

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 1995

17 October 1996

Hon. Bharrat Jagdeo, M.P.,  
Senior Minister of Finance,  
Ministry of Finance,  
Main & Urquhart Streets,  
Georgetown.

Dear Minister,

**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 1995**

In accordance with Article 223(2) of the Constitution of the 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 1995.

The Report is required to be laid before the National Assembly, and I would very much appreciate if this is done at the earliest opportunity.

With kind regards.

Yours sincerely,

**ANAND GOOLSARRAN  
AUDITOR GENERAL**

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**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 1995**

**AUDIT CERTIFICATE**

I have audited the Public Accounts of Guyana and the Appropriation Accounts and the Receipts and Disbursements of Ministries, Departments and Regions for the fiscal year ended 31 December, 1995, as set out in pages 2/1 to 2/203. The audit was carried out in accordance with Sections 26 and 31 of the Financial Administration and Audit Act, Chapter 73:01 of the Laws of Guyana.

**Responsibility for the Preparation and Audit of the Accounts**

The preparation of the statements and accounts referred to above is the primary responsibility of the Accountant General, Accounting Officers and Principal Receivers of Revenue. My responsibility is to express an independent opinion, based on the audit, on these statements and to report my opinion thereon.

**Basis of Opinion**

I conducted the audit in accordance with generally accepted auditing standards. These 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, assessing the accounting principles used as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

**Qualified Opinion**

Except for any adjustments which might have been shown to be necessary as a result of the observations 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 Public Debt;
- . the loans or credits guaranteed by the Government;
- . the expenditure 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 1995. However, because of the significance of the comments as contained in the relevant sections of my report relating to the Statement of Outstanding Loans and Advances made from the Consolidated Fund, I am unable to form an opinion whether it properly presents the state of affairs as at 31 December 1995. In addition, the following statements have not been prepared and submitted by the Accountant General to me for audit examination and certification, as required by Section 7 of the Financial Administration and Audit Act:-

- . The 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
- . The current assets and liabilities of the Government.

**ANAND GOOLSARRAN**  
**AUDITOR GENERAL**

**17 October 1996**

## HIGHLIGHTS OF THE REPORT

### Financial Performance

1. For the period under review, a surplus of \$518.751M of current revenue over current expenditure was recorded, compared with a deficit of \$3.670 billion in 1994. This favourable performance resulted mainly from an increase in the collection of revenue from \$26.523 billion to \$29.488 billion or 11.18%, coupled with a reduction in expenditure from \$29.717 billion to \$28.969 billion or 2.52%. This reduction was mainly due to the decrease in the charges relating to the servicing of the Public Debt.
2. There was, however, a deficit of capital revenue over capital expenditure of \$1.552 billion, compared with a surplus of \$9.608 billion in 1994. This gives an overall deficit (both current and capital) of \$1.033 billion in 1995, compared with an overall surplus of \$5.938 billion in 1994.
3. The collection of current revenue exceeded projected levels by 0.03%, compared with a 1.6% shortfall in 1994. Estimated current revenue in 1995 totalled \$29.480 billion while actual collections amounted to \$29.488 billion, giving an actual surplus of \$8M.
4. Capital revenue collections from sale of assets, internal loans, external grants and loans and from other sources fell short of the estimated amounts by \$5.068 billion or 34.85%. Estimated capital revenue was \$14.544 billion while actual revenue was \$9.476 billion.
5. Capital expenditure also fell well below estimated levels. Of a total amount of \$16.864 billion budgeted to be spent on capital projects, only \$11.028 billion was actually expended, giving a shortfall of \$5.836 billion or 34.61%. This was due mainly to apparent delays in the execution of several large infrastructural projects approved by the National Assembly.

### The Public Debt

6. The Public Debt of Guyana (i.e. debts which are required to be serviced out of the Consolidated Fund only and which do not include those of Bank of Guyana and parastatal entities) stood at G\$334.651 billion as at 31 December 1995, the external debt having accounted for G\$169.538 billion. In equivalent United States

dollars, the total public debt stood at US\$2.371 billion, the external debt accounting for US\$1.201 billion.

