million as at March 31, 2024, a decrease from the previous year's \$236.6 million. We noted \$135.7 million of these Receivables has been outstanding for periods in excess of 365 days, some from as early as 2011. This led MIND to make a provision for doubtful debts of \$132.7 million, representing 65 percent of the total Trade Receivables. MIND cited contributing factors such as students having financial difficulties and deferring studies for extended periods for the delayed collections. Section 2.3.2 of the Financial Instructions to Executive Agencies (FIEA) stipulates that Executive Agencies should establish adequate systems to recover the full cost of products and services.</p> <p>3.2.35. Management indicated that a receivables plan was developed, and the Agency will also seek the approval of the Ministry of Finance and Public Service to write off large amounts deemed uncollectible.</p> <p>3.2.36. Considering the delay in collecting amounts due to the Agency, there is increased exposure to financial losses as the debts become increasingly difficult to collect with the passage of time. A loss of \$47.7 million (representing 20 percent of the total Trade Receivables) was realized arising from bad debt that was written off with Cabinet's approval. This loss will negatively impact the Agency's cash flow position.</p>	

HEAD 17000: MINISTRY OF TOURISM

ISSUE/CONCERNS	FINANCIAL EXPOSURE
RESOURCE MANAGEMENT	
<p>3.2.37. During the period under review, I conducted the audit of the Ministry of Tourism's 2018/2019 Recurrent Appropriation Accounts. The audit revealed the following areas of concern:</p> <p>Payments made on behalf of the Ministry by its portfolio agencies</p> <p>3.2.38. The Ministry of Tourism circumvented the requisite controls intended to prevent expenditure from exceeding the approved budgetary allocation by</p>	

¹ Trade receivables are amounts of money that a business is owed by its customers for goods or services that have been delivered but not yet paid for

ISSUE/CONCERNS	FINANCIAL EXPOSURE
<p>employing a practice of requesting its portfolio agencies to make advance payments on the Ministry's behalf without going through the established commitment control process. For the period under review, the audit identified where the Ministry of Tourism made a total of 94 requests to two of its agencies to advance sums to cover expenditure totalling \$36,003,568.14. However, only \$30,424,181.68 was reimbursed by the Ministry in relation to the amounts requested during the year. This resulted in the Ministry's expenditure being understated by \$5,579,386.46 for the 2018/2019 financial year because it failed to fully reimburse the two agencies. Of the \$5,579,386.46 outstanding as at 2019 March 31, \$4,349,838.12 was reimbursed in 2019/2020.</p> <p>3.2.39. Additionally, advance payments totalling \$2,394,825.90 relating to the 2017/2018 financial year were reimbursed in 2018/2019 resulting in a corresponding overstatement of the 2018/2019 reported expenditure.</p> <p>3.2.40. Management was advised to strengthen its controls to ensure that no commitment is entered into without first establishing the availability of funds to meet the expenditure in keeping with the Financial Instructions. Steps should also be taken to ensure that all payments are processed through the GFMIS and eliminate the practice of using portfolio agencies to make advance payments on its behalf.</p> <p>3.2.41. In response, the Accounting Officer indicated that the <i>"request of the agencies to advance payments to suppliers was never due to lack of funds or to circumvent the controls, but rather to respond to urgent needs to fulfill the Ministry's financial obligations. The assistance of the agencies to advance payment on our behalf was due to the fact that some suppliers require pre-payment prior to the delivery of goods/services, e.g. overseas travel and hotel accommodation. It should be noted that the Ministry always ensures that adequate funds are available to meet its financial obligations. However, the system during the period of review was not sufficiently agile to respond to the Ministry's urgent financial obligations. Note also that many suppliers do not accept the Ministry's Purchase Orders. Due to the Shared Services arrangement with the Office of the Prime Minister (OPM), the Ministry of Tourism does not have direct access to make payments through the GFMIS. Given the dynamic nature of the Tourism sector and the short timeframe in which we frequently must make financial commitments and payments, it was not always possible for the OPM to honour the Ministry's payment obligations in a timely manner. The Ministry and OPM have since made strides to correct the situation. Currently, the Office of the Prime Minister (OPM), the Ministry's payment office, has put in place measures to ensure that there is quicker response time to the Ministry's needs. In addition, the reimbursements for 2018/2019 that were made to the agencies in 2019/2020 was because of the late submission of the reimbursement invoices. Measures for better control are now in place such as the requirement for invoices to be submitted within a week after the advance payment."</i></p>	<p>\$3.2 million</p>

ISSUE/CONCERNS	FINANCIAL EXPOSURE
<p>Incorrect classification of transactions</p> <p>3.2.42. A review of the general ledger revealed that 14 expenditure transactions totalling \$7,396,145.64 were incorrectly classified as Object 25 instead of Object 22. Consequently, these transactions do not accurately reflect the nature of the underlying expenditure.</p>	\$7.4 million
<p>Unresolved Appropriations-in-Aid (AIA) Variances</p> <p>3.2.43. There was a significant variance of \$51,815,500.93 between the Ministry's records and the amount reported as AIA by TPDCo. This variance remained unresolved up to the time of this report. Management has since advised that steps will be taken to correct the error and strengthen the relevant controls to prevent a recurrence.</p>	\$51.8 million

HEAD 19000: MINISTRY OF ECONOMIC GROWTH AND JOB CREATION

ISSUE/CONCERNS	FINANCIAL EXPOSURE
RESOURCE MANAGEMENT	
<p>3.2.44. During the period under review, I completed the audits of the 2020/2021 and 2021/2022 Recurrent and Capital C Appropriation Accounts for the Ministry of Economic Growth and Job Creation (MEGJC). The audits revealed that the Appropriation Accounts were prepared, in all material respects, in accordance with the Financial Administration and Audit Act. However, the previously reported issue concerning the processing and issuing of non-cash Warrants and its impact on the timely recording of externally funded project expenditure remains unresolved as management indicated that they are still in dialogue with the MoFPS, with the aim of having the matter resolved.</p>	

HEAD 19000: MINISTRY OF ECONOMIC GROWTH AND JOB CREATION – DEVELOPMENT BANK OF JAMAICA: BOOSTING INNOVATION, GROWTH & ENTREPRENEURSHIP ECOSYSTEMS (BIGEE) PROGRAMME

ISSUE/CONCERNS	FINANCIAL EXPOSURE
PROJECT MANAGEMENT	
<p>3.2.45. The Boosting Innovation, Growth and Entrepreneurship Ecosystems (BIGEE) Programme provides funding to Micro, Small and Medium Enterprises (MSMEs) to promote innovation, productivity and sustainable growth. The project is funded by a US\$25 million loan from the Inter-American</p>	