

REPORT OF THE AUDITOR GENERAL

ON

THE PUBLIC ACCOUNTS OF GUYANA

AND

ON THE ACCOUNTS OF

MINISTRIES/DEPARTMENTS/REGIONS

FOR

THE FISCAL YEAR ENDED 31 DECEMBER 1992

14 September, 1993

Mr. Asgar Ally, M.P.,
Minister of Finance,
Ministry of Finance,
Main & Urquhart Streets,
Georgetown.

Dear Mr. Ally,

**RE: REPORT OF THE AUDITOR GENERAL
ON THE PUBLIC ACCOUNTS OF GUYANA AND ON
THE ACCOUNTS OF MINISTRIES, DEPARTMENTS AND REGIONS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 1992**

In accordance with Article 223(3) of the Constitution of the Cooperative Republic of Guyana, I am pleased to submit the attached report on the Public Accounts of Guyana and on the accounts of the Ministries/Departments/Regions for the fiscal year ended 31 December 1992 for laying before the National Assembly.

With kind regards.

Yours sincerely,

.....
ANAND GOOLSARRAN, FCCA
AUDITOR GENERAL OF GUYANA

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**REPORT OF THE AUDITOR GENERAL
ON THE PUBLIC ACCOUNTS OF GUYANA
AND ON THE ACCOUNTS OF MINISTRIES/DEPARTMENTS/REGIONS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 1992**

AUDIT CERTIFICATE

I have audited the Public Accounts of Guyana and the Appropriation and Revenue Accounts of Ministries, Departments and Regions for the fiscal year ended 31 December 1992, as set out in pages to , in accordance with Sections 26 and 31 of the Financial Administration and Audit Act, Chapter 73:01 of the Laws of Guyana, except that the scope of my work was limited by the matters referred to below.

The last set of financial statements which was submitted for audit examination and certification was in respect of the fiscal year 1981, and the Auditor General's report thereon was laid in the National Assembly on 18 December 1987. As a result, a gap in financial reporting covering the period 1982 - 1991 existed. In addition, in respect of the year under review, two(2) of the ten(10) sets of statements and accounts comprising the Public Accounts of Guyana were not submitted by the Accountant General. Further, the records of the Accountant General's Department had not been updated for several years, and most of the financial statements relating to the Public Accounts had to be prepared by the Accountant General from submissions by the Ministries, Departments and Regions. Accounting officers and principal receivers of revenue also had to prepare their appropriation and revenue accounts from the records of their respective Ministries, Departments and Regions without any reconciliation with the records of the Accountant General's Department.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion, having regard to the above limitations in the scope of my work.

Subject to the comments as contained in the relevant sections of this report, in my opinion, the financial statements properly present:-

- the receipts and payments of the Consolidated Fund;
- the revenue actually paid into the Consolidated Fund as compared with the estimates of revenue;
- the expenditure of the Consolidated Fund as compared with the estimates of expenditure;
- the expenditures in respect of those services which by law are directly charged upon the Consolidated Fund;
- the receipts and payments of the Contingencies Fund;
- the appropriation accounts of accounting officers in respect of the votes for which they were responsible, (except in the case of certain large Ministries where I am unable to form an opinion); and
- the receipts and disbursements by principal receivers of revenue

for the fiscal year ended 31 December 1992. However, because of the significance of the comments as contained in the relevant sections of this report relating to the following financial statements, I am unable to form an opinion whether they properly present their respective state of affairs as at 31 December 1992:-

- the statement of the Public debt;
- the statement of outstanding loans or credits guaranteed by the Government; and
- the statement of outstanding loans and advances made from the Consolidated Fund

I am unable to report on the following statements because they have not been submitted for audit examination and certification:-

- balances held on deposit by the Accountant General at the close of the year and outstanding advances made in pursuance of Section 23 of the Financial Administration and Audit Act; and
- current assets and liabilities of the Government.

ANAND GOOLSARRAN, FCCA
 AUDITOR GENERAL OF GUYANA
 14 September 1993

**REPORT OF THE AUDITOR GENERAL
ON THE PUBLIC ACCOUNTS OF GUYANA AND ON
THE ACCOUNTS OF MINISTRIES/DEPARTMENTS/REGIONS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 1992**

INTRODUCTION

1. In accordance with Articles 223(2) and 223(3) of the Constitution, I am required to audit the public accounts of Guyana and of all officers and authorities of the Government of Guyana (including the Commissions established by the Constitution) and the accounts of the Clerk of the National Assembly and of all courts in Guyana, and to submit my reports to the Minister responsible for finance, who shall cause them to be laid in the National Assembly.

2. In addition, in accordance with Section 26 of the Financial Administration and Audit Act, Chapter 73:01 of the Laws of Guyana, I am required to examine in such manner as I deem necessary the accounts of all accounting officers and principal receivers of revenue and of all persons entrusted with the collection, receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other Government property.

3. In the conduct of my examination I am required to ascertain whether in my opinion:-

- (a) the accounts have been faithfully and properly kept;
- (b) the rules and procedures framed and applied are sufficient to secure effective control on the assessment, collection and proper allocation of the revenues;
- (c) all money expended and charged to an appropriation account has been applied to the purpose or purposes for which the grants made by Parliament were intended to provide and the expenditure conforms to the authority which governs it, and has been incurred with due regard to the avoidance of waste and extravagance;
- (d) essential records are maintained and rules and procedures framed and applied are sufficient to safeguard the control of stores and other public property.

4. Further, in accordance with Section 31 of the said Act, I am required to examine and certify, based the outcome of my

examinations, the several statements and accounts which are required to be submitted to me in accordance with Section 7 of the Act. These include:-

- (a) a statement of the receipts and payments of the Consolidated Fund;
- (b) a statement of the revenue actually paid into the Consolidated Fund as compared with the estimates of revenue;
- (c) a statement of the expenditure from the Consolidated Fund as compared with the estimates of expenditure;
- (d) a statement of the public debt;
- (e) a statement of the outstanding loans or credits guaranteed by the Government;
- (f) a statement of all outstanding loans and advances made from the Consolidated Fund;
- (g) the expenditure in respect of those services which by law are directly charged upon the Consolidated Fund;
- (h) the receipts and payments of the Contingencies Fund;
- (i) the balances held on deposit by the Accountant General at the close of the financial year, and outstanding advances made in pursuance of Section 23 of the Act;
- (j) the current assets and liabilities of the Government;
- (k) appropriation accounts of all accounting officers in respect of the votes for which they were responsible;
- (l) receipts and disbursements by all principal receivers of revenue.

5. The above statements are required to be submitted to me by the Accountant General, accounting officers and principal receivers of revenue within four (4) months of the close of the financial year to enable me to have my report laid before the National Assembly not later than the 30th day of September following the close of the financial year.

6. The last report of the Auditor General on the Public Accounts of Guyana and on the accounts of Ministries, Departments and Regions was in respect of the fiscal year 1981 and was laid in the National Assembly on 18 December, 1987.

7. I was appointed Auditor General on 31 December 1990 but with effect from 19 September 1990. My first task was to draw to the attention of the Accountant General, accounting officers and principal receivers of revenue the requirements of the law relating to financial reporting and the fact that the said law had not been complied with for over eight(8) years. I also took the opportunity of reminding them of the deadline for the submission of financial statements for the fiscal year 1990.

8. The Accountant General explained that computer problems prevented him from finalising the statements relating to the Public Accounts of Guyana not only for the backlogged years but also for the year in question - 1990. He could not give an indication how soon these statements would be submitted.

9. Accounting Officers and principal receivers of revenue, on the other hand, contended that it was the Ministry of Finance's responsibility to process transactions of their respective Ministries, Departments and Regions and to submit periodic computer print-outs for reconciliation with their records. Because of computer problems these print-outs could not be made available to them, and therefore they could not carry out reconciliation of their records with those of the Ministry of Finance. As a result of unavailability of computer print-outs of transactions and balances, accounting officers and principal receivers of revenue claimed that they could not prepare, sign and transmit appropriation and revenue accounts for audit examination.

10. It must be pointed out that Parliament appropriates funds to the various Ministries, Departments and Regions, and it is the primary duty of all accounting officers to ensure proper accountability for the funds appropriated. Accounting officers and principal receivers of revenue have the responsibility of ensuring that proper records are maintained to account for the receipts and utilisation of the funds under their control. These records must be maintained in such a manner as to facilitate the timely extraction of balances for the purpose of periodic financial reporting. While it is true that the Ministry of Finance was required to maintain an independent record of transactions relating to Ministries, Departments and Regions for the purpose of updating the public accounts of the Country, it should not be relied upon to serve as the bookkeeper of accounting officers and principal receivers of revenue. The independent record maintained by the

Ministry of Finance would facilitate a reconciliation with the records of the accounting officers and principal receivers of revenue. However, the fact that the Ministry of Finance was unable to produce print-outs of balances relating to Ministries, Departments and Regions, does not remove from the accounting officers and principal receivers of revenue the responsibility for producing financial statements and is no justification for failure so to do.

11. The then Minister of Finance and the Secretary to the Treasury were apprised of the state of affairs, and when it became clear that no apparent effort was being made to redress the situation I sought and obtained a legal opinion in April 1991 from the Attorney General's Office as to whether or not I could issue preliminary reports under the proviso of Section 32 of the Financial Administration and Audit Act.

12. As a result of the opinion, which was in the affirmative, special reports were prepared and laid before the National Assembly, dealing with the results of preliminary audit work conducted at Ministries, Departments and Regions for the years 1982, 1983, 1984 and 1985.

13. Meanwhile, the then Minister of Finance was written to in October 1991 in connection with the problems relating to public accountability, and certain recommendations were made to overcome the difficulties being experienced. Part of the recommendations included the closure of all bank accounts (many of which were heavily overdrawn) and the opening of new accounts with effect from 1 January 1992 to avoid any contamination from the backlogged years. Thereafter, proper systems and procedures were required to be put in place to ensure accurate record-keeping, reconciliation and the timely extraction of transactions and balances for future financial reporting. My recommendations also included the setting up of a task force to bring the backlogged accounts up-to-date. These recommendations were accepted by the then Minister of Finance. They were, however, not implemented despite strenuous efforts on my part to have the Ministry of Finance implement them.

14. In November 1992 the present Minister of Finance, upon assuming office, was written to apprising him of the status with regard to public accountability and of my recommendations to overcome the problems being experienced. The letter was a follow-up to an earlier meeting I had with him, at which meeting the Minister agreed in principle that there would be full financial reporting for 1992. However, it was not until 26 February 1993, after another meeting with the Minister, that a circular was issued to all accounting officers and principal receivers of revenue, advising

them to comply with the requirements of Section 7 of the Financial Administration and Audit Act relating to financial reporting for 1992.

15. As at 30 April 1993, the statutory deadline for the submission of financial statements for 1992, six(6) Ministries, Departments and Regions did not submit appropriation and revenue accounts. Submissions were, however, made during May 1993. More importantly, was the fact that none of the Public Accounts statements were received within the statutory deadline, and it was not after the intervention of the Office of the President at my request that eight(8) of the ten(10) sets of statements were submitted at the end of May 1993.

16. Up to the date of this report, the remaining two(2) sets of statements:

- the balances held on deposits by the Accountant General and outstanding advances made in pursuance of Section 23 of the above-mentioned Act; and
- the current assets and liabilities of the Government

were not submitted by the Accountant General, despite a special appeal to him in a letter dated 2 June 1993 which included certain suggestions to overcome the difficulties being experienced in the preparation of the statements. The letter was copied to the Minister of Finance and to the Office of the President.

17. In response, the Accountant General described the attempts to have financial reporting for 1992 as one of haste and that one had to be careful not to have such reporting falling short of international standards. It must be pointed out, however, that it is a statutory requirement that audited financial statements be produced within nine(9) months of the close of the year and therefore the question of haste is irrelevant. In addition, it is unacceptable to have a situation where after nine(9) months audited financial statements, especially those relating to the financial position of the Country, cannot be produced. Furthermore, the failure to produce financial statements for the period 1982 - 1991 is perhaps the greatest shortfall by any standards!

18. On 14 July 1993 a further correspondence was received from the Accountant General to the effect that, after due consultations with senior officers of the Ministry of Finance and with the approval of the Minister of Finance, it was agreed that the remaining two(2) sets of financial statements would be prepared and that their preparation would take another four(4) months. It therefore means

that the outstanding statements would be submitted for audit examination and certification around mid November 1993, some seven(7) months after the statutory deadline for their submission, and some one and a half months after I would have reported to the National Assembly.

19. This report therefore covers the results of my examinations of the statements and accounts which were presented to me for the fiscal year 1992. When the remaining two(2) sets of statements referred to in paragraph 16 above are submitted, and subject to legal advice, consideration will be given to the issuing of a separate report on them based on my examinations.

20. In relation to the backlogged years 1982 -1991, it is my fervent hope that the Government will agree to have financial reporting for these years as a matter of priority, to avoid any gap in financial reporting. In this regard, my Office stands ready to carry out the relevant examinations in order to have audited accounts for the backlogged years.

STATEMENT OF RECEIPTS AND PAYMENTS OF THE CONSOLIDATED FUND

21. The Consolidated Fund is an account set up by Article 216 of the Constitution into which all revenues are paid and out of which all expenditures are met. The account is kept at the Bank of Guyana and is styled "Accountant General for Consolidated Fund".

22. The Accountant General is required to keep two(2) separate accounts in respect of the Consolidated Fund - a current account to record deposits and withdrawals for application towards defraying current expenditure, and a capital account to record deposits and withdrawals for application towards defraying capital expenditure.

23. The ledgers relating to the Consolidated Fund were last written up to September 1987, and the bank account was not reconciled since December 1988. This state of affairs is considered very unsatisfactory, since the Consolidated Fund is the single most important account of the Country. In addition, the importance of reconciliation of bank accounts with the related cash books and ledger accounts cannot be over-emphasised. It is one of the basic elements of internal control, and the failure to effect reconciliation can lead to the perpetration of serious irregularities without detection.

24. According to confirmation received from the Bank of Guyana, the Consolidated Fund was overdrawn by \$26.823 billion as at 31 December 1992. In the absence of a statement of current assets and liabilities of the Government, the overdrawn balance on the Consolidated Fund gives a rough idea of the financial position of the Country and of its cumulative deficit.

25. The Statement of Receipts and Payments of the Consolidated Fund, comprising both capital and current accounts, is shown on pages to and is summarised as follows:-

	CURRENT ACCOUNT	CAPITAL ACCOUNT	TOTAL
	----- \$'000	----- \$'000	----- \$'000
Receipts	17,883,128	3,252,595	21,135,723
Payments	25,500,888	4,222,157	29,723,045
Excess of payments over receipts	7,617,760	969,562	8,587,322

26. An examination of the cash book of the Consolidated Fund revealed that the sum of \$58.664 billion was received and deposited into this account, compared with \$21.136 billion reported in the financial statements and summarised above, giving a difference of \$37.528 billion. This difference resulted mainly from the failure to report, as receipts into the Consolidated Fund, amounts totalling \$37.958 billion, representing the proceeds from the issue of Treasury Bills which, if taken into account, will result in a discrepancy of \$430M between the amounts reported in the financial statements as revenue paid into the Consolidated Fund and amounts deposited into the Fund as reflected in the Cash Book.

27. Further analysis of the discrepancy of \$430M revealed that the amounts stated as having been deposited into the Consolidated Fund in respect of the Customs & Excise and the Inland Revenue Departments did not agree with the amounts shown in the Cash Book. According to the Statement, amounts totalling \$12.952 billion were paid into the Consolidated Fund. However, according to the Cash Book amounts totalling \$12.698 billion were received and deposited into the Consolidated Fund, giving a difference of \$254M, as shown below:-

	AMOUNT SHOWN IN STATEMENT	AMOUNT SHOWN IN CASH BOOK	DIFFERENCE
	----- \$'000	----- \$'000	----- \$'000
Customs & Excise	6,432,936	6,282,741	150,195
Inland Revenue	6,518,753	6,415,722	103,031
	-----	-----	-----
TOTAL	12,951,689	12,698,463	253,226
	-----	-----	-----

The verification of deposits in respect of the other heads was not possible since the cash book was not written in a manner to facilitate such checks.

28. In respect of capital revenue, a difference existed in relation to the sale of assets. The Revenue Register showed a total of \$140.742M while the financial statements showed an amount of \$144.414M, giving a difference of \$3.672M.

29. Proceeds from divestment totalling \$809.062M were not deposited in the Consolidated Fund but were instead kept in a separate account in the Deposit Fund bank account. In addition, out of the proceeds received, amounts totalling \$113.128M were paid in respect of rental, capital gains tax, farmers' liabilities, legal fees, security services, etc. leaving a net deposit of \$695.934M. Up to the time of writing, the net proceeds were not paid over to the Consolidated Fund.

30. Included in the amount of \$25.501 billion shown as payments under the Current Account were sums totalling \$12.480 billion representing expenditure in respect of the Public debt. It therefore means that approximately 70% of the current revenues went towards the servicing of the Public Debt.

31. According to the Cash Book, payments totalling \$65.563 billion were made from the Consolidated Fund. The financial statements, however, reflected amounts totalling \$29.723 billion as having been paid out, giving a difference of \$35.84 billion. Further analysis revealed that this difference resulted mainly from the omission from the financial statements of amounts totalling \$36.128 billion, representing the redemption of Treasury Bills, which if taken into account, will give a discrepancy of \$288M between the amounts reported as payments from the Consolidated Fund and the amounts shown in the cash book.

32. Using the entries in the cash book, the Receipts and Payments of the Consolidated Fund will show the following summarised position, compared with the amounts shown in the financial statements:-

	BASED ON CASH BOOK	SHOWN ON STATEMENT	DIFFERENCE
	----- \$'000	----- \$'000	----- \$'000
Receipts	58,664,310	21,135,723	37,528,587
Payments	65,563,316	29,723,045	35,840,271
Excess of Payments over Receipts	----- 6,899,006	----- 8,587,322	----- 1,688,316

33. It is noteworthy to mention that, according to the financial statements, amounts totalling \$10.634M and representing current revenue were not paid over to the Consolidated Fund as at 31 December 1992. In respect of current appropriations, amounts totalling \$2.344 billion and representing the difference between issues from the Consolidated Fund and expenditure, were also not paid over to the Consolidated Fund. A similar situation existed in respect of capital appropriations where amounts totalling \$489.862M remained due to the Consolidated Fund. Had these transfers been made, the overdraft on the Consolidated Fund would have been reduced to \$23.979 billion.

**STATEMENT OF REVENUE ACTUALLY PAID
INTO THE CONSOLIDATED FUND
AS COMPARED WITH THE ESTIMATES OF REVENUE**

34. The Statement of Revenue actually paid into the Consolidated Fund as compared with the Estimates of Revenue is shown on page and is summarised as follows:-

	CURRENT REVENUE	CAPITAL REVENUE	TOTAL
	----- \$'000	----- \$'000	----- \$'000
Estimates of Revenue	16,292,357	16,028,688	32,321,045
Revenue actually paid into the Consolidated Fund	17,883,128	3,252,595	21,135,723
Under/(over) the estimates	----- (1,590,771)	----- 12,776,093	----- 11,185,322

35. As indicated in paragraph 26 above, using the cash book as the basis for checking, an unexplained difference of \$430M existed in the amount of revenue actually paid into the Consolidated Fund, the cash book having shown an amount of \$20.706 billion while the amount reported was \$21.136 billion. In addition, amounts totalling \$10.634M, representing revenue collected, were not paid over to the Consolidated Fund.

36. The shortfalls in capital revenue, representing approximately 80% of the budgeted sum, were mainly in relation to external and internal loans which accounted for approximately \$11.0 billion while external grants accounted for \$1.206 billion.

37. The estimates for the sale of assets comprised mainly the proceeds from the divestment of state entities. Estimated proceeds from such sale amounted to \$819.6 million while actual collections totalled \$809.062 million. Attempts were made seek out information, aimed at satisfying myself that adequate procedures were followed in the divestment of the entities, were however not successful. In addition, as mentioned in paragraph 29 above, the proceeds were not paid over to the Consolidated Fund and were therefore not reflected in the Statement.

38. In relation to current revenue, the favourable position resulted mainly from additional collections from the Inland Revenue Department which recorded \$2.161 billion in excess of its estimated collections. However, there was a shortfall of \$840 million in other tax revenue.

39. In total, out of an estimated revenue collection of \$32.321 billion, amounts totalling \$21.136 billion were collected and paid over to the Consolidated Fund, representing a 65% collection of the budgeted revenue.

**STATEMENT OF EXPENDITURE
FROM THE CONSOLIDATED FUND
AS COMPARED WITH THE ESTIMATES OF EXPENDITURE**

40. The statements relating to expenditure from the Consolidated Fund as compared with the estimates of expenditure are shown on pages to and are summarised as follows:-

	CURRENT EXPENDITURE	CAPITAL EXPENDITURE	TOTAL
	\$'000	\$'000	\$'000
Revised Estimates	26,427,819	7,917,633	34,345,452
Actual Expenditure	23,070,107	3,588,647	26,658,754
	3,357,712	4,328,986	7,686,698
Below the Estimates			

41. In relation to current expenditure, although there were overall savings totalling \$3.358 billion, excess expenditure totalling \$111.768M was incurred in respect of twenty-two(22) heads. Most of the excess expenditure was covered by advances from the Contingencies Fund. However, up to the time of writing, no supplementary provisions were laid before the National Assembly to clear the advances. In the circumstances, the excess expenditure totalling \$111.768M cannot be regarded as authorised expenditure.

42. Included in the \$3.358 billion shown as savings were amounts totalling \$2.226 billion relating to the Public Debt. Of the amount of \$14.706 billion budgeted to be expended on the servicing of the Public Debt, sums totalling \$12.480 billion were expended.

STATEMENT OF THE PUBLIC DEBT

43. In accordance with Article 221 of the Constitution, the public debt of Guyana and the service of that debt are a direct charge on the Consolidated Fund.

44. The statement of the Public Debt as at 31 December 1992 is shown on pages to and is summarised below:-

DESCRIPTION	INTERNAL	EXTERNAL	TOTAL
-----	-----	-----	-----
	\$'000	\$'000	\$'000
Unfunded	1,260,329	138,157,116	139,417,445
Funded	625,960	-	625,960
	-----	-----	-----
Sub Total	1,886,289	138,157,116	140,043,405
Short-term Borrowing	13,022,033	-	13,022,033
	-----	-----	-----
TOTAL	14,908,322	138,157,116	153,065,438
	=====	=====	=====

45. The system provides for the Accountant General to maintain registers relating to the Public Debt, and whenever additional debts are incurred the Accountant General is informed by way of correspondence and other relevant documents for the purpose of updating his records. When repayments are made the registers are updated accordingly. At the end of each year the Accountant General is required to prepare a statement of the Public Debt and submit it for audit examination. Since 1981 no such statement was submitted, and therefore there is a gap in financial reporting covering the period 1982-1991. As a result, the accuracy of the balances brought forward from 1991 could not be determined.

46. The Statement of the Public Debt was not prepared to reflect the opening balance, additional debt contracted and repayments made during the year. Instead, the statement reflected the balances outstanding at the end of the year. As a result, much difficulty was encountered in attempting to verify transactions during the year.

47. Notwithstanding the above, attempts were made to verify the completeness and accuracy of the amounts shown in the financial statements through an examination of the files and registers kept by the Accountant General as well as by the Debt Management Section of the Ministry of Finance, and the following observations were made:-

- (a) The records kept by the Accountant General were incomplete in that they did not reflect all disbursements and repayments made for 1992.
- (b) A sample of thirty-eight(38) files was selected from the Debt Management Division, but the balances on only twenty-seven (27) files were reflected in the Statement of Public Debt.
- (c) Of the twenty-seven(27) files traced to the Public Debt Statement there were differences totalling \$2.087 billion. The Debt Management Division records showed a balance of \$33.996 billion while the Statement showed a balance of \$31.909 billion in respect of these files.
- (d) In relation to external loans, the Statement of the Public Debt showed a balance of \$138.157 billion while the records of the debt Management section showed a balance of \$222.198 billion, giving a difference of \$84.041 billion.
- (e) According to the records of the Debt Management Division, amounts totalling \$9.923 billion were received as external loans for 1992. However, the sum of \$2.358 billion was shown in the Revenue Statement of the Ministry of Finance, giving a difference of \$7.565 billion.
- (f) A list of debts rescheduled and/or written off was obtained from the Debt Management Section. The list showed 135 instances of rescheduling and write-offs, but only 21 could be traced to the Statement of the Public Debt.

48. In view of the foregoing observations, the completeness and accuracy of the amount of \$153.065 billion shown as the Public Debt as at 31 December 1992 could not be determined.

**STATEMENT OF OUTSTANDING LOANS OR CREDITS
GUARANTEED BY THE GOVERNMENT**

49. In accordance with Section 3(1) of the Guarantee of Loans (Public Corporations and Companies) Act, Chapter 77:01 of the Laws of Guyana, the Government is authorised to guarantee the discharge by a Corporation or Company of its obligations under any agreement which may be entered into by the Corporation with a lending agency in respect of any borrowing by that Corporation which is authorised by the Government. The aggregate amount of the liability of the Government in respect of guarantees given under the above-mentioned Act shall not at any time exceed the sum of G\$ 1billion.

50. The Statement of Outstanding Loans or Credits Guaranteed by the Government as at 31 December 1992 is shown on pages to According to the Statement, the total liability as at 31 December 1992 was \$23.14 billion. Therefore, the statutory limit has been exceeded by \$22.14 billion.

51. The system provides for a Corporation or Company to seek the approval of the Minister to raise a loan from a Lending Agency and for the Government to be the guarantor. The Minister will consider the application and if he considers it necessary will approve it. The Accountant General is informed of all new guarantees as well as all repayments made, for the purpose of updating his records. At the end of each year, he is required to prepare a statement of all outstanding loans or credits guaranteed by the Government and to submit it for audit examination. Since 1981 no such statement was submitted, and therefore there is a gap in financial reporting for the period 1982-1991. As a result, the accuracy of the balances brought forward from 1991 could not be determined.

52. Notwithstanding the above, attempts were made to verify the accuracy of the amounts shown in the financial statements. However, no records were maintained by the Accountant General in relation to loans or credits guaranteed by the Government. The Accountant General explained that for many years no information was submitted to him in respect of loans or credits guaranteed by Government and that the Debt Management Section of the Ministry of Finance which was set up in 1986 was responsible for monitoring such loans or credits. The statement which was submitted was extracted from the schedule forming part of the Estimates for 1993.

53. Checks carried out on the records kept by the Debt Management Division revealed that no register to record the loans or credits guaranteed by the Government was maintained. All information pertaining to each loan was kept in a file.

54. Out of a total of forty-seven (47) loans or credits guaranteed, files in respect of only twenty-three(23) loans were submitted for audit examination. In addition, an examination of the files submitted revealed that the opening balances were extracted from the Schedule appearing in the 1992 Estimates for the year 1991, and they were therefore incomplete.

55. Of the twenty-three(23) files examined, balances in respect of nine (7) loans disagreed with the balances shown in the Statement by \$258M. In addition, an amount of \$194.535 billion representing arrears outstanding in respect of Guyana Fisheries Ltd was written off in the records of the Debt Management Section. However, the

amount was reflected in the financial statement as a liability.

56. Included in the list of institutions with outstanding loans or credits and on behalf of which the Government had given guarantees, were a number of entities which have been divested either partially or wholly. However, it could not be determined whether the liabilities had been discharged by the entities concerned prior to divestment or whether the Government had agreed to discharge such liabilities.

57. In view of the foregoing observations, the completeness and accuracy of the amount of \$23.14 billion shown as outstanding loans or credits guaranteed by the Government as at 31 December 1992 could not be determined.

**STATEMENT OF OUTSTANDING LOANS AND ADVANCES
MADE FROM THE CONSOLIDATED FUND**

58. The statement of outstanding loans and advances made from the Consolidated Fund as at 31 December 1992 is shown on pages to and is summarised as follows:-

	\$'000
Public Corporations & Boards	29,272
Municipalities	1,014
Local Authorities	1,747
Other Statutory Bodies	806
Co-operative Societies	577
Remigrated Officers	680
Public Officers	400
Students	240
Others	211

TOTAL	34,947

59. Provisions were normally made in the Annual Estimates of certain Ministries and Departments to make advances to private parties, e.g. Miners, Students, Local Authorities and Municipalities, Remigrated Officers, Cooperative Societies and Public Corporations and Boards. These agencies were required to make repayments directly to the Ministries concerned, to maintain proper records for all such loans and to submit annual statements to the Accountant General.

60. The Accountant General is required to prepare a statement of outstanding loans and advances made from the Consolidated Fund at the end of each year and to submit it for audit examination.

However, for the years 1982-1991 no such statements were prepared, and therefore a gap in financial reporting existed. As a result, the accuracy of the opening balances could not be determined.

61. Notwithstanding the above, attempts were made to verify the amounts shown in the financial statements. However, no records were maintained by the Accountant General, and the amounts shown in the financial statements were identical with the those reported in the audited accounts for 1981. The Accountant General explained that the relevant agencies were written to seeking information in respect of these loans but were unable to furnish the information requested.

62. In view of the foregoing observations, the completeness and accuracy of the amount of \$34.946M shown as outstanding loans and advances made from the Consolidated Fund as at 31 December 1992 could not be determined.

**STATEMENT OF EXPENDITURE IN RESPECT
OF THOSE SERVICES WHICH BY LAW ARE DIRECTLY
CHARGED ON THE CONSOLIDATED FUND
(STATUTORY EXPENDITURE)**

63. Expenditure in respect of those services which by law are directly charged upon the Consolidated Fund i.e. Statutory Expenditure do not form part of the voted provisions approved by the National Assembly but are a direct charge upon the Consolidated Fund. The statement of Statutory Expenditure is shown on page and is summarised as follows:-

DESCRIPTION -----	AMOUNT -----
	\$'000
Internal Debt - Principal	785,828
- Interest	4,623,094
External Debt - Principal	3,989,349
- Interest	3,081,384

Sub- total	12,479,655
Constitutional Offices	51,787
Pensions & Gratuities	83,100
Payments to Dependents'	
Pension Fund	529

TOTAL STATUTORY EXPENDITURE	12,615,071

64. The Accountant General is required to prepare annually a Statement of Statutory Expenditure and submit it for audit examination. In the absence of adequate records at the Accountant General's Department, the Statement was prepared from the information submitted by Ministries, Departments and Regions.

**STATEMENT OF RECEIPTS AND PAYMENTS
OF THE CONTINGENCIES FUND**

65. The Contingencies Fund was established by Article 220 of the Constitution and is a bank account kept at the Bank of Guyana styled "Accountant General for Contingencies Fund". It is funded out of the Consolidated Fund and shall not exceed in aggregate two(2) percent of the estimated annual expenditure of the last preceding year. The Minister responsible for finance is authorised to make advances from the Contingencies Fund if he is satisfied that there is an urgent need for which no other provision exists. Where any advance is made, a supplementary estimate is required to be laid before the National Assembly as soon as is practicable for the purpose of authorising the replacement of the amount advanced.

66. The statement of receipts and payments of the Contingencies Fund for the fiscal year ended 31 December 1992 is shown on pages to Total payments out of the Contingencies Fund amounted to \$920.264 million while amounts totalling \$948.061 million were received as reimbursement from the Consolidated Fund.

67. The total amount approved by the National Assembly by way of Supplementary Provision for the clearing of advances made during 1990 and 1991 was \$279.070M. It is evident that prompt action was not taken to clear advances issued, as required by Article 220 of the Constitution. In addition, advances totalling \$920.264M were issued in 1992 but only \$327.311M was received by way of reimbursement from the Consolidated Fund, leaving an outstanding balance of \$592.953M still to be re-imbursed.

**BALANCES HELD ON DEPOSIT BY THE ACCOUNTANT GENERAL
AND THE OUTSTANDING ADVANCES MADE IN PURSUANCE OF SECTION 33
OF THE FINANCIAL ADMINISTRATION AND AUDIT ACT**

68. As mentioned earlier, the statement of balances held on deposit by the Accountant General as at 31 December 1992 and outstanding advances made pursuant to Section 33 of the Act, was not presented for audit examination and certification up to the date of this report. I am therefore unable to report on these balances.

THE CURRENT ASSETS AND LIABILITIES OF THE GOVERNMENT

69. As mentioned earlier, no statements showing the current assets and liabilities of the Government as at 31 December 1992 were submitted by the Accountant General for audit examination and certification up to the date of this report. I am therefore unable to report on the financial position of the Government as at 31 December 1992.

APPROPRIATION OF ACCOUNTING OFFICERS

70. The appropriation accounts of accounting officers for the year ended 31 December 1992 in respect of the votes for which they were responsible, comprising both capital and current, are shown on pages to . These accounts are subject to the comments made under the relevant Ministries, Departments and Regions.

RECEIPTS AND DISBURSEMENTS BY PRINCIPAL RECEIVERS OF REVENUE

71. The statements of receipts and disbursements by principal receivers of revenue for the year ended 31 December 1992 are shown on pages to . These statements are subject to the comments made under the relevant Ministries, Departments and Regions.

HEAD 1

OFFICE OF THE PRESIDENT

Expenditure Control

Employment Costs

72. The Salaries Register was not properly written up, as in many instances relevant information, such as date of appointment and designation of officer, was not reflected in this record. In addition, a salaries control register was not maintained, and the Salaries Register bore no evidence of supervisory checks.

73. Letters/contracts of appointment of two(2) officers who were paid salaries and allowances totalling \$16.6M were not presented for audit examination. These officers were paid from the proceeds from the sale of gold in Canada, and reimbursements were made from the Main Bank Account and charged to employment costs. In the absence of the letters/contracts of appointment, the salaries and allowances paid to these officers could not be verified, and it could not be determined whether these officers held positions in the authorised establishment.

74. Two(2) amounts totalling \$737,460 were incorrectly charged to the Subhead - Benefits and Allowances. These amounts represented expenditure which should have been charged to Statutory Expenditure.

75. The Salaries Bank Account was last reconciled in August 1991 and was overdrawn by \$1.267M as at 31 December 1992. In addition, the related cash book was not balanced for the period January - November 1992 and was not written up for the month of December 1992. The old salaries bank account (A/c No.510) which was not operational since July 1991 was also not reconciled since October 1984 and was overdrawn by \$19,311 as at 31 December 1992.

76. Several instances were noted where the NIS number was not quoted in the Register of Contributors to the National Insurance Scheme, and there was no evidence of supervisory checks on this record. In addition, a register of cheques paid over to the Scheme was not maintained.

77. The Travelling Register was not properly written up, as relevant information, such as authority for payment, mileage ceiling, details of insurance coverage and cessation of payment,

was not reflected in this record. Half-yearly returns of travelling were also not prepared.

Other Charges

78. The Main Bank Account was not reconciled since August 1991 and reflected a balance of \$22.841M as at 31 December 1992 while the cash book balance was \$7.759M. In addition, the previous main bank account (A/c No.700) which ceased to be operational since July 1991 was last reconciled in February 1981 and showed a balance of \$11.655M as at 31 December 1992. It is evident that action was not taken to ensure that all unutilised balances at the end of the year were paid over to the Treasury.

79. Nineteen(19) payment vouchers totalling \$2.258M were not produced for audit examination. In addition, nineteen(19) payments totalling \$2.6M were made from the Main Bank Account, but supporting documents to establish the propriety of the transactions were not produced for audit examination. Further, ten(10) purchases totalling \$1.7M could not be traced as having been received and brought to account. Quotations were also not obtained from at least three(3) suppliers before purchases were made from non-Governmental agencies.

80. Amounts totalling \$6M, representing quarterly advanced payments, were paid to the Guyana Electricity Corporation for the supply of electricity. An electricity charges register was, however, not maintained, and there was no evidence of reconciliation of the amounts paid to the Corporation with the electricity charges for the year.