7. Compared with 1994, the Public Debt has increased by G\$11.733 billion. However, the external debt has been reduced by G\$1.796 billion or US\$12.727M while the internal debt has increased from G\$151.584 billion to G\$165.114 billion. Expressed as a factor of current revenue, the Public Debt at the end of 1995 was 11.35 times the current revenue, compared with a factor of 12.18 at the end of 1994.

8. There was also a reduction of \$3.20 billion or 18.64% in the servicing of the Public Debt. Repayments (inclusive of interest charges) in 1995 totalled \$13.967 billion, compared with \$17.167 billion in 1994. Expressed as a percentage of current revenues, the servicing of the Public Debt in 1995 represented 47.37% of current revenue, compared with 65% in 1994.

#### **The Net Cash Position of the Government**

9. The Consolidated Fund, which is the single most important account of the Government, was overdrawn by \$22.457 billion as at 31 December 1995, compared with an overdraft of \$10.352 billion as at 31 December 1994. This significant increase in overdraft was mainly due to the failure to reconcile the various Government bank accounts and to pay over sums due to the Consolidated Fund. In addition, the ledgers relating to this account were not written up since September 1987 and the bank account was not properly reconciled since February 1988.

10. Notwithstanding the overdraft on the Consolidated Fund, the sum total of all the Government bank accounts (including the overdrawn balance on the Consolidated Fund) reflected a positive balance of \$12.857 billion as at 31 December 1995, compared with \$14.654 billion at the end of 1994. In the absence of a statement of current assets and liabilities of the Government, the positive balance of \$12.857 billion represents the best available estimate of the cash position of the Government as at 31 December 1995.

11. The figure of \$12.857 billion does not, however, include balances held in the Missions' bank accounts overseas as well as any other overseas bank accounts held by the Government. Of particular importance are the overdrawn balances totalling £1.290M, equivalent to G\$283.574M, and US\$11.265M, equivalent to G\$1.590 billion respectively as at 31 December 1995 in respect of the following accounts held at the Lloyds Bank in London:-



ACCOUNT NO.	DESCRIPTION	OVERDRAFT AT 31.12.95	
		US\$	£
01055721	Guyana High Commission	-	244,432
01043855	G.H.C. Overdue Interest	-	1,045,203
01472607	GNTC Unpaid Loans	3,445,974	-
11879308	GNTC Overdue Interest	7,818,561	-
TOTAL		11,264,535	1,289,635

As can be noted, the combined Guyana dollar equivalent of these liabilities is \$1.874 billion. Interest charges are several times the actual overdrafts which is an indicator of the length of time the overdrafts had been in existence. It should be noted that these overdrawn balances had been attracting interest every six(6) months and unless urgent action is taken to liquidate the overdrafts, the indebtedness to the Bank would continue to increase significantly through the accumulation of interest charges.

**12.** Although there are eleven (11) Ministries, the total number of Government bank accounts held at the Bank of Guyana as at 31 December 1995 was 767, of which 398 became inactive during period 1981 to 1994. In addition, apart from the overdrawn balance on the Consolidated Fund, 197 bank accounts reflected unauthorised overdrafts totalling \$1.003 billion at the end of 1995. Further, the vast majority of the Government bank accounts had not been reconciled for several years.

#### **Review of the Central Tender Board**

**13.** An evaluation of the operations of the Central Tender Board revealed that it was not functioning in a manner so as to facilitate an independent review. The record keeping and filing were completely neglected and, in particular, the minutes of the various meetings held to adjudicate on the award of major contracts were not available. It is indeed inconceivable to have a situation where Cabinet would have made major decisions relative to the award of contracts, and documentation of the logical sequence of events leading up to the awards could not be produced.

14. Recommendations have been made for a complete reorganisation of the operations of the Central Tender Board, the most significant being a change in its composition to reflect membership from outside the Public Service e.g. the professional engineering bodies, trade unions, the Consumers' Association and the University of Guyana.

#### **The Ministry of Works Fire**

15. In February 1996, a fire gutted the building housing the Accounting Department of the Ministry of Public Works, Communications and Regional Development. As a result, the accounting records, vouchers and other documents necessary for the conduct of the audit of this Ministry as well as that of the Office of the Prime Minister and the Civil Aviation Department, were destroyed. A proper audit could not therefore have been carried out in respect of these entities.

#### **Inadequacy of Staffing & Absence of Internal Audits**

16. The inadequacy of staffing at the various accounting units, the lack of suitably qualified and trained personnel and the absence of Internal Audit Departments in large Ministries militated against an effective system of internal control and have contributed significantly over the years to the deterioration in financial management at the Ministerial level. It would appear necessary for salaries to be reviewed as a matter of urgency to attract and retain the much needed skills, and incentives provided to recognise good performance. The system of promotion should also focus more on performance and higher levels of training rather than on years of service.

#### **Breaches in Financial, Stores & Tender Board Regulations**

17. Significant breaches in the financial, stores and tender board regulations were observed at several Ministries, Departments and Regions, the most notable being the Guyana Defence Force, the Ministry of Health, Region 3, Region 5 and Region 9. As a result of these breaches, it could not be satisfactorily determined whether full value was obtained for the goods purchased or services rendered. It is strongly recommended that appropriate sanctions be enforced against officers who were involved in a deliberate manipulation of these Regulations.

18. In the case of the GDF, there were unauthorised liabilities totalling \$239M at the end of 1995 which also reflected as over-expenditure, mainly due to the circumvention of the Tender Board

Regulations and unauthorised credit purchases. There were also certain discrepancies in relation to payroll costs and capital expenditure.

**19.** In relation to the Ministry of Health, drugs and medical supplies totalling \$300M were purchased mainly through the subdivision of contracts to bring them within the authority limits of the Accounting Officer, thereby avoiding adjudication by both the Ministerial and Central Tender boards. In addition, the controls necessary for the proper accountability of the drugs and medical supplies were substantially overridden and as a result it was difficult to establish whether the Ministry actually received all the items for which payments were made.

**20.** At Region 3 there were several instances of overpayments to contractors resulting from inflating of the works which were required to be done, indicating apparent collusion between contractors and Regional officials

**21.** The vast majority of the contracts which were awarded in Region 5 were subdivided to bring them within the authority limits of the Accounting Officer, thereby avoiding a system of competitive bidding and adjudication by the Regional Tender Board. In addition, a contractor was paid twice on a contract valued at \$821,750.

**22.** In relation to Region 9, one hundred and ten(110) contracts valued at \$5.274M were awarded for various works. Physical inspection, however, revealed that these contracts were fictitious in nature and a Regional official was the beneficiary of the payments made. This matter was being investigated by the Police.

## INTRODUCTION

1. The auditing of and reporting on the Public Accounts of Guyana and the accounts of Ministries/Departments/Regions are both a constitutional and statutory requirement. Articles 223(2) and 223(3) of the Constitution require that I audit the Public Accounts of Guyana and the accounts of all officers and authorities of the Government of Guyana (including the Commissions established by the Constitution), the Clerk of the National Assembly, and all courts in Guyana and submit my reports to the Minister responsible for finance, who shall cause them to be laid in the National Assembly.

2. In accordance with Section 26 of the Financial Administration and Audit Act, Chapter 73:01 of the Laws of Guyana, I am 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; and
- (d) essential records are maintained and the rules and procedures

framed and applied are sufficient to safeguard the control of stores and other public property.

4. Section 31 of the Financial Administration and Audit Act also requires that I examine and certify, based on the outcome of my examinations, the several statements and accounts which are 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) the appropriation accounts of all Accounting Officers in respect of the votes for which they were responsible; and
- (l) the receipts and disbursements by all Principal Receivers of Revenue.

5. The above statements and accounts are 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 audit them and to submit my report to the Minister responsible for finance not later than the 30th day of September.

6. As at 30 April 1995, the statutory deadline for the

submission of the statements and accounts referred to above, the ten (10) sets of statements comprising the Public Accounts and a number of appropriation and revenue accounts were not received. Submissions were, however, made subsequently on varying dates, the last submission being the Statement of Receipts and Payments of the Consolidated Fund which was made on 8 August 1996. While there have been some improvements in the timely submission of financial statements, the failure to strictly observe the statutory deadline continues to be a source of concern.