81. Payments totalling \$6.1M were made to the Guyana Telephone and Telegraphic Company of which \$3.8M related to overseas telephone charges. However, it could not be determined whether all the overseas calls made were for official purposes as there was no evidence in the Telephone Register to indicate what calls were official and what were private. In the latter case, recoveries would have been required to be made from the relevant officers. In addition, details of residential telephones were not provided.

82. An examination of the Votes Ledger revealed that the voted provisions for several subheads were not recorded. Instances were also noted where funds were vired from one subhead to another but the requisite approval from the Ministry of Finance was not seen.

83. During the period under review, amounts totalling \$170.143M were remitted overseas to pay student allowances and other related

expenses and charged to Subhead 310 - Education Subvention, Grants etc. However, relevant documents to substantiate these payments were not produced for audit examination. In addition, monthly statements of receipts and payments from the Consulate in Jamaica and from the Mission in New York were not seen, and there was no evidence of reconciliation of the amounts remitted with the expenditure incurred. In the circumstances, the propriety of the amount remitted overseas and charged to expenditure in the Appropriation Account could not be satisfactorily determined.

84. Excess expenditure totalling \$6.597M was incurred in respect of Subhead 312 - Subsidies and Contributions etc. However, an advance from the Contingencies Fund totalling \$17.828M was issued in July 1992 to cover this excess expenditure. Up to the time of writing, no supplementary provision was laid in the National Assembly to clear the advance.

85. In respect of Subhead 312 - Subsidies and Contributions to Local and International Organisations - of the amount of \$307.2M budgeted to be spent, amounts totalling \$313.8M were expended, as shown below:-

	\$'000
National Data Management Authority	3,300
Guyana Public Communication Agency	27,300
Guyana Management Institute	15,000
Guyana Natural Resources Agency	38,800
State Planning Secretariat	25,300
Contribution to the University of West Indies	180,118
National Equivalency Board	717
Department of Commemoration & Celebrations	19,172
Others	4,093
TOTAL	<u>313,800</u>

86. The National Data Management Authority was established by Order No. 9 of 1983, and is subject to separate financial reporting and audit. Financial statements for 1983 were submitted for audit examination, and up to the time of writing the audit was in progress. No financial statements were received for the years 1984-1992. Notwithstanding the lack of financial reporting for the last nine(9) years, the amount of \$3.3M was verified as having been received by the National Data Management Authority.

87. Guyana Public Communication Agency was established by Order No. 3 of 1989. Draft financial statements for the years 1989-1992 were submitted for audit examination, and the audit was in progress at the time of writing. The amount of \$27.3M was verified as

having been received by the Guyana Public Communications Agency. It is to be noted that this entity was dissolved on 31 March 1993.

88. The Guyana Management Institute was established by Act No 8 of 1983. The last set of accounts submitted for audit examination was in respect of 1983, and the report of the Auditor General thereon was issued on 24 February 1988. No financial statements were received for the years 1984-1992. Notwithstanding this lack of financial reporting for the past nine(9) years, the amount of \$15M was verified as having been received by the Guyana Management Institute.

89. The Guyana Natural Resources Agency was established by Order No 37 of 1986. Since its establishment, no financial statements were submitted for audit examination. Notwithstanding the lack of financial reporting for the past seven(7) years, the amount of \$38.8M was verified as having been received by the Guyana Natural Resources Agency.

90. The State Planning Commission was established by Order No. 14 of 1978. The last set of accounts submitted for audit examination was in respect of 1990, and the report of the Auditor General thereon was issued on 21 June 1992. The audit of the 1991 accounts was completed but the Auditor General's report was not issued because the signed financial statements had not been received. The amount of \$25.3M was, however, verified as having been received by the State Planning Commission.

Revenue Control

91. A revenue collectors' chart was not kept, and the individual revenue accounts were not reconciled with the Revenue Control Account. In addition, instances were noted where acknowledgement receipts for amounts remitted to the Accountant General were not produced for audit examination.

Stores and Other Public Property

92. A physical verification of assets was carried out in October 1992. However, the inventory records were not up-to-date and therefore it was not possible to reconcile the results of the physical count with the inventory records. In addition, a list of all vehicles under the control of this Department was not produced in order to verify their physical existence and condition, and log books were only produced for one(1) vehicle. In the circumstances, it could not be determined whether there was effective control over the use of vehicles.

Other Matters

93. The Imprest Bank Account No. 935 with an imprest sum of \$900,000 reflected a large balance of \$36.766M as at 31 December 1992. It was explained that payments were made overseas from the proceeds of the sale of gold on behalf of various Ministries, and reimbursements were made into this account. Periodically, the amounts reimbursed were transferred to the Ministry of Finance which in turn paid over the amounts involved to the Guyana Gold Board. The large balance in the Imprest account mainly represented amounts to be paid over to the Ministry of Finance. However, a breakdown of the exact amount to be paid over was not provided nor was any reconciliation with the records of the Ministry of Finance done. The Ministry of Finance also had no records in order to ascertain the exact amount owing by the Office of the President.

94. Instances were observed where advances granted from the Imprest were not authorised and where advances were not promptly cleared. As at 31 December 1992 a advance of \$70,340 which was granted in June 1992 also remained uncleared. In addition, the Imprest Bank Account No.826 which ceased to be operational had a balance of \$4.602M, and it could not be determined when last it was reconciled.

95. Payments totalling \$452,774 were made on 31 December 1992 from the Imprest after it was retired on the same day. In addition, this account was improperly used to make payments totally unrelated to the purpose for which the Imprest was established. However, reimbursements were subsequently made from the Main Bank Account.

96. The Controlled Forms Register bore no evidence of supervisory checks.

HEAD 2

GUYANA DEFENCE FORCE

Expenditure Control

Employment Costs

97. A salaries control register and a diary of pay changes were not maintained. It was explained that pay changes were reflected in the computerised listings. In addition, several items remained uncleared for a considerable period of time in the bank reconciliation statement of the Salaries Account.

Other Charges

98. Amounts totalling \$4.406M were paid to the Guyana Electricity Corporation. A copy of the contract entered into with the Guyana Electricity Corporation was, however, not produced for audit examination, and there was no evidence of reconciliation of the Electricity Charges Register with the payments made to the Corporation.

99. Amounts totalling \$19.183M were paid for the hire of vehicles. However, no contracts were executed for the rendering of this service. In addition, a check with the records of the Licence Revenue Office revealed that several contractors did not own the vehicles for which hire charges were paid. Further, two(2) officers of the Force received payments totalling \$1.384M for hire of vehicles to the Force.

100. Instances were noted where warrants issued were charged as final expenditure instead of being treated initially as liabilities, and there was no evidence that financial returns were received in support of the amounts charged to final expenditure.

101. Three(3) bank accounts which were not operational reflected overdraft balances totalling \$9.509M as at 31-12-92. The Accounting Officer explained that representations were made to have these accounts closed but to date no action was taken.

102. Excess expenditure totalling \$60.169M was incurred in respect of four(4) subheads. However, an advance of \$59.011M from the Contingencies Fund was issued to meet the excess expenditure. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance.

Revenue Control

103. Amounts totalling \$1.288M were collected as revenue. However, the revenue accounts and a revenue control account were not satisfactorily maintained. In addition, a scrutiny of the sales registers at the Garden of Eden - Agricultural Corp revealed that several credit sales remained outstanding for a considerable period of time, and a reconciliation was not effected between the sales registers and the relevant sales records kept at the Camp Ayangana.

Stores and Other Public Property

104. A Beechcraft was sold to a United States based company for US\$489,000 in March 1992. The cheque was made out in the name of the Guyana Defence Force. According to confirmation received from the Bank of Guyana, instructions were given for the cheque to be deposited into the company's bank account in the United States as down-payment for the purchase of one(1) Bell 412 Helicopter and a new set of M/R blades for the existing Bell 412 Helicopter. The following unsatisfactory features were, however, noted in relation to this transaction:-

- (a) The failure to pay over the proceeds to the Accountant General for credit to the Consolidated Fund and the incurrence of expenditure without Parliamentary approval are serious breaches of the Financial Administration and Audit Act.
- (b) No documentary evidence was produced to indicate on whose authority the cheque which was made payable to the Guyana Defence Force was redeposited into the drawer's account.
- (c) Evidence was seen that the M/R blades valued at US\$391,336 were received. It was explained that the difference of US\$97,664 was retained by the Company which claimed that it had acted as agents in respect of the above transactions and had submitted a claim for substantial fees in respect of the service rendered. This matter was referred to the State Solicitor's Office for a decision in respect of a more equitable sum to be paid as fees. Documentary evidence to support this explanation was, however, not seen. The matter was still pending up to the time of reporting.

105. Several issues from the Ration Stores at Camp Ayangana and at Camp Stephenson were not authorised, and a number of receipts could not be traced in the stock ledger in the Clothing store at Camp Stephenson. In addition, at the Coast Guard Clothing Store at Ruimveldt instances were noted where issues were not authorised, and at the Electrical Store several issues could not be traced to the stock ledger. A number of items in the Electrical Store also

appeared unserviceable without any action being taken to dispose of them.

106. A physical inventory of assets was carried out in October 1992. However, it could not be determined whether all the assets under the control of the Force were duly accounted for as the inventory records were not up-to-date. In respect of vehicles, in the absence of adequate and reliable records kept by the Force, a list of vehicles (from the BB series through the DD series) registered in the name of the Force as at 30 October 1992 was extracted from the Licence Revenue Office. The results of the physical verification revealed that a total of twenty-nine(29) vehicles could not be located. It would appear that a number of these vehicles became unserviceable over a period of time and that the procedures were not followed to have the vehicles declared unserviceable and to ensure that the relevant records were adjusted accordingly. However, in the absence of documentary evidence, this could not be confirmed.

107. Amounts totalling \$US41,941 and G\$24.855M were received as proceeds for the commercial operation of aircrafts owned by the Force. However, these amounts were not paid over to the Consolidated Fund as revenue, but were retained by the Force to meet expenditure, contrary to the Financial Administration and Audit Act. As a result, amounts totalling US\$36,847 and \$22.8M, which were expended out of the proceeds of the commercial operation, were not reflected in the Appropriation Account of the Force.

HEAD 3

GUYANA NATIONAL SERVICE

Expenditure Control

Employment Costs

108. The Salaries Register was not properly maintained as relevant information, such as details of appointment and termination and reference to personal file, was not reflected in this record.

109. There were significant amounts of unclaimed wages and salaries at the end of each month, but the Register of Unpaid Wages and Salaries was not written up in a manner so as to facilitate adequate audit checks. A diary of pay changes was also not maintained, and instances were noted of overpayment of salaries.

110. The Salaries Bank Account was last reconciled in March 1990, and there were large amounts which remained uncleared in the bank reconciliation statement. In addition, the balance in the bank account as at 31 December 1992 was \$3.661M while the cash book balance was \$3.073M instead of a nil balance.

111. The Travelling Register did not reflect relevant information such as authority for payment, details of insurance coverage and cessation of payment. In the circumstances, a proper examination of this item of expenditure could not be undertaken.

Other Charges

112. An examination of the Telephone Register revealed that it did not reflect telephone charges in respect of two officers on whose residential telephones overseas calls totalling \$151,618 were made and charged to public funds. In addition, it could not be determined whether these calls were made in the public interest.

113. The Electricity Charges Register was not written up to indicate the details of payments made and charges against each meter. The Register was also not reconciled with the Votes Ledger.

114. Details of expenditure credits totalling \$63,616 were not reflected in the Votes Ledger in respect of other services purchased. In addition, instances were observed where funds were vired from one subhead to another but the requisite approval from the Ministry of Finance was not seen.

115. Excess expenditure \$3.057M was incurred under five(5) subheads. However, a Contingencies Fund advance warrant of \$3.5M was issued to cover the excess expenditure. Up to the time of writing no supplementary estimate was laid in the National Assembly to clear this advance.

Stores and Other Public Property

116. Several items in the Mechanical Store at Kingston were unserviceable. However, there was no evidence of any action being taken to have the items disposed of. It was also noted that bin cards were maintained for suiting and other clothing material, but the balances could not be related with the balances shown in the Stores Ledger kept at the Supplies Division because of the manner in which the former was written up.

117. In the absence of reliable inventory records relating to vehicles, extracts were made from the records of the Licence Revenue Office of vehicles registered in the name of Guyana National Service (from the BB through the DD series) as at 30 October 1992 and a physical verification carried out. The results revealed that a total of fourteen(12) vehicles could not be located. The Accounting Officer explained that these vehicles were handed over to the Plant Maintenance and Hire Division(PM & HD), but no documentary evidence of the handing over was seen. Exhaustive checks at PM & HD did not confirm that the vehicles were handed over. It would appear that some of these vehicles became unserviceable over a period of time and that the procedures were not followed to have the vehicles declared unserviceable and to ensure that the relevant records were adjusted accordingly. However, in the absence of documentary evidence, this could not be confirmed.

118. Instances were noted where office equipment was seen but was not recorded in the inventory records and where items in the inventory records could not be located.

Other Matters

119. The Imprest Bank Account with an imprest sum of \$1M was not properly reconciled as the incorrect cash book balance was used and unrepresented cheques were recorded twice. Payments from the Imprest were also not promptly recouped. In addition, the bank reconciliation statements bore no evidence of supervisory checks, and the Imprest cash book for the period 1 September to 9 October, 1992 was not produced for audit examination.

120. Instances were noted where advances were issued from the Salaries bank account instead of from the Imprest, and at the end of the year it could not be determined what advances were outstanding because the Advances Register was not properly written up.

121. The Register of Controlled Forms was not properly written up, and forms were not issued sequentially.

HEAD 6

PARLIAMENT OFFICE

Expenditure Control

Employment Costs

122. The Salaries Register was not properly maintained, as relevant information, such as authority for appointment, salary scale and file reference was not reflected in this record. In addition, the Salaries Bank Account was not reconciled since December 1988, and an unpaid salaries register was not kept to provide details of all unpaid salaries and how they were disposed of. A register was not also kept for employees registered with the National Insurance Scheme.

123. The Travelling Register was not properly written up, as relevant information such as vehicle registration number, cubic capacity and details of insurance, was not reflected in this record. In addition, half-yearly returns of travelling were not prepared.

Other Charges

124. Twenty-eight(28) payments totalling \$5.404M were not supported by bills, receipts and vouchers. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined.

125. Excess expenditure totalling \$2.459M was incurred in respect of four(4) subheads. However, an advance from the Contingencies Fund was issued to cover the excess expenditure. Up to the time of writing, no supplementary provision was tabled in the National Assembly to clear the advance.

126. Although a register to record overseas telephone calls was maintained, it could not be satisfactorily determined whether all overseas telephone charges paid for and charged to public funds were for official purposes.

Revenue Control

127. Acknowledgement receipts for revenue remitted to the Accountant General were not presented for audit examination.

Stores and Other Public Property

128. Stores records such as a goods received book, a stores ledger and internal stores requisitions were not kept during the period January to July 1992 to record the purchase, receipt and issue of materials, equipment and supplies. These records were, however, introduced in August 1992, with the exception of the goods received book. In addition, the Stores Ledger was not subject to supervisory checks nor were periodic physical verifications of stocks undertaken.

129. The master and sectional inventories which were produced for audit examination at the time of inspection were not updated for several years. As a result, it could not be satisfactorily determined whether all assets under the control of this Office had been properly accounted for.

Other Matters

130. The Imprest Bank Account was not reconciled since December 1990 and was overdrawn by \$1.694M as at 31 December 1992. Given that the Imprest was authorised at \$500,000, expenditure appeared to have been understated by \$2.194M, giving a corresponding unauthorised over-expenditure.

131. The Register of Controlled Forms did not bear evidence of supervisory checks, and the Register of the Contents of Safe was not written up for the period under review.

HEAD 7

OFFICE OF THE AUDITOR GENERAL

Expenditure Control

Other Charges

132. Supporting documents in respect of payments totalling \$5.673M were not presented for auditing examination. These payments related mainly to salaries. The Accounting Officer explained that all paysheets were normally returned to the Ministry of Finance to be matched with the relevant payment vouchers.

133. Instances were noted where funds were vired from one subhead to another but the approval from the Ministry of Finance for such virements was not seen. The Accounting Officer explained that verbal approval was given by the Ministry of Finance in response to written requests for approval.

Stores and Other Public Property

134. The stores records bore no evidence of supervisory checks and were not subject to periodical physical verification.

Other Matters

135. There was no evidence of that an inspection by a board of survey was carried out at the end of the year. The Accounting Officer explained that boards of survey were normally appointed by the Ministry of Finance and that the supervision of the inspection was the responsibility of that Ministry.

HEAD 8

OFFICE OF THE OMBUDSMAN

Expenditure Control

Employment Costs

136. The Salaries Register was not properly written up, as instances were noted where relevant information, such as date of appointment, salary scale and National Insurance number, was not reflected in this record. A Diary of pay changes was also not kept.

Other Charges

137. Twenty-nine(29) payment totalling \$190,561 were not supported by bills, receipts and vouchers. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined. The Accounting Officer explained that the system provided for the Ministry of Finance to effect payment on behalf of this Office and for the vouchers to be retained by that Ministry.

138. Actual expenditure in respect of Materials, Equipment and Supplies exceeded the revised estimates by \$190,000. The Accounting Officer explained that this resulted from payments being made to the Crown Agents by the Ministry of Finance on behalf of the Office of the Ombudsman and that she was advised by the Accountant General to adjust the Appropriation Account to reflect these payments.

139. The preparation of vouchers, banking, preparing and countersigning cheques, maintenance of accounting records and preparing and certifying bank reconciliation statements were done by the same officer. In addition, there was no evidence of supervisory checks on the accounting records. It was explained that this state of affairs was due to staff constraints.

140. The Votes Ledger was not written up to reflect balances available on subheads.

HEAD 9

PUBLIC AND POLICE SERVICE COMMISSION

Expenditure Control

Employment Costs

141. Payment vouchers totalling \$649,242 were not presented for examination. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined. A diary of pay changes and an unpaid salaries register were also not maintained.

142. The Travelling Register bore no evidence of supervisory checks, and half-yearly returns of travelling were not prepared.

143. An examination of the bank reconciliation statements for the salaries bank account revealed several items which remained uncleared for a considerable period of time.

144. Reconciliation of the amounts paid over to the National Insurance Scheme with the employees' deductions records was not done for the period under review.

Other Charges

145. Payment vouchers totalling \$182,593 in respect of the purchase of materials and office supplies were not presented for examination. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined.

146. There was a lack of proper segregation of duties relating to the preparation and signing of cheques, the writing up of the Votes Ledger and banking. These activities were all carried out by the same person. The Accounting Officer explained that this practice was due to staff constraints.

147. Instances were noted of virement from one sub-head to another but the relevant approval from the Ministry of Finance was not seen.

Stores and Other Public Property

148. There was no evidence that the master and sectional inventories were checked by a senior officer to ensure their accuracy and that all assets were accounted for.

HEAD 10

TEACHING SERVICE COMMISSION

Expenditure Control

Employment Costs

149. The Salaries Register was not properly written up as relevant information, such as personal file reference, general order number and date of appointment, was not reflected in this record. There was also no evidence of supervisory checks in the Diary of Pay Changes and in the Salaries Control Register.

150. The Salaries Bank Account was overdrawn throughout the period under review, and at 31 December 1992 it reflected an overdraft of \$97,818. The account was also not reconciled since 1982, and the cash book was not balanced and checked regularly.

Other Charges

151. Instances were noted of virement from one sub-head to another but the relevant approval from the Ministry of Finance was not seen. In addition, thirty-six(36) payments totalling \$873,612 did not carry supporting vouchers as well as bills/receipts. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined. The Accounting Officer explained that the system provided for the Ministry of Finance to effect payment on behalf of the Commission and for vouchers to be retained by that Ministry.

Stores and Other Public Property

152. Inventory records were not updated for a considerable period of time. As a result, it could not be satisfactorily determined whether all assets under the control of the Commission were properly accounted for.

Other Matters

153. The Imprest cash book bore no evidence of supervisory checks, and the bank account was not reconciled for several years.

HEAD 11

PUBLIC PROSECUTIONS

Expenditure Control

Employment Costs

154. The Salaries Bank Account was not reconciled for the period under review, and the cash book bore no evidence of supervisory checks. A register of unpaid salaries was also not kept, and the annual return of employees' earnings (Form II) was not prepared and submitted to the Commissioner of Inland Revenue.

Other Charges

155. There was a lack of segregation of duties relating to the maintenance of the Votes Ledger, the preparation of payment vouchers and the writing and signing of cheques. These duties were all carried out by the same person.

156. Excess expenditure totalling \$1.123M was incurred in respect of eleven(11) subheads without authority.

157. Payments totalling \$2.146M were not supported by vouchers as well as bills/receipts. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined.

Stores and Other Public Property

158. Inventory records were not maintained to account for the assets under the control of this Department. Instances were also noted where purchases of stores items were not subject to normal storekeeping procedures.

Other Matters

159. The Imprest cash book was not checked by a senior officer but was instead certified by the Imprest holder. In addition, advance forms were not prepared when payments were made from the Imprest, and an advances register was not kept.

HEAD 12

PUBLIC SERVICE APPELLATE TRIBUNAL

Expenditure Control

Employment Costs

160. The Salaries Bank Account was not reconciled for the period under review.

Other Charges

161. Payment vouchers totalling \$77,905 were not submitted for audit examination. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined.

HEAD 13

ELECTIONS COMMISSION

Expenditure Control

Other Charges

162. Instances were noted where funds were vired from one subhead to another but the requisite approval from the Ministry of Finance was not seen. In addition, excess expenditure totalling \$52,000 was incurred under two(2) subheads.

163. The preparation, examination and approval of payment vouchers were done by the same officer. It was explained that this was due to staff constraints.

164. Sixty-nine(69) payment vouchers totalling \$4.817M were not presented for audit examination. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined. In addition, numerous instances were noted where bills and receipts in support of expenditure incurred were not attached to the payment vouchers.

Stores and Other Public Property

165. During the National and Regional Elections several expendable items were purchased for field activities and were to be returned to the Elections Commission after the Elections. However, a physical verification revealed several of these items were not returned.

HEAD 14

PUBLIC UTILITIES COMMISSION

Expenditure Control

Other Charges

166. Thirty-three(33) payment vouchers totalling \$1.110M were not presented for audit examination. As a result, the propriety of the expenditure incurred in respect of these payments could not be satisfactorily determined.

167. Excess expenditure totalling \$1.547M was incurred under two(2) subheads. However, an advance of \$1.532M was issued from the Contingencies Fund to cover the excess. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance.

Other Matters

168. The Commission's office had no safe to secure the Imprest, cheque books and receipt books. It was explained that several attempts to obtain a safe were not successful. The Register of Controlled Forms also bore no evidence of supervisory checks.

HEADS 15 & 18 - 20

LEGAL AFFAIRS & ATTORNEY GENERAL

HEAD OFFICE

Expenditure Control

Employment Costs

169. The Salaries Bank Account was last reconciled in 1986, and the cash book was not properly written up and bore no evidence of periodic supervisory checks.

170. The Travelling Register was not satisfactorily maintained as relevant information, such as designation of officer, mileage ceiling and details of insurance coverage, was not reflected in this record.

Other Charges

171. Instances were noted where funds were vired from one subhead to another but the requisite approval from the Ministry of Finance was not seen. In addition, the record of withdrawals was not reconciled with the records of the Accountant General's Department.

172. Several instances were noted where cheque order vouchers were not returned to the Accountant General within the stipulated sixteen(16) days, and several cheque orders remained outstanding at the end of the year.

173. Thirty-one(31) payment vouchers totalling \$5.784M were not presented for audit examination. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined.

174. Amounts totalling \$592,000, representing advanced payments for electricity charges, were paid to the Guyana Electricity Corporation. However, there was no evidence of reconciliation of the amounts paid with the actual charges raised by the Corporation. Instances were also noted of omissions in the Electricity Register which bore no evidence of supervisory checks.

175. The Contracts Register was not written up to indicate the contract sums and progress payments made. Instances were also noted where petty contracts were awarded as major contracts and vice versa.

Revenue Control

176. A revenue collectors chart, revenue accounts and a revenue control account were not maintained, although evidence was seen where significant amounts of revenue were collected. As a result, the Head Office was not in a position to effectively monitor the revenue collection of the Deeds Registry and Official Receiver Departments. In addition, instances were noted where revenue collected was not brought to account promptly.

177. Several instances were noted where receipt books were issued without any acknowledgements, and the dates when receipt books were completed and returned were not recorded in the Register of Controlled Forms.

178. In several instances the amounts on the book copies (triplicate copy) of receipts issued were illegible and therefore

the amounts involved could not be properly determined. As a result, much difficulty was experienced in posting receipts to the cash book. A number of receipts could also not be traced to the collectors cash book/statements.

179. According to the Revenue Statement for the Deeds Registry, revenue totalling \$107.373M was collected under a number of revenue heads and subheads. However, no records were kept at the Deeds Registry or at the Head Office to indicate the breakdown in revenue collection. In addition, the Accountant General's records showed that amounts totalling \$111.927M were collected, giving an unexplained difference of \$4.554M.

Stores and other Public Property

180. No records were kept for the stock of law books which were normally sold to the public, and a physical check of the stationery on hand with the ledger balances revealed the several instances of shortages.

181. Master and Sectional inventories were not maintained. As a result, it could not be determined what assets were under the control of these departments and whether they had been properly accounted for.

Other Matters

182. The Imprest cash book was not written up daily, and the daily cash composition book bore no evidence of supervisory checks.

OFFICIAL RECEIVER

183. There was no proper segregation of duties in respect of the collection and disposal of revenue and other monies, as the officer who collected the funds was also responsible for banking. There was also no evidence of supervisory checks of the records.

184. The collectors cash book/statements were not cast and balanced, and acknowledgement receipts for fortnightly statements of revenue remitted to the Accountant General were not presented for audit examination. Monthly returns of revenue were also not prepared.

185. The cash book bore no evidence of supervisory checks and was cast in pencil, and several omissions were noted. The bank account was also not reconciled for the period under review.

186. Payment vouchers were not presented for audit examination. As a result, a proper examination of this account could not have been undertaken.

187. Receipt and payment voucher numbers were not recorded in the ledger accounts to enable a proper check of the transactions to be carried out. The ledger accounts also bore no evidence of supervisory checks.

STATE SOLICITOR'S ACCOUNT

188. Several lapses in internal control were observed in respect of the State Solicitor's Account. Payment vouchers were prepared, checked and passed for payment by the same officer, and the cash book was not checked daily by a supervisory officer. The supporting vouchers were also not cancelled when payment was effected. In addition, the bank account was not reconciled for the period under review, and deposit slip numbers were not quoted in the cash book whenever deposits were made. The cash book was also not balanced for several years, and as a result the opening balance at 1 January 1992 could not be determined.

189. Several payment vouchers did not have supporting documents attached to them to substantiate the expenditures incurred. As a result, the propriety of the payments made could not be determined. There were also several omissions in the cash book and in the ledger accounts.

PUBLIC TRUSTEE'S ACCOUNT

190. The comments made in respect of the State Solicitor's Account are also applicable to the Public Trustee's Account.

DEEDS REGISTRY

191. Requisitions for receipts books were not submitted for audit examination, and issue notes were not recorded in the controlled forms register. Several receipt books were also not produced for audit examination.

192. It was observed that a number of receipts were cancelled. However, only the duplicate copies of the cancelled receipts were attached to the receipt book.

193. A number of pass books and several cheque books relating to an old salaries bank account were seen in the safe.

194. Passbook for Account No. 040243008 with a balance of \$27.423M as at 31/12/92 was found in the safe. It was explained that this account represented deposits lodged for the objection to the passing of transports. However, a cash book was not maintained. In addition, the account was controlled by the Assistant Accountant, and the Registrar and Deputy Registrar were the signatories to the account. However, there was no evidence of supervisory checks being carried out.

195. The collectors cash book/statements and bank deposit slips for certain periods were not presented for audit examination. A summary of the revenue collected under the various subheads was also not reflected in the collectors cash book/statements. As a result, the accuracy of the revenue collected under each subhead could not be satisfactorily determined.

196. Several instances were observed where revenue collected was not banked promptly. In addition, whenever collectors cash book/statements(CCBS) were received from the New Amsterdam Sub-Treasury they were entered in a foolscap book in the Deeds Registry Head Office and then sent to the Ministry of Finance. However, according to this record only the CCBS's for January to May 1992 were received. It would appear that the CCBS's were sent directly to th Ministry of Finance for the remainder of the year. Further, acknowledgement receipts were not issued to the New Amsterdam Sub-Treasury, whenever funds were received.

197. Monthly statements of revenue collected and half-yearly statements of arrears of revenue were not produced for audit examination, and several instances were observed where acknowledgement receipts were not obtained from the Accountant General for half-monthly CCBS's remitted to that Department.

198. Deposit slip numbers were not quoted in the CCBS's to enable verification of deposits made in relation to the revenue collected. The CCBS's submitted also bore no evidence of supervisory checks.

199. Several mortgage documents were not produced for audit examination. As a result, it was not possible to verify the Registrar's fee and stamp duties paid.

200. Blank transport forms were kept by the Confidential Secretary to the Registrar of Deeds, and the forms were not properly secured in a locked cabinet or safe. Rather, they were kept in an unlocked cupboard. The Registrar of Deeds was also in possession of blank forms. In addition, no record of receipts and utilisation of the

forms was maintained. This state of affairs can lend itself to the irregular use of these forms.

201. Several business places were not re-registered, according to the Business Names Register. The Register also bore no evidence of supervisory checks.

202. Copies of minutes of company meetings were not seen in several files examined. In addition, the Companies Register bore no evidence of supervisory checks.

HEADS 16 - 17

SUPREME COURT OF JUDICATURE & MAGISTRATES

Expenditure Control

Employment Costs

203. The salaries bank account for the Supreme Court was overdrawn by \$3.734M as at 31 December 1992 as a result of remittances not being received from the Ministry of Finance for the months of November and December 1992. In addition, the cash book was not cast and balanced for the period under review and was not written up since August 1992. The bank account was also not reconciled for several years.

204. Several unpaid salaries were refunded to the Salaries Bank Account but were not transferred to the Main Bank Account, as required by financial instructions.

205. The Salaries Bank Account for the Georgetown Magistrates' Court was overdrawn by \$3.626M as at 31 December 1992 as a result of the failure to obtain remittances from the Ministry of Finance for several months. The cash book was also not written up and the bank account was not reconciled for the period under review. In addition, the Salaries Register was not written up for the period July - December 1992.

206. Employees at the Georgetown Magistrates' Court acknowledged receipt of their salaries for certain periods on the cheque stubs rather than on the paysheets. This state of affairs was due to the fact that paysheets were not examined and passed for payment by the Supreme Court since funds were not available.

207. A register of cheques paid over to the National Insurance Scheme was not maintained, and there was no evidence of supervisory checks on the NIS records.

208. The Travelling Register was not properly written up as relevant information such as vehicle registration number, cubic capacity and details of insurance coverage, was not recorded therein. Half-yearly returns of travelling were also not prepared.

Other Charges

209. The balance on the Main Bank Account as at 31 December 1992 was \$10.643M. The Cash Book was, however, not cast and balanced for the period under review and was not written up for December 1992. In addition, the bank account was not reconciled for several years. As a result, the actual balance on this account could not be properly determined.

210. Remittances from the Accountant General were last received and deposited into the Main Bank Account in October 1992. Had such remittances been received for November and December 1992, the balance on this account would have been significantly larger. It is understood that compliance certificates were not prepared and submitted to the Ministry of Finance, resulting in the cessation of remittances to this Ministry.

211. As a result of remittances not being received, several liabilities could not have been discharged. In addition, the failure to obtain remittances from the Accountant General had a negative impact on the imprest and salaries accounts, as transfers were not made from the Main Bank Account to these accounts to meet expenditure. This state of affairs resulted in the bank accounts being overdrawn. Further, at the 31 December 1992 there were unpaid vouchers totalling \$9.111M which would have to be met from 1993 Voted Provision, with the resultant under-statement of expenditure in 1992.

212. Instances were noted where purchases were made from private suppliers, but there was no evidence that the items were not available at Government agencies nor was a three-quote system adopted. In addition, there was no evidence that the items purchased were actually received and brought to account in the stock ledger.

213. The Telephone Register was not properly maintained, as a number of omissions were noted. A separate record was also not kept for residential telephones, and there was no evidence of

supervisory checks.

214. Payments totalling \$16.951M were not supported by vouchers as well as bills and receipts. This amount represents approximately 73% of the voted provision for the Supreme Court and the Magistrates Courts. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined.

215. The Votes Ledger was not properly maintained, as several subheads were not posted up-to-date with payments made. Some subheads were posted up to July 1992 while others were posted to September 1992. In addition, numerous paid vouchers were found in drawers and were not entered in the Votes Ledger. As result, the completeness and accuracy of the Votes Ledger, from which the Appropriation Account was prepared, could not be determined.

216. Excess expenditure totalling \$1.65M was incurred under eight(8) subheads without approval.

Revenue Control

217. Collectors cash book/statements(CCBS) were last written up in October 1992 and were not balanced on a daily basis. In addition, the dates deposits were made, the deposit slip numbers and the amounts deposited were not recorded in the CCBS's. Revenues collected by sub-offices and deposited in the Main Bank Account were also not transferred to the Accountant General, resulting in the large balance in this account.

218. Revenue accounts, a revenue control account and a revenue collectors chart were not maintained. As a result, it was not possible to verify the accuracy of the revenue collected and shown in the Revenue Statements. In addition, there was no evidence that collectors cash book/statements were submitted to the Accountant General for the period under review.

219. A register of used and unused receipts was not kept, and mails received through the post were not opened in the presence of two(2) officers. A register of remittances received was also not kept.

Stores and Other Public Property

220. Stores records such as a goods received book, stock ledger and bin cards were not maintained. Inventory records also bore no evidence of supervisory checks, and a register of keys and safe contents were not kept.

Other Matters

221. The ordinary imprest with an allocation of \$30,000 was overdrawn by \$1.198M as at 31 December 1992, and the cash book was not written up since April 1991. In addition, the Chief Accountant was personally operating the Imprest and had full control over the all the records which were not subject to supervisory checks.

222. An examination of the cash book presented revealed that this record was written up from the cheque stubs, as in several instances payment vouchers were not prepared. The cash book was also not properly written up and was not balanced on a daily basis.

223. Advances issued from the Imprest were not cleared promptly, and, according to the Advances Register, advances totalling \$660,332 were outstanding as at 31 December 1992. Advances were also issued to officers without first clearing the previous advances, and advances totalling \$225,098 were not recorded in the Advances Register.

224. Repayment of advances was done either by cash or by cheques, and receipts were issued for the amounts received. However, only cheques were deposited into the Imprest Account while the cash was utilised to make further advances, contrary to financial instructions.

225. The Imprest was not retired at the end of the year, and the bank account was not reconciled for the period under review.

226. The Witnesses and Jurors' Imprest with an allocation of \$30,000 was overdrawn by \$3.320M as at 31 December 1992. In addition, the Imprest was not retired at the end of the year because several payments totalling \$2.5M were under investigation by the Police for alleged irregularities. These payments were not recouped from the Main Bank Account thereby contributing to the large overdraft. The bank account was also not reconciled for several years.

227. At the Georgetown Magistrate's Court it was observed that a total of \$2,591,858 was collected as revenue and paid into the Main Bank Account. However, according to the Revenue Statement a total of \$7,141,645 was collected, giving an unexplained difference of \$4,549,787. In addition, the total revenue paid over to the Consolidated Fund amounted to only \$1,113,000.

228. According to the Revenue Statement there has been a significant shortfall in revenue collection for Head 5 - Fees, Fines etc. amounting to \$14,161,397. This was due mainly to the failure to collect unpaid fines under the relevant Magisterial Districts.