7. It is also very disappointing to note that up to the time of reporting, the following two(2) statements which are vital to the Public Accounts had not been submitted to me:-

- . 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; and
- . the current assets and liabilities of the Government.

These statements were last prepared for the fiscal year 1981, and the continued failure to produce them should be viewed by the Government with the degree of seriousness which it deserves. The stewardship of the Government could not be regarded as properly discharged without ensuring full and timely financial reporting, as required by the Law.

8. It is also significant to note that the gap in financial reporting covering the period 1982 - 1991 continued to exist in respect of not only the Public Accounts but also those of Accounting Officers and Principal Receivers of Revenue. I am, however, happy to report that the Government has eventually accepted my recommendation that the backlogged accounts be dealt with in the same manner as those for 1992 to 1995. Circulars had since been sent to all accounting officers and principal receivers of revenue requesting them to produce appropriation and revenue accounts. However, the response to date has been far from heartening. The Audit Office proposes to vigorously pursue this matter as soon as is practicable.

9. In addition to reporting on the Public Accounts and those of Ministries/Departments/Regions, I have also decided to provide general information with regard to the other areas for which I have audit responsibility. These include public corporations, other statutory bodies, municipalities, local authorities, trade unions and foreign funded projects. It will be recalled that in 1993 my mandate was extended to include the audits of public corporations and other agencies in which controlling interest vests with the State.

10. The report was discussed with the relevant Accounting Officers, Principal Receivers of Revenue and the Accountant General who were also provided with individual reports of my findings and recommendations. Responses were also required to be submitted to me within thirty(30) days of the receipt of the reports with the proviso that if such responses were not received, it would be assumed that there was general agreement to my findings. While there have been some measure of improvement in this regard, a few accounting officers and principal receivers of revenue did not respond to these reports.

11. Despite instituting these procedures aimed at ensuring that my report is as fair, accurate and factual as possible, it continues to be a source of disappointment that some accounting officers chose to disagree with the findings during the hearings of the Public Accounts Committee(PAC). These persons tended to pay passing interest during the course of the audit. However, faced with a situation where they were required to appear before the PAC, they used their best endeavours to challenge the findings and sometimes searched meticulously for evidence to do so. This is indeed unfortunate in that these officers had every opportunity to comment on my report and to express their disagreement to any of the findings prior to its finalisation. It is indeed my sincere hope that a change in attitude will prevail in respect of this report.

12. It should be emphasised that the findings of this report should not be relied upon to reflect the results of a comprehensive review of the financial operations of Government. While such a review is desirable and, I believe, is the intention of the law, in view of the depleting staffing situation at the Audit Office, only a selective approach could have been adopted in terms of the comprehensiveness of such a review. This approach was necessary to enable me to discharge my statutory responsibility of reporting to the National Assembly within the time-frame set. Given the Audit Office's staff constraints, a trade-off had to be struck between the need to have audited accounts of the Country within a reasonable time period and that of an indepth review of all aspects of the financial operations of Government. Notwithstanding this, the Audit Office sought to give minimum audit coverage where a comprehensive review was not carried.

13. Finally, the contents of this report represent a departure in certain respects with those of previous reports which were written in negative terms, focusing mainly on deficiencies and lapses in systems and procedures with very minimal recommendations. This report continues to highlight such deficiencies and lapses but includes as many explanations as possible from Accounting Officers. It also provides as much information as possible for the benefit of legislators and the public at large especially with

regard to the status of capital programmes. Attempts have also been made to include as incorporate as many recommendations as possible which I hope the Accountant General, Accounting Officers and Principal Receivers of Revenue would find useful. To this extent, therefore, this year's report represents a more informative and balanced form of reporting of the financial operations of the Government.

#### **STATEMENT OF RECEIPTS AND PAYMENTS OF THE CONSOLIDATED FUND**

**14.** The Consolidated Fund was established by Article 216 of the Constitution, into which all revenues are paid and out of which all expenditures are met. The account is held at the Bank of Guyana and is styled "Accountant General for Consolidated Fund".

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

**16.** Despite the Consolidated Fund being the single most important account of the Government, the ledgers relating to this account were last written up to September 1987 and the bank account was not properly reconciled since February 1988. These two(2) unsatisfactory features were highlighted in my previous reports.

**17.** Reconciliation of bank accounts with the related cash books and ledger accounts is one of the basic elements of internal control, and the failure to do so can lead to the perpetration of serious irregularities without detection. Attempts have, however, been made to reconcile the Consolidated Fund with effect from January 1994. However, in the absence of reconciliation for the intervening period, such later reconciliations could not be fully relied upon.



18. It is also of great concern to note that the Consolidated Fund continued to be overdrawn, due mainly to the failure to reconcile the various Government bank accounts and to pay over sums due to it. At the end of 1995, the overdraft on this account was \$22.457 billion, an increase of \$12.105 billion over 1994.

19. Notwithstanding the overdraft on the Consolidated Fund, the total sum of all the Government bank accounts (including the overdrawn balance on the Consolidated Fund) reflected a positive balance of \$12.857 billion as at 31 December 1995, compared with \$14.654 billion at the end of 1994. In the absence of the statement of current assets and liabilities of the Government, the positive balance of \$12.857 billion represents the best available estimate of the net cash position of the Government as at 31 December 1995. The following gives a breakdown of the balances in summarised form:-

DESCRIPTION	AMOUNT
-----	-----
	\$M
Consolidated Fund	(22,457)
Deposits Fund	4,738
Contingencies Fund	(36)
General Account	(1,185)
Non-Sub-Accounting Ministries/Departments	14,016
Other Ministries/Departments' Accounts	10,073
Monetary Sterilisation Account	7,708
	-----
TOTAL	12,857
	=====

20. The Monetary Sterilisation Account is set up to capture the proceeds of the issue of 182 and 365 days Treasury Bills. However, in 1994 there was some uncertainty as to whether it is part of the Central Government operations. As a result, it was decided that it should not be included in determining the net cash position of the Government, especially in view of the fact that the liabilities in respect of these Treasury Bills was not reflected in the Public Debt Statement. That uncertainty has since been clarified, and both the Governor of the Central Bank and the Accountant General agreed that the Monetary Sterilisation Account is part of the operations of the Central Government, hence its inclusion in the computation of the net cash position of the Government. The corresponding net cash position at the end of 1994 was accordingly re-stated.

21. The figure of \$12.857 billion, however, does not include balances held in the Missions' bank accounts overseas as well as any other overseas bank accounts held by the Government. Of particular importance are the overdrawn balances totalling £1.290M, equivalent to G\$283.574M, and US\$11.265M, equivalent to G\$1.590 billion respectively as at 31 December 1995 in respect of the following accounts held at the Lloyds Bank in London:-

ACCOUNT NO.	DESCRIPTION	OVERDRAFT AT 31.12.95	
		US\$	£
01055721	Guyana High Commission	-	244,432
01043855	G.H.C. Overdue Interest	-	1,045,203
01472607	GNTC Unpaid Loans	3,445,974	-
11879308	GNTC Overdue Interest	7,818,561	-
TOTAL		11,264,535	1,289,635

22. As can be noted, the combined Guyana dollar equivalent of these liabilities is \$1.874 billion. Interest charges are several times the actual overdrafts which is an indicator of the length of time the overdrafts had been in existence. It should be noted that these overdrawn balances had been attracting interest every six(6) months and unless urgent action is taken to liquidate the overdrafts, the indebtedness to the Bank would continue to increase significantly through the accumulation of interest charges.

23. It is a requirement for all unspent amounts released to Ministries, Departments and Regions to be refunded at the end of the year to the Consolidated Fund. However, it is evident from the large balances in these bank accounts, which totalled \$24.089 billion, that transfers were not being made over the years. The main reason for this unsatisfactory state of affairs was the general failure to effect reconciliations of the bank accounts so as to be able to establish accurate balances at the end of the year for the purpose of effecting such transfers.