229. The Register of Controlled Forms was not satisfactorily maintained as pertinent information, such as requisition numbers, and from whom received, was not reflected in this record. In addition, several receipt books were issued by Georgetown Magistrates Court to all district Magistrates Courts without requisitions being prepared. A number of receipt books on hand were also not reflected in the Register, and copies of several receipts issued could not be located.

230. Several case jackets could not be traced in the Civil Record Book, and a total of 537 case jackets relating to Civil matters were not produced for audit examination. The Civil Record Book also bore no evidence of supervisory checks. In addition, several instances were noted where the decision taken by Magistrates were not recorded in the Record Book.

231. The Criminal Record Book was not written up to indicate when cases were completed, and several instances were noted of alterations without the initials of the supervisory officer. In addition, a number of criminal case jackets were not entered in the Criminal Record Book which bore no evidence of supervisory checks. Further, over four thousand criminal case jackets were not presented for audit examination.

232. Several instances were observed where fines imposed by the Magistrates were recorded in the related case jackets but were not entered in the Fines Register. In fact, only 163 fines were recorded in the Fines Register although thousands of fines were imposed by the Magistrates during 1992.

233. Thousands of case jackets with unpaid fines totalling \$3.5M were found on hand at the time of the inspection, and several of these case jackets related to previous years. It is evident that prompt action was not taken to collect this large amount of unpaid fines. In addition, there was no evidence that warrants were not served on the defaulters. Several completed case jackets were also filed with incomplete case jackets.

234. Several instances were noted where cash bail was escheated by the Magistrates but there was no evidence to indicate whether these amounts were paid over to revenue. In addition, because of the

unsatisfactory manner in which records were kept, it could not be determined whether all moneys in respect of escheated bail had been properly accounted for.

235. Several appeal cases were found on hand, but the Appeals Register did not indicate whether these files were sent to the Supreme Court. In addition, a number of appeal cases which should have been on hand were not presented for audit examination, and several appeals file folders were seen without any documents attached to them.

236. An examination of the Traffic Tickets Record Book revealed numerous instances where fines were not paid, and there was no evidence of follow-up action was being taken against the defaulters. Instances were also noted where traffic tickets were not entered sequentially in the Register and where the related case jacket numbers were not quoted on the traffic tickets. In addition, the Traffic Ticket Record bore no evidence of supervisory checks, and several tickets were seen scattered around the Office and could not be traced in the Record Book.

237. Advances totalling \$1,615,707 were issued from the Suitors' Deposit Account to supplement imprest payments in view of the inadequacy of the imprest allocation. There was, however, no evidence to indicate whether these amounts were refunded.

238. Cash collected in respect of the Suitors' Deposit was not banked intact daily, as sums were retained to effect payments, contrary to financial regulations. This practice can lead to irregularities. The bank account was also not reconciled for the period under review.

239. The Suitors' Deposit Cash Book was not written up to differentiate between cash and cheque payments. Instead, both cash and cheque payments were written up in one column. As a result, it was not possible to ascertain the cash on hand at any point in time. In addition, cheque numbers were not recorded in the cash book.

240. Several instances were observed where payments were made on disbursements receipts for the refund of bail deposited. However, no supporting documents such as duplicate receipts or affidavits were attached to validate the payments. In addition, revenue stamps were not always affixed to disbursement receipts, and a number of disbursement receipts were not submitted for audit examination.

241. The Suitors' Deposit Ledger was not written up-to-date for the entire period under review, and the Ledger was not indexed to show the various types of deposits and their related receipts and payments.

242. The Controlled Forms Register was not properly maintained at the Maintenance and Bastardy Section and bore no evidence of supervisory checks. Requisitions were also not prepared when cheque books were issued for use by the Bastardy Account. In addition, cash collected was not banked intact, and sums were retained to effect payment, contrary to financial regulations. This practice can lead to irregularities. Further, the bank account was not reconciled for the period under review.

243. An examination of the cash book relating to the Bastardy Account revealed that cheque numbers were not quoted in the cash book for cheques received through the post, and the cash book was not cast and balanced.

244. A total of 165 distress warrants were not issued to defaulters for the period under review, and several fine warrants remained unexecuted at the time of the inspection. The writ book and warrant register also bore no evidence of supervisory checks.

245. It was observed that whenever the Bailiff paid over the proceeds from the sale of items to the cashier, acknowledgement receipts were not obtained. In the circumstances, it could not be determined whether such funds were duly accounted for.

246. Several items seized were not entered in the Property Book which was not properly bound and bore no evidence of supervisory checks. In addition, items stored in the bond were not tagged to readily identify them, and several items were scattered in the bond.

247. Instances were observed where transports were entered in the Register of Transports, but pertinent information, such as the amount of bail, case jacket number and name of defendant, was not stated in the Register. In addition, a number of transports were not produced for audit examination, and several bail bonds were not affixed to transports.

248. In several instances the value of the transport was inadequate for the amount of bail imposed by the Magistrate. Identification or passport numbers were also not always quoted in

the Transport Register whenever transports were uplifted, and the Register bore no evidence of supervisory checks.

HEAD 21

MINISTRY OF FOREIGN AFFAIRS

HEAD OFFICE

Expenditure Control

Employment Costs

249. A number of omissions were noted in the Salaries Register, and a diary of pay changes was not kept. The Salaries Control Register was also not written up for the period November - December 1992. In addition, several unpaid salaries were still on hand but no unpaid salaries register was kept. Deduction schedules were also not produced for audit examination.

250. The balance on the Salaries Bank Account as at 31 December 1992 was \$171.6M. This situation came about as a result of the payment of salaries to officers of the overseas missions using the proceeds from the sale of gold in Canada. Reimbursements were to have been made to the Ministry of Finance but there were undue delays, resulting in a build up of the balance in the bank account. In addition, the bank account was not properly reconciled and the officer preparing the reconciliation statement also certified it. The cash book was also not properly written up and bore no evidence of supervisory checks.

251. Several advances on salaries issued from the Salaries Bank Account remained uncleared for a considerable period of time, and in many instances the advances were not authorised. In addition, a number of payments, mainly in respect of the purchase of foreign currency, bank draft, revenue stamps for overseas missions and air tickets, were improperly made from the Salaries Bank Account and in many instances the nature of the transactions could not be ascertained. Further, instances were noted of payments relating to overseas visits but there was no evidence of approval by Cabinet for such visits.

252. The Travelling Register was not properly maintained as relevant information, such as authority for payment and details of insurance coverage, was not reflected in this record. Instances were also noted where the payment of travelling ceased without any reason being stated in the Register. Half-yearly returns of travelling were also not prepared.

Other Charges

253. Amounts totalling \$13.737M were paid for electricity supplied to this Ministry. However, the Electricity Charges Register was not produced for the period January - April 1992. For the period for which it was produced, it was not properly written up and bore no evidence of supervisory checks.

254. An examination of the Head Office Telephone Register revealed that overseas telephone calls totalling \$3.304M were made on office and residential telephones. However, it could not be ascertained whether all the calls made were for official purposes, as no details were provided. The Telephone Register also bore no evidence of supervisory checks.

255. Payment vouchers in support of expenditure incurred by several of the Ministry's overseas missions were not submitted to the Accountant General together with the cash books. In respect of those Missions which have made submissions, evidence was not seen that submissions were made for the entire year. As a result, such expenditures have not been examined by the Accountant General in order to ensure that they represented a proper charge to the Ministry's votes. In addition, an examination of the payment vouchers which were submitted to the Accountant General revealed that several of them were incorrectly coded and some were under query.

256. Overseas Missions did not always submit payment vouchers, cash books and other related documents to the Ministry's Head Office. Instead, submissions were made direct to the Accountant General, and Head Office did not have a system in place to effectively monitor the submission of these documents.

257. Supporting documents such as vouchers as well as bills/receipts were not seen in respect of payments totalling \$128.334M by Head Office. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined.

258. Excess expenditure totalling \$22.306M was incurred under five(5) subheads without authority. There were also instances of misallocation of expenditure.

259. A register was kept by the Ministry in which details of expenditure for the Ministry's Head Office and overseas missions were summarised. This record reflected a total expenditure of

\$1,180.9M. The Appropriation Account, however, showed expenditure totalling \$1,100.5M, giving an unexplained difference of \$80.4M.

260. Several instances were noted where purchases were made from private suppliers, but there was no evidence to indicate that the items were not available at Government agencies. In addition, in a number of instances the supporting documents were not stamped to indicate that the items were received and recorded in the stock ledgers. In other instances, although the annotation of the receipt of supplies was seen, the entries could not be traced in the stock ledgers.

Revenue Control

261. According to the Statement of Receipts and Disbursement submitted by the Ministry of Foreign Affairs, amounts totalling \$130.248M were collected, of which amounts totalling \$125.671M were paid over to the Consolidated Fund. However, the completeness and accuracy of these amounts could be determined for the following reasons:-

- (a) Revenue accounts and a revenue control account were not kept;
- (b) Supporting documents such as collectors cash book/statements, bank deposits slips and acknowledgement receipts by the Accountant General were not presented for audit examination for several of the Overseas Missions;
- (c) The Revenue Register kept at Head Office reflected amounts totalling \$72.313M as having been collected, compared with \$130.248M reported in the financial statement.

262. Overseas Missions did not always submit collectors cash book/statements, receipts and deposit slips to Head Office. Instead, submissions were made direct to the Accountant General, and Head Office did not have a system in place to effectively monitor the collection and remitting of revenues.

263. Receipt books received during the year were not recorded in the Controlled Forms Register. As a result, it could not be determined whether there was proper control over the receipt and issue of receipt books. In addition, a register of used and unused receipts was not kept.

Stores and Other Public Property

264. A goods received book was not kept, and several instances were noted where issues were not authorised and where there was no

acknowledgement of the items issued. Such a practice can lead to irregularities. In addition, the stock ledger was not properly written up and was not balanced. As a result, a physical check of the items on hand as against the stock ledger balances could not be carried out.

Other Matters

265. The Ordinary Imprest Bank Account was not reconciled for the period under review, and the cash book and the Advances Register were not properly written up. Instances were also noted where advances granted from the Imprest were not authorised. In addition, although the Imprest was fully retired at the end of the year, several unrecouped vouchers were on hand.

266. A controlled forms register was not kept to record the receipt and issue of cheque books.

267. The operation of the Standing Imprest ceased as at July 1992. It could not, however, be determined when last the bank account was reconciled, and as at 31 December 1992 the account reflected an overdraft of \$57.577M. The authority for incurring overdraft of this magnitude was not seen. The cash book was also not satisfactorily maintained. In addition, as at 31 December 1992 unrecouped vouchers totalling only \$2.652M were on hand.

268. Reconciliation statements for bank accounts operated by overseas Missions were produced for audit examination for varying periods.

269. Separate records and accounts in respect of monies received from the proceeds of sale of gold from Marcom (Canada) were not maintained. It was explained that only files bearing copies of memoranda whereby approval was sought for release of funds to send to Missions were kept.

CONSULATE GENERAL'S OFFICE - TORONTO

270. A sub-accountant's cash book was not kept. However, at the time of the inspection, an officer was in the process of writing up the cash book. The Main Bank Account was also not reconciled since June 1991.

271. The Votes Ledger was not written up for the period January - August 1992. For the period for which it was written up, the Votes Ledger was not properly maintained and bore no evidence of supervisory checks. In addition, several instances were noted where

expenditure under the various subheads exceeded budgetary allocations.

272. Subsidiary records such as a telephone register, an electricity register and a rent register were not maintained to monitor the amounts paid for these services.

273. Receipts were not issued for the collection of revenue for the issue of life certificates and from the sale of passport application forms. In addition, evidence was not seen to indicate that all collections and banking were checked daily.

274. Revenue collected for the period January to March 1992 was not remitted to the Accountant General's Department but was used to finance the operations of the Consulate. It was explained that revenue was retained to meet operating expenses in accordance with instructions issued by the Accountant General.

275. Receipt vouchers and collectors cash book statements were not prepared and submitted to the Accountant General's Department to enable the revenues collected to be reflected in the accounts of the Consolidated Fund. A remittances book to record all monies received through the post was also not kept, and mails are not opened in the presence of two officers.

276. A register was required to be kept to record the main stock of revenue stamps received and issued for the preparation of passports. This register was, however, only written up with effect from January 1992 and therefore the accuracy of the opening balance could not be determined. Stamps were also required to be checked and balanced with the stamp register on a daily basis. However, evidence was not seen to indicate that this was done. Further, the record kept for the use of stamps did not have details of the quantities received and daily balances. As a result, it was not possible to determine whether all stamps issued for use in the preparation of passports were accounted for.

277. A register was required to be kept to record details of the main stock of passport books received and issued to the passport section. The Register presented was, however, written up with effect from 1992 and therefore the accuracy of the opening balance could not be determined.

278. Receipts were not issued for remittances received on behalf

of the Students Account, and payment vouchers were not prepared when payments were made.

279. An inventory of assets owned by the Consulate was required to be kept and maintained on a continuous basis. However, the inventory seen was compiled in 1991 and did not bear evidence of check by a senior officer to attest to its accuracy. In addition, test checks carried out revealed a number of items on hand were not reflected in the inventory records.

GUYANA EMBASSY, WASHINGTON

280. Financial regulations provide for the appointment of a sub-accounting officer at each sub-office of a Ministry. However, at the time of the inspection there was no sub-accounting officer at the Guyana Embassy in Washington. In the circumstances, there was no one on whom responsibility can be placed for the financial affairs of the Embassy.

281. Remittances were received from Marcom Canada to be disbursed to the respective Missions on the authority of Office of the President. However, several payments were made from these remittances for which no authorisations were not seen and for which there was no evidence that these amounts were recovered.

282. A record of remittances was required to be kept for all remittances received from Marcom and elsewhere for the incurrence of expenditure. However, such a record was not kept by the Mission. As a result, alternative audit procedures had to be used to verify remittances.

283. All receipt vouchers prepared were required to be coded to facilitate processing by the Data Processing Unit of the Ministry of Finance. It was, however, observed that the remittances code was not quoted on the receipt vouchers.

284. The Votes Ledger was not properly maintained. For example, the balance available column was not written up, entries were not initialled by the supervisory officer, the amount of remittances were not stated, and liabilities were not recorded. As a result, there was no control over the expenditure of the Mission which resulted in the votes being exceeded and bank accounts being overdrawn on a number of occasions.

285. Financial regulations provided for subsidiary records such as telephone registers, electricity registers and rent register to be maintained to monitor the amounts paid for these services.

However, these records were not maintained. In addition, there was a lack of proper segregation of duties relating to the preparation of vouchers, writing up of records, preparation of cheques and the signing of cheques. These activities were carried out by the same person.

286. A register of counterfoil forms required to be kept to record the receipt and issue of the main stock of receipt books at the Embassy was not maintained. As a result, it was not possible to readily determine whether all receipt books issued to the Embassy were accounted for.

287. It was observed that receipts were not issued by the Consular Section for the amounts received for the authorisation of documents. In addition, a record to provide details of the amounts received and how they were disposed of was not seen for the period January to April 1992. As a result, it was not possible to determine whether all amounts received were accounted for.

288. A record of used/unused receipts was not kept. The absence of this record would result in checking officers not having a proper basis when verifying the collection of monies.

289. Receipt books were kept in an unlocked cabinet, and double faced carbon paper was also not used in the preparation of receipts.

290. Although the revenue books kept by the Consular Section were initialled when monies were collected by the Accounts Section, these books were not subject to detailed checks with the receipts issued. The last receipt issued daily was also not initialled as evidence of such checks. In addition, daily checks were not carried out over cash received by the Accounts Section together with the cash book.

291. Deposit slips were not checked daily by a senior officer to ensure that amounts collected were banked intact. References to the receipts issued by the Accounts Section for monies collected by the Consular Section were also not provided in the individual records kept by the Consular Section. As a result, it was not possible to readily verify whether all monies collected by the Consular Section were paid over to the Accounts Section.

292. Comparisons between the various revenue books kept by the Passport Section with the cash books kept by the Accounts Section

revealed differences between the amounts collected by the Consular Section and the amounts paid over to the Accounts Section .It was explained that this differences resulted from payments made from revenues for postage of passports etc. to applicants. However, evidence was seen to account for only a part of the difference.

293. All invoices/bills of laden etc. endorsed by the Embassy were required to be sequentially numbered. However, these documents were not numbered. In addition, endorsement of these documents was done by the same officers who also collected the fees, issued receipts, wrote up the cash book and did the banking. As a result of not numbering each endorsement, it was not possible to determine the total endorsements made for 1992. In addition, the performance of the above duties by the same person did not provide for an adequate internal control system over the assessment, collection, recording and accounting for revenues.

294. A remittances book to record all monies received through the post was not kept. The absence of this record would result in inadequate controls over the receipt, recording and accounting for monies received through the post.

295. A master inventory and inventories for officers' quarters were only introduced in October, 1992, and sectional inventories for the Chancery were not kept. As a result, it could not be determined whether all assets of the Embassy were accounted for.

296. There were several unserviceable items such as typewriters, word processor, duplicating machine, photocopying machine, at the time of inspection. Furniture and equipment were also not marked to make them easily identifiable as Government's property.

297. A register of the contents of the safe was not kept. In addition, a register was required to be kept to record the main stock of stamps received by the Embassy and issued to the Consular Section for processing of passports. Such a register was not kept for the period January to June 1992. However, a register written up from July 1992 only reflected issues to the Consular section. It did not provide details of the stock of each denomination of stamps at this date as well as the balances of stamps after each receipt and issue transaction. As a result, it was not possible to ascertain whether the main stock of stamps issued to the Embassy was accounted for.

298. A register was required to be kept to record details of the main stock of passports received by the Embassy and issued to the

Consular Section for issue to applicants. A register was written up from the 10 January 1992. However, it did not reflect the stock of passports on hand at that date. The Register was also not subject to supervisory checks.

GUYANA CONSULATE GENERAL'S OFFICE - NEW YORK

299. At the time of inspection there was no sub-accounting officer. In the circumstances, there was no one on whom responsibility could be placed for financial affairs of the Consulate.

300. It was observed that the remittances code was not quoted on receipt vouchers and therefore it would be difficult for such transactions to be processed by the Ministry of Finance for the updating of the public accounts of the Country.

301. The sub-accountant's cash book was only written up to September 1992, and incorrect balances were carried forward from month to month. In addition, cash books were not submitted along with the payment vouchers and receipt vouchers to the Accountant General's Department and were not subject to supervisory checks. Further, there was no evidence of reconciliation of the bank account for the period under review.

302. Entries in the votes ledgers were not initialled by the supervisory officer for the period January to September, 1992. This exercise is essential to ensure that funds are available before certifying vouchers for payment. In addition, several instances were noted where total expenditure and outstanding liabilities exceeded allocations and where the allocations recorded in the vote accounts differed from the allocations received from Head Office.

303. A controlled forms register was required to be kept to record the receipt and issue of receipt books used to collect revenues and other monies. In addition, requisitions for receipt books were to be made by an officer not below the level of Accountant, and the custody of books should be in the possession of an officer not below the level of an Assistant Accountant. However, the Register was not presented for the period under review. In addition, passport acknowledgement forms used to collect passport fees were kept in an unlocked room which had unrestricted access, and these books were issued by a typist/clerk who also had custody of them.

304. The Register of Receipt Books which was written up from May

1992 was maintained by the Executive Officer II who also had custody of the general receipt books, collected revenue and had custody of same until banked. This practice is not considered good internal control and can lead to irregularities. In addition, the Register bore no evidence of supervisory checks.

305. A record of used/unused receipts was not kept to provide details of all receipts issued for the collection of revenues and other monies. The absence of this record would result in the checking officers being unable to ascertain the number of books issued from the main stock for the collection of monies. As a result, these officers would not have a proper basis in order to check the cash books.

306. A record was not kept of the receipts and issues of passport application forms. The absence of this record could result in supervising officers being unable to carry out proper checks to account for all forms and the proceeds from the sale thereof.

307. Double-faced carbon paper was not used in the preparation of receipts issued for the collection of monies.

308. Revenue collected for the period under review was not remitted to the Accountant General's Department but was used to finance the operations of the Consulate, contrary to financial regulations. In addition, collectors cash book/statements were not prepared and submitted to the Accountant General's Department to enable the revenue transactions to be recorded in the accounts of the Consolidated Fund.

309. Receipt vouchers were not prepared daily for the total revenues collected and reflected in the sub-accountant's cash book. Instead, a general receipt was prepared for the total revenues banked. It was explained that revenues collected were utilised to make cash payments. However, the cash book was not written up to identify all cash payments made. As a result, it was not possible to ascertain whether the amounts recorded in the cash book agreed with the total amounts of revenues collected and whether all revenues had been properly accounted for.

310. The Consulate collected revenue from the notarisation of documents such as affidavits, powers of attorney, applications for birth and marriage certificates. It would be necessary for a record of all such notarisations to be kept to provide a basis on which the amounts collected can be verified. However, no such records were maintained.

311. Consular fees were collected for the endorsement of shipping documents relating to each consignment of goods exported to Guyana. However, no records were maintained for the period January - March 1992 to enable the independent verification of fees collected. In addition, copies of documents were not retained to allow for the verification of the amounts collectible when compared with the amounts reflected in the cash book. As a result, it was not possible to ascertain the amounts of consular fees to be accounted for the period under review.

312. A remittances book was required to be kept to record details of all monies received through the post and how they were disposed of. However, a remittance book in the approved format was not kept, and the record kept did not have evidence of the initials of the receiving officers. Mails containing remittances were also not opened in the presence of another officer.

313. Inventory records were not maintained for the greater part of the year, and lists of assets were prepared and submitted to the Ministry of Foreign Affairs on the 14th October, 1992. In the circumstances, it could not be determined whether all assets under the control of the Consulate were properly accounted for. In addition, a number of assets formally utilised by two officers were placed in storage sometime in early 1993. However, evidence of the receipt and details of these assets from the stores were not seen.

314. A record of receipts and issues of revenue stamps to be affixed on passports was not maintained. As a result, it could not be determined whether all revenue stamps received by the Consulate were properly accounted for.

315. A register was required to be kept of all passport books received and issued to the passport section for issue to the public. However, the register was only introduced from 17th December 1992, and at the time of inspection, 500 ordinary passport books seen on hand were not reflected in this record. In the circumstances, it could not be determined whether all passport books received by the Consulate had been properly accounted for.

316. In accordance with their contracts, students who were awarded scholarships by the Government of Guyana were required to return and serve Guyana for the appropriate number of years. There were three(3) students who breached their contracts in 1992 and were repaying the cost of their training. These amounts totalling US\$5,866 were deposited in the Students' Bank Account instead of being paid over to revenue.

GUYANA PERMANENT MISSION TO THE UNITED NATIONS

317. A record of remittances to record all moneys received through Washington and elsewhere for the incurrence of expenditure was not maintained for the period January - May 1992.

318. Receipt vouchers were required to be prepared to reflect all remittances received and brought to account in the sub-accountant's cash book and in the bank account. However, receipt vouchers for the period January - May 1992 were not produced for audit examination. In addition, the sub-accountant's cash book was not submitted along with the payment vouchers and receipt vouchers to the Accountant General's Department for the period January - May 1992. As a result, such transactions would not be processed by the Ministry of Finance for the updating of the Public Accounts.

319. Several instances were noted where total expenditure and outstanding liabilities exceeded allocations and where allocations recorded in the vote accounts differed from the allocations received from Head Office.

GUYANA HIGH COMMISSION - LONDON

320. Receipt vouchers were not prepared to record the remittances received, and a sub-accountant's cash book was not maintained.

321. Several instances were noted where total expenditure and outstanding liabilities exceeded allocations and where liabilities were not entered into the vote accounts.

322. The Votes Ledger was not written up for December 1992, and was not properly maintained. Several instances were also noted where entries were not initialled, figures were written in pencil and the columns were only totalled on a monthly basis.

323. There was no evidence of reconciliation of the Main Account and several other bank accounts because cash books were not being maintained, and except for the Main Bank Account, payment vouchers were not prepared for payments made. Two(2) bank accounts were also overdrawn as at 31 December 1992 by amounts totalling over one(1) million pounds sterling.

324. Several instances were noted where payment vouchers did not carry supporting documents such as bills and/or receipts. In the circumstances, the propriety of such expenditure could not be established.

325. A register of controlled forms was written up with effect from February 1992 but the dates when the books were received were not reflected in this record. In addition, a physical check of used books on hand revealed a quantity of such books were not entered in the Register which bore no evidence of supervisory checks.

326. Receipt books were in the custody of a Typist/Clerical Assistant who was performing accounting duties and who also collected revenue from the passport section, wrote up the collectors cash book/statements and did banking. This lack of segregation of duties resulted in inadequate controls being exercised over revenue.

327. Receipts were not issued for revenue collected by the passport section for certain periods, and daily supervisory checks were not carried out over the revenue collected.

329. Collectors cash book/statements were not written up for certain periods. Double-faced carbon was also not used in the preparation of receipts.

330. Because there was a total breakdown in the system of receiving, recording, banking and checking of revenue collected, it was not possible to ascertain whether all revenues collected were duly brought to account.

331. Checks carried out for the period January - August 1992 revealed that amounts totalling 13,294 pounds sterling could not be traced as having been banked. As a result of this apparent shortage, disciplinary action was taken against a number of staff members.

332. Revenue collected for the period January - August 1992 was not remitted to the Accountant General's Department but was used to finance the operations of the High Commission, contrary to financial regulations. It was explained that revenue retained to meet operation expenses of the Consulate was in accordance with instructions by the Accountant General. In addition, acknowledgements were not seen for revenue remitted to the Accountant General's Department for the period September - December 1992.

333. Inventory records were not maintained for assets under the control of the High Commission for the greater part of the year.

In the circumstances, it could not be determined whether all office assets were properly accounted for.

334. Storekeeping procedures were not followed in the purchase, receipt and issue of stores items. A stock ledger and a goods received book were also not maintained and internal stores requisitions were not used to requisition items. The failure to follow storekeeping procedures can lead to irregularities.

335. Students who were awarded Government of Guyana awards were required to return to Guyana and serve for a number of years as specified in their contracts. There were, however, several students who graduated but did not return to Guyana and there was no evidence that they were repaying the cost of their training.

336. A record was not kept for the receipt and issue of revenue stamps to be used in passport books. As a result, it was not possible to verify the accuracy of the balance of stamps on hand at the time of the inspection.

337. A record was not maintained to provide details of all passport books received and issued to the passport section. As a result, it was not possible to verify the accuracy of the balance of passport books on hand at the time of inspection.

HEADS 22, & 24 - 28

MINISTRY OF HOME AFFAIRS

HEAD OFFICE

Expenditure Control

Employment Costs

338. Pertinent information, such as date of appointment, file reference, government order number and date of termination of appointment, was not always quoted in the salaries registers which bore no evidence of supervisory checks. In addition, the salaries cash book was not properly maintained, and an unpaid salaries register was not kept.

339. The Travelling Register bore no evidence of supervisory checks and was not written up to provide relevant details so that a proper examination of the payment of travel allowances and mileage could be carried out.

340. Deductions totalling \$218,207 were not paid over to the National Insurance Scheme. It was explained that the voted provision was exhausted and supplementary provision had been sought from the Ministry of Finance to clear these outstanding liabilities. In addition, a register of contributors to the Scheme was not kept, and the Register of Cheques paid over to the Scheme was not written up for the period October - November 1992.

Other Charges

341. Supporting documents such as bills and receipts in respect of payments totalling \$3.864M were not presented for audit examination. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined.

342. A total of 1028 payment vouchers valued at \$65.359M, representing approximately 46% of the budgeted expenditure, were not presented for audit examination. In the absence of payment vouchers and other supporting documents, the propriety of the expenditure incurred in respect of these payments could not be determined.

343. The Main Bank Account was not reconciled since December 1989 and reflected a balance of \$11.874M as at 31 December 1992.

344. The Cheque Order Register was not properly maintained as relevant information, such as date voucher uplifted, date returned, signature of officer and supervisor, was not reflected in this record which bore no evidence of supervisory checks. In addition, cheque orders in excess of \$12.5M were not returned to Head Office.

345. The Votes Ledger was not properly written up, and many entries were made in pencil. In addition, instances were noted where funds were vired from one subhead to another but the relevant approval from the Ministry of Finance was not seen

346. The system of purchase and receipt of goods was unsatisfactory. Requisitions to purchase were not used, and supervisory checks were not carried out to ensure that the actual receipts agreed with what were requisitioned. In many instances there was also no evidence of receipt of goods. In addition, several purchases were made from private suppliers without evidence to indicate that the items were not available at Government agencies nor was a three-quote system adopted. Further, several bills/receipts were not certified, and stock ledger folio numbers were not quoted on the bill/receipts or on the payment vouchers to indicate that the items were received and duly brought to account.

347. Several instances were noted of misallocation of expenditure. In addition, expenditure totalling \$502,714 for renovation of the Head Office building was treated as current expenditure instead of capital expenditure.

348. The Telephones Register was not properly kept since reference to payment voucher numbers and bills were not stated therein. A register of overseas calls was also not maintained. In addition, instances were noted where the period for which payments were made was not quoted on the payment vouchers and where bills were not attached to the vouchers. The telephone records also bore no evidence of supervisory checks.

Revenue Control

349. Mails were not opened in the presence of two officers, and the Remittances Register was not checked by the supervisory officer. In addition, instances were observed where the disposal column of the Register was not properly written up to indicate the dates remittances were brought to account and the receipt numbers.

350. A revenue collectors chart was not kept, and the Revenue Control Account was not presented for audit examination. Instances

were also observed where double-faced carbon was not used in the preparation of receipts. In addition, half-yearly returns of arrears of revenue were not prepared, and acknowledgement receipts for CCBS's submitted to the Accountant General were not produced for audit examination.

Stores and Other Public Property

351. Several stores accounting records were not presented for audit examination for the period 1.1.92 - 14.10.92. These included a goods received book, stock ledgers and bin cards. In addition, bills in support of a purchase valued at \$112,039 were not seen.

352. Several issues of stores items were not authorised, and there was no evidence of acknowledgement of receipt of the items issued.

Other Matters

353. There was no evidence of supervisory checks on the Imprest records. In addition, several advances forms were not produced for audit examination, and a number advances were not authorised before they were issued. Several instances were also noted where the payees did not acknowledge receipt of the amounts paid to them.

PRISONS

354. Excess expenditure totalling \$5.442M was incurred in respect of Subhead 314 - Other. However, an advance of \$5.575M was issued from the Contingencies Fund to cover the excess expenditure. Up to the time of writing, no supplementary provision was laid in the National Assembly to clear the advance.

FIRE DEPARTMENT

355. It was observed that revenue was collected and banked by the same officer, and deposit slips were not checked by a senior officer after the banking. Double-faced were also not used in the preparation of receipts. In addition, acknowledgement receipts for CCBS' submitted to Head Office were not seen.

356. Stores receipt and issue vouchers were not used for the receipt and issue of stores items, and there was no evidence that the requisitions to purchase were checked by a senior officer to ensure that all items requested were actually received and duly recorded in the stores ledger. The Goods Received Book was also not posted in date sequence.

357. A property register was not kept for equipment other than

motor vehicles, and inventory records were not submitted for audit examination. A record of unserviceable stores was also not kept.

358. Requisition forms were not used for the issuing of advances from the Imprest, and receipts were not written when advances were cleared. Advances were also not brought to account in the Imprest cash book.

NATIONAL REGISTRATION CENTRE

359. In the 1992 Estimates provision was made for an amount of \$30M to cover expenses relating to the National and Regional Elections. However, supplementary provision totalling \$85M was approved to meet the shortfall in budgetary provision. According to the vote accounts, expenditure totalling \$117.5M was incurred during 1992. However, 751 payment vouchers totalling \$59.951M were not presented for audit examination. In the circumstances, the propriety of the expenditure incurred in respect of these payments could not be determined.

360. Excess expenditure totalling \$4.980M was incurred in respect of Subhead 314 - Other. However, an advance of \$5M was issued from the Contingencies Fund to cover the excess. Up to the time of writing no supplementary provision was tabled in the National Assembly to clear the advance.

361. Advances were issued to the Returning Officers of each Region and to the Commissioner of Registration to meet expenses connected with the elections. However, proper records of the advances issued were not kept by National Registration Centre nor at the Ministry of Home Affairs. As a result, the dates advances were issued, to whom issued, the dates the advances were fully cleared or partly cleared etc. were not reflected in any of the records. Consequently, the total number of advances outstanding could not be determined.

362. Advances issued were incorrectly charged to final expenditure. As a result, when the bills and receipts were submitted by the Returning Officers the advances could not be cleared. Rather another payment voucher was prepared for any excess on the original advance. However, appropriate references to the original advance were not made.

363. In several instances, the bills and receipts submitted to clear advances were far in excess of the original advance. It was explained that in such cases the returning officers utilised their own cash. In addition, several bills/receipts attached to the

payment vouchers appeared to be excessive in terms of the services provided. No expenditure limits were also placed on the returning officers, and as a result several large payments were made without the approval of the Chief Elections Officer.

364. Several payment vouchers totalling \$4.953M representing liabilities were outstanding at the end of the year. An examination of these vouchers revealed that receipts acknowledging payment for services provided were not attached to the vouchers. Because of the unsatisfactory state of the record-keeping, a proper examination of the claims on hand could not have carried out.

365. A total of 6,920 gallons of gasoline costing \$1.605M was purchased for conducting elections activities. However, proper records were not kept to indicate the distribution and utilisation of the gasoline. As a result, it was not possible to ascertain whether all the fuel purchased was actually utilised for elections purposes.

366. A number of vehicles and boats were hired during the election period. However, formal agreements for contracting such services were not seen, and the rates paid for such services appeared excessive.

367. Several instances were noted where aircrafts were chartered to travel into the interior. The receipts attached to the payment vouchers were, however, not issued on letterheads of the agents but rather ordinary receipt books or pieces of paper, and references were not made to the aircraft or the Company to enable third party confirmation of the flights undertaken.

368. Proper storekeeping procedures were not followed in the receipt and issue of stores items. The officer to whom most of the stores were issued did not maintain any record to indicate how the items received were distributed, and a number of items were not returned to the store. In addition, a physical count of a sample of items revealed several discrepancies.

GENERAL REGISTRAR'S OFFICE

369. Excess expenditure totalling \$150,000 was incurred under two(2) subheads without authority.

370. An examination of the Marriage certificate stock ledger revealed that at 31/12/91 there was a closing balance of 195 certificates which were not brought forward at 1/1/92. In addition,

a physical count carried out at the time of inspection revealed a shortage of 24 marriage certificates and 25 birth certificates.

371. Acknowledgements were not seen for all receipts books issued, and the Controlled Forms Register bore no evidence of supervisory checks. In addition, the cashier was also responsible for banking. This practice can lead to irregularities.

372. Mails were not opened in the presence of two(2) persons, and there was no evidence of supervisory checks on the Remittance Book. Several instances were also observed where receipt numbers were not recorded in the disposal column of the Remittance Book.

373. Requisitions were not used for the issuing of marriage, birth and death certificate books to Guyana Post Office Corporation, and issues were not authorised by a senior officer. In addition, the returns received from the Corporation did not contain information on the numbers used and unused, and a reconciliation of the amounts of books remitted to Guyana Post Office Corporation as against receipts used was not done.

374. Inventory records was not maintained for assets under the control of this Department, and a register of the contents of the safe was not kept.

375. Advance forms were not used for the issue of advances from the Imprest.

HEAD 23

MINISTRY OF HOME AFFAIRS - POLICE

Expenditure Control

Employment Costs

376. A diary of pay changes was not kept, and bank statements for the Salaries Account were not produced for audit examination. In addition, the bank account was not reconciled since January 1992 and reflected a balance of \$4.708M as at 31 December 1992. The cash book balance could not be determined as it was not balanced.

377. A register of cheques paid over to the National Insurance Scheme was not kept, and there was no evidence of reconciliation of

the amounts paid over to the Scheme with the amounts shown in the deduction records. The records also bore no evidence of supervisory checks.

378. Instances were noted where the payment of allowances ceased without entries being made in the Travelling Register. Half-yearly returns of travelling were also not prepared.

Other Charges

379. One hundred and twelve(112) payment vouchers totalling \$1.6M were not presented for audit examination. In addition, numerous advances were issued from the Main Bank Account and charged to final expenditure but supporting documents such as bills and receipts were not presented for audit examination. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined.

380. The Main Bank account was last reconciled in January 1990 and reflected an overdraft of \$62.964M as at 31 December 1992 as a result of the failure to obtain remittances from the Accountant General.

381. The Telephone Register was not maintained in a manner so as to distinguish between residential telephones and office telephones. In addition, a register of overseas calls was not kept, and amounts totalling \$1.936M were paid for overseas telephone charges. However, it could not be determined whether the overseas telephone calls were made in the public interest.

382. Amounts totalling \$8.829M were paid to the Guyana Electricity Corporation, representing quarterly advanced payments for electricity charges. However, an electricity register was not kept nor was there evidence of reconciliation of the amounts paid with the charges raised by the Corporation.

Revenue Control

383. Several receipt books were not presented for audit examination, and instances were noted where duplicate receipts were retained in the receipts books rather than being issued to the payers.

384. An examination of the collectors cash book/statements and supporting records for Cove and John 'C' Division revealed an apparent misappropriation of \$94,300. This matter was reported to

the Commissioner of Police.

385. Several firearm licences were not renewed for 1992 at the Divisional Headquarters - New Amsterdam and at Suddie and Anna Regina Police Stations. The records were also not satisfactorily maintained in respect of the latter two locations.

386. The proceeds from the sale of passport application forms were not checked by a supervisory officer, and it was observed that the officer who prepared and signed the receipts, collected the cash, wrote up the cash book and did banking. This practice can lead to irregularities.

387. Several purchases were made from private suppliers, but there was no evidence that the items were not available at Government agencies nor was a three-quote system used.

Stores and Other Public Property

388. Stock cards were not updated for the entire year at the Quartermaster Store for issues made.

389. Several instances were observed where inventories were either not kept or were not up-to-date. The Master Inventory was also not updated. In the circumstances, it could not be determined whether all assets under the control of the Force were duly accounted for.

Other Matters

390. The controlled forms registers kept at Head Office and at various Police Stations were not properly maintained. In some instances receipts were not entered, and in one case no register was not maintained.

391. The Imprest cash books at certain Police Stations were not checked daily or were generally not properly maintained. The bank accounts were also not reconciled, and a register of sub-imprest was not kept at the Finance Office.

392. Several Traffic tickets were not presented at New Amsterdam Headquarters and the Traffic Headquarters. There were also instances where tickets were entered twice in the Register.

393. The Property Book kept at certain Police Stations was not satisfactorily maintained. Numerous commitment warrants also

remained unexecuted at several Police Stations.

HEADS 29-33

MINISTRY OF AGRICULTURE

Expenditure Control

Employment Costs

394. Salaries control registers were not maintained, and the diaries of pay changes and the salaries registers were generally not satisfactorily written up, as many cases were noted where adequate references to authorities for pay changes were not recorded. As a result, the verification of the monthly payrolls could not have been satisfactorily conducted.

395. The wages and salaries bank accounts were not reconciled since July 1992, and several items remained uncleared without evidence of follow-up action being taken.

396. Several deduction cheques in respect of the National Insurance Scheme were found to be on hand at the Lands and Surveys Department. It was explained that the cheques were not paid over because the related employers' contributions were not received from the Central Accounting Unit of the Ministry of Agriculture. In addition, the Register of NIS Contributors was not written up to reflect the registration numbers of the employees in many cases. As a result, it could not be easily determined whether these and other such employees were registered with the Scheme. The Register was also not subject to supervisory checks. Further, instances were noted where NIS contributions were incorrectly paid over to the Scheme in respect of employees who were on maternity leave.

397. The Register of Commuted Travelling Allowances was not satisfactorily maintained as pertinent information, such as authority for the payment of allowance and vehicle registration number, was not recorded in many instances. Additionally, where payments had ceased the reasons were not stated. The pages of the Register were also not numbered, resulting in the accounts of officers not being quickly accessed.

Other Charges

398. A total of 1,050 payments valued at \$36.547M were not supported by bills, receipts and vouchers in order to verify the propriety and due regularity of the expenditure incurred in respect of these payments, as summarised below:-

HEAD	DESCRIPTION	QTY	AMOUNT
-----	-----	-----	-----
			\$
29	Min. of Agriculture	174	5,180,017
30	Crops and Livestock	291	11,107,814
31	Lands and Surveys	133	5,151,882
32	Hydraulics	130	3,847,995
33	Fisheries	51	1,137,280
-	Wild Life Fund	73	1,740,892
-	Others	198	8,381,481
		-----	-----
		1,050	36,547,361
		-----	-----

399. The Cheque Order Register was not written up to provide information on the dates when vouchers were returned and cleared. The Register also bore no evidence of supervisory checks, and a large number of cheque orders were not cleared at the end of the year.

400. As a result of the restructuring of the Public Service in 1991, the operation of the Main Bank Account No. 705 ceased in July 1991. However, the total balance on this account was not transferred to the Consolidated Fund, and as at 31 December 1992 the bank balance was \$51.147M.

401. A new main bank account (A/c No. 938) was established in July 1991 but has only been reconciled for the month of July 1991. This state of affairs is considered most unsatisfactory since the primary objective of establishment of the new account was to avoid the problems associated with the previous account and to ensure full and proper accountability of the funds. It must be emphasised that prompt reconciliation of bank accounts is an important aspect of internal control, without which, serious irregularities can be perpetrated without being detected.

402. The controls exercised over expenditure incurred and charged out against several subheads were found to be inadequate. Numerous instances were observed where there was no evidence that requisitions to purchase and orders were raised and duly approved before items were purchased. In addition, several instances were noted where there was no evidence that items purchased were taken into stock or inventorised and where suppliers' invoices were not seen for the items purchased.

403. Appropriate certificates attesting to the satisfactory completion of work done or services rendered were in many instances not appended to the payments vouchers, and there were many cases of

misallocation of expenditures.

404. In relation to fuel and lubricants purchased for vehicles and equipment, the log books were generally not satisfactorily maintained to show how the purchases were utilised. Monthly statements of fuel consumption were also not prepared.

405. Security deposits and prepaid rental charges totalling \$431,000 were not refunded to the Ministry in respect of the rental of a house by a former employee. In addition, the rental totalling \$1.2M was charged to Heads 29 - 33 and to the Wild Life Fund. However, only \$19,000 was provided for in the Ministry's votes for the rental of buildings. In respect of the Wild Life Fund, the charging of rental to this Fund is improper since the Fund represented revenue which should have been paid over gross to the Consolidated Fund.

406. In relation to the maintenance of buildings, advances were often made to contractors before works had actually commenced. Advances are usually allowed for large contracts where the contractors are required to mobilise equipment. However, in the cases where advances were issued, this was not so.

407. In cases where progress payments were made on contracts, there were no references on the relevant payment vouchers to the previous payments made. In addition, where certificates were given as to satisfactory completion of works, it could not be ascertained whether the persons issuing the certificates were competent to do so.

408. The Ministry had a number of employees with relevant skills in its work force, yet contracts were often awarded for repairs to buildings. In addition, materials which were removed from buildings repaired were not accounted for. Such materials should have been valued and disposed of in accordance with the stores regulations.

409. The established procedures for the procurement of materials and accounting for same were not always followed. Instances were noted where purchases were not duly authorised since there was no evidence that Requests to Purchase (RTP's) and purchase orders (LPO's) were raised. Stock records were also not kept to show the receipts and issues of the items purchased. This state of affairs can lead to serious irregularities.

410. According to the votes ledgers, payments totalling \$3.612M were made in respect of electricity charges. This amount represented quarterly advanced payments to the Guyana Electricity Corporation. However, there was no evidence of reconciliation of the amounts paid to the Corporation with the charges raised. The Electricity register was also not satisfactorily maintained, and most of the bills were not presented for audit examination.

411. Payments totalling \$1.267M were made in respect of telephone and fax charges for the period under review. The following unsatisfactory features were, however, noted:-

(a) The record of residential and office telephones showing details of the charges incurred and paid was not written up.

(b) A record of overseas calls made showing such information as date of call, name of caller, person called, country to which call is made, reasons and duration of call and details of refunds in respect of personal calls, was not kept for each office telephone on which overseas calls were allowed.

(c) The telephone bills for the months of April to December 1992 could not be located and were therefore not presented for audit examination.

(d) Telephone charges were paid for the Agricultural Rehabilitation Project Unit and improperly charged to current expenditure in the Appropriation Accounts.

(e) Payments made were not scheduled in a manner as to show the telephone number, charges incurred, period of charge and head of charge, resulting in much difficulty in relating the payments to the telephones, the head of charge and to the receipts issued in acknowledgement.

(f) The office telephones were not secured with locks.

(g) Telephone charges for the residential telephone held by former Assistant Commissioner of Surveys were paid by the Ministry despite the fact that he was not in the employ of the Ministry during the period under review.

412. In relation to subsidies and contributions to local and international organisations, overpayments totalling approximately G\$17.85M were made. These overpayments occurred because the payments were made on the basis of the contributions provided for in the National Estimates instead of the contributions invoiced by the organisations. The Accounting Officer was advised to take steps to recover the overpayments.

413. Several instances were noted of incorrect entries being made in the Votes Ledgers, resulting in inaccurate reporting in the Appropriation Accounts. In addition, outstanding liabilities were not taken into account when the balances available for spending were recorded, and inter-departmental warrants issued were incorrectly recorded as actual expenditures and in most cases financial returns were not seen in support of the expenditures incurred.

414. Excess expenditure totalling \$5.033M was incurred under thirteen(13) subheads without authority, of which \$3.959M relates to Head 30 - Subhead 312 - Subsidies and Contributions to Local and International Organisations. However, an advance of \$30.569M from the Contingencies Fund was issued under the above subhead. Up to the time of writing, no supplementary provision was tabled in the National Assembly to clear the advance.

415. In relation to Head 30 - Crops and Livestock, it was observed that out of a total expenditure of \$325.736M, \$288.416M or 88.5% relates to subsidies and contributions to local and overseas organisations. In view of the high level of expenditure involved relating to this subhead, a review should be carried out with a view to economising on public expenditure.

Revenue Control

416. Several Regions did not submit collectors cash book statements in respect of rents collected on state lands. In addition, the Remittances Book was not satisfactorily maintained and bore no evidence of supervisory checks. There was also no evidence that the opening of mails was witnessed by two(2) persons, and the signature of the officer responsible for the opening of mails was not affixed to the appropriate column in the Remittances Book.

417. The Daily Cash Composition Book bore no evidence of supervisory checks, and a number of pages were torn out. The Book was also not written up to reflect the composition of cash for many days.

418. Several unsatisfactory features were observed in relation to the receipt and issue of controlled forms and were drawn to the attention of the Accounting Officer.

419. The fishing vessels registers were not satisfactory maintained and were not written up-to-date. According to the Register, licences were recorded as having been last issued for

1989. In addition, where licences were not taken out after a protracted period of time, no annotations were made as to the reasons therefor. The Register also bore no evidence of supervisory checks.

420. Most of the owners of fishing vessels were in default of payment of licences for the year 1992. However, only in one case evidence was seen of action taken to remind owners of their obligations. In addition, instances were noted where licences fees collected were computed incorrectly and where local currency was collected instead of foreign currency.

421. The fishing licence stock book was not satisfactorily maintained, as all books requisitioned and issued were not recorded and all relevant particulars such as date and requisition number were not stated. As a result, it was difficult to determine the accuracy of the balance of the licences books in stock, the validity of the issues made and whether the books were issued in sequential order. In addition, evidence of periodic physical verification of the licences stock by the field auditors as well as departmental staff was not seen.

Stores and Other Public Property

422. At the Lands and Surveys Department, numerous cases were noted where items were purchased and accounted for as immediate issues instead of being taken into stock and thereafter issued. In addition, the stock book of this Department was in many cases not written up to show the receipt of the items purchased but instead only recorded the issues.

423. Physical verification of stock of bolts and nuts at the Kingston Stores revealed shortages to the value of \$313,425. Instances were also noted where the purchases of bolts and nuts did not appear to be of arm's length, and irregularities were suspected. The Commissioner of Police was apprised of this state of affairs.

424. A cheque was drawn in favour of a supplier for the purchase of 500 gals of gasoline. There was, however, no evidence of receipt of the fuel. On the payment voucher an annotation was made that the amount of \$90,000 was to be refunded, but there was no evidence that a refund was made.

425. In the absence of reliable records of vehicles owned by the Ministry, a list of vehicles registered in the name of the Ministry as at 30 October 1992 was extracted from the Licence Revenue

Office's records (from the BB series through the DD series), and a physical count was carried out. The results revealed that a total of seventy-four(74) vehicles could not be located. It would appear that some of these vehicles became unserviceable over a period of time, but the approved procedures were not followed to have them declared unserviceable and for the records to be accordingly adjusted. However, in the absence of documentary evidence, this could not be confirmed. In addition, ten(10) vehicles were disposed of by way of sale but details of the sales were not provided nor were there evidence that the approved procedures were followed before the disposals were effected. Further, the Licence Revenue Office's records were not amended to reflect the disposals and the transfer of registration to the new owners.

426. A register of the permanent stores and an inventory of office equipment and furniture were not kept. The sectional inventories were also not updated to reflect all additions and disposals, and there was no evidence of periodic verification of such assets. In the circumstances, it could not be determined whether all assets under the control of the Ministry had been properly accounted for.

427. Purchases of fuel for immediate use in respect of machinery and vehicles were in many cases not recorded in the relevant log books. In addition, the log books of many vehicles and equipment were either not produced for audit or were not satisfactorily maintained. Monthly analyses of fuel consumption were also not prepared.

Other Matters

428. The Imprest Bank Account became inoperative since 1987 mainly because a proper account could not be given for the imprest amount which was not fully retired. In addition, the account was operated at a substantial overdraft, was not properly reconciled and reconciliation was considerably in arrears. As a result of the restructuring of the Public Service in 1991, this account was closed and all the relevant cheque books and receipt books were returned to the Accountant General's Department. However, the last bank statement seen (that is December 1991) showed that the account was overdrawn by \$659,534. Further, according to a letter dated 16/07/91 from the Ministry to the Secretary to Treasury the outstanding advances which could not be cleared totalled \$390,432. Up to the time of writing, these matters had not yet been finalised.

429. According to the Advances Register amounts totalling \$1.419M made during the year remained outstanding at December 31, 1992. These advances were improperly issued from the Ministry's main bank account because of the failure of the Ministry to operate an

Imprest. Many of the advances were also chargeable against the Wild Life Fund.

430. Four deposit accounts had balances totalling \$67,184,080 at 31 December 1992 which should have been paid over to the Consolidated Fund. Failure to pay over these balances to the Consolidated Fund would therefore result in an understatement of the revenues.

431. Numerous cases were observed where the deposit account especially the accounts relating to the Wild Life Fund were irregularly used to make payments chargeable to the appropriation accounts of the Ministry and its constituent departments. The course of action was apparently taken because of the inadequacy of the voted provision of the Ministry and its constituent departments to meet the expenditures. At the end of the year such payments were not adjusted and shown as a charge to the appropriation accounts, resulting in a balance of the appropriation accounts being understated.

432. An examination of the Deposit Account Register revealed no evidence of supervisory checks. The records were also not satisfactorily maintained as many cases of omission of entries were noted.

433. At the Wildlife Services Division of the Crops and Livestock Department the following unsatisfactory features were observed:-

- (a) The schedule of values of wild life exports was last revised in 1988 and the changes made then were considered insignificant. The values shown on the revised schedules were also fixed by the exporters of wild life and not by the Ministry of Agriculture and these values were considered to be far below the market values of the exports. As a result of this irregular and alarming situation and because the levy collected by the Ministry was computed at 20% of the value of the exports, there would have a significant shortfall in both the assessment and collection of the levy.
- (b) The registers of wild life exports were not written up to show the total monthly and cumulative collection of the levy. In most cases also the wild life - (General) register was not written up to show the levy collected and the general receipt number and date.
- (c) The Ministry of Agriculture permits for fish exports were not pre-numbered.

- (d) A stock register of CITES permits and security stamps was not kept. In the circumstances, it was difficult to determine whether all such permits and stamps were duly accounted for.

HEADS 34 - 36

MINISTRY OF HEALTH

Expenditure Control

Employment Costs

434. A salaries control register, a diary of pay changes and an overtime register were not maintained, and there was no evidence of approval from the Public Service Management, Office of the President, for the payment of overtime.

435. A cash book was not maintained for the Salaries Bank Account, and it could not be determined when last this account was reconciled. In addition, the bank account reflected a balance of \$10.505M as at 31 December 1992. However, the exact balance on this account could not be determined in the absence of a cash book and reconciliation of the bank account.

436. The Travelling Register was not properly written up as relevant information, such as authority for payment and details of insurance coverage, was not reflected in this record. Instances were also noted where the mileage ceilings were exceeded without approval, and half-yearly returns of travelling were not prepared.

437. Eighteen(18) instances were observed where officers were in receipt of travelling allowances totalling \$384,162 for motor cycles but were using motor cycles owned by the Ministry. This matter was brought to the attention of the Accounting Officer, and the practice has since ceased.

438. The Register of Contributors to the National Insurance Scheme was not properly maintained, and there was no evidence of reconciliation of the amounts paid over to the Scheme with amounts shown on the payrolls. Instances were also noted where deductions were not paid over to the Scheme.

Other Charges

439. The Main Bank Account was not reconciled for the period under review, and the bank statement reflected a balance of \$75.804M as at 31 December 1992.

440. Amounts totalling \$176.063M were expended for the purchase of drugs of which \$65.542M represented payment to one of the

commercial banks for drugs supplied through a line of credit. However, details of the drugs supplied and evidence that the items were received and duly brought to account were not provided. In the circumstances, the propriety of the amount of \$65.542M expended on drugs could not be determined.

441. A petty contract valued at \$1200 was awarded to remove, clean, transfer and repack medical supplies, equipment and drugs. However, payment was made in the sum of \$1.2M through the apparent falsification of the payment documents. The matter was referred to the Commissioner of Police for investigation.

442. Payment vouchers totalling \$6.606M as well as supporting documents such as bills, receipts and vouchers in respect of payments totalling \$4.265M were not presented for audit examination. As a result, the propriety of the expenditure totalling \$10.871M incurred in respect of these payments could not be determined.

443. The Cheque Order System was used for purposes other than the payment of salaries and travelling allowances, contrary to financial instructions. The Register of Cheque Orders was also not satisfactorily maintained, as there were notable omissions of relevant information. In addition, a total of 195 cheque orders valued \$7.469M remained outstanding at the end of the year.

444. The Votes Ledger was not properly maintained as the balance available column was not always written up, several entries were made in pencil and a number of omissions were noted. In addition, instances were noted of differences in the amounts shown on the vouchers and the amounts entered in the Votes Ledger, and funds were vired from one subhead to another but the relevant approval from the Ministry of Finance was not seen. Receipt vouchers in support of expenditure credits were also not submitted for audit examination.

445. Financial returns in respect of fifty-seven(57) inter-departmental warrants totalling \$5.049M were not submitted for audit examination. As a result, the propriety of the expenditure incurred and charged to the Appropriation Account in respect of these warrants could not be determined.

446. The Telephone Register was not satisfactorily maintained and bore no evidence of supervisory checks. The Register of Residential Telephones was also not produced for audit examination. In addition, based on a sample of payments selected, it could not be

ascertained whether overseas calls totalling \$589,572 were made in the public interest since the charges relating to these calls were not certified as being official.

447. An electricity charges register was not maintained, and there was no evidence of reconciliation of the quarterly advanced payments to the Guyana Electricity Corporation with the charges raised by the Corporation.

448. Monthly returns of fuel and lubricants were not prepared, and log books for several vehicles were not presented for audit examination. In respect of log books which were presented, it was observed that they were not properly maintained and bore no evidence of supervisory checks. In addition, monthly payments for fuel and lubricants purchased were not supported by invoices. In the circumstances, the propriety of the amount of \$7.520M shown in the Appropriation Account as expenditure on fuel and lubricants could not be satisfactorily determined.

449. An examination of payment vouchers relating to travelling and subsistence revealed several instances where the addresses of persons issuing receipts for boarding and lodging were not stated, and revenue stamps were not affixed on receipts.

450. Amounts totalling \$397,761 relating to telephone charges were charged to Head 36 (Subhead 302 -002) - Materials, Equipment and Supplies. It would appear that the misallocation was done to avoid exceeding the voted provision for telephone charges.

451. In respect of Head 34 (Subhead 312) - Subsidies and Contributions to Local and International Organisation, amounts totalling \$156.793M were expended as follows:-

	\$'000
Guyana Agency for Health Sciences, Environment and Food Policy (GAHEF)	63,286
National Parks Commission	21,395
Guy mine & Lin mine Hospitals	36,146
Pan American Sanitary Bureau	15,556
Caribbean Food & Nutrition Institute	3,166
Commonwealth Caribbean Med. Research Council	1,825
Others	15,419
	<hr/>
TOTAL	156,793
	<hr/>

452. Guyana Agency for Health Sciences, Environment and Food Policy (GAHEF) was established by Act No.23 of 1988 and is subject to separate financial reporting and audit. Since its inception, no financial statements were submitted for audit examination, and therefore there was an absence of financial reporting for five(5) years. Notwithstanding this, the amount of \$63.286M was verified as having been received by GAHEF.

453. The National Parks Commission was established by Act No.23 of 1977. The last set of financial statements audited and reported on was in respect of 1989. Up to the time of writing the audit of the 1990 accounts was in progress, and no financial statements were received for 1991 and 1992. The amount of \$21.395M was verified as having been received by the National Parks Commission.

454. An advance of \$4M was issued from the Contingencies Fund under Head 35 (Subhead 314) - Other. However, the advance was not utilised as the voted provision was not exceeded, and there was no evidence that the advance was refunded.

455. Excess expenditure totalling \$323,000 was incurred in respect of Head 35 (Subhead 308) - Telephone Charges.

Revenue Control

456. Revenue accounts, collectors' cash book statements, the Revenue Control Account and the Revenue Analysis Book were not presented for audit examination. In the circumstances, it could not be determined whether effective control was exercised over the assessment, collection and accounting for revenue.

Stores and Other Public Property

457. Large amounts of expired drugs were seen in the store at the time of inspection, and there was no evidence of any action being taken to have the drugs condemned and destroyed. In addition, a register of gifts was not maintained, although evidence was seen of large amounts of gifts being received by the Ministry.

458. The Kingston Pharmacy Bond was not kept in a manner so as to facilitate the proper storage of pharmaceuticals and other medical supplies. The Bond lacked ventilation and was kept in a very untidy state. In addition, bin cards were not written up for the period January - July 1992 and the Goods Received Book was not produced for the period January - March 1992. Further, although there was evidence of receipt of goods, several entries were not made in the Goods Received Book for varying periods.

459. A physical verification of pharmaceutical and medical supplies at the Kingston Pharmacy Bond revealed several discrepancies when the results of the physical count were compared with the balances on the stock records. In addition, there was no evidence of reconciliation of the stock ledger with the bin cards, and significant differences were noted between the stock ledger and the bin card balances.

460. At the Palms and at the Georgetown Hospital numerous instances were noted where the quantities reflected in the stores received notes differed significantly from the quantities recorded in the stock ledger. Instances were also noted of mispostings in the stock ledger. In addition, tender board procedures were not observed when purchases were made nor was there evidence of a three-quote system being used. Further, an examination of the payment vouchers revealed that several supporting documents were tampered with to show higher values. This matter was referred to the Commissioner of Police for investigation.

461. A physical verification of assets was carried out in October 1992, but the results could not have been compared with the inventory records as the latter had not been updated for a considerable period of time.

462. An examination of the list of motor cycles owned by the Ministry revealed that the registrations of a number of cycles were changed to individuals. However, no evidence was seen in relation to the disposal of these assets.

463. In the absence of reliable records kept by the Ministry, a list of vehicles registered in the name of the Ministry of Health as at 30 October 1992 (from the BB series through the DD series) was extracted from the Licence Revenue Office records, and a physical verification was carried out. Four(4) vehicles could not be located while thirteen(13) were reported to have been disposed of. However, documentary evidence was not seen in relation to the disposals nor was there evidence that the approved procedures were followed.

Other Matters

464. An examination of unused cheque books for the sub-imprest at the Central Supplies Unit revealed that four(4) cheque leaves were missing. This matter was referred to the Accounting Officer for appropriate action to be taken.

465. Imprest Account No.869 was not operational but there was no evidence of any action being taken to close the account. A number of unused cheque books relating to this account were also seen in the safe.

466. At the Central Accounting Unit, the Imprest cash book, the Register of Sub-imprests, the Advances Register and other related records were not produced for audit examination. A reconstructed cash book was, however, produced but it could not be relied on.

467. In respect of Maternity and Child Welfare, it was observed that amounts \$9.945M were received during the year to execute various projects. However, the following unsatisfactory features were observed in relation to the proper accountability of the funds:-

- (i) A receipts and payments cash book was not maintained. As a result, the cash balance could not be ascertained.
- (ii) Bank reconciliation statements for the period under review were not produced.
- (iii) Expenditure totalling \$7.988M was incurred. However, in the absence of supporting documents, the propriety of the expenditure could not be determined.
- (iv) From a sample of payment vouchers examined, it was observed that several payments were not approved.

HEADS 37 & 39 - 45

MINISTRY OF EDUCATION & CULTURAL DEVELOPMENT

Expenditure Control

Employment Costs

468. The salaries registers were not properly written up as they were not totalled and balanced and bore no evidence of supervisory checks. In addition, a salaries control register was not maintained. As a result, the monthly changes in employment costs could not be verified.

469. The salaries bank account at Head Office was not reconciled since August 1991 and the related cash book was not totalled and balanced. In addition, the balance on the bank account as at 31 December 1992 was \$94.330M. It was explained that a deposit of \$87.155M was incorrectly made in August 1992 into this account and

that this error was corrected in March 1993. Having regard to this error, the salaries bank account would have had a balance of \$7.175M as at the end of the year. In the absence of a properly written up cash book, the exact balance on this account could not be determined.

470. The Travelling Register was not properly written up, as relevant information such as vehicle registration number, cubic capacity and details of insurance coverage, was not reflected in this record. In addition, instances were noted where payment ceased but no reasons for cessation were stated in the Register. The Register also bore no evidence of supervisory checks.

Other Charges

471. Payments totalling \$394.304M were not supported by bills, receipts and vouchers to establish the propriety and due regularity of the transactions. Of this amount, \$323.150M relate to the payment of salaries while the rest- \$71.154M - relate to other charges. With a total appropriation expenses of \$664.980M, the unvouched expenditure therefore represented 59% of the total expenditure.

472. The Main Bank account was overdrawn by \$96.518M as at 31 December 1992, resulting mainly from an amount of \$87.155M incorrectly deposited in the Salaries Bank Account. In addition, the balance on the cash book could not be determined as it was not cast and balanced, and the account was last reconciled in August 1991.

473. Amounts totalling \$11.979M were paid to the Guyana Electricity Corporation, representing quarterly advanced payments for electricity supplied. However, there was no evidence of reconciliation of the amounts paid to the Corporation with the charges raised.

474. Amounts totalling \$1.212M were expended for the payment of telephone charges, of which \$270,858 related to overseas telephone charges. In the absence of a separate register to record overseas calls, it could not be satisfactorily determined whether all such calls were made in the public interest. It was explained that several unauthorised overseas calls were made on the introduction of the Direct Distance Dialling system and which had to be paid for by the Ministry.

475. A list of the telephones operated by the Ministry and its constituent departments was not submitted. As a result, a proper check with the individual accounts was not possible. In addition, the Telephone Register bore no evidence of supervisory checks.

476. The cheque order system was used to facilitate all payments during 1992, contrary to financial instructions. In addition, no proper control was exercised over the operation of this system, since many cheque orders were not cleared within the specified sixteen(16) days.

477. The votes ledgers were not properly maintained as relevant information, such as general warrant number, allocation, virement and supplementary provision, was not recorded therein. In addition, excess expenditure totalling \$1.902M was incurred on a number of subheads without authority.

478. In relation to Head 37 - Subhead 310 (Education Subvention, Grants and Scholarships), of the amount of \$188.79M budgeted to be spent, sums totalling \$144.19M were expended as follows:-

	\$'000
Examinations Subsidy	39,991
President College	36,390
University of Guyana	29,000
Text and Exercise Books	22,146
Assistance to students- Cyril Potter	4,711
National Fourth Form Attainment Test	4,304
Critchlow Labour College	3,262
Adult Association Education	1,571
Department of Culture	1,148
Others	1,667
TOTAL	<u>144,190</u>

479. The President College was set up by Act No. 11 of 1990 and is subject to separate financial reporting and audit. Since its establishment, no auditors were appointed. The matter was brought to the attention of the Minister of Education, and the Auditor General was appointed in April 1993. Financial statements for the period 1990-1992 were, however, not submitted for audit examination. Notwithstanding this, the amount of \$36.390M was verified as having been disbursed on behalf of the President College.

480. The results of preliminary audit work conducted at the President College revealed the following:-

- (a) One Massay Ferguson tractor was sold to a private individual for \$700,000 without the approved procedures being followed.
- (b) Several items of furniture and fixtures could not be located at the time of inspection.
- (c) Monies from the welfare and agricultural funds were used to meet expenses relating to the College. Vouchers to support these payments were, however, not produced for audit examination, and adequate records were not maintained for the Funds. In addition, annual financial statements were not prepared. As a result, the state of affairs relating to these funds could not be ascertained.
- (d) Two(2) payments totalling \$47,679 were made for the purchase of cement, clay bricks, sand and stone for the construction of a concrete oven. Investigations, however, revealed that the oven was donated by another state entity.
- (e) Approval for the sale of cattle belonging to the College was not seen.
- (f) Appropriate records for raw materials used by the kitchen staff for the preparation of meals were not maintained.

481. The University of Guyana was established by Act No 6 of 1963, Chapter 39:01 of the Laws of Guyana. The last set of audited financial statements of the University was in respect of the financial year ended 31 August 1992. Up to the time of writing, the audit of the accounts for the year ended 31 August 1993 was in progress. The amount of \$29M shown as having been disbursed by the Ministry was verified as having been received by the University.

482. The following observations were made based on an inspection visit of the Cyril Potter College of Education:-

- (a) There was no evidence of reconciliation of advances made to the supplier of fuel with the actual charges, as no records were kept at the College with respect to fuel and lubricants.
- (b) The Votes Ledger was not satisfactorily maintained and bore no evidence of supervisory checks.
- (c) Several instances were noted where purchases were made on credit, and some of the prices appeared to be excessive.
- (d) Adequate records were not maintained for the purchase and utilisation of foodstuff for the preparation of meals.

(e) Log books for the two(2) vehicles owned by the College were not produced for examination. As a result it could not be determined whether there was effective control over the use of these vehicles.

483. The Critchlow Labour College was incorporated in 1968 under the Companies Act and is a company limited by guarantee. It has its own external auditors, and the last set of audited accounts was in respect of 1987. The amount of \$3.262M was verified as having been received by the College.

484. In relation to Head 37 - Subhead 312 (Subsidies and Contributions to Local and International Organisations), sums totalling \$192.792M were expended as follows:-

	\$'000
National Library	9,000
Mashramani Committee	2,455
CXC and University of London Fees	161,205
UNESCO	15,000
Guyana Museum	1,900
Department of Culture	3,232
	<hr/>
TOTAL	192,792
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485. The National Library was established by Act No 4 of 1972, Chapter 40:01 of the Laws of Guyana. The last set of financial statements to be audited and reported on was in respect of 1988. No financial statements were received for the years 1990-1992. Notwithstanding this, the amount of \$9M was verified as having been received by the National Library.

486. The Guyana Museum was established by Ordinance 12 of 1950. The accounts were last audited in 1980, and no financial statements were received for the period 1981-1992. In addition, the Museum was involved in the export of wildlife. There was, however, no evidence to indicate that it was legally authorised to do so. Further, a number of irregularities were noted in relation to the proper accountability for the proceeds from the export of wildlife and in the purchase of supplies locally. These matters were drawn to the attention of the appropriate authorities.

Revenue Control

487. Half-yearly returns of arrears of revenue were not prepared, and the Register of Remittances bore no evidence of supervisory checks.

Stores and Other Public Property

488. In addition to performing storekeeping functions, the storekeeper was involved in making purchases and was in possession of unused stores requisitions. These practices can lead to serious irregularities.

489. A physical verification of stocks revealed several instances of excesses. In addition, the Goods Received Book and the stores ledgers bore no evidence of supervisory checks.

Other Matters

490. No imprest was allocated in 1992 and the cheque order system was operated to effect payments. Permission was granted for the Ministry to operate an imprest bank account since July 1991 but this account was not established. The previous imprest bank account was not reconciled for several years.

491. The Deposits Fund Ledger was not balanced monthly, and the balances were not carried forward. Instances were also noted where reimbursements received from the Accountant General did not agree with payments made by the Ministry. In addition, it was observed that there were no reimbursements for amounts totalling \$1,548,085 from the Accountant General for payments made on behalf of the Deposits Fund. Further, two instances were observed of overpayments based on deposits made.

HEAD 48

MINISTRY OF LABOUR, HUMAN SERVICES & SOCIAL SECURITY

Expenditure Control

Employment Costs

492. The Salaries Register was not properly written up, as pertinent information, such as N.I.S number, personal file reference and date of appointment, was omitted from this record. In addition, the Diary of Pay Changes and the Salaries Control Register were not presented for audit examination.

493. The Salaries Cash Book was not written up, and it could not be determined when last the bank account was reconciled. In addition, an examination of the bank statement for December 1992 revealed a balance of \$1.114M as at 31 December 1992. The accounting officer explained that the large balance was due to

donations being incorrectly placed into this account and that corrective action was taken in 1993. However, details of the donations were not provided for audit examination.

494. The authority for the payment of allowances was not quoted in the Travelling Register, and half-yearly returns of travelling were not prepared.

Other Charges

495. An examination of the Votes Ledger revealed that the voted provision was not quoted under each subhead, and in several instances during the year total expenditure exceeded voted provision. The withdrawals and remittances records were not also presented for audit examination. In addition, instances were noted where funds were vired from one subhead to another, but the approvals from the Ministry of Finance did not correspond with the amounts shown on the Appropriation Account.

496. The Telephone Register was not written up to reflect details of overseas calls and bore no evidence of supervisory checks. In the circumstances, it could not be satisfactorily determined whether all payments for overseas calls were a proper charge against public funds.

497. Supporting documents such as bills, receipts and vouchers were not seen in respect of eighty-seven(87) payments totalling \$4.731M. In the circumstances, the propriety of the expenditure incurred in respect of these payments could not be determined.

498. Excess expenditure totalling \$78,000 was incurred under three(3) subheads. In addition, an advance of \$21.196M was issued from the Contingencies Fund in respect of Subhead 314. However, this amount was not utilised as the subhead was not exhausted because of the failure to recoup from the Accountant General payments made from the Social Assistance Imprest Account. There was no evidence that the advance was refunded.

Revenue Control

499. Collectors cash book/statements and acknowledgement receipts for amounts paid over to the Accountant General for certain periods were not presented for audit examination. The collectors cash book/statements were also not balanced and checked on a daily basis.

Stores and Other Public Property

500. A survey of the store revealed that it was congested and lacked proper ventilation. In addition, internal stores requisitions were not always certified before issues were made.

501. A physical verification of assets under the control of this Ministry was carried out in October 1992 but the results could not be compared with the inventory records since the latter had not been updated for a considerable period of time.

Other Matters

502. The Old Age Pension and Social Assistance Imprest bank account (Account No.902) with an imprest amount of \$6M was not reconciled since September 1989 and was overdrawn by \$163.068M as at 31 December 1992. The overdraft position at the beginning of 1992 was \$82.092M. Therefore, additional expenditure totalling \$80.976M appeared to have been incurred but was not recouped and was therefore not charged to the Appropriation Account. As a result, expenditure was understated by \$80.976M. It is to be noted also that the subhead to which payments for old age pension and social assistance were charged (Subhead 314 - Other) reflected expenditure of only \$8.807M, compared with a revised estimate of \$103.108M. It is evident, therefore, that payments were made from the Imprest but steps were not taken to have the amounts recouped from the Accountant General so that the expenditure could be reflected in the Appropriation Account.

503. The Imprest was established for the sole purpose of meeting payments for old age pension and social assistance. However, instances were noted where advances were made from the Imprest to meet other expenses. In addition, advances totalling \$116.3M were made to the Post Office Corporation in 1992 to make payments on behalf of the Ministry in respect of pension and social assistance. However, the Advances Register did not give details when these advances were cleared and what balances remained outstanding.

504. Another old age pension and social assistance Imprest bank account (Account No. 213) was found to be dormant since July 1991 and was overdrawn by \$26.565M as at 31 December 1992. In addition, it could not be determined when last the bank account was reconciled, and the cash book was not produced for audit examination.

505. The Ordinary Imprest Bank Account (Account No. 212) was not operational since July 1991 and reflected a balance of \$2.189M as at 31 December 1992. In addition, it could not be determined when

last the account was reconciled, and the cash book was not presented for audit examination.

506. The ordinary imprest currently in use (Account No. 943 with an imprest amount of \$500,000) was overdrawn by \$178,790 as at 31 December 1992 and was not reconciled for the period under review. There was also no evidence that the cash book was balanced on a regular basis. In addition, instances were noted where advances were issued from the Imprest without the necessary approval being given, and the Advances Register bore no evidence of supervisory checks.

507. Several receipts books on hand were not recorded in the Register of Controlled Forms. In the circumstances, it could not be satisfactorily determined whether all receipt books were duly accounted for.

HEADS 52 - 53

MINISTRY OF FINANCE & ACCOUNTANT GENERAL'S DEPARTMENT

Expenditure Control

Employment Costs

508. An unpaid salaries register was not kept. As a result, it was not possible to readily verify whether all unpaid salaries were refunded.

509. The Travelling Register was not properly maintained, as relevant information such as designation of officer, allowance authorised, mileage ceiling and details of insurance coverage, was not reflected in this record. Half-yearly returns of travelling were also not prepared.

510. Standing order numbers 1 to 479 in respect of persons authorised to collect monies on behalf of others was not provided for audit examination. As a result, the payments under these standing orders could not be satisfactorily verified.

511. Supporting schedules and computations were not provided in respect of an amount of \$5.757M reflected in the Votes Ledger under Subhead 205 - Pensions and Gratuities - as payment of pensions by the Crown Agents. As a result, the propriety of the expenditure incurred could not be determined.

512. Adequate records were not kept to monitor the payment of pensions by the Post Office Corporation on behalf of the Ministry of Finance. In addition, vouchers sent to the Post Office were entered in the vote accounts as paid although payment had not yet been effected. As a result, the total value of vouchers sent to the Post Office which were unpaid, could not be determined.

Other Charges

513. An examination of the records of advances issued for overseas conferences and official visits revealed that advances totalling \$98.178M and issued in 1992 were outstanding at the time of the audit. In addition, several instances were noted where advances were issued but were not seen recorded in the Advances Ledger and where advances were cleared but remained outstanding in the Ledger.

514. A separate register was not kept for residential telephones, and the authority for payment of metered units on residential telephones and the amounts of such units officers were entitled to were not included in the Telephone Register. In addition, instances were noted where the cost of private overseas calls was not refunded.

515. Entries in the Votes Ledger were not always initialled by the responsible officers. Instances were also noted of virement from one subhead to another but the relevant approvals were not seen.

516. Payments totalling \$42.147M were not supported by vouchers as well as bills/receipts. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined.

517. Excess expenditure totalling \$118.169M was incurred under four(4) subheads. However, advances totalling \$173.2M were issued from the Contingencies Fund to cover the excess expenditure. Up to the time of writing, there was no evidence that the unspent portion was refunded nor was there evidence that a supplementary estimate was laid before the National Assembly to clear the portions of the advances utilised.

518. In relation to Head 52 (Subhead 309) - Other Services Purchased, amounts totalling \$136.781M were expended as follows:-

	\$'000
Guyana Sugar Corporation	47,139
National Guard Service	9,487
Advisory fees paid to S.G. Warburg	32,263
Others	47,892
	<hr/>
	136,781
	<hr/>

519. The Guyana Sugar Corporation (GUYSUCO) is a separate legal entity, and a private firm of auditors functioned as external auditors. The last set of accounts to be audited was in respect of 1992. The amount of \$47,139M was verified as having been received by GUYSUCO.

520. In respect of Head 52 (Subhead 310) - Education, Subvention, Grants and Scholarships, amounts totalling \$112M were disbursed to the University of Guyana. This amount was verified as having been received by the University which is subject to separate financial reporting and audit. The University's accounts were last audited to 31 August 1992.

521. In relation to Head 52 (Subhead 314) - Other, the following is a breakdown of expenditure incurred:-

	\$'000
Guyana/Cuba Liquidation Fund Account	40,503
Settlement of Liabilities of the	
Guyana Telecommunications Corporation	43,503
Other	9,428
	<hr/>
	93,434
	<hr/>

522. In respect of Head 52 (Subhead 312) - Subsidies and Contributions to Local and International Organisations, amounts totalling \$2.237 billion were expended as follows:-

NAME OF ORGANISATION -----	AMOUNT ----- \$'000
Social Impact Amelioration Programme	219,871
National Industrial Commercial Investments Ltd.	974
United Nations Development Programme	13,415
Latin America American System(SELA)	6,130
Guyana Electricity Corporation	1,231,001
Guyana Rice Export Board	757,623
Others	8,033
TOTAL	 2,237,053 -----

523. The Social Impact Amelioration Programme(SIMAP) was established by Order No. 53 of 1990 and is subject to separate financial reporting and audit. The last set of accounts to be audited was in respect of 1991. Up to the time of writing, the audit of the 1992 accounts was in progress. The amount of \$219.871M was verified as having been received by SIMAP.

524. The Guyana Electricity Corporation is subject to separate financial reporting and audit. The external auditors are private firm of auditors, and the last set of accounts to be audited was in respect of 1991. The amount of \$1.231 billion was verified as having been received by the Guyana Electricity Corporation.

525. Guyana Rice Export Board(GREB) is also subject to separate financial reporting and audit. The external auditors are private firm of auditors, and the last set of accounts to be audited was in respect of 1991. The amount of \$757.623M was verified as having been received by GREB.

526. In relation to Head 53 (Subhead 413) - of the amounts of \$161.846M shown as expenditure, sums totalling \$102.068M relate to payment of increase in pensions while amounts totalling \$40.463M relate to payment of leave passage allowance.

Revenue Control

527. The vault in which unused receipt books were stored was very

congested and had inadequate lighting facilities. In addition, copies of invoices, delivery notes, requisitions and issue notes were not presented for inspection for the receipt and issue of receipt books. As a result, it could not be determined whether all receipt books were duly accounted for.

528. Revenue accounts and a revenue control account were not maintained to monitor the collection of revenue. Revenue registers were also not satisfactorily maintained. As a result, the classification and total revenues collected under each head and subhead could not be satisfactorily determined.

529. Mails were not opened in the presence of two officers, and the Remittances Book was not always written up to indicate to reflect how amounts collected were disposed of. The record also bore no evidence of supervisory checks.

530. In relation to Head 3 - Subhead 7 of the Revenue Statement, amounts totalling \$154.998M were shown as having been collected of which \$75.201M relates to revenue stamps sold by the Post Office Corporation. This latter amount, however, did not agree with the returns from the Corporation which showed an amount of \$74.218M, giving a difference of \$983,000. In addition, included in the amount of \$154.998M were sums totalling \$79.797M representing revenue collected from the sale of stamps by the Ministry of Foreign Affairs. However, the accuracy of this figure could not be determined as the Revenue Registers were not written up to provide details such as receipt voucher numbers, receipt numbers and individual amounts.

531. In respect of Head 3 - Subhead 8 of the Revenue Statement, amounts totalling \$18.636M were shown as having been collected for stamp duty on barrels and revenue collected by the Deeds Registry. However, the accuracy of this figure could not be determined as the revenue registers were not written up in a manner to facilitate a proper audit checks.

532. In relation to Head 12 - Subhead 2, the amount of \$124.414M was shown in the Revenue Statement as revenue collected from the sale of land and a Bell Helicopter, among others. However, details relating to the sale of these assets were not provided for audit examination.

533. In respect of Head 13 - Subhead 3, included in the amount of \$81.78M shown in the Revenue Statement were amounts totalling \$11.45M representing surplus on the realisation of the Sinking

Funds relating to Debentures. However, an examination of the records revealed that the surplus was \$33.222M, giving a difference of \$21.772M.

Stores and Other Public Property

534. A goods received book was not kept, and a physical verification of the stores revealed several discrepancies.

535. The Register of safe keys was not written up to show the holders of the keys to the safes and the movement of such keys among officers during the year. Several safes were also not embedded in concrete.

Other Matters

536. Minutes of meetings of the Ministry's tender board, the Contract Register and returns of contractors' earnings were not presented for audit examination. As a result, a proper evaluation of the system of awarding contracts could not be carried out.

537. Daily receipts in respect of collectors cash book/statements received from Non Sub-Accounting Ministries/Departments were not reflected in the summary cash book. In addition, receipts written to bring to account collectors cash book/statements received from Non Sub-Accounting Ministries/Departments were not recorded in the Register of Used/Unused Receipts for the entire period under review. As a result, the Register did not reflect the true position with regard to receipts used on a daily basis.

538. Bank Account No.402 (Non-Sub-Accounting bank account) was not reconciled since 1982 and reflected a balance of \$9.459 billion as at 31 December 1992. It is evident that action was not being taken to pay over to the Consolidated Fund all unspent amounts at the end of the year.

539. Several bank advices were not presented for audit examination in respect of Bank Account No.402, and a number of advices were not recorded in the register provided for this purpose. In addition, payment vouchers totalling \$365.194M were not presented for audit examination. As a result, the propriety of the payments made could not be satisfactorily determined.

540. Thousands of payment vouchers were returned from the various Ministries/Departments to the Ministry of Finance. However, these vouchers were not attached to the relevant cheque orders.

541. Several instances were noted where prompt action was not taken to clear cheques which were dishonoured by the bank. There was also no evidence of supervisory checks of the Register of Dishonoured Cheques.

542. In respect of the Sub-Treasury in Region 1, the bank account was not reconciled since 1981. Another bank account (Account No.806) was not operational since 1983, but there was no evidence of any action being taken to close the account.

543. The following observations were made in relation to the Sub-Treasury at Region 2:-

- (a) Reconciliation of the Deposits Ledger with the Accountant General's records was not done for the period under review;
- (b) Cheque orders were not always returned to the Sub-Treasury within the specified period of sixteen(16) days and cheque orders totalling \$9.54M remained outstanding at the time of inspection. The Cheque Order Register also bore no evidence of supervisory checks.

544. In relation to the Sub-Treasury in Region 4, the following observations were made:-

- (a) Cheque orders were not always returned within the specified period of sixteen(16) days;
- (b) The Controlled Forms Register bore no evidence of supervisory checks;
- (c) Several defence bonds were on hand for several years;
- (d) An examination of the bank reconciliation statement revealed several items remained uncleared for a considerable period of time.

545. The following observations were noted in relation to the Sub-Treasury in Region 5:-

- (a) Several items remained uncleared in the bank reconciliation statement for a considerable period of time;
- (b) Cheque orders were not always cleared within the specified period of sixteen(16) days, and at the time of inspection cheque orders totalling \$685,493 had not been cleared.

546. In relation to the Sub-Treasury in Region 6, the following observations were made:-

- (a) Receipt books and cheque books were not issued sequentially.
- (b) Acknowledgement receipts were not seen in respect of revenue totalling \$62,272 remitted to Head Office.
- (c) Acknowledgment receipts in respect of deposits totalling \$31,833 remitted to Head Office were not produced.
- (d) Reimbursement of payments made on behalf of the Deposits Fund was not effected promptly.
- (e) Amounts received in respect of hire of machinery and equipment and inspection fees were paid to the Deposits Fund instead of being paid over to revenue.
- (f) The Summary Cash Book was not balanced on a daily basis. Instead, it was balanced monthly.
- (g) Bank deposits slips were not referenced in the Cash Book thus making verification difficult and time consuming.
- (h) Advices received from the bank were not checked by a responsible officer.
- (i) The Sub-Treasury bank account was last reconciled in 1986.
- (j) Cheque orders totalling \$11.541M were not cleared at the time of inspection in April 1993.
- (k) The cash book was not closed on 92-12-31, as required by financial instructions. Instead, it was closed in March 1993.

HEAD 54

CUSTOMS AND EXCISE DEPARTMENT

Expenditure Control

Employment Costs

547. The Salaries Register was not presented for audit examination, and the cash book was not balanced regularly. Instances were also noted of omissions in the cash book. In addition, the salaries records bore no evidence of supervisory checks.

548. It could not be determined when last the salaries bank account was reconciled, and according to the bank statement the account was overdrawn by \$8.607M as at 31 December 1992. The cash book was also not cast and balanced. In the absence of a properly written up cash book, the exact balance on this account could not be determined.

549. The Register of Cheques paid over to the National Insurance Scheme was not written up for the period January - March 1992, and deductions were not paid over promptly to the Scheme.

550. The Travelling Register was not properly maintained as relevant information, such as authority for payment, allowance authorised and mileage ceiling, was not reflected in this record.

Other Charges

551. The Votes Ledger was not always written up to reflect total expenditure, liabilities and balances available for each subhead, and entries were not initialled by the certifying officer. The Ledger was also not properly bound. In addition, details of virement were not recorded in the Votes Ledger, and a record of withdrawals and remittances was not kept.

552. Excess expenditure totalling \$10.529M was incurred in respect of eight(8) subheads. However, two(2) advances totalling \$4.886M were issued from the Contingencies Fund to cover the excess expenditure under two(2) subheads, giving an unauthorised excess expenditure of \$5.643M. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advances.

553. Instances were noted of virement from one subhead to another but the relevant approval from the Ministry of Finance was not seen.

Revenue Control

554. Several records relating to the collection of revenue were not submitted for audit examination. These include customs entries for varying periods and machine tapes for the period January - November 1992. In the absence of these records the completeness and accuracy of the amounts collected and deposited and shown in the Revenue Statement could not be satisfactorily determined. In addition, in the absence of customs entries, the basis under which revenues were assessed could not be satisfactorily determined.

555. An amount of \$186,317 was short-deposited in November 1992. It was explained that the matter was referred to the Commissioner of Police. In addition, amounts of \$180,950 and \$21,830 representing miscellaneous licence and sundries respectively were omitted from Revenue Statement.

556. According to the Licences Register, several businesses have not renewed their licences for 1992. The Register also bore no evidence of supervisory checks.

557. Export duty on shrimp and fish was collected by a commercial bank on behalf of Customs and Excise Department. However, it could not be determined from the Export Duty Register whether all amounts collected by the Bank were remitted to the Department.

558. The Register of Short-landed Goods was not properly maintained, as duty and consumption tax payable were not stated in this record. In addition, amendments by deductions forms were not numbered, and there was no evidence that these were certified by the relevant officer. As a result, it could not be determined whether all short-landed goods were accounted for and the appropriate revenue collected.

559. The Permit for Immediate Delivery (PID) system was not properly administered. Permits were granted for purposes other than in cases of emergency or for perishable goods. In addition, in several instances entries were not perfected within the required ten(10) days, and numerous permits were outstanding at 31 December 1992 without evidence of any action being taken to collect outstanding revenue.

560. Several seizure files were not presented for audit examination. As a result, it could not be determined whether the established procedures for seizures were followed, whether the entries in the Report of Contravention Register were accurate and whether the basis used for the computation of compensation, duty, consumption taxes and the selling price of the items sold could be relied upon.

561. The Report of Contravention Register bore no evidence of supervisory checks and in several instances it was difficult to verify the disposal and duties paid as the machine numbers and dates were not stated. In addition, returns of all seizures made by outstations were not presented for audit examination. Seizure notes issued to offenders were also not pre-numbered.

562. In a number of instances seizure accounts were not presented for audit examination. Several instances were also noted where seizures were not entered in the Property Register and where items sold to a state agency were not supported by receipts nor were receipt numbers quoted in the Register. In addition, some goods were returned to offenders without authority, and there was no evidence that the recipients were properly identified. Further, there were several incidents of losses, but the losses reports were not presented for audit examination.

563. There were several instances where provisional entries and entries perfected during the year were not presented for audit examination. In addition, deposits were not paid over to revenue after the three(3) months stipulated period. The Deposits Ledger also bore no evidence of supervisory checks and was not balanced.

564. In several instances, the payment of consumption tax was not made by the 15th of the following month as required by law. There were also cases where returns were not submitted by manufacturers. In addition, there was no evidence of periodic inspections by officers of the Customs and Excise Department to ensure that manufacturers maintain the necessary sales and stock records and to establish whether consumption tax returns submitted were accurate.

565. The Remission Register was not presented for audit examination, despite repeated requests to do so. As a result, it could not be determined whether all remissions were accounted for. In addition, remissions for the year totalled \$3.9 billion representing 60% of the total revenue collected. The value of the total remissions is considered exceptionally high, having regard to the Current Account deficit of the Country of \$7.618 billion for the year under review.

566. Several want of entry slips were not produced for audit examination, and it could not be ascertained whether want of entry goods were still on hand as they were sent in long after the goods were cleared, resulting in the Want of Entry Register not being written up to date. The Register also bore no evidence of supervisory checks, and periodic reports of want of entry items deposited at the State Warehouse for periods in excess of the prescribed or authorised time were not prepared so that the Department could take appropriate action.

567. In numerous cases, suppliers invoices were not attached to the customs entries, and therefore the C.I.F. values quoted on the entries could not be verified. As a result, it could not be determined whether the duty and consumption taxes collected were

accurate. In addition, several ships' manifests were not presented for audit examination.

568. The Arrears of Revenue Register and half-yearly statements of arrears of revenue were not submitted for audit examination. In the circumstances, the total arrears of revenue as at the end of the financial year could not be determined.

Stores and Other Public Property

569. Several purchases could not be traced to the stock ledger, and the results of a physical inventory of a sample of stores items revealed a number of discrepancies.

570. Vehicle log books were not presented for audit examination, despite repeated requests to do so. In the circumstances, it could not be determined whether there was effective control over the use of vehicles.

571. Master and sectional inventories were not produced for audit examination. As a result, it could not be determined whether all assets under the control of the Department were duly accounted for and properly safeguarded. Assets were also not marked so as to make them readily identifiable as Government property.

Other Matters

572. The Imprest Cash Book was not balanced and did not always bear evidence of supervisory checks. In addition, the account was overdrawn by \$46,693 as at 31 December 1992, and it could not be determined when last it was reconciled. Advances issued from the Imprest were also not promptly cleared.

573. According to the Dishonoured Cheques Register, several stale-dated and post-dated cheques were accepted by the Department, and numerous cheques remained uncleared at the time of inspection. The Register was also not subject to checks by a supervisory officer.

574. The parcel abstracts were not written up to provide information relating to parcels seized and which remained unclaimed.

575. Officers' salaries were not quoted on the Request for Extra Attendance nor on the Register of Extra Attendance. As a result, it was difficult to ascertain whether the overtime rates paid were accurate. In addition, overtime totalling \$1.537M was owing by

Merchants as at 31 December 1992 at the time of inspection in June 1993.

HEAD 55

INLAND REVENUE DEPARTMENT

Expenditure Control

Employment Costs

576. Instances were noted where the Salaries Register and the Dairy of Pay Changes were not checked by the supervisory officer. Personal file reference and Government order numbers were also not always quoted in the Salaries Register.

577. The Salaries cash book was not cast and balanced at the end of each month, and the bank account was not properly reconciled and reflected a balance of \$4.632M as at 31 December 1992. However, the exact balance on this account could not be determined in the absence of properly written up cash book and reconciliation of the bank account. It was explained that the large balance on this account resulted mainly from incorrect entries made. However, up to the time of writing, no adjusting entries have been made by the bank.

578. The Travelling Register was not properly written up, as relevant information, such as mileage ceiling, vehicle registration number and details of insurance coverage, was not always reflected in this record. The Register also did not always bear evidence of supervisory checks

579. Instances were noted where the payment of deductions to the National Insurance Scheme was not done within the stipulated period.

Other Charges

580. Instances were noted of alterations and deletions in the Votes Ledger without the adjustments being initialled by the responsible officer. In addition, instances were noted where funds were vired from one subhead to another, but the relevant approval from the Ministry of Finance was not seen. Contracts awarded were also not always taken up as liabilities in the Votes Ledger.

581. The log book for one vehicle was not kept in the appropriate form, and details of fuel and lubricants used were not recorded.

Monthly returns of fuel and lubricants were also not prepared.

582. The payments reflected in the Votes Ledger could not be related with the amounts shown in the Payments Cash Book since relevant information, such as the payment voucher numbers and dates were not reflected in this record. In addition, the bank account was reconciled on a half-yearly basis instead of monthly, and the reconciliation was not properly done.

583. An examination of the Cheque Order Register revealed several instances where cheque orders were not returned to the Accountant General's Department within the sixteen(16) days stipulated period.

584. Payment vouchers totalling \$4.863M were not presented for audit examination. In the circumstances, the propriety of the expenditure incurred in respect of these payments could not be determined.

Revenue Control

585. An examination of receipts issued for revenue collected revealed that the heads and subheads of revenue were not quoted on the receipts. Half-yearly statements of arrears of revenue were also not prepared.

586. In respect of Form II returns, thirty(30) employers' files were requested. However, nine(9) of these files were not submitted for audit examination. The Form II Register also bore no evidence of supervisory checks.

587. A scrutiny of the Estate Duty records revealed many instances where deceased persons estates were assessed but duty was not collected and where assessments were not promptly made.

588. An examination of the Travel Voucher Tax Returns revealed that they were not always checked to ensure that the information submitted was accurate.

589. In respect of the New Amsterdam Branch Office, 282 employers did not submit Form II returns since 1991. In addition, 161 objections and appeals were outstanding since 1975, and the files relating to many of these appeals and objections could not be located. Further, a number of professionals were in public practice but were not registered with the Inland Revenue Department. The register to record the transfer of taxpayers' files to Georgetown

and back was also not satisfactorily maintained.

590. In respect of the Springlands Branch Office, an examination of Form II Returns by employers revealed that the returns were not always written up to show the addresses of employees and other relevant details. In addition, a total of 596 objections were outstanding as at 31 December 1992.

591. In respect of Licence Revenue Office, Georgetown a large quantity of obsolete licence books dating back to 1988 were on hand.

592. In respect of Licence Revenue Office, Region 2 the Register of Controlled Forms was not properly written up. Pertinent information such as date books were received, date issued and signature of officer receiving books were not recorded in the Register. A daily cash composition book to record licence revenue collected was also not kept.

593. In relation to the Licence Revenue Office, Region 3 unused licences at the end of the year were not listed so that action could be taken to have them destroyed. A daily cash composition book was also not kept during the year.

594. At the Licence Revenue Office, Region 4 a large quantity of obsolete licences were on hand. A daily cash composition book was also not kept for the period July - December 1992. Acknowledgement receipts from the Licence Revenue Officer were also not seen in respect of revenue remitted on a fortnightly basis. In addition, several business premises remained unlicensed for several years.

595. In respect of Licence Revenue Office, Region 5 several obsolete licence books were on hand, and licences cards were not produced for all licences issued during 1992. In addition, collectors cash book/statements in respect to entertainment tax for the period January -March 1992 were not presented for audit examination. A register of controlled forms was also not kept.

Stores and Other Public Property

596. A physical verification of the stores at Head Office revealed several discrepancies. A number of items appearing on the Master Inventory were also not reflected in the sectional inventories.

HEAD 58

MINISTRY OF TRADE, TOURISM & INDUSTRY

Expenditure control

Employment Costs

597. A register of unpaid salaries was not kept, and reconciliation of the salaries bank account was not done since January 1992.

598. Half-yearly returns of travelling were not prepared, and there was no evidence of supervisory checks in the Travelling Register.

Other Charges

599. Forty-one(41) payment totalling \$15.941M were not supported by vouchers as well as bills/receipts. In the circumstances, the propriety of the expenditure incurred in respect of these payments could not be determined.

600. The Telephone Register was not written up to reflect payments for residential telephones and bore no evidence of supervisory checks. In addition, amounts totalling \$565,976 were incurred in overseas telephone charges. However, it could not be determined whether all the calls made were for official purposes and whether charges relating to unofficial calls were refunded.

601. In respect of Subhead 312 - Subsidies and Contributions to Local and International Organisations, amounts totalling \$130.364M were expended as follows:-

	\$'000
Guyana Manufacturing & Industrial Dev. Agency	14,554
Guyana National Bureau of Standards	5,610
Export Promotion Council	4,200
Guyana Tourism Association	500
Contribution to UNIDO	13,465
Contribution to Caribbean Tourism Organisation	72,986
Contribution to GATT	19,049
	<hr/>
TOTAL	130,364
	<hr/>

602. Guyana Manufacturing and Industrial Development Agency (GUYMIDA) was established by Act No.15 of 1984 and is subject to separate financial reporting and audit. Up to the time of writing,

the audit of the 1992 accounts was in progress. The amount of \$14.554M was verified as having been received by GUYMIDA.

603. The Guyana National Bureau of Standards (GNBS) was established by Act No.11 of 1984. The last set of accounts which was audited and reported on was in respect of 1990, and the audit of 1991 and 1992 was in progress at the time of writing. The amount of \$5.610M was verified as having been received by GNBS.

604. The Export Promotion Council was established by Act No.5 of 1983. The last set of accounts which was audited and reported on was in respect of 1991. Financial statements for 1992 have not yet been submitted for audit examination. The amount of \$4.2M was verified as having been received by the Council.

Stores and Other Public Property

605. The inventory records were not updated at the time of inspection, and the prescribed forms were not used to prepare the master inventory.

Other Matters

606. The Imprest bank account was overdrawn by \$99,914 as at 31 December 1992, and the Controlled Forms Register bore no evidence of supervisory checks.

HEAD 61

MINISTRY OF WORKS, COMMUNICATION & REGIONAL DEVELOPMENT

Expenditure Control

Employment Costs

607. The Salaries Register was not properly maintained as relevant information, such as details of appointment, termination and government order numbers, was not always quoted. In addition, the Register bore no evidence of supervisory checks, and a salaries control register was not kept. The Salaries Cash Book was also not produced for audit examination, and there was no evidence of reconciliation of the bank account for the period under review.

608. The Travelling Register was not properly written up, as relevant information, such as authority for the payment, and the reasons for the cessation of payment, was not always recorded in the Register. Half-yearly returns of travelling were also not prepared.

Other Charges

609. The Main Bank Account was not reconciled since it was established in July 1991 and reflected a large balance of \$85.116M as at 31 December 1992.

610. Several payments for the purchase of road construction materials did not bear evidence that the items were received and brought to account, and tender board procedures were not followed before the purchases were made.

611. Amounts totalling \$6.402M were expended in the purchase of fuel and lubricants. However, the records pertaining to the receipt and issue of fuel and lubricants were not produced for audit. As a result, the accuracy of this account could not be verified.

612. Amounts totalling \$6M were paid to the Guyana Electricity Corporation as quarterly advanced payments for the supply of electricity. However, the Electricity Charges Register was not properly maintained and there was no evidence of reconciliation of the amounts paid to the Corporation with the charges raised.

613. Amounts totalling \$6.1M were expended on telephone charges. However, adequate records were not maintained in respect of overseas calls. As a result, it could not be determined whether all charges in respect of overseas calls were a proper charge against public funds.

614. The Cheque Order Register bore no evidence of supervisory checks, and several cheque orders remained outstanding at the end of the year.

615. An examination of the Votes Ledger revealed that several entries did not correspond with the amounts shown on the payment vouchers. In addition, expenditure credits totalling \$1,079,501 were also omitted from the Ledger, and differences were observed between the expenditure recorded in the Votes Ledger and that reflected in the Appropriation Account.

616. Amounts totalling \$19.547M were expended in the rental and maintenance of buildings. However, several contracts for the rental of buildings were not presented for audit examination. In addition, included in this figure were amounts totalling \$1.124M which were expended on the purchase of medical supplies and stationery, and therefore there has been a misallocation of expenditure.

617. In respect of Subhead 311 - Rates and Taxes and Subventions to Local Authorities, amounts totalling \$49.74M were expended as follows:-

	\$'000
Rates and Taxes.	29,033
Subventions to Local Authorities:	
Georgetown City Council	2,030
New Amsterdam Town Council	1,500
Linden Town Council	2,000
Rose Hall Town Council	750
Corriverton Town Council	750
Others	13,677
TOTAL	<u>49,740</u>

618. In relation to rates and taxes, a register of Government buildings was not maintained. As a result, it could not be determined on what basis the amount of \$29.033M was determined.

619. In respect of subventions to local authorities, these institutions are governed by the Municipal and District Councils Act and are subject to separate financial reporting and audit. The majority of local authorities have not been submitting financial statements for audit examination and therefore are in considerable arrears in terms of financial reporting. In relation to municipalities, the following sets out the position with regard to the status of the audit:-

	YEAR LAST AUDITED
Georgetown City Council	1986
New Amsterdam Town Council	1983
Linden Town Council	1984
Rose Hall Town Council	1981
Corriverton Town Council	1982
Anna Regina Town Council (Est. in 1990)	1990

620. Included in the amount of \$49.74M expended on rates and taxes and subventions to local authorities, were sums totalling \$7.538M which represented misallocation of expenditure. For example, amounts totalling \$3.898M were expended on charter flights, while other sums were expended in the repairs to vehicles, renovation to airstrip and maintenance of bridges. It would appear that the misallocations were done to avoid exceeding the voted provisions.

621. Amounts totalling \$148.041M were expended under Subhead 314 -

Subsidies and Contributions to Local and International Organisations, as follows:-

	\$'000
Central Housing and Planning Authority	11,100
Kuru Kuru Cooperative College	9,072
Guyana National Cooperative Union	1,106
Guyana Water Authority	18,000
West Indian Shipping Company	64,169
LIAT	20,000
International Maritime Organisation	7,700
Caribbean Telecommunications Union	8,336
Others	8,558
	<hr/>
TOTAL	148,041
	<hr/>

622. The Central Housing Authority was established by Chapter 36:24 of 1970 and is subject to separate financial reporting and audit. Since its inception no financial statements were submitted for audit examination, and therefore there was an absence of financial reporting for twenty-two(22) years. Notwithstanding this, the amount of \$11.1M was verified as having been received by the Authority.

623. The Guyana Water Authority (GUYWA) was established by Act No 3 of 1972. A private firm of auditors functioned as external auditors up to 1987, and the last set of financial statements which was audited was in respect of 1986. The amount of \$18M was verified as having been received by GUYWA

624. Several inter-departmental warrants were issued and charged to final expenditure, but there was no evidence that financial returns were submitted in support of the expenditures incurred. In addition, there was no evidence that the withdrawal records kept by the Ministry were reconciled with those kept by the Accountant General's Department.

625. Excess expenditure totalling \$2.329M was incurred in respect of Subhead 310 - Education Subvention, Grants and Scholarships. However, an advance of \$2.606M was issued from the Contingencies Fund to cover the excess expenditure. Up to the time of writing, no supplementary estimate was laid before the National Assembly to clear the advance.

Revenue Control

626. Revenue accounts and a revenue chart were not maintained, and acknowledgement receipts from the Accountant General for revenue paid over were not presented for audit examination. Returns of used and unused receipts were also not prepared and submitted to the Accountant General's Department.

Stores and Other Public Property

627. A physical verification of a sample of items in the stores revealed several discrepancies.

628. In the absence of reliable records kept by the Ministry, a list of vehicles registered in the name of the Ministry of Public Works, Communications and Regional Development as at 30th October, 1992 (from the BB series through the DD series) was extracted from the Licence Revenue Office records, and a physical verification was carried out. The results revealed that two hundred and twenty-five (225) vehicles could not be located. It would appear that many of these vehicles particularly those relating to the BB series became unserviceable over a period of time but steps were not taken to have these vehicles declared unserviceable and for the records to be adjusted accordingly. However, in the absence of documentary evidence, this could not be confirmed. In addition, twenty-four (24) vehicles were reported to have been disposed of. However, documentary evidence was not seen in relation to the disposals nor was there evidence that approved procedures were followed. Further, thirty-seven (37) vehicles registered in 1992 were located. According to correspondence seen, these vehicles, along with motor cycles, outboard engines and photocopiers, were acquired through a loan agreement between the Venezuelan Investment Fund and the Government of Guyana. However, the acquisition of these vehicles and equipment was not reflected in the Capital Appropriation Account nor in the Capital Estimates of the Ministry.

629. Based on a similar exercise carried out at the Plant Maintenance and Hire Division of the Ministry of Works, a total of nineteen (19) vehicles could not be located, while fourteen (14) vehicles were reportedly disposed of.

630. A master inventory of all furniture and equipment belonging to the Ministry was not maintained, and historical records were not maintained for all vehicles, plant and equipment.

Other Matters

631. The Imprest bank account was not reconciled since June 1992, and the Imprest was short-retired by \$21,025.

HEAD 65

CIVIL AVIATION DEPARTMENT

Expenditure Control

Employment Costs

632. The Salaries Register was not properly maintained as relevant information such as date and authority for appointment and salary scale, was not always reflected in this record which bore no evidence of supervisory checks. A diary of pay changes was also not kept.

633. A register of cheques paid over to the National Insurance Scheme was not maintained, and contribution schedules for the period January - March 1992 was not produced for audit examination. There was also no evidence of reconciliation of the amounts paid over to the Scheme with the Register of Contributors.

634. The Travelling Register was not satisfactorily maintained as relevant information, such as authority for payment, vehicle registration number and details of insurance coverage, was often omitted from this record which bore no evidence of supervisory checks. In addition, several instances were observed where the payment of travelling ceased, but the reasons for the cessation were not stated in the Register. Half-yearly returns of travelling were also not prepared.

Other Charges

635. Payment vouchers totalling \$2.338M were not presented for audit examination. In the circumstances, the propriety of the expenditure incurred in respect of these payments could not be determined.

636. Instances were noted where virements from one sub-head to another but the relevant approval from the Ministry of Finance was not seen. In addition, inter-departmental warrants totalling \$4.464M were issued and charged to final expenditure. However, financial returns in respect of these warrants were not seen, and therefore the propriety of the expenditure incurred could not be satisfactorily determined.

637. Expenditure totalling \$5.992M was misallocated under three(3) subheads, and excess expenditure totalling \$340,000 was incurred without authority.

638. The cheque order system was used for purposes other than those relating to the payment of wages and salaries, and several cheque orders remained outstanding at the end of the year.

639. Expenditure credits totalling \$308,001 were not reflected in the Votes Ledger, and there was no evidence to indicate that the withdrawals records kept by the Ministry were reconciled with those kept by the Accountant General's Department.

640. Minutes of tender board meetings and several contracts were not produced for audit examination, and a contractors' performance register was not kept. The Register of Contracts was also not maintained in a manner so as to determine the degree of completion of various contracts. In addition, returns of contractors' earnings were not prepared and submitted to the Commissioner of Inland Revenue, as required by financial instructions.

641. Amounts totalling \$1.498M were expended on telephone charges. However, the telephone records were not presented for audit examination. In the circumstances, it could not be determined whether all payments for telephone charges, particularly overseas telephone charges, were a proper charge against public funds.

Revenue Control

642. An examination of the revenue records revealed that revenue totalling \$9.6M relating to aerodrome charges, international overflights and international schedules remained uncollected as at the end of the year. In addition, the revenue collectors charts and original copies of collectors cash book/statements was not produced for audit examination. Copies of contracts entered into for the rental of office space were also not presented for audit examination, and the rental appeared to be in need for review.

Stores and Other Public Property

643. Several unsatisfactory features relating to the accounting for stores items were observed. Items were not brought to amount in the bin cards, and unserviceable items were not separately stored. In addition, instances were noted where items issued on loan were not returned to the stores, and significant discrepancies based on physical counts carried out were observed.

644. Inventories of office equipment, furniture and other assets were not maintained at certain locations, while those which were maintained were not updated and bore no evidence of supervisory checks. As a result, it could not be satisfactorily determined whether assets were under the control of this Department had been

properly accounted for and adequately safeguarded.

645. Log books for several vehicles were not produced for audit examination, while those which were produced was not properly maintained, as details of journeys undertaken, signature of authorising officer and odometer readings were often omitted from this record which bore no evidence of supervisory checks. In addition, monthly returns of fuel and lubricants were not submitted for audit examination. As a result, it could not be determined whether effective control was exercised over the use of vehicles.

Other Matters

646. The Imprest cash book was not properly written up as the voucher numbers and the dates vouchers were submitted for recoupment were not entered in the cash book. In addition, the duplicate copies of the cash book were not submitted with the vouchers for recoupment, and the Imprest was short retired by \$1025 at the end of the year. Further, the Imprest bank account was not reconciled for the period under review.

HEADS 68 - 71

REGION 1 - BARIMA/WAINI

Expenditure Control

Employment Costs

647. A salaries control register was not kept. As a result, the accuracy of the monthly payrolls could not be easily verified. In addition, deductions and refunds of salaries were not paid over promptly to the relevant agencies and to the Sub-Treasury respectively.

Other Charges

648. The Regional Administration operated a generator which also supplied electricity to residents in the surrounding area. However, there was no evidence that charges were raised for electricity supplied to the residents.

649. It was observed that tractors were hired by the Region and were provided with fuel, lubricants and spare parts. In addition, the drivers, who were not employees of the Region, were paid wages. This arrangement is not in keeping with normal practice and can lead to irregularities.

650. The Cheque Order system was used to make purchases, contrary to financial instructions. This state of affairs resulted from the Administration's failure to obtain and operate an imprest. The previous imprest was not retired some years ago because it was not properly accounted for. A large number of cheque orders also remained uncleared at the end of the year.

651. An examination of the Votes Ledger revealed several instances where the amounts shown in the Appropriation account were not in agreement with the amounts shown in the Votes Ledger. In addition, a comparison of the schedule of virements approved by the Secretary to the Treasury with the virements shown in the Appropriation Account revealed several differences.

652. Excess expenditure totalling \$819,000 were incurred under five(5) subheads without authority.

Revenue Control

653. Revenue accounts and a revenue control account were not kept,

and half-yearly statements of arrears of revenue were not prepared. In the circumstances, the completeness and accuracy of the amounts shown in the Revenue Statement could not be satisfactorily determined.

654. Certain revenue records such as the intoxicating liquor licences register and licences cards were not kept. In addition, licences accounts were not prepared for the period under review. In the circumstances, it could not be determined whether all licences fees collectible were collected and duly brought to account.

Stores and Other Public Property

655. In addition to normal storekeeping duties, the storekeeper was involved in making purchases. This arrangement did not provide for proper internal control and can lead to irregularities.

656. A physical verification of stores revealed several discrepancies when comparison was made with the stock records. In addition, at the Mabaruma Hospital numerous instances were noted where issues of drugs were not recorded in the stock records, and in many cases requisitions for drugs were made on pieces of paper which were not properly filed. Further, unused internal stores requisition books were found to be in the custody of the storekeeper. This unsatisfactory state of affairs, if not rectified promptly, can lead to irregularities.

657. A permanent stores register and a master inventory were not maintained, and the sectional inventories were not updated for a considerable period of time. In the circumstances, it could not be satisfactorily determined what assets were under the control of the Region and whether they had been duly accounted for and properly safeguarded.

Other Matters

658. Several receipt books were issued but the requisitions did not carry the signature of the authorising officer. The Controlled Forms Register was also not satisfactorily maintained, and instances were noted where receipt books were issued without acknowledgement by the recipients. In addition, the Register bore no evidence of supervisory checks, and monthly returns of unused receipts were not prepared.

659. Several receipt books were not presented for audit examination. As a result, it could not be satisfactorily determined whether all monies collected through the issue of the

relevant receipts were duly brought to account. A daily cash composition book was also not maintained.

660. Stale dated cheques totalling \$116,910 were found in the safe at the time of inspection, and the canister containing cash and cheques was kept in a filing cabinet, instead of being stored in a safe.

HEADS 72 - 75

REGION 2 - POMEROON/SUPENAAM

Expenditure Control

Employment Costs

661. A diary of pay changes was not maintained, and instances were noted where copies of letters of appointments were not seen in the personal files of officers in order to verify rates of pay, dates of appointment etc.

662. The Wages bank account was overdrawn by \$469,279 as at 31 December 1992. In addition, an examination of the bank reconciliation statements of the wages and salaries bank accounts revealed several items which remained uncleared for a considerable period of time.

663. The Travelling Register was not properly written up as relevant information, such as authority for payment and details of insurance coverage was not reflected in this record. In addition, several instances were observed where the payment of travelling allowances ceased but the reason for the cessation of payment was not stated. Half-yearly returns of travelling were also not prepared.

Other Charges

664. Three hundred and six(306) payments totalling \$13.756M were not supported by vouchers as well as bills/receipts. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined.

665. Instances were noted where cheque orders were not returned to the Sub-Treasury within the stipulated period of sixteen(16) days, and at the end of the year cheque orders totalling \$14.138M remained outstanding. In the circumstances, the propriety of the expenditure incurred in respect of these payments could not be

satisfactorily determined.

666. A copy of the contract between the Guyana Electricity Corporation and the Regional Administration for the supply of electricity was not provided for audit examination, and the Electricity Charges Register was not properly written up. There was also no evidence of reconciliation of the amounts paid over to the Corporation with the charges raised, and the Register bore no evidence of supervisory checks.

667. According to the Telephone Register private overseas calls amounting to \$72,984 were made in 1992 and paid for by the Regional Administration. However, only \$32,841 was refunded by employees.

668. Instances were noted of virements from one subhead to another but the relevant approval from the Ministry of Finance was not seen. There were also several instances of misallocation of expenditure.

669. Excess expenditure totalling \$19.209M was incurred under two(2) subheads. However, three(3) advances from the Contingencies Fund totalling \$19.215M were issued to cover the excess expenditure. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advances.

Revenue Control

670. Revenue accounts, a revenue control account, a revenue register and a revenue chart were not maintained for the period under review. In the absence of these records, effective control over the assessment, collection and accounting for revenue was lacking. Half-yearly statements of arrears of revenue were also not prepared.

Stores and Other Public Property

671. Instances were noted where items of stores were loaned without authority and where items were not returned to the stores within the stipulated period. In addition, a physical verification of a sample of stores items revealed a number of discrepancies.

672. Stock ledger folio numbers were not quoted on combined requisition and issue vouchers (CRIVs) thus rendering it difficult and time consuming to trace the receipt of drugs issued to the Suddie Dispensary. CRIVs for the period January - June 1992 were also not produced for audit examination. In addition, sample checks revealed that quantities of drugs shown as issued on CRIVs

differed from the amounts recorded in the stock ledger, and in some cases issues were not authorised.

673. Several discrepancies were observed based on sample checks carried out on the inventory of the Anna Regina Multilateral School.

Other Matters

674. Instances were noted where advances issued from the Imprest were not cleared promptly, and several advances remained outstanding for a considerable period of time.

675. The Imprest bank account was overdrawn by \$291,289 as at 31 December 1992. In addition, an examination of the bank reconciliation statement revealed several items which remained uncleared for a considerable period of time.

HEADS 76 - 79

REGION 3 - WEST DEMERARA/ESSEQUIBO ISLANDS

Expenditure Control

Employment Costs

676. The Salaries Register was not properly maintained, as relevant information, such as details of appointment and termination and salary scale was not stated therein.

677. The Salaries Bank Account and the Wages Bank Account were not reconciled since July 1990 and September 1991 respectively. The salaries account for teachers was also not reconciled since February 1990. In addition, the wages bank account and the teachers' bank account were overdrawn by \$2.581M and \$2.158M in October 1992 and June 1992 respectively for which no satisfactory explanation was given.

678. A request was made for one hundred and twenty five(125) personal files. However, twenty-three(23) files were not produced for audit examination. In addition, the Register of Unpaid Wages and Salaries for the period January - May, 1992 was not presented, and an inspection of the Register for the remainder of the year revealed thirty-four (34) instances where acknowledgement receipts for unpaid salaries and wages were not seen.

679. Acknowledgement receipts were not produced in many instances in respect of deductions paid over to the various agencies, and in some instances there were delays in the paying over of the deductions.

680. The Travelling Register was not properly written up, as relevant information, such as authority for travel allowance, mileage ceiling and date of cessation of payment, was not recorded therein.

Other Charges

681. One hundred and twenty-eight(128) payments totalling \$2.450M were not supported by bills receipts and vouchers. As a result, the propriety of the expenditure incurred in respect of these payments could not be determined.

682. Amounts totalling \$1.839M, representing quarterly advanced payments to the Guyana Electricity Corporation, were charged to final expenditure in the appropriation accounts. However, there was no evidence of reconciliation of the Electricity Charges Register with the amounts paid to the Corporation.

683. An examination of the telephone records revealed that private overseas calls totalling \$105,724 were paid for by the Regional Administration but could not be recovered because it could not be determined who the callers were.

684. A contractors' performance register was not kept, and instances were noted where contracts were awarded without contractors producing compliance certificates from the Commissioner of Inland Revenue. In addition, several instances were noted where the bills of quantities for contracts awarded were not certified by the responsible officer and did not indicate the type and quality of materials to be used, especially lumber. In the circumstances, it could not be satisfactorily determined whether the correct types of material were used in the maintenance works which were carried out.

685. In respect of Head 78 - Subhead 314, payments totalling \$59,360 were duplicated in that they were also effected by the Primary Education Improvement Programme. In addition, in respect of the same head and subhead an amount of \$77,500 was paid for hosting a conference. There was, however, no evidence that such a conference was held. These matters were referred to the Commissioner of Police for investigation.

686. Vehicle log books were not properly maintained for several vehicles of the Region, as relevant information such as the signatures of the authorising and checking officers, number of miles undertaken, odometer readings and details of fuel and lubricants used, was not reflected in this record. In the circumstances, it could not be satisfactorily determined whether there was effective control over the use of vehicles.

687. According to the Cheque Order Register, one hundred and ninety six(196) cheque orders totalling \$1.162M were outstanding as at 31 December 1992, most of which were outstanding for several months. In the circumstances, it could not be determined whether value was received in respect of the payments made.

688. Cheque orders were only required to be issued for the payment of wages and salaries and travelling. However, during the period under review, two hundred and twenty six(226) cheque order payments totalling \$13.657M were issued for transactions totally unrelated to wages and salaries and travelling, contrary to financial regulations. This practice can lead to serious irregularities.

689. Excess expenditure totalling \$99,000 was incurred in respect of Head 79 - Subhead 303, without approval.

Stores and Other Public Property

690. Several instances were noted where items of stores were purchased from private suppliers, but there was no evidence to indicate that such items were not available at Government agencies nor was a three(3) quote system adopted before purchases were effected from private suppliers. In the circumstances, it could not be satisfactorily determined whether the prices paid for the items purchased were the most competitive.

691. A physical inventory of assets was carried out in October 1992. However, the results could not have been compared with the inventory records as the latter had not been updated since 1988.

Other Matters

692. The Revenue Control Register and the Controlled Forms Register bore no evidence of supervisory checks.

693. The Imprest Bank Account, with an imprest sum of \$400,000, was overdrawn on several occasions and reflected an overdraft of \$452,801 as at 31 December 1992. The bank account was last reconciled to June 1992.

694. The Gifts Register kept at the West Demerara Hospital was not properly written up as it did not reflect details of all the gifts received for the period under review. In addition, there was no evidence that the gifts were valued and the Accountant General informed so that their values could be brought to account in the Country's accounts.

HEADS 80 - 83

REGION 4 - DEMERARA/MAHAICA

Expenditure Control

Employment Costs

695. The Salaries Register was not reconciled with the personal emolument vote, and the wages and salaries cash books reflected large balances at the end of each month instead of nil balances. The bank accounts were also not reconciled since 1987.

696. The Travelling Register was not properly maintained, as relevant information, such as authority for payment and details of insurance coverage, was not always recorded therein.

697. The Register of Contributors to the National Insurance Scheme was not written up for the period under review.

Other Charges

698. Amounts totalling \$16.545M, representing quarterly advanced payments, were paid to the Guyana Electricity Corporation for electricity supplied. The Electricity Register was, however, not written up for the period May - December 1992, and there was no evidence of reconciliation of the amounts paid with the charges raised by the Corporation.

699. Log books for vehicles were not properly written up to reflect information such the signatures of authorising and checking officers, number of miles undertaken, odometer readings and fuel and lubricants used. It was therefore not possible to determine whether all journeys undertaken were authorised and whether there was effective use over the use of vehicles.

700. Instances were noted of virement from one subhead to another but the relevant approval from the Ministry of Finance was not seen.

701. Excess expenditure totalling \$852,000 was incurred under six(6) subheads without approval. In addition, an advance of \$5.902M was issued from the Contingencies Fund under Head 80 - Subhead 305. However, the vote was not exhausted, and there was no evidence that the advance was refunded.

Stores and Other Public Property

702. A survey of the Regional Stores at Triumph revealed significant discrepancies between the physical quantities and the amounts recorded on the bin cards. In addition, several items of stores also appeared to be obsolete and damaged, and the storekeeping records bore no evidence of supervisory checks.

Other Matters

703. The Imprest was short-retired by \$138,960 at the end of the year and was last reconciled in August 1992. In addition, the expenditure limit of \$10,000 was exceeded on several occasions, and requests for advances did not always specify the purpose of the advances.

HEADS 84 - 87

REGION 5 - MAHAICA/BERBICE

Expenditure Control

Employment Costs

704. A diary of pay changes was not kept, and the three(3) bank accounts relating to wages and salaries were not reconciled for several years. In addition, although the cash books showed nil balances as at 31 December 1992, two of the bank accounts were overdrawn by \$67,228 and \$244,661 at the end of the year while the other bank account had a large balance of \$6.208M. A register of unpaid wages and salaries was also not kept.

705. The Travelling Register was not properly written up, as relevant information, such as authority for payment, details of insurance coverage and mileage ceiling, was not always reflected in this record. In addition, half-yearly returns of travelling were not prepared.

Other Charges

706. The Votes Ledger was not properly maintained as numerous omissions and other discrepancies were observed. The Ledger also did not bear evidence of supervisory checks. In addition, instances

were noted of virement from one subhead to another, but the relevant approval from the Ministry of Finance was not seen. Further, several inter-departmental warrants were issued to various Government agencies and were charged to final expenditure, but the related financial statements from the various Ministries were not submitted to account for the warrants issued. There were also several instances of excess expenditure in respect of a number of subheads.

707. Several amounts were recorded in the Votes Ledger as actual expenditure but remained unpaid at the end of the year, resulting in the Appropriation Accounts being overstated.

708. Purchase requisitions were not always prepared when purchases were made, and in many instances cheques were written in the name of the expeditor, instead of suppliers. Goods received notes were also not prepared to evidence the receipt of goods. In addition, several instances were noted where purchases were made from a private supplier. However, there was no evidence to indicate that the items were not available at Government agencies nor was a three quote system adopted before the purchases were effected.

709. Amounts totalling \$1.275M were paid to the Guyana Electricity Corporation, representing quarterly advanced payments for electricity supplied. However, the Electricity Charges Register was not written up and therefore there was no reconciliation of the amounts paid to the Corporation with the actual electricity charges.

Revenue Control

710. A control account was not kept for water ratepayers, and customers' accounts were maintained on cards. In the absence of a control account, it could not be determined whether all the account cards were presented for audit examination. In addition, many instances were noted where water rates were in arrears for over ten (10) years, and demand notices were not sent to defaulters. Half-yearly returns of arrears of revenue were also not prepared.

Stores and Other Public Property

711. The Regional Store which was at Onderneeming was transferred in May 1992 to Fort Wellington due to constant breakages. The items transferred were listed but were, however, not brought to account in the bin cards kept at Fort Wellington. In addition, stores records for the period January to May 1992 in respect of the Onderneeming Store were not produced for audit examination. As a result, it could not be determined whether all items of stores were properly accounted for at the time of the transfer.

712. A large number of unserviceable and obsolete items were seen in the store which was kept in a very untidy manner. Serviceable and unserviceable items were stored together thus making it difficult to verify items in the store. In addition, several items which were on loan remained outstanding for a considerable period of time, and the Loans Register bore no evidence of supervisory checks.

713. Several purchases were not brought to account in the stock ledgers maintained at the Regional Accounting Office. These ledgers as well as the goods received book and bin cards bore no evidence of supervisory checks.

714. An inventorisation of all assets belonging to the Region was undertaken in October 1992. However, it could not be determined whether all assets were duly accounted for since adequate inventory records were not maintained. In addition, a record of gifts was not maintained by the Region although there was evidence of receipt of gifts by hospitals and schools.

715. At the Fort Wellington Hospital several differences were noted between the stock records and the physical quantities on hand, and the goods received book did not provide adequate information in order to verify that all purchases were duly received and brought to account. In addition, the stock ledgers were not posted up-to-date, and internal stores requisition numbers were not always quoted in the stock ledgers. Requisitions were also not always approved, and in some cases there was no acknowledgement of receipt of the items issued. Further, a stock ledger was not kept at the Out Patients' Dispensary to monitor the receipts and issues of drugs, and a large quantity of expired drugs were found to be on hand at the time of inspection.

Other Matters

716. Instances were noted where advances issued from the Imprest were not cleared before further advances were given and where advances were repaid in instalments. In addition, advances were not always recorded in the Votes Ledger as liabilities, and liabilities were not always written off in the Votes Ledger whenever advances were cleared. Further, the Imprest Bank Account was not reconciled for several years and was overdrawn by \$100,867 as at 31 December 1992.

HEADS 88 - 91

REGION 6 - EAST BERBICE/CORENTYNE

Expenditure Control

Employment Costs

717. The inventory of staff maintained by the Region did not show the category of each employee. As a result, it could not be satisfactorily determined whether the categories and numbers of staff employed were in conformity with the National Estimates. In addition, the Salaries Control Register bore no evidence of supervisory checks, and salaries registers were not maintained. Several instances of overpayment of salaries were also noted.

718. An examination of overtime claims revealed that certain officers were paid an on call allowance and at the same time were in receipt of overtime payments. This matter was brought to the attention of the relevant authorities, and a circular was issued in 1993 to correct this anomaly.

719. The position with regard to the reconciliation of the bank accounts operated by the Region in respect of wages and salaries is set out as follows:-

NAME OF ACCOUNT -----	LAST RECONCILED -----
A/c No. 690 - Wages	October 1984
A/c No. 863 - Education Salaries	October 1991
A/c No. 698 - Admin. Salaries	April 1987
A/c No. 870 - Health Salaries	December 1992

The respective cash books were also not properly written up and bore no evidence of supervisory checks. In addition, instances were noted where the bank accounts were overdrawn on several occasions during the year. In relation to A/c No. 870 the reconciliation was not properly done as the cash book balance quoted in the bank reconciliation statement differed significantly from the balance shown in the cash book.

720. The Travelling Register was not properly written up and bore no evidence of supervisory checks. Half-yearly returns of travelling were also not prepared, and the Travelling Register was not reconciled with the vote accounts.

721. Instances were noted where deductions were not paid over

promptly to the National Insurance Scheme, and the records pertaining to the Scheme were generally not adequately kept.

Other Charges

722. The Votes Ledger was not satisfactorily maintained as numerous omissions and other discrepancies were observed. The Ledger also did not bear evidence of supervisory checks. In addition, instances were noted of virement from one subhead to another but the relevant approval from the Ministry of Finance was not seen. Further, several inter-departmental warrants were issued to various Government agencies and were charged to final expenditure but the related financial statements from the Ministries were not submitted to account for the warrants issued. There were also several instances of excess expenditure.

723. Several instances were noted where purchases were made but there was no evidence of receipt of goods nor were they inventorised in the case of inventory items.

724. Local purchase orders in respect of purchases of fuel and lubricants for Guyana Water Authority were often raised by a foreman but were not approved by the Superintendent. In addition, purchases of fuel and lubricants for the Region totalled \$16.346M. However, there was no evidence to indicate fuel valued at \$1.453M was received.

725. Several items of stores were purchased and taken into immediate use instead of being subject to normal storekeeping procedures. In the circumstances, it could not be satisfactorily determined whether such goods were actually received by the Region.

726. An approved list of buildings rented was not presented for audit examination. In the circumstances, the propriety of the expenditure incurred on the rental of buildings could not be determined. Agreements with landlords were also not made available.

727. Copies of contracts awarded by the Region during the year 1992 were not always submitted to the Auditor General, as required by financial instructions. In addition, tender board minutes and tender documents were not filed in an orderly manner, and compliance certificates from the Commissioner of Inland Revenue were not seen in respect of a number of contractors. A contractors' performance register was also not kept, and the Contracts Register bore no evidence of supervisory checks.

728. During 1992 twelve (12) contracts valued at \$14.297M were awarded for the maintenance of roads in Region 6. A significant portion of these contracts involved the grading, shaping and scarifying roads as well as compacting, all of which required the use of a grader and a road roller. Investigations revealed that only the Region Administration possessed a grader and a road roller and therefore it appeared inconsistent to have an arrangement whereby contractors were renting the Region's equipment to execute works on behalf of the Region. One would have expected that those parts of the contracts for road maintenance requiring grading, shaping and scarifying as well as compacting would have been undertaken by the Region since there were obvious savings to be derived.

729. Five(5) contracts were awarded required grading, shaping and scarifying to the value of \$2.072M. However, work valued at only \$140,000 was done using the Region's grader as evidenced by a scrutiny of the grader's log book as well as by payments made by contractors to the Region for the rental of the grader. It therefore appeared that contractors were overpaid amounts totalling \$1.932M.

730. It is noteworthy to mention that the Engineer's estimates relating to the contracts were all prepared by the Superintendent of Roads who was also the person certifying satisfactory completion of the works.

731. Included in the twelve (12) contracts referred to above, were works relating to compacting of burnt earth and bauxite capping all of which was required to be done by a road roller which, as mentioned above, was only possessed by the Regional Administration. A scrutiny of the Regional Administration's records, however, revealed very minimal use of the roller. In addition, physical inspection of works revealed very little evidence of compacting, yet significant, but undetermined amounts, were paid to contractors for such works. (The contracts did not show separate figures for compacting). Again, the Superintendent of Roads was the person who prepared the Engineer's estimates and certified satisfactory completion of the works.

732. Amounts totalling \$1.792M were paid to the Guyana Electricity Corporation, representing quarterly advanced payments for electricity supplied. However, an electricity charges register was not kept, and there was no evidence of reconciliation of the amounts paid over to the Corporation with the actual charges for electricity supplied.

733. A list of all residential and office telephones was not produced for audit examination, and the Telephone Register was not properly written up.

734. A register of rates and taxes paid to the various local authorities was not kept. In the circumstances, the accuracy of the payments made could not be satisfactorily determined.

735. Numerous contracts were entered into by the Regional Democratic Council for the hire of vehicles, machinery and equipment, although the Region possessed several such equipment. For the period under review amounts totalling \$6.324M were paid for the hire of vehicles, machinery and equipment.

736. Payments totalling \$7.967M were not supported by bills, receipts and vouchers in order to verify the propriety of the expenditure for which the payments were made.

737. Excess expenditure totalling \$10.978M was incurred in respect of six(6) subheads. However, advances from the Contingencies Fund totalling \$10.57M were issued to cover the excess expenditure. Up to the time of writing, no supplementary provision was tabled in the National Assembly to clear the advances.

738. A contract valued at \$424,930 was awarded for the building a water trestle at the Doctors' Quarters in New Amsterdam. The contractor was however, paid the sum of \$442,930. In addition, physical inspection of the works revealed that work to the value of only \$264,096 was done, resulting in an apparent overpayment of \$178,834 to the contractor.

Revenue Control

739. Revenue accounts were not maintained, and receipt vouchers were not always referenced to the Revenue Control Account which was not properly written up. In addition, the Revenue chart was not written up for several periods and bore no evidence of supervisory checks. Half-yearly statements of arrears of revenue were also not prepared.

740. It was observed that monies collected in respect of revenue and deposits at various sub-offices were being banked into the Sub-Treasury's bank account by the sub-offices. However, copies of receipts, collectors cash book statements, deposit slips and receipt vouchers were always not submitted to the Regional Accounting Unit.

Stores and Other Public Property

741. At the Veterinary Section in New Amsterdam the stock ledger was not properly maintained and bore no evidence of supervisory checks. In addition, at the stores in Canje and at Whim there was no evidence of reconciliation between the stores ledgers and the bin cards. The goods received book, stores ledgers and bin cards also bore no evidence of supervisory checks.

742. At the Guyana Water Authority Store both the stores ledger and bin cards were maintained by the storekeeper, were not updated for a considerable period of time and bore no evidence of supervisory checks. In addition, at the New Amsterdam and Port Mourant Hospitals the goods received book folio numbers were not cross-referenced on the requisitions to purchase, thus making verification of receipt of goods difficult. Instances were also noted where items purchased could not be traced as having been received.

743. An inventorisation of all assets belonging to the Region was undertaken in October 1992. However, it could not be determined whether all assets were duly accounted for since adequate inventory records were not maintained. In addition, a record of gifts was not maintained by the Region, although there was evidence of receipt of gifts by hospitals and schools.

Other Matters

744. An examination of the operations of the Rural Marketing Centre in Black Bush Polder revealed that during 1992 seven(7) payments totalling \$1.1M were made to a private bank account. An examination of the vouchers relating to these payments revealed that payments were made for "development works". However, there was no evidence of such works being undertaken. The Officer in charge admitted that these payments were totally unrelated to the operations of the Marketing Centre. The matter was referred to the Commissioner of Police for investigation.

745. The Rural Marketing Centre commenced operations in 1983 as an Economic Venture, and to date no financial statements have been prepared and submitted for audit examination to account for its operations. In addition, internal controls were extremely weak and there was a total absence of proper record-keeping.

746. The system of issuing sub-impresst was not used but instead, advances were given to the officer in charge of the sub-offices to operate as sub-impressts. This practice is not in keeping with financial instructions.

747. The Advances register was not properly maintained and bore no evidence of supervisory checks. In addition, instances were noted where adequate details were not stated in the advance forms and where advances were repaid in instalments.

748. Although the reconciliation of the Imprest Bank Account was up-to-date several items in the reconciliation remained uncleared.

749. Half-yearly statements of balances on deposits were not prepared, and there was no evidence of reconciliation between the deposits accounts maintained by the Region and those maintained by the Accountant General's Department.

HEADS 92 - 95

REGION 7 - CUYUNI/MAZARUNI

Expenditure Control

Employment Costs

750. The salaries registers were not properly maintained as relevant information, such as authority for payment and details of termination, was not reflected in this record. A diary of pay changes and a register of unpaid salaries were also not kept.

751. The two(2) salaries bank accounts were last reconciled in September 1988 and May 1988 respectively, and the cash book for one account was cast and balanced to October 1992 while in respect of the other account the cash book showed a credit balance of \$3,055 instead of a nil balance. Bank deposit slips for these accounts were also not presented for audit examination.

Other Charges

752. There was a lack of proper segregation of duties in the Regional Accounting Unit. For example, cheques drawn on the wages and salaries bank account were signed by the officer who certified the expenditure. In addition, instances were observed where payment vouchers were entered in the Votes Ledger by the officer approving the expenditure. In other instances, payment vouchers were prepared and checked by the same person.

753. A list of outstanding liabilities as at 31-12-92 was not prepared and submitted to the Secretary to the Treasury.

754. Requisitions to purchase (RTP's) were not used during the period under review. It was explained that the prescribed forms were not available, and as a result, purchases were made on the strength other forms of documentation duly authorised. However, these documents were not made available for audit examination.

755. Non-availability certificates from Government Agencies were not attached to payment vouchers where purchases were made from private suppliers, and instances were noted where items purchased were not supplied within a reasonable period of time. Several purchases were also not brought to account in the Stores Ledger although there was evidence of receipt of goods.

756. The relevant approval from the Ministry of Finance was not seen in support of virement from one subhead to another. In addition, several instances were noted where payments could not be traced to the Votes Ledger and where amounts recorded on payment vouchers differed from those entered in the Votes Ledger. Several expenditure credits could also not traced to the Votes Ledger.

757. Financial returns were not seen in respect of three(3) inter-departmental warrants totalling \$49,945 which were charged to final expenditure.

758. Excess expenditure totalling \$2.468M was incurred in respect of eight(8) subheads. However, advances totalling \$2.43M were issued from the Contingencies Fund to cover the excess expenditure. Up to the time of writing no supplementary estimates were laid in the National Assembly to clear the advances.

Revenue Control

759. Revenue accounts, a revenue control account and a revenue collectors' chart were not maintained. In the absence of these records, effective control over the assessment, collection and the bringing to account of revenue was lacking.

760. Several instances were observed where water rates were not paid by residents over a long period of time, and demand notices were not sent to the defaulters.

761. At the Lands and Surveys Department and at the Agricultural Station, a daily record of used/unused receipts was not kept. The collectors cash book/statements and the Rent Register also bore no evidence of supervisory checks.

Stores and Other Public Property

762. Several instances were noted where items were issued from the Store but there was no acknowledgement of the receipt of the items nor were the issues authorised. Such a practice can lead to irregularities.

763. Sectional inventories were not maintained by several Departments, and a master inventory was not kept. In the circumstances, it could not be satisfactorily determined whether all assets under the control of the Region were properly accounted for and adequately safeguarded.

764. A record of jobs undertaken at the Workshop was not kept, and historical records were not maintained for vehicles, equipment and machinery owned by the Region.

765. In respect of the Bartica Hospital Store, internal stores requisitions were not produced for audit examination while at the Dispensary several deficiencies in the issuing of drugs were brought to the Accounting Officer's attention. Instances were also noted of expired drugs on hand.

766. An inspection of the Regional Administration Main Store revealed that it was conjectured due to the fact that approximately 50% of the stores compound, including fuel facilities, was rented out at a cost of \$10,000 per month for a period of ten(10) years.

Other Matters

767. Several advances issued from the Imprest were authorised after they were uplifted. The Imprest cash book also bore no evidence of supervisory checks.

HEAD 96 - 99

REGION 8 - POTARO/SIPARUNI

Expenditure Control

Employment Costs

768. The Salaries Register was not properly maintained as relevant information, such as personal file reference, NIS number and details of appointment and termination, was not reflected in this record. The Register also bore no evidence of supervisory checks. In addition, a diary of paychanges, a salaries cash book and a

salaries control register were not maintained. As a result, a proper examination of the payment of wages and salaries could not have been undertaken.

769. A deductions register was not kept, and acknowledgement receipts for deductions paid over to the relevant agencies could not be matched with the payments made because of the manner in which the records were maintained.

770. The Salaries Bank Account and the Wages Bank Account were not reconciled for several years, and no cash books were maintained. In addition, the Salaries Bank Account showed a balance of \$1.591M as at 31 December 1992. In the absence of a cash book (which should have a nil balance at the end of the year) the exact balance on this account could not be determined.

771. A register of cheques paid over to the National Insurance Scheme was not kept, and differences were observed between the amounts paid over to the Scheme and the amounts shown on the payrolls. Differences were also noted in the amounts recorded in the Votes Ledger.

Other Charges

772. Out of a sample of 160 payment vouchers selected for audit examination, 137 vouchers valued at \$2.407M were not submitted. In the circumstances, the propriety of expenditure in respect of the payments made could not be determined. In addition, most of the cheques relating to purchases were drawn in favour of the expeditor instead of suppliers.

773. Of the twenty-three(23) payment vouchers examined, there was no evidence of receipt of goods in respect of nine(9) payments. Eight(8) payments were not authorised and six(6) did not bear the acknowledgement of the payees. The vouchers and supporting documenting documents were also not stamped paid to avoid the possibility of recycling.

774. Supporting documents such as bills and receipts were not seen in respect of sixteen (16) payments totalling \$2.341M. In the circumstances, the propriety of the expenditure incurred in respect of these payments could not be determined.

775. Log books were not maintained for vehicles, lighting plants and outboard engines operated by the Region. In the circumstances, it could not be determined whether there was effective control over

the use of these assets and whether all fuel and lubricants purchased were properly accounted for.

776. The Votes ledger was not properly maintained, as incorrect balances were reflected in it, and several entries were made in pencil. In addition, there were several alterations which were not initialled, and supervisory checks were lacking.

777. Excess expenditure totalling \$1.537M was incurred under five(5) subheads in respect of Head 96. However, a Contingencies Fund advance warrant totalling \$2.5M was issued to cover the excess expenditure. Up to the time of writing, no supplementary provision was tabled in the National Assembly to clear the advance.

Revenue Control

778. Collectors Cash Book Statements for January 1992 as well as two(2) licence books were not submitted for audit examination. A daily cash composition book was also not maintained for the period under review.

779. An amount of \$19,800 representing video rental licence was collected but was not brought to account in the cash book and was not paid over to the Sub-Treasury. No satisfactory explanation was given why this amount remained outstanding.

780. Revenue accounts, a revenue control account, a revenue register and a revenue chart were not maintained for the period under review, and whenever revenue was paid over to the Regional Accounting Unit official receipts were not obtained. In addition, monthly statements of revenue collectible and collected and half-yearly statements of arrears of revenue were not prepared. In the circumstances, effective control over the collection and accounting for revenue was lacking.

Stores and Other Public Property

781. At the time of inspection, a physical verification of a sample of stores items was undertaken but the results could not be compared with the balances on the stock records since the latter were not properly maintained. In addition, several items of stores appeared to be obsolete.

Other Matters

782. The Imprest Cash Book bore no evidence of supervisory checks for certain periods, and it could not be determined when last the bank account was reconciled. Several advances issued from the

Imprest also remained uncleared at the end of the year, and in many cases the nature of the advance was not stated. In addition, the Imprest was not retired until March 1993.

783. Two(2) vehicles owned by the Region were used for hire purposes, and the proceeds were not paid over to revenue but were required to be paid into a separate bank account. According to the cash book, amounts totalling \$210,500 were received for the year but there was no evidence that these amounts were deposited. In addition, six(6) unofficial receipts valued at \$172,534 were obtained from third parties for the hire of these vehicles but these receipts could not be traced to the cash book nor was there evidence that the amounts were deposited into the bank account.

784. Further examination of the above-mentioned cash book revealed that payments totalling \$160,486 were made out of the proceeds of the hire of the two(2) vehicles. However, vouchers and supporting documents in respect of payments totalling \$37,161 were not presented for audit examination. Twenty-three(23) vouchers totalling \$75,611 were also not entered in the cash book, indicating that it was not properly written up.

HEADS 100 - 103

REGION 9 - UPPER TAKATU/UPPER ESSEQUIBO

Expenditure Control

Employment Costs

785. Instances were noted where the payment of salaries ceased but no entries were made in the Salaries Register. A diary of pay changes was also not kept, and the salaries cash book was not written up for the period October - December 1992. In addition, the Salaries Bank Account was not reconciled for the period under review.

786. Adequate records were not maintained in relation to matters pertaining to the National Insurance Scheme, and at the time of the inspection cheques totalling \$5.5M and payable to the Scheme were on hand. These cheques represented contributions for the period July - December 1992.

787. Information relating to the commencement and cessation of the payment of cycle allowances to employees was not always stated in the Travelling Register.

Other Charges

788. An advance of \$1.154M was issued from the Contingencies Fund under Head 100 - Subhead 305. However, there was no excess expenditure under this subhead, and no evidence was seen that the amount was refunded to the Contingencies Fund. In addition, excess expenditure totalling \$274,000 was incurred under five(5) subheads without authority.

789. The Votes Ledger was not properly maintained as the voted provision and the monthly releases under the various Heads and subheads were not reflected in this record.

790. Cheque orders were not cleared within the stipulated period of sixteen(16) days, and as at 31 December 1992 cheque orders totalling \$374,041 remained outstanding at the time of inspection in May 1993. The Cheque Order Register also bore no evidence of supervisory checks.

791. Log books for two(2) vehicles were not presented for audit examination. In the circumstances, it could not be determined whether there was effective control over the use of these vehicles.

Revenue Control

792. Half-yearly returns of arrears of revenue were not prepared and submitted to the Accountant General, as required by financial instructions.

Stores and Other Public Property

793. Several of the vehicles were sent for repairs or were in the custody of former officers of the Region. However, upon the return of these vehicles, it was observed that they were in a deplorable state and that parts taken off of them.

794. Several obsolete and damaged items of stores were seen at the time of inspection without evidence of any action being taken to have them disposed of.

795. A register of Government Quarters was not produced for audit examination. As a result, it could not have been determined which quarters were under the control of the Regional Administration and whether they were properly maintained.

796. Several items were loaned to private persons but were not

returned to the stores despite the lapse of a considerable period of time.

Other Matters

797. The Imprest was short retired by \$43,984 as at 31/12/92, and of this amount no supporting vouchers for amounts totalling \$37,589 were seen. In addition, the Imprest Cash Book showed a credit balance of \$58,318 at 31/12/92, and the bank account was not reconciled since February 1992.

798. Instances were noted where advances issued from the Imprest were not authorised, and several advances remained outstanding at the end of the year.

799. Several cheque books, receipt books and other controlled forms were not entered in the Controlled Forms Register. As a result, it could not be satisfactorily determined whether all controlled forms were accounted for.

800. No field audit work was done during the period under review since the field auditor was working in the stores. It was explained that because of staff shortages the field auditor had to be transferred to the stores.

801. Revenue received from the rental of Government buildings was deposited in the Economic Venture bank account instead of being paid over to the Consolidated Fund. This practice is in contravention of the Financial Administration and Audit Act. In addition, the bank account was not reconciled during the period under review, and a cash survey revealed a discrepancy of \$8,287. The Advances Register was also not written since 20/10/92 and at that date advances totalling \$62,000 were outstanding.

HEADS 104 - 107

REGION 10 - UPPER DEMERARA/BERBICE

Expenditure Control

Employment Costs

802. A register of unpaid wages, a salaries register and a record of overtime worked were not maintained, and the Salaries Control Register bore no evidence of supervisory checks.

803. The wages and salaries bank accounts were not reconciled since 1988 and reflected balances of \$98,201 and \$2.220M respectively as at 31 December 1992. The Wages cash book, however, showed a balance of \$2.570M at the end of the year instead of nil balance, while the balance on the salaries cash book could not be determined since it was not cast and balanced for the period under review.

804. The Register of Contributors to the National Insurance Scheme and the Register of Cheques paid over to the Scheme were not properly maintained, as several omissions were noted. In addition, instances were noted of undue delays in paying over deductions to the Scheme.

805. The Travelling Register was not properly written up, as there were notable omissions of pertinent information. The Register also lacked evidence of supervisory checks. In addition, half-yearly returns of travelling were not prepared, and there was no evidence of reconciliation of the Travelling Register with the vote account.

Other Charges

806. The log books for the four(4) vehicles operated by the Region were not produced for audit examination. As a result, it could not be determined whether there was effective control over the use of vehicles.

807. The cheque order system which was restricted to the payment of wages and salaries and travelling was used extensively for other transactions. The Cheque Order Register also lacked evidence of supervisory checks.

808. Amounts totalling \$56,000 were expended in telephone charges, of which \$37,000 related to overseas charges. In the absence of a properly written up telephone register, it could not be satisfactorily determined whether the payment for overseas telephone calls were a proper charge against public funds.

809. Excess expenditure totalling \$220,000 was incurred in respect of Head 104 - Subhead 305. However, this excess expenditure was covered by an advance totalling \$272,000 from the Contingencies Fund. Up to the time of writing, no supplementary provision was tabled in the National Assembly to clear the advance.

Revenue Control

810. The summary cash book, revenue accounts, the Revenue Control

Account, and half-yearly returns of arrears of revenue were not presented for audit examination. As a result, effective control over the collection and accounting for revenue was lacking.

Stores and Other Public Property

811. A physical verification of assets was carried out in October 1992, but the results could not be compared with the inventory records as there was no master inventory nor were the sectional inventories updated.

812. An examination of the loan book revealed that a number of stores items were loaned out during the period under review but were not returned up to the time of the inspection.

Other Matters

813. The Ordinary Imprest of \$150,000 was short-retired by \$15,995. In addition, the Imprest bank account was not reconciled since December 1988 and was overdrawn by \$51,175 as at 31 December 1992.

DIVISION 501

OFFICE OF THE PRESIDENT

CAPITAL EXPENDITURE

Subhead 17001 - Minor Works

814. The amount of \$15M was budgeted to be spent on development works identified by the President, of which sums totalling \$22.627M were expended, giving an excess expenditure of \$7.627M. However, an advance of \$8M was issued from the Contingencies Fund to cover the excess expenditure. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance. In addition, there was no evidence that purchases totalling \$8.396M were received and brought to account. One(1) contract valued at \$503,781 was also not approved by the Ministerial Tender Board.

Subhead 24002 - Land Transport

815. The amount of \$10.721M was expended for the purchase six(6) vehicles. During October 1992, one of the vehicles which was purchased for \$1.096M was sold for \$70,000. There was, however, no evidence that the vehicle was valued prior to disposal, as required by the system. In the absence of a valuation at the time of disposal, it could not be determined whether the asset was disposed of at a realistic price. In addition, the approval of the Secretary to the Treasury was not seen in relation to the disposal.

816. Twelve(12) Suzuki Jeeps, one(1) Nissan Pick-up and two(2) outboard engines valued at \$28.849M were acquired from a local business concern, and payment was effected through an offsetting arrangement involving the levy on the sale of flour. This levy was required to be paid over to the Ministry of Finance. The transaction, however, was in breach of the Financial Administration and Audit Act which requires that all revenues be paid into the Consolidated Fund gross and that no expenditures ought to be met out of revenue. In addition, the transaction was not reflected in the Appropriation Account and was unauthorised since it was not budgeted for in the National Estimates.

Subhead 25001 - Purchase of Equipment

817. The amount of \$16.772M was expended under this subhead for the purchase of equipment. However, there was no evidence that purchases totalling \$467,640 were received and brought to account.

Subhead 51001 - Equipment

818. The amount of \$124.952M was budgeted to be spent for the purchase of equipment under this subhead, of which sums totalling \$40.499M were expended. There was, however, no evidence that purchases totalling \$721,000 were received and brought to account. In addition, no supporting documents were seen for payments totalling \$3.235M.

Subhead 51002 - Guyana National Service

819. The amount of \$6M was approved for expenditure, of which sums totalling \$8.550M were expended, giving an excess expenditure of \$2.550M. However, an advance of \$2.609M was issued from the Contingencies Fund to cover the excess. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance. In addition, a contract was awarded for the repairs to a vessel for \$860,000. The contractor was advanced \$300,000 and subsequently breached the contract. It was explained that the matter was engaging the attention of the Attorney General.

Subhead 34002 - Institute of Applied Sciences & Technology

820. The Institute of Applied Sciences and Technology (IAST) was established by Act No. 26 of 1974 and is subject to separate financial reporting and audit. The last set of accounts audited and reported on was in respect of 1980. At the time of writing, the audit of the 1981 accounts was in progress. Financial statements for the years 1982-1992 were not produced for audit examination, and therefore there was a lack of financial reporting for the past twelve(12) years. Notwithstanding this, the amount of \$15.9M shown as having been disbursed was verified as having been received by IAST.

Subhead 34003 - SPS/National Planning Project

821. An amount of \$52.5M was budgeted to be spent on this Project which was being financed jointly by the Government of Guyana and a number of International Agencies. According to the Appropriation Account, the sum of \$12.2M was disbursed to the State Planning Commission.

822. The State Planning Commission was established by Order No. 14 of 1978. The last set of accounts to be audited and reported on was in respect of 1990. The audit of the 1991 accounts had not yet been finalised because the signed financial statements were not submitted. Notwithstanding this, the amount of \$12.2M was verified as having been received by the State Planning Commission.

Subhead 41001 - STEP Fund

823. An amount of \$19.5M was budgeted to be expended under this project. However, no expenditure was incurred.

Guyana Natural Resources Agency
Subhead 33001 - Hydropower Division

824. An amount of \$12M was budgeted to be spent under this subhead, of which \$1.829M was expended. The Guyana Natural Resources Agency was established by Order No. 37 of 1986. Since its inception, no financial statements were submitted for audit examination, and therefore there was a lack of financial reporting for seven(7) years. Notwithstanding this, the amount of \$1.829M was verified as having been received by the Agency.

Subhead 41002 - Petroleum Exploration Promotion Project

825. This Project is subject to separate financial reporting and audit. The last set of financial statements to be audited and reported on was in respect of 1990. No financial statements were submitted for audit examination for the years 1991-1992. The amount of \$125,000 shown as having been disbursed was, however, verified as having been received by the Project.

Subhead 35003 - Forestry Studies

826. The amount of \$6M shown as having been disbursed was verified as having been received by the Guyana Natural Resources Agency.

Guyana Public Communication Agency
Subhead 12003 - Buildings

827. The Guyana Public Communications Agency (GPCA) was established by Order No. 3 of 1989. Since its inception, no audited report was issued. Financial statements were, however, received for the years 1989-1992, and the audit was in progress at the time of writing. The amount of \$6M shown as having been disbursed was verified as having been received by the GPCA.

Subhead 24003 - Land Transport

828. The amount of \$1.125M was budgeted to be expended under this subhead. However, no disbursement was made.

Subhead 25002 - Purchase of Equipment

829. The amount of \$4.5M shown as having been disbursed was verified as having been received by the GPCA.

DIVISION 504

**MINISTRY OF LABOUR,
HUMAN RESOURCES AND SOCIAL SECURITY**

CAPITAL EXPENDITURE

830. Amounts totalling \$225.050M were voted to be spent under this Division of which amounts totalling \$72.316M were expended.

Subhead 12003 - Youth

831. Excess expenditure totalling \$105,000 was incurred under this subhead without authority.

Subhead 19001 - SIMAP

832. The Social Impact Amelioration Programme (SIMAP) was established by Act No. 53 of 1990 and is subject to separate financial reporting and audit. Up to the time of writing the audit of 1992 was in progress. The amount of \$65.268M was verified as having been received by SIMAP.

General

833. A permanent stores register was not kept to record details of assets purchased.

DIVISION 505

OFFICE OF THE AUDITOR GENERAL

CAPITAL EXPENDITURE

Subhead 12001 - Buildings

834. An amount of \$3.5M was voted to enable capital works to be carried out on the building housing the Office of the Auditor General. However, actual expenditure (inclusive of liabilities totalling \$1.531M as at 31 December 1992) amounted to \$4.7M. It was explained that in order to complete the building additional internal works had to be undertaken. The outstanding liability was in respect of an amount owing to General Construction Company Ltd, a state-owned company, being final payment for the renovation works undertaken. The Ministry of Finance was approached with a view to having supplementary estimates. However, the Accounting Officer was advised to make provision in the 1993 Estimates to meet the outstanding liability. The liability was discharged in 1993.

835. An amount of \$330,090 was charged to Subhead 12001 - Buildings, instead of Subhead 25001 - Office Equipment and Furniture. It was explained that the furniture and other items were constructed as part of the renovation works undertaken to provide for a conference room, a training room, a reading room, a canteen and a library.

Subhead 44001 - Institutional Strengthening

836. Amounts totalling \$39.5M were voted to be expended under this subhead. However, no expenditure was incurred. The Accounting Officer explained that the institutional strengthening involved joint funding by the Government of Guyana and the Inter American Development Bank and that there were unforeseen delays in the executing of the Programme.

HEAD 506

MINISTRY OF FOREIGN AFFAIRS

CAPITAL EXPENDITURE

Subhead 12001 - Buildings

837. The amount of \$2M was budgeted to defray the costs of rewiring the Ministry's Head Office at Takuba Lodge. However, no expenditure was incurred for the rewiring of the building, and an amount of \$520,000 was expended for the preparation of the plan of the building. It was explained that the rewiring of the building could not have been undertaken without first preparing the plan and that the rewiring was rebudgeted for in 1993. In addition, there was no evidence that tender board procedures were followed by the Ministry in the award of the contact for the preparation of the plan of the building.

Subhead 24001 - Land Transport

838. Of the amount budgeted to be spent on land transport, sums totalling \$2.067M were expended, giving an excess expenditure of \$67,000. An advance of \$67,000 was, however, issued from the Contingencies Fund to cover the excess expenditure. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance.

839. An amount of \$250,000 was expended for the purchase of one(1) used Ford Motor Car for the Ministry. There was, however, no evidence that the vehicle was inspected by an appropriate Government agency nor was there evidence that the approval of the Secretary to the Treasury was sought before the purchase was made. Evidence of the registration of the vehicle in the name of the

Ministry was also not seen nor was it inventorised.

840. One(1) Toyota motor car was purchased for \$1.75M for the Guyana Embassy, Beijing. However, the asset was not inventorised.

Subhead 25001 - Office Equipment and Furniture

841. Of the amount budgeted to be spent on office equipment and furniture, \$952,000 was expended in the purchase of two(2) photocopiers and spares. The purchase was made from a private supplier, but there was no evidence that a three-quote system was adopted before the purchase was effected.

DIVISION 507

MINISTRY OF HOME AFFAIRS

CAPITAL EXPENDITURE

Subhead 12001 Buildings - Prisons

842. An amount of \$20.6M was voted for the rehabilitation of prisons, of which sums totalling \$34.596M were expended, giving an excess expenditure of \$13.996M. However, two(2) advances totalling \$14M were issued from the Contingencies Fund to cover the excess expenditure. Up to the date of this report, no supplementary provision was laid before the National Assembly to clear the advances.

Subhead 12002 Police Stations - Buildings

843. An amount of \$15M was voted for the rehabilitation of police stations and other buildings, of which sums totalling \$14.365M were expended. However, \$1.2M was expended for the renovation of the New Amsterdam Fire Station and was therefore a misallocation of expenditure. It would appear that the misallocation was done to avoid exceeding the relevant vote.

Subhead 17001 - General Registrar Office

844. An amount of \$3M was voted for the purchase of equipment for the preservation of register of births, deaths and marriages, of which \$2.993M was incurred. However, expenditure totalling \$2.359M were incurred in the printing and purchasing of stationery and in the purchase of a photocopier, resulting in a misallocation of expenditure.

General

845. A number of other instances were noted of misallocation of

expenditure. In addition, the Contracts Register was not satisfactorily maintained, and several contract files were not presented for audit examination. Instances were also noted where payments made on valuation certificates were not certified by the Clerk of Works or by the Permanent Secretary.

846. Forty-one(41) payment vouchers totalling \$12.137M were not presented for audit examination. In the circumstances, the propriety of the expenditure incurred in respect of these payments could not be satisfactorily determined.

DIVISION 508

MINISTRY OF AGRICULTURE

CAPITAL EXPENDITURE

Subhead 13001 - Black Bush Polder Rehabilitation Project

847. This Project prior to 1992 was jointly financed by the Inter-American Development Bank and the Government of Guyana. In the 1992 Capital Budget an amount of \$45M was provided for the rehabilitation of drainage and irrigation trenches of which \$20.13M was expended. However, payment vouchers valued at \$2.690M were not presented for audit examination. As a result, the propriety of the expenditure incurred in respect of these payments could not be satisfactorily determined.

Subhead 13003 - Rehabilitation of D & I Areas

848. Of the amount of \$30.144M shown as having been expended under this subhead, expenditure totalling \$8.044M was incurred in the rehabilitation of drainage and irrigation canals in the Buxton/Friendship and Nouvelle/Flanders areas, as part of the counterpart expenditure of the IDB Loan No. 807/SF-GY. The financial statements relating to this Project were audited up to the year ended December 31, 1992, and the report of the Auditor General was issued on 30th April, 1993.

849. The balance of \$22.103M was spent on the rehabilitation of other D & I areas. Of this amount, inter-departmental warrants totalling \$3.005M were issued to two(2) Administrative Regions to execute such works and were recorded as final expenditure but financial returns from these Regions were not seen. As a result, the propriety of the expenditure incurred in respect of these payments could not be satisfactorily determined.

850. Numerous instances were noted where three quotations were not obtained from suppliers before goods and services were purchased, and in many instances where goods were purchased the delivery/receipt of the goods could not be traced to the stores records. As a result, it could not be ascertained whether in such cases the goods and services were obtained at the most economical prices taken into consideration quality and other pertinent factors, and whether the goods purchased were properly utilised.

851. During the year, stocks and other assets were handed over to certain Regions but there was no evidence of stocktaking prior to the handing over. In the circumstances, it could not be determined whether all stocks transferred to the Regions were duly accounted for at the time of transfer.

Subhead 13004 - Agriculture Rehabilitation

852. This Programme is financed by the Government of Guyana and the Inter American Development Bank (IDB Loan No. 839/SF-GY). The amount of \$9.855M was transferred to the Project Unit of the Programme. Financial statements for the Programme were audited and reported on up to the year ended December 31, 1992.

Subhead 15004 - Infrastructure Rehabilitation Programme

853. Engineering drawings and detailed estimates of labour, materials, equipment etc. were not prepared for the projects executed. However, during the year an Activity Code Cover Sheet was designed and implemented to some extent but this document was not supported by detailed estimates and it did not provide for such aspects of internal control such as preparation, checking and certification. In addition, separate files appropriately numbered and containing project documents (plans and estimates) as well as RTP's, LPO's, ISR's and transfer vouchers were not kept. Further, there was no formal arrangement for engineers located at the various project offices in the Regions to have ready access to information provided by rangers so that affected areas could be quickly identified and remedial action taken in a timely manner. As a result of these deficiencies in the system, proper control was not exercised over the planning of projects, the procurement of materials and the awarding of contracts. Certain recommendations were made to improve the system.

854. Effective control was not exercised over the expenditure of the Project at the Central Project Unit. The following unsatisfactory features were observed:-

- (a) Prior to March 1992 the accounts were not written up to show the various components of expenditure. Hence the related actual costs of individual items could not be

compared with budgeted costs.

- (b) A control account was not kept hence the total expenditure at any point in time could not be determined. Additionally, proper reconciliation could not be effected of the Unit's records with the vote accounts kept by the Central Accounting Unit of the Ministry of Agriculture.
- (c) The ledger accounts were not written up to show the expenditure incurred against the various activities as shown in the project profile of the capital budget. Hence effective control could not have been exercised over the budgetary allocations, and the cost of each project activity as shown in the project profile could not be determined.
- (d) The ledger accounts were incorrectly written up to include non-cash expenses such as cost of machine time utilised despite the fact that Government accounts are kept on a cash basis.

855. A special bank account, required to be established in keeping with the agreement governing the use of PL 480 funds, was not established, and releases of funds from the Treasury for the Project did not indicate how much was related to PL 480 financing. In addition, purchases of materials for use on the Project were done through the use of the cheque order system, contrary to financial instructions. Tender board procedures were also seldomly followed in the procurement of goods and services, and it was observed that purchases of materials were often made from unrecognised suppliers instead of established sources. Further, many of the transactions did not appear to be of arms length, and purchases were effected from persons connected to senior officers of the Project. Moreover, it was noted that in many cases orders for supplies (RTP's and LPO's) required to be approved by the Chief Hydraulics Officer were instead approved by engineers, and in many cases the same officer who approved of the RTP's also approved of the LPO and certified the payment voucher, thereby breaching the system of internal control.

856. Materials purchased for immediate use, such as lumber and boulders, were taken directly to the Project sites. Visits to three(3) locations revealed that in most cases where materials were purchased for immediate use, the relevant accounting entries in the immediate issue book were made by the storekeeper and the ISR's were prepared and issued without verification of the actual delivery of the materials being made by the checker or an officer from the stores. Additionally, in many cases it was observed that the receiving officers stated on the delivery notes were not

employees of the Project but drivers of vehicles contracted to transport the materials. Further, in cases where boulders were supplied the delivery notes did not carry the signatures of the weighing officer and the checker attesting to the correctness of the weight of the boulders.

857. Large stocks of used and unused ISR books were found in the stores at various locations visited. Instances were also noted unused ISR books were in the custody of the storekeeper. Such a practice can lead to irregularities.

858. 1208 payment vouchers valued at \$57.428M were not presented for audit examination. This situation resulted mainly from the abuse of the cheque order system where the vouchers relating to the purchase of goods were cheque ordered, contrary to financial instructions. In addition, vouchers relating to cheque order payments were not properly filed and secured, resulting in much difficulty in locating such vouchers. In the circumstances, the propriety of the expenditure in respect of these payments could not be satisfactorily determined.

859. A vehicle which was listed as missing was found to be lying at a private workshop for a considerable period of time without any action being taken to have custody of same. In addition, payments totalling \$200,000 were made to a former employee of the Project to repair the vehicle when certain of the repairs could have been done at the Project's Workshop. Further, the job was sub-contracted by the former Project employee to another party, and when custody was eventually taken of the vehicle by the Project the repairs were not completed. The contractor was also allowed to uplift parts valued at \$153,415 from the Project's stores, which he was required to supply.

Subhead 15005 - East Bank Berbice D & I Scheme

860. Works on this Scheme did not commence during the year under review. However, amount totalling \$269,000 were incurred for the purchase of fuel for use by the Ministry's vehicles and equipment and therefore represented a misallocation of funds.

Subhead 17004 - National Agricultural Research Institute

861. The amount of \$127.589M was transferred to the National Agricultural Research Institute (NARI) which was established as a separate entity by Act No. 19 of 1984. Financial statements of this entity was last audited for the year 1988. No financial statements were received for the years 1989-1992. The amount of \$127.589M was, however, verified as having been received by NARI

Subhead 17009 - National Dairy Development Programme

862. The amount of \$400,000 was transferred to the National Dairy Development Programme (NDDP) which is subject to separate financial reporting and audit. Financial statements of the Programme were last audited and reported in respect of 1987, and no financial statements were submitted for audit examination for the years 1988-1992. Notwithstanding this, the amount of \$400,000 was verified as having been received by NDDP.

DIVISION 510

MINISTRY OF AGRICULTURE - MMA/ADA

CAPITAL EXPENDITURE

863. The Mahaica/Mahaicony/Abary Agricultural Development Authority (MMA/ADA) was established by Act No. 5 of 1977. It is therefore subject to separate financial reporting and audit. The audit of the 1992 accounts of the MMA/ADA has been completed, and the amount of \$63M shown in the Appropriation Account as having been disbursed to the MMA/ADA was verified as having been received by the Authority.

DIVISION 512

MINISTRY OF AGRICULTURE - ARTISINAL FISHERIES

CAPITAL EXPENDITURE

864. The amount of \$11.5M was transferred to the Artisinal Fisheries Project for use on the completion of fishing complexes and for the acquisition of fisheries equipment and training. The Project is financed jointly by the Government of Guyana and the Canadian International Development Agency (CIDA). The Project is subject to separate financial reporting and audit.

865. The last set of accounts of the Project to be audited and reported on was in respect of 1989. Draft financial statements for the years 1990-1992 were received, and the audit was in progress at the time of writing. The amount of \$11.5M, shown as having been disbursed, was verified as having been received by the Project.

866. Excess expenditure totalling \$6M was incurred in respect of Subhead 12001 - Artisinal Fishery (Coastal). However, an advance of \$6M was issued from the Contingencies Fund to cover the excess expenditure. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance.

DIVISION 514

MINISTRY OF LEGAL AFFAIRS

CAPITAL EXPENDITURE

Subhead 25001 - Office Equipment & Furniture

867. Amounts totalling \$1.7M were expended under two(2) subheads for the purchase of equipment for the computerisation and rehabilitation of the Deeds Registry. However, up to the time of writing, the computer was not installed. In addition, contract records were not satisfactorily maintained in relation to the award of contracts for the rehabilitation of the Registry.

DIVISION 516

MINISTRY OF HEALTH

CAPITAL EXPENDITURE

Subhead 12003 - Georgetown Hospital Health Care II

868. The Health Care II Programme is funded jointly by the Government of Guyana and the Inter American Development Bank and is subject to separate financial reporting and audit, in keeping with the contractual obligations. The report of the Auditor General on the financial statements of the Programme for 1992 was issued on 30 April 1993. The amount of \$337.426M shown as having been disbursed was received by the Programme and the expenditure was verified as having been incurred in accordance with the terms and conditions of the Agreement.

Subhead 12007 - Palms

869. An inter-departmental warrant of \$2M was issued to the Ministry of Labour for the rehabilitation of Palms building and was charged to final expenditure. However, financial returns were not seen in support of this expenditure. In the circumstances, the propriety of the expenditure incurred could not be satisfactorily determined.

Subhead 12014 Buildings - Health

870. Amounts totalling \$8M were expended for the rehabilitation of Doctors' flats and for the repairs to the Administration Building and Seaman's Female Ward of the Georgetown Hospital. However, expenditure totalling \$593,728 was incurred in the rehabilitation of the Chief Pharmacist Building. There was no evidence that approval was granted for a change in programme, and therefore the expenditure incurred in respect of this building is considered a

misapplication of funds.

871. Contracts were not entered into in all instances, and there was evidence that contracts were subdivided apparently in order to avoid adjudication by the relevant tender boards. In addition, no contracts were produced for audit examination for the repairs to the Seamans Female Ward.

872. Included in the amount of \$8M expended under this subhead, were sums totalling \$1.269M which were expended on the rehabilitation of a building at the National Parks, the Chief Pharmacist Building and the Government Pharmacy Bond. There was, however, no evidence that approval was granted for a change in programme, and therefore the expenditure incurred is considered a misapplication of funds.

873. It was observed that several contracts were entered into with a particular contractor for the rehabilitation of the Administration Building of the Ministry of Health. As mentioned above, these contracts were sub-divided apparently to avoid the application of tender board procedures. In addition, eighteen(18) contracts valued at \$991,810 were entered into with this contractor. The locations where the works were undertaken could, however, not be determined. It is to be noted that the Principal Assistant Secretary (Finance) was the person who approved the contracts, instead of the Permanent Secretary.

Subhead 25001 - Office Furniture and Equipment

874. Payments for telephone charges totalling \$295,012 were improperly made from this subhead and therefore represented a misallocation of expenditure. It would appear that the misallocation was deliberately done since the telephone vote under current expenditure was exceeded.

875. One(1) photocopier was purchased from a private supplier for \$345,900. However, a three-quote system adopted before the purchase was made.

876. Several items were purchased for the Doctors' Flat in Quamina Street. However, there was no evidence that the items were received and recorded in the inventories.

877. Included in the expenditure of \$2.786M were amounts totalling \$422,762 which were expended on repairs to furniture, air conditioned units etc. These expenditures should have been met out

of the current vote and therefore represented a misallocation of expenditure.

Subhead 17001 - Minor Works

878. An examination of payments vouchers in respect of expenditure incurred under this subhead revealed that thirty-five (35) payments totalling \$3.454M were made for purposes such as donations, purchasing of gifts, drinks etc. Such expenditures cannot be regarded as a proper charge against this subhead.

Subhead 12001 - Buildings

879. An amount of \$3.864M was budgeted for the rehabilitation of the New Amsterdam Nursing School, the Government Analyst Department and the Meteorological Office in the Botanic Gardens. Sums totalling \$2.864M were paid over to the Guyana Agency for Health Sciences, Education and Food Policy (GAHEF) to execute such works.

880. GAHEF was established by Act No. 23 of 1988 and is subject to separate financial reporting and audit. However, since its establishment no financial statements were submitted for audit examination. Notwithstanding this, the amount of \$2.864M was verified as having been received by GAHEF.

Subhead 25002 - Equipment

881. An amount of \$3.3M was budgeted to be spent on the purchase of equipment for the National Parks Commission and the Botanical Gardens. The National Parks Commission, which also has responsibility for the Botanical Gardens, was established by Act No. 23 of 1977 and is subject to separate financial reporting and audit. The last set of audited accounts of the National Parks to be produced was in respect of 1989. Up to the time of reporting, the audit of the 1990 accounts was in progress. The amount of \$3.3M was, however, verified as having been received by the National Parks Commission.

DIVISION 517

GUYANA WATER AUTHORITY

CAPITAL EXPENDITURE

882. The Guyana Water Authority (GUYWA) was established by Act No.3 of 1972, and is therefore subject to separate financial reporting and audit. A private auditing firm functioned as external auditors up to 1987. No appointment of auditors was made subsequent to 1987.

883. The last set of accounts to be audited and reported on was in respect of 1987. Notwithstanding this, the amount of \$136.6M shown in the Appropriation Account as having been disbursed, was confirmed as having been received by the Guyana Water Authority.

884. Excess expenditure totalling \$9.638M was shown as having been incurred under Subhead 28004 - Georgetown Sewerage and Water Commission Phase II. However, an advance of \$10M was issued from the Contingencies Fund to cover the excess expenditure. Up to the time of writing, however, no supplementary provision was laid before the National Assembly to clear the advance.

DIVISION 520

MINISTRY OF PUBLIC WORKS, COMMUNICATION AND REGIONAL DEVELOPMENT

CAPITAL EXPENDITURE

Subhead 11001 - Demerara Harbour Bridge

885. The amount of \$160M was expended for the replacement of flotation units and other structures at the Demerara Harbour Bridge. Out of this amount, sums totalling \$15.353M were expended for the purchase of fuel, management fees and data processing services and other unrelated expenditure. No authority was seen for a change in programme to accommodate these payments, and therefore there has been a misallocation of expenditure in the sum of \$15.533M.

886. Amounts totalling \$125.052M were paid to the General Construction Company Ltd (GCCL) for bridge management services rendered, of which sums totalling \$66.455M were expended for the purchase and rehabilitation of flotation units for the Bridge. It was explained that the remainder of \$58.597M was utilised in the purchase of stores for the Bridge. However, because of the manner in which the stores records were kept as well as the way items were stored, it was difficult to verify the receipt and utilisation of the items. It is to be noted that GCCL was incorporated in March 1990, and the audit of this entity for 1990 was in progress at the time of reporting. The amount of \$125.053M was verified as having been received by GCCL.

887. Amounts totalling \$19.595M were paid to private contractors for the construction of piers, scow-ends and flotation units and general construction services. However, no supporting documents such as invoices, evidence of receipt of the items and completion certificates, were seen to substantiate the expenditure.

888. Excess expenditure totalling \$30M was incurred under this subhead. However, an advance from the Contingencies Fund was issued to cover the excess. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance.

Subhead 12001 - Government Buildings

889. An amount of \$34.022M was budgeted to be spent on the rehabilitation of five(5) buildings, of which sums totalling \$39.922M were expended, resulting in an over-expenditure of \$5.9M. However, an advance of \$5.9M was issued from the Contingencies Fund to cover the excess expenditure. Up to the time of writing, no supplementary provision was laid before the National assembly to clear the advance.

890. Although five(5) buildings were to be rehabilitated, evidence was seen of the rehabilitation of other buildings. In addition, amounts totalling \$2.142M were expended on transactions totally unrelated to the rehabilitation works, some of which should have been met out of current expenditure. The expenditure of \$2.142M therefore represented a misapplication of funds.

Subhead 14001 - Mabura/Lethem Road

891. The sum of \$106.5M was expended under this subhead, of which an amount of \$103M was paid to a Brazilian Company for expenses incurred against default payment on commercial invoices. However, supporting documents to ascertain the nature of this transaction were not presented for audit examination.

Subhead 14004 - BBP/ East Bank Berbice Rehab. Work

892. The sum of \$1M was budgeted to be spent on the rehabilitation of access roads. However, amounts totalling \$928,012 were expended for the design and supervision of the rehabilitation of the Hinterland Airstrip Project, and therefore the expenditure incurred represented a misallocation. It is to be noted that Subhead 14009 - Hinterland Airstrip was exhausted in terms of expenditure, and therefore it is evident that the misallocation was done to avoid exceeding the voted provision.

Subhead 14006 - Bridges

893. An amount of \$20M was voted for the rehabilitation of bridges at Madewini, Long Creek, Garraway Stream, 94 miles Potaro and for the patching of bridge rails, of which sums totalling \$15.467M were expended. However, evidence was seen that a number of other bridges were rehabilitated, e.g. Success, Mahaica River, Canje, Diamond High, Good Fortuin, Guyhoc & South Ruimveldt Park. There was, however, no evidence that approval was granted for a change in

programme.

Subhead 14007 - Miscellaneous Roads

894. An amount of \$58M was voted for the rehabilitation of roads in a number of areas including Mocha, De Hoop, Cane Grove, Blairmont, Enmore, Black Bush Polder and David Rose Avenue, Mc Kenzie, of which sums totalling \$49.975M were expended. Instances were, however, noted of misallocation of expenditure.

Subhead 14008 - Urban Roads/Drainage

895. An amount of \$50M was budgeted to be expended under this subhead, of which \$45.796M was expended. However, amounts totalling \$1.175M were expended for the purchase of a computer and for other unrelated expenses. There was, however, no evidence that approval was granted for a change in programme, and therefore the expenditure of \$1.175M represented a misapplication of funds.

Subhead 12007 - Timehri Airport

896. An amount of \$44M was voted for improvements to the Timehri Airport, of which amounts totalling \$48.998M were expended, giving an excess expenditure of \$4.998M. However, an advance of \$5M was issued from the Contingencies Fund to cover the excess. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance.

Subhead 16003 Stellings

Subhead 26001 Navigational Aids

Subhead 27001 Reconditioning of Ships

Subhead 27002 Cargo Vessels - Spares

Subhead 27003 Reconditioning of Ferry Vessels

897. Amounts totalling \$40M were expended under the above-mentioned subheads for various capital works as specified in the National Estimates. These amounts were paid over to the Transport and Harbours Department.

898. The Transport and Harbours Department is a legal entity and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1991. At the time of reporting, audit work was in progress in respect of the 1992 accounts. The amount of \$40M was verified as having been received by the Transport and Harbours Department.

899. Excess expenditure totalling \$2.993M was incurred in respect of Subhead 27002. However, an advance of \$3M was issued from the Contingencies Fund to cover the excess. Up to the time of writing,

no supplementary provision was laid before the National Assembly to clear the advance. In addition, one(1) outboard engine and spares and eight(8) pedestal fans valued at \$2.993M were purchased from this subhead. There was, however, no evidence that approval was granted for a change in programme, and therefore the expenditure incurred represented a misapplication of funds.

Subhead 12008 - Timehri Fire Hall

900. An amount of \$9M was voted for the completion of the Timehri Fire Hall building and for paving the forecourt, of which \$19.8M was expended, giving an excess expenditure of \$10.8M. However, an advance was issued from the Contingencies Fund to cover the excess expenditure. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance.

901. Amounts totalling \$2.348M were expended on the renovation of the Timehri Airport and on the removal of parapet and household refuse in Georgetown, and therefore the expenditure incurred represented a misallocation of funds. It is to be noted that the subhead relating to the renovation of the Timehri Airport was already exhausted, and it is therefore evident that the misallocation was done to avoid incurring further excess expenditure.

Subhead 19001 - Infrastructure Dev. & Buildings

902. Amounts totalling \$20.296M were expended under this subhead for the rehabilitation of the Wortmanville Flats at a cost of \$11M and for financing of the Urban Rehabilitation Project. The amount of \$11M was paid over to the Central Housing and Planning Authority (CHPA). The CHPA is a legal entity and is subject to separate financial reporting and audit. Since its establishment in 1970, no financial statements were submitted for audit examination, and therefore there has been a lack of financial reporting for the last twenty-two(22) years. The amount of \$11M was, however, verified as having been received by the CHPA.

903. The Infrastructure Rehabilitation Project is jointly funded by the Government of Guyana and the Inter American Development Bank and is subject to separate financial reporting and audit. The accounts of the Project were last audited in 1992, and the amount of \$9.296M was verified as having been received by the Project.

General Comments

904. Minutes of tender board meetings were not presented for audit examination, and an examination of the various contracts entered in to revealed that the parties to the contracts, including witnesses, did not always sign the contracts. In addition, the Contracts

Register was not properly maintained, as a number of contracts and certain other relevant information were not reflected in this record.

905. An examination of a sample of payment vouchers revealed the following:-

- (a) Reference to tender board approval, bills of quantities, valuation certificates as well as copies of contracts were not appended to the vouchers so as to determine whether payments were made in accordance with contracts.
- (b) Vouchers were checked and passed for payment by the same person.
- (c) A three quote system was not used when purchases were made from private suppliers.

DIVISION 526

MINISTRY OF FINANCE

CAPITAL EXPENDITURE

Subhead 12001 - Buildings

906. The amount of \$16.8M was voted under this subhead for the rehabilitation of the Inland Revenue Department building at Springlands and at the Customs building at New Amsterdam. Sums totalling \$17.701M was spent on these buildings as well as on other works at the Ministry of Finance and at the DIEC. There was, however, no evidence that approval was granted for a change in programme to accommodate the works on the other buildings. In addition, the amount of \$1.270M representing payment made to the contractor in respect of the rehabilitation of the Customs House in New Amsterdam was not supported by a valuation certificate.

907. According to the final valuation certificate issued in respect of the rehabilitation of the Customs House in New Amsterdam, an amount of \$2.226M representing variation to the original contract was incurred. However, the approval of the Central Tender Board for the variation was not presented for inspection.

908. A contract performance register was not maintained, and the contracts in respect of the rehabilitation of Customs House at New

Amsterdam and the Inland Revenue Department building at Springlands were not entered in the Contracts Register.

Subhead 24001 - Land Transport Vehicles

909. The sum of \$24.048M was voted under this subhead for the purchase of a number of vehicles, of which an amount of \$6.333M was expended in the purchase of three(3) vehicles.

Subhead 25001 - Equipment

910. The amount of \$5.276M was voted for the purchase of computers of which the sum of \$1.282M was expended. In addition to the purchase of one(1) computer and one(1) wordprocessor, other equipment such as photocopier, water cooler and cash registers were purchased. There was no evidence that approval was granted for a change in programme to accommodate these purchases. The computer and the wordprocessor were also not inventorised. Further, supporting documents in relation to the purchase of the computer for US\$3,000 were not seen.

Subhead 25002 - Infrastructure Rehabilitation Program(IRP)

911. The amount of \$10M was budgeted for expenditures relating to the Project Executing Unit of the IRP, of which sums totalling \$13.214M were expended for the acquisition of assets as well as for expenses relating to the operation and maintenance of the water treatment plant at New Amsterdam.

Subhead 33002 - Project Development Assistance

912. The amount of \$5.610M was voted for payment as contribution to the Students Revolving Fund of the Human Resources Development Programme which is subject to separate financial reporting and audit. A private firm of auditors functioned as auditors of the Programme, and the last set of accounts to be audited and reported on was in respect of 1992. The amount of \$5.610M was verified as having been received by the Programme.

Subhead 45001 - Caribbean Development Bank (CDB)

913. The amount of \$43.4M was voted for as contribution to the CDB of which \$41.187M was disbursed.

Subhead 45003 - GAIBANK

914. The amount of \$581.766M was budgeted for as equity contribution to the Guyana Agricultural and Industrial Development Bank (GAIBANK), of which sums totalling \$96.501M were disbursed. GAIBANK is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1991. At the time of writing audit work on the 1992 accounts was in progress. The

amount of \$96.501M was verified as having been received by GAIBANK.

Subhead 45004 - IADB

915. The amount of \$10M was expended as contribution to the Inter American Development Bank (IADB).

Subhead 45010 - Guyana Electricity Corporation

916. The amount of \$605M was voted for the rehabilitation of the existing power stations of the Guyana Electricity Corporation (GEC), of which sums totalling \$381.129M were expended. The GEC is subject to separate financial reporting and audit, and a private firm of auditors functioned as auditors. The last set of accounts to be audited was in respect of 1991. The amount of \$381.129M was verified as having been received by the GEC.

Subhead 45033 - Public Corporations Secretariat (PCS)

917. The amount of \$4M was budgeted for the institutional strengthening of the Secretariat of which \$2M was expended. The PCS is subject to separate financial reporting and audit, and a private firm of auditors functioned as auditors. The last set of audited accounts was in respect of 1992. The amount of \$2M was verified as having been received by the PCS.

Subhead 45044 - Guyana Mining Enterprise (GUYMINE)

918. The amount of \$1.395 billion was voted for development works to GUYMINE, of which \$434M was disbursed. GUYMINE is subject to separate financial reporting and audit, and a private auditing firm functioned as auditors. The amount of \$434M was verified as having been received by GUYMINE.

General Comments

919. Excess expenditure totalling \$4.115M was incurred under two(2) subheads. However, advances totalling \$55.717M were issued from the Contingencies Fund to cover the excess. Up to the time of writing, there was no evidence that the unspent amount of \$51.602M was refunded, nor was there evidence that a supplementary provision was laid before the National Assembly to clear the expended portion of the advances.

DIVISION 527

HUMAN RESOURCE DEVELOPMENT PROGRAMME

CAPITAL EXPENDITURE

920. The Human Resource Development Programme is funded jointly by the Government of Guyana and the Inter-American Development Bank and is subject to separate financial reporting and audit. The external auditors are a private firm of auditors, and the last set of accounts to be audited was in respect of 1992.

Subhead 45002 - Administration and Supervision

921. Excess expenditure totalling \$2.881M was incurred under this subhead. However, an advance of \$3M was issued from the Contingencies Fund to cover the excess expenditure. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance.

Subhead 12001 - Rehabilitation of Buildings

922. Payments totalling \$13.587M were made for excavating and bulldozing works carried out at the University of Guyana Campus. However, there was no evidence that tenders were invited from the public and adjudication done by the Central Tender Board. A contract was also not entered into for the execution of the works.

923. Payments to the contractor were made based on statements issued by the architects setting out the amount of work done, previous payments and amount due. However, these statements did not disclose whether the works done were according to specifications and whether the works were satisfactorily completed.

General Matters

924. A contract performance register was not maintained, and returns of contractors' earnings were not prepared and submitted to the Commissioner of Inland Revenue. The salaries bank account was also not reconciled since May 1992.

DIVISION 528

MINISTRY OF TRADE, TOURISM AND INDUSTRY

CAPITAL EXPENDITURE

Subhead 25001 - Office Equipment

925. An amount of \$1.241M was vired from Subhead 41001 - Tourism Development to Subheads 24001 - Land Transport and 25001 - Office Equipment. However, the authority for the virement from State Planning Secretariat was not seen.

926. One (1) photocopier was purchased for \$750,000 on 14-05-92. However, up to the time of writing one (1) duplex purchased with the photocopier at the cost of \$139,584 was not received.

Subhead 47001 - GUYMIDA

927. The Guyana Manufacturing and Industrial Development Agency (GUYMIDA) was established by Act No.15 of 1984 and is subject to separate financial reporting and audit. Up to the time of writing the audit of the 1992 accounts was in progress. The amount of \$22.3M was verified as having been received by GUYMIDA.

General

928. The Permanent Stores Register was not produced for audit examination, and assets were not marked so that they could be readily identified as Government property.

DIVISION 531

REGION 1 - BARIMA/WAINI

CAPITAL EXPENDITURE

929. Amounts totalling \$5,8M were expended by the Region as part of its capital expenditure programme for the year. Most of the expenditure related to the awarding of contracts for the provision of goods and services. However, tender board procedures were not followed in the awarding of contracts. It was explained that contracts were awarded to persons on the basis of their performance and reliability on previous jobs undertaken for the Region.

930. Physical verification of the works undertaken could not have been carried out because of problems relating to the accessibility of the various locations where the works were executed.

DIVISION 532

REGION 2 - POMEROON/SUPENAAM

CAPITAL EXPENDITURE

Subhead 12001 - Buildings (Health)

931. An amount of G\$1.5M was voted for the rehabilitation of the Suddie Hospital and the dispensary at Supenaam. However, no rehabilitation work was done at the dispensary at Supenaam. Amounts totalling \$1.003M were expended to rehabilitate the Suddie Hospital.

Subhead 12002 - Buildings (Education)

932. An amount of G\$3M was voted for the rehabilitation of five (5) schools. However, an examination of the expenditure under this subhead revealed that eleven (11) schools were rehabilitated.

Subhead 12003 - Buildings (Administration)

933. An amount of \$500,000 was budgeted for the construction of a community building at Mora. The funds were, however, expended on the construction of a house for a health officer. There was no evidence that approval was given for a change in programme.

Subhead 14001 - Roads

934. The amount of \$6M was voted for the rehabilitation of the Dry Shore to Good Hope Road. An examination of expenditure under this subhead revealed that an inter-departmental warrant for \$4M was issued to the Ministry of Public Works and Communications and Regional Development for the purchase of one(1) grader. However, no financial return in respect of this warrant was produced for audit examination.

Subhead 19001 - Land Development

935. An amount of \$2.3M was to be spent on the completion of land development works at Lima and Henerita. However, the funds were used for land development works at Charity. There was no evidence that approval was given for a change in programme.

General

936. Several instances were noted of misallocation of expenditure. In addition, two(2) Contingencies Fund advances totalling \$3.5M was issues although there was no excess expenditure. Up to the time of reporting, there was no evidence that the advances were not refunded.

DIVISION 533

REGION 3 - WEST DEMERARA/ESSEQUIBO ISLANDS

CAPITAL EXPENDITURE

Subhead 12001 - Buildings (Education)

937. An advance payment of \$22,540 was made to a contractor to carry out certain works at a school at Eastern Hogg Island. The contractor, however, failed to commence work as a result of which another contractor was hired. However, the amount advanced to the original contractor was not recovered.

Subhead 13002 - East Bank Essequibo Dev. Project

938. The East Bank Essequibo Development Project is an agricultural development project funded jointly by the Government of Guyana and the International Fund for Agricultural Development (IFAD). The Project is subject to separate financial reporting and audit. The last set of accounts to be audited and reported on was in respect of 1992.

939. The amount of \$84.971M shown in the Appropriation Account as having been disbursed was verified as having been received by the Project. However, amounts totalling \$35.15M representing additional disbursements by IFAD in 1992 were not reflected in the Appropriation Account, as releases were not sought from the Ministry of Finance in order to record the transactions in the Country's accounts

940. Advances totalling \$15M were issued from the Contingencies Fund to meet anticipated additional costs of the Project. Apart from the fact that such additional costs were not incurred (there were instead savings totalling \$60.529M), up to the time of writing, there was no evidence that the advances were refunded.

General

941. An inter-departmental warrant for \$700,000 was received from the Ministry of Education and Cultural Development for the purpose of fencing the playground at Nismes and to upgrade the Bagotville Community Centre ground. The financial return, however indicated an over-expenditure of \$77,201 for which no supplementary warrant was received from the Ministry of Education.

942. There was no evidence to indicate that the Contracts Register was subject to periodic supervisory checks, and liabilities were not recorded in the Votes Ledger when contracts were awarded.

DIVISION 534

REGION 4 - MAHAICA/BERBICE

CAPITAL EXPENDITURE

Subhead 11001 - Bridges

943. The amount of \$1.280M was voted to rehabilitate four(4) bridges. However, only one bridge was rehabilitated at a cost of \$2.118M, giving an excess expenditure of \$838,000. This excess expenditure was met from an advance of \$1.082M from the Contingencies Fund. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance. In addition, tender board procedures were not followed in the award of the contract for the rehabilitation of the bridge.

Subhead 12001 - Buildings (Education)

944. An amount of \$3.708M was provided for the rehabilitation of the Headmaster's Quarters at St. Cutbert's Mission and five(5) schools, of which \$3.686M was expended. Tender board procedures were, however, not followed in the award of the contracts for the rehabilitation works.

Subhead 12002 - Buildings (Administration)

945. The amount voted and expended for rehabilitation and extension of the Regional Accounting Unit and Sub-Treasury was \$500,000. Tender board procedures were again not followed in the awarding of the contract.

Subhead 14001 - Roads

946. The amount of \$3M was provided for the rehabilitation of five(5) roads. However, only three(3) roads were rehabilitated at a cost of \$2.266M, including the Mon Repos School road which was not provided for in the Estimates. In addition, the Regional Executive Officer certified satisfactorily completion of the road, instead of the Engineer or the Superintendent of Works.

Subhead 17001 - Agriculture Development

947. The amount of \$5.4M was voted for the rehabilitation of drainage and irrigation structures, of which sums totalling \$4.267M were expended. The rehabilitation of the Victoria sluice door was also done but was not provided for in the Estimates. The work on the sluice was certified by the Chairman of the Regional Democratic Council and the Regional Executive Officer instead of the Engineer and Superintendent of Works.

Subhead 25001 - Furniture and Equipment (Education)

948. The three-quote system was not adopted in respect of the purchase of a Gestetner duplicating machine and a typewriter from private suppliers at a cost of \$500,000. In the circumstances, it could not be satisfactorily determined whether the items were purchased at the most competitive prices.

Subhead 25002 - Office Furniture and Equipment

949. The three-quote system was not adopted in respect of the purchase of one typewriter, one duplicating machine and a calculator from private supplier at a cost of \$500,000. In the circumstances, it could not be satisfactorily determined whether the items were purchased at the most competitive prices.

General

950. As mentioned above, tender board procedures were not observed in the awarding of contracts. In addition, it was observed that most of works were executed by one contractor.

HEAD 535

REGION 5 - MAHAICA/BERBICE

CAPITAL EXPENDITURE

Awarding of Contracts

951. Sixty-eight(68) contracts valued at \$12.4M were awarded for the execution of various capital expenditure works in the Region. Most of the tenders which were evaluated by the Regional Tender Board were, however, not prepared in a manner which is considered acceptable, in that the tenders submitted were handwritten and were merely bills of quantities. Essential information concerning type of contractor, office of contractor, present work commitments, work programmes, methodology, equipment owned, etc. was generally absent from the tenders.

952. The evaluation of tenders was not satisfactorily done for the following reasons:-

- (a) A compounded single rate which included material, labour and overhead costs as well as profit mark-up was generally used in the case of materials/labour contracts. This method of pricing assumed that the cost of materials determined the other costs and therefore the rate appeared unrealistic in a situation where materials prices are known to be disproportionately

higher than those of labour.

- (b) A contractors' performance register was not maintained to enable the Tender Board to evaluate the competence of tenderers.

953. Engineer's estimates were not satisfactorily prepared as they were merely price schedules and lacked the following basic features necessary for a proper evaluation:-

- (a) No attempt was made to justify the use of a particular type of material or equipment in preference to others. It is expected that the Engineer would normally seek to justify using one type of material/equipment over another.
- (b) The length of time equipment was required to be hired was not justified in the Engineer's Estimate. Since in most cases equipment hire constitutes a significant portion of the contract price, care should be taken to ensure that equipment hire time is properly quantified.
- (c) Rates of hire of equipment and other works required to be done were not justified in the Engineer's estimates. In several cases there was a wide disparity between the prices shown in the Engineer's estimate and those quoted by the contractors who were awarded the contracts.
- (d) Mobilisation was normally included as an element of cost in the Engineer's estimate whereas it is normal practice for contractors to be given advances where necessary in order to mobilise their equipment to commence the job, which advances are recoverable from the contract price.
- (e) In many instances the Engineer's estimate was not signed by the officer preparing it, and there was no evidence to show that it was checked and certified by the competent officer.

954. The valuation of work done to enable payments to be made on contracts was not prepared. Instead, a mere certificate to the effect that sufficient work has been done or that work was satisfactorily completed, was given by the technical officer.

Subhead 11001 - Bridges

955. A contract valued at \$1.342M was awarded for the construction of a heavy duty bridge. The following unsatisfactory features were noted in relation to this contract:-

- (i) Mobilisation advance of \$20,000 was incorrectly included as a component of the costs.
- (ii) The various components of costs as shown on the contract varied significantly from those shown in the Engineer's Estimate, and in some cases the costs appeared to be excessive.
- (iii) Physical inspection of the bridge revealed that work to the value of \$72,600 was not done, yet the contractor was paid the full contract sum.

Subhead 12003 - Buildings (Education)

956. A contract valued at \$90,700 was awarded for rehabilitation works at the Belladrum Community High School. Physical inspection of the works, however, revealed materials to the value of \$32,000 were short-supplied. In addition, costs were computed using entire surfaces whereas only part of the total area was repaired.

957. A contract valued at \$449,605 was awarded for rehabilitation works to the Belladrum Community High School. This contract appeared to overpriced for the following reasons:-

- (i) payment of \$10,000 was made to the contractor for transportation which should normally form part of his overheads.
- (ii) An overcharge of \$12,500 was made for the supply of a toilet cistern which was not required since the contractor had already been paid for a complete suite.
- (iii) A septic tank was refilled with water at price of \$20,460.
- (iv) A reservoir was cleaned for a price of \$35,640.
- (v) The contractor was paid an amount of \$116,400 for supplying and installing of 42 lengths of 3/4" and 1/2" p.v.c pipes. Investigations revealed that the price of the materials would not have exceeded \$35,000, and therefore the installation of the pipes at a cost of \$81,400 appeared excessive.

Subhead 14001 - Roads

958. Two(2) contracts valued at \$1.92M were awarded for the supply of 800 cubic yds of burnt earth. The price per cubic yard was \$2400, compared with an estimated market price of \$1000 per cubic yard. It would appear, therefore, that the contracts were overpriced by \$1M.

Subhead 24001 - Land and Water Transport

959. A contract was awarded in the sum of \$2.076M for the supply of one second hand launch. Tender board procedures were not strictly adhered to in that the time limits granted for the submission of tenders and for the performance of the work were insufficient. In addition, although five(5) tenders were received there was no evidence to show that the tenders were evaluated by the Consultants. According to available evidence only one(1) launch was inspected by the Consultants.

960. The launch which was received by the Region on 93-01-05 based on an acceptance certificate issued by the Consultants had not yet been put into operation up to the time of writing. It was explained that the launch has a gear box problem and broke down on its first trip on 93-07-10. Clause 8 of the Schedule of Works attached to the contract stipulated a guarantee of satisfactory performance for three(3) months by the launch. This Clause was, however, not invoked as the guarantee period had elapsed while the launch was inoperable. In addition, a contract was not entered into between the Region and the Consultants. As a result, the terms and conditions of the consultancy could not be ascertained and it was not possible to determine the obligations of the Consultants and possible remedies.

961. Arising out of an inspection carried out by the Consultants prior to 93-01-05, the contractor was required to carry out certain remedial works and to provide certain accessories before the Acceptance Certificate would have been issued. A physical inspection, however, revealed that all the remedial works were not done, and there was no evidence that the accessories which should have been provided by the contractor were handed over to the Region. In addition, the launch had started to show signs of deterioration.

Vote Accounts

962. Several instances were noted where expenditures incurred were not brought to account in the Votes Ledger and where inter-departmental warrants were charged to final expenditure without financial statements being received. Several instances were also noted of incorrect casting of the votes accounts.

963. Excess expenditure totalling \$526,000 was incurred under Subhead 24001 - Land and Water Transport. However, an advance of \$1.09M was issued from the Contingencies Fund to cover the excess. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance.

DIVISION 536

REGION 6 - EAST BERBICE

CAPITAL EXPENDITURE

Awarding of Contracts

964. During the period under review thirty-six(36) contracts valued at \$10.5M were awarded by the Regional Administration for various works undertaken. However, most of the tenders which were evaluated by the Regional Tender Board were handwritten and were merely bills of quantities and were not generally in a form that is considered acceptable. Essential details such as type of contractor, office of contractor, present work commitments, work programmes, methodology, equipment owned etc. were generally absent from tenders.

965. An examination of engineer's estimates relating to contracts awarded revealed that they were not properly prepared. The estimates were either in the form of bills of quantities or a summary of costs, and the types of material to be used were in many cases not specified. In one case a heavy duty bridge of greenheart was built away from the public thoroughfare while less sturdier material such as mora, was used on bridges along public roads sustaining high levels of traffic. In another case, the Engineer's estimate showed the cost of greenheart piles at \$375 per ft. However, quotations from sawmillers revealed that the price was in the vicinity of \$275 per ft. As a result, the engineer's estimate and hence the cost of the contract in question were overstated by some \$160,000. Some of the estimates also included mobilisation and contingencies as elements of cost. In addition, the Engineer's estimates were not signed by the officer preparing them and there was no evidence to show that such estimates were checked and certified by the competent supervisory officer.

966. No proper valuation of work was done before payments were made to contractors. A mere certificate to the effect that sufficient work had been satisfactorily done was given but details of the work done in relation to the bills of quantities were not stated. In addition, physical verification of a sample of works done and paid for revealed that although certificates of satisfactory completion were given, significantly less materials were used when compared with the requirements of the contracts. The following are examples:-

- (a) In respect of Contract No. 53/92 dated 22/5/92 and valued at \$1,388,170 for the construction of a heavy duty timber bridge at Courtland, it was noted that an amount of \$262,491 in greenheart materials was not

used but works to the total value of the contract sum of \$1,388,170 were certified for payment. In addition, 25 pieces of greenheart decking boards (of a total number of 38) and four(4) greenheart revetment piles were of a smaller size than specified by the contract.

- (b) In respect of Contract No. 50/92 dated 15/5/92 and valued at \$41,250 for the construction of a water trestle for Nurses Hostel Skeldon Hospital, a total value of \$3,640 in hardwood materials was not used but works to the value of contract sum of \$41,250 were certified for payment. In addition, eleven (11) pieces of the hardwood materials were of different dimensions to the contract specifications.
- (c) Contract No. 21/92 dated 24/3/92 and valued at \$106,614 was awarded for the rehabilitation of the Skeldon Hospital kitchen. An estimated \$20,000 in materials was not used but works to the total value of the contract sum of \$102,614.00 were certified for payment. In addition, the contract stipulated that the floor should be of 3" thick concrete but physical inspection revealed that the floor was only one(1) inch in thickness.
- (d) In respect of Contract No. 14/92 dated 2/3/92 and valued at \$1,190,021 for the rehabilitation of a hostel, physical inspection revealed that approximately \$100,000 worth of work was not done. In addition, there were two cases of inferior substitutes being used, the first being the supply of 2 water tanks of PVC material instead of aluminium and the second being the supply of a cover for the reservoir made of plain galvanised sheet instead of steel plate.
- (e) Re: Contract No. 69/92 for \$491,667 for the resiting, enclosing and extension of the lower flat of the M & TC Clubhouse, Corriverton: Although payments totalling \$350,000 were made to the contractor, the resiting of the old clubhouse was not successfully carried out resulting in the demolition of the building. Although the next stages of extending and enclosing the lower flat depended upon the first step of resiting having been completed, nevertheless the contractor proceeded in erecting the lower flat consisting mainly of a floor and four walls!
- (f) Re: Contract No. 342/92 dated 92-05-15 and valued at \$32,000 for the cutting and carting of trees at Skeldon Compound. Enquiries have revealed that the contractor was required to cut and cart away six small flamboyant trees. The contract price appeared excessive.

(g) Re: Contract No. 51/92 dated 22/5/92 and valued at \$192,640 for the empoldering of Courtland Playfield. In this contract the sum of \$152,640 was paid to the contractor for empoldering a piece of land 636' x 636' at Courtland on the Corentyne. Up to the date of this report, the second part of the contract which required the grading of the said land had not been completed.

967. Instances were noted where certificates of satisfactory completion of works were given without physical inspection being carried out by the certifying officer.

DIVISION 537

REGION 7 -CUYUNI/MAZARUNI

CAPITAL EXPENDITURE

Subhead 12001 - Buildings (Education)

968. An amount of \$4M was budgeted for the rehabilitation and construction of schools of which amounts totalling \$3.869M were expended. However, in respect of the construction of the primary school at Kurutuku, there was no evidence that tender board procedures were followed in the award of a contract valued at \$1.49M. Physical verification of the works could not have been undertaken because of the inaccessibility of the area.

Subhead 12002 - Buildings (Health)

969. An amount of \$2.5M was budgeted for the rehabilitation and construction of health buildings, of which sums totalling \$3.302M were expended, giving an over-expenditure of \$802,000. However, the excess expenditure was covered by an advance of \$816,000 from the Contingencies Fund. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance.

970. A contract valued at \$1.2M was awarded for the construction of a health centre at Imbaimadai. However, no estimates were prepared by the Superintendent of Works, and there was no evidence of adherence to tender board procedures. Because of the inaccessibility of the area no physical verification of the works could have been undertaken.

Subhead 12003 - Buildings (Administration)

971. An amount of \$2.8M was budgeted for the rehabilitation of office and staff quarters, of which sums totalling \$3.049M were

expended, giving an excess expenditure of \$249,000. However, the excess expenditure was covered by an advance of \$300,000 from the Contingencies Fund. Up to the time of writing, no supplementary provision was laid before the National Assembly to clear the advance.

Subhead 14001 - Roads

972. An amount of \$4M was budgeted for the purchase and rehabilitation of road building equipment, of which sums totalling \$3.988M were expended in the purchase of a truck along with spares. An examination of payment voucher relating to the purchase of the spares revealed that several of the items were not supplied until six(6) months later while some of the items were still to be supplied.

Subhead 24001 - Land Transport

973. Tender Board procedures were not followed nor was the three-quote system adopted in respect of the purchase of two(2) motor cycles valued at \$562,000. In the circumstances, it could not be determined whether the assets were acquired at the most competitive prices.

Subhead 24002 - Water Transport

974. Five(5) outboard engines valued at \$1.162M were purchased under this subhead. However, no tender board procedures were followed nor was a three-quote system adopted before the purchase was effected. In the circumstances, it could not be determined whether the assets were acquired at the most competitive prices.

Subhead 25003 - Furniture (Education)

975. An amount of \$389,000 was paid to the Regional Education Officer for the purchase of furniture for the Bartica Secondary School. However, no furniture was supplied nor was the amount refunded. It was explained that the Headmaster was given the above sum to construct the furniture using the facility of the Industrial Arts Section of the School and that some materials were purchased but the bills could not be located. The Headmaster had since left the Region, and the matter was reported to the Police.

DIVISION 538

REGION 8 - POTARO/SIPARUNI

CAPITAL EXPENDITURE

Subhead 12001 - Buildings (Education)

976. Amounts totalling \$2.3M were budgeted for the construction of two(2) schools and a pavilion, of which amounts totalling \$2.076M were expended. Physical verification of the works revealed that no buildings were constructed.

977. Investigations revealed that amounts totalling \$1.215M were spent on charter flights. However, details of the purpose of the flights could not be ascertained, and there was no evidence of approval to use the funds in this manner. In addition, amounts totalling \$237,400 were paid in August 1992 for the supply of foodstuff to Kato and Itabac. However, the vouchers relating to these payments were not presented for audit examination. Again, no approval was seen for the use of funds in this manner.

978. Amounts totalling \$228,000 were utilised in the purchase of two(2) power saws. However, no permanent stores records were maintained, and the assets were not in the custody of the Region. The Accounting Officer explained that the saws were given to the Amerindian communities, but there was no documentary evidence in support of the explanation given. In addition, the purchase of the power saws represents a misapplication of funds, since there was no evidence that approval was given for a change in programme.

979. In view of the foregoing observations, it is evident that there has been a total disregard for parliamentary approval to incur expenditure and that the entire amount expended under this Programme represented a misallocation of expenditure.

Subhead 12002 - Buildings (Administration)

980. An amount of \$500,000 was budgeted to be spent on the extension of the Madhia Office. Instead, the Rest House was rehabilitated at a cost of \$499,185. However, no approval for a change of programme was seen, nor were the vouchers relating to this transaction submitted for audit examination.

Subhead 12003 - Buildings (Health)

981. An amount of \$1.9M was budgeted for the construction of four(4) health buildings, of which sums totalling \$1.497M were expended. Because of the inaccessibility of the area, no physical

verification of the works could have been carried out. The vouchers relating to these transactions were also not presented for audit examination. In addition, included in the sum expended under this subhead were amounts totalling \$420,000, being payment for charter flights, details of which were not made available. The payment for charter flights represented a misapplication of funds, since no approval for a change in programme was seen.

Subhead 24001 - Water Transport

982. Three(3) outboard engines were purchased at a cost of \$400,000. The vouchers relating to these transactions were, however, not presented for audit examination, and no asset records were maintained. Physical verification of these assets could not have been undertaken. The Accounting Officer explained that the engines were located in the sub-regions.

Subhead 24002 - Land Transport

983. Amounts totalling \$2.781M were expended under this subhead for the purchase of one(1) Bedford truck and six(6) horses and saddles. However, up to the time of inspection in May 1993 the horses and saddles were not bought, and an amount of \$276,000 was still in the possession of the Accounting Officer and was kept at his private residence.

Subhead 26001 - Agricultural Equipment

984. Five(5) power saws were purchased at a cost of \$515,000. The voucher relating to this transaction was, however, not presented for audit examination, and no asset records were maintained. The Accounting officer explained that the saws were distributed to Amerindian communities, but no documentary evidence was seen in support of this explanation.

DIVISION 539

REGION 9 - UPPER TAKATU/UPPER ESSEQUIBO

CAPITAL EXPENDITURE

Subhead 12003 - Buildings (Administration)

985. Amounts totalling \$400,000 were budgeted to construct a voucher room at Lethem, of which sums totalling \$324,000 were expended. However, inspection of the project revealed the room was about 70% completed. It was also observed that an amount of \$120,000 was expended to repair Regional Executive Officer's Residence but no approval was seen for a change in Programme. In addition, an amount of \$90,000 was expended to purchase a tractor tyre which represented a misallocation of expenditure of

expenditure.

Subhead 24001 - Land Transport

986. One(1) Mazda Pick-up was purchased for the sum of \$1.997M. However, this vehicle was not recorded in the Permanent Stores Register, and a log book was not maintained.

Subhead 26001 Agriculture Equipment

987. Amounts totalling \$1.289M were expended for the purchase of agricultural equipment and furniture. However, supporting documents such as bills/receipts were not seen to substantiate the purchases.

General Comments

988. Several contracts were awarded during the year. However, there was no evidence that tenders board procedures were followed, and minutes of tender board meetings were not produced for audit examination.

989. Items of stores were not always purchased from Government agencies, and the three-quote was not adopted before purchases were made from private suppliers.

990. The Votes Ledger was not properly maintained as relevant information, such as subhead numbers, balance available on the various subheads and warrant numbers, was not reflected in this record.

DIVISION 540

REGION 10 - UPPER DEMERARA/BERBICE

CAPITAL EXPENDITURE

Subhead 11001 - Bridges

991. A contract in the sum of \$1.5M was awarded in August 1992 for the construction of Rockstone No.1 Bridge. Although work on the bridge was completed in December 1992, the approaches on both sides remained incomplete at the time of inspection in July 1993, resulting in the bridge not being used.

Subhead 12002 Buildings - Education

992. A contract valued at \$4.8M was entered into in November 1991 for the construction of a teachers' hostel at Kwakwani. The agreed

completion date was June 1992. Physical inspection in July 1993 revealed that the hostel was approximately 25% complete. Construction work ceased in November 1992 and the contractor was paid \$914,673 based on the value of the work completed. There was, however, no evidence of any action by the Regional Administration to enforce the contract nor were alternative arrangements made to continue the construction works.

993. According to the capital expenditure profile, two(2) secondary schools were to be rehabilitated, but work was only done one school, the Silver City Secondary School, at a cost of \$5.5M. No rehabilitation work was done on the Christianburg Secondary School.

994. Payment vouchers totalling \$1.5M relating to this subhead were not produced for audit examination. As a result, the propriety of the expenditure incurred in respect of these payments could not be satisfactorily determined.

Subhead 21001 - Land and Water Transport

995. An amount of \$3.5M was budgeted for the purchase of six(6) outboard engines and a vehicle. Seven(7) outboard engines were purchased but the location of four(4) engines could not be determined. It was explained that these engines were distributed to Amerindian communities. However, documentary evidence in support of this explanation was not seen. In addition, a Nissan 4x4 vehicle was purchased in August 1992, and was involved in an accident in December 1992. Up to time of writing, the vehicle was at the Guyana Stores Ltd Workshop awaiting repairs.

Subhead 25002 - Furniture (Education)

996. Two(2) contractors were advanced amounts totalling \$61,000 in September 1992 for the construction of furniture for the Silver City School. However, up the date of this report no furniture was supplied.

DIVISION 543

MINISTRY OF EDUCATION AND CULTURAL DEVELOPMENT

CAPITAL EXPENDITURE

Subhead 12002 - Primary Education Project

997. The Primary Education Improvement Programme is funded jointly by the Government of Guyana and the Inter American Development Bank. The Programme is subject to separate financial reporting and

audit, in keeping with the contractual requirements.

998. The report of the Auditor General on the financial statements of the Programme for the period under review was issued on 30 April 1993. The amount of \$202.596M shown as having been disbursed to the Programme was received and the expenditure was verified as having been properly utilised in accordance with the terms and conditions of the Agreement.

999. Amounts totalling \$118.078M were disbursed by the IDB and were included in the figure of \$202.596M. However, applications were not made to the Capital Releases Committee of the State Planning Secretariat so that the transactions could be brought to account in the Country's accounts. As a result, expenditure under this Programme would have exceeded issues from the Consolidated Fund, thereby accounting mainly for the amount of \$141 644M shown as due from the Consolidated Fund.

Subhead 12007 - Buildings (National Library)

1000. The National Library was established by the National Library Act, Chapter 40:01 of the Laws of Guyana. The last set of accounts which was audited by the Auditor General was in respect of 1988. Financial statements for subsequent years were not submitted for audit examination. It was explained that the General Ledger for the years 1989 and 1990 could not be located. Notwithstanding this, the amount of \$2.27M shown as having been disbursed to the National Library was received by it and the expenditure was verified as having been properly utilised.

Subhead 12009 - Critchlow Labour College

1001. The Critchlow Labour College was registered in 1968 as a company limited by guarantee and was being audited by a private auditor. The accounts of the College were last audited for the year ended 31 December 1987. The amount of \$1.225M was verified as having been received by the College.

Subhead 12003 - Department of Sports

1002. Sixty(60) payments totalling \$7.148M were not supported by vouchers as well as bills/ receipts. In addition, an examination of vouchers relating to the purchase of sports equipment valued at \$1.583M revealed that in the majority of cases the cheques were drawn in the names of officers of the Department instead of in favour of the suppliers, and in most cases the payments were not supported by bills and/or receipts to substantiate that the purchases were in fact made. Further, there was no evidence that the items were received and duly recorded in the stores accounting records.

General Comments

1003. Invitations for tenders for the award of contracts were not publicly advertised in accordance with established procedures but were done on a selective basis from contractors who have been doing jobs for the Ministry over a period of years. As a result, it could not be satisfactorily determined whether the works were executed at the most competitive prices, having regard to quality and other associated factors.

1004. The Contracts Register was not written up to indicate progress payments made on each contract, and copies of contracts produced for audit examination were not sequentially arranged. Instances were also noted where contractors did not produce compliance certificates from the Inland Revenue Department before being awarded contracts.

1005. Liabilities in respect of contracts awarded were not recorded in the Votes Ledger.