24. The Statement of Receipts and Payments of the Consolidated Fund, comprising both capital and current accounts, is shown on pages 2/1 to 2/5 and is summarised below with comparative figures for the two(2) preceding years:-

1995	1994	1993
------	------	------

	----- \$'000	----- \$'000	----- \$'000
Current Receipts	29,473,619	26,522,869	23,481,014
Capital Receipts	9,475,605	18,946,172	8,453,036
	-----	-----	-----
	38,949,224	45,469,041	31,934,050
	-----	-----	-----
Current Payments	30,605,981	31,345,957	24,878,155
Capital Payments	12,148,944	10,665,947	8,405,046
	-----	-----	-----
	42,754,925	42,011,904	33,283,201
	-----	-----	-----
EXCESS OF RECEIPTS OVER PAYMENTS	(3,805,701)	3,457,137	(1,349,151)
	=====	=====	=====

**25.** As can be noted, total payments from the Consolidated Fund exceeded total receipts by \$3.806 billion in 1995, compared with an excess of receipts over payments totalling \$3.457 billion in 1994. The main reason for this state of affairs was that in 1994 capital receipts exceeded payments for capital expenditure by \$8.280 billion whereas in 1995 the position had reversed in that payments

for capital expenditure exceeded capital receipts by \$2.673 billion. However, the excess of current payments over current receipts in 1995 was reduced from \$4.823 billion in 1994 to \$1.142 billion in 1995. It is important to note that these figures would be affected by the comments at Paragraphs 16 to 23 above and 26 to 32 below.

**26.** An examination of the Cash Book of the Consolidated Fund kept by the Accountant General revealed that sums totalling \$119.658 billion were received and deposited into this account, compared with \$38.949 billion reported in the financial statements, giving a difference of \$80.709 billion. This difference resulted mainly from the failure to report, as receipts into the Consolidated Fund, amounts totalling \$81.198 billion, representing the proceeds from the issue of Treasury Bills. Taking this omission into account, there remains an unexplained difference of \$489M between the amounts recorded in the financial statements and those recorded in the cash book.

**27.** The Cash Book also reflected that payments totalling \$123.713 billion were made from the Consolidated Fund. The financial statements, however, reflected amounts totalling \$42.755 billion

as having been paid out, giving a difference of \$80.958 billion. The main reason for this difference was the omission from the financial statements of amounts totalling \$80.952 billion, representing the redemption of Treasury Bills. Taking this omission into account, there also remains an unexplained difference of \$6M between the amounts recorded in the financial statements and those recorded in the cash book.

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

	BASED ON CASH BOOK ----- \$`000	SHOWN ON STATEMENT ----- \$`000	DIFFERENCE ----- \$`000
Receipts	119,658,131	38,949,224	80,708,907
Payments	123,713,408	42,754,925	80,958,483
	-----	-----	-----
Excess of Receipts over Payments	(4,055,277)	(3,805,701)	(249,576)
	=====	=====	=====

**29.** Amounts totalling \$672.234M were shown as having been paid from the Consolidated Fund in 1995 to discharge liabilities incurred in 1990, 1991 and 1994. These amounts represented the clearing of advances made from the Contingencies Fund to the various Ministries and Departments. The liabilities for 1994 were cleared by way of supplementary estimates in May 1995. However, those for 1990 and 1991 totalling \$33.126M were cleared prior to 1994 but the related payment vouchers had not been prepared to process the expenditure, hence the charge in 1995.

**30.** The reported sale of assets totalled \$1.014 billion. However, sums totalling \$1.155 billion, representing the net proceeds from the divestment of State entities/assets, were collected in 1995 but were held in the Deposits Fund Bank Account. Had this amount, as well as all other amounts due to the Consolidated Fund, been paid over to the Consolidated Fund, the latter account would have reflected a significant positive balance, instead of the overdraft of \$22.457 billion.

**31.** Amounts totalling \$242.064M representing dividends and transfers were paid into the Consolidated Fund and shown as

current revenue. However, the Investment Register, required to be kept to monitor Government's investments, was not maintained in a manner so as to ascertain the amounts collectible from the various State Agencies. It is recommended that the Register be written up to reflect amounts collectible so that sums due can be properly monitored and early action taken to collect them..

32. According to the financial statements, issues from the Consolidated Fund in respect of the Head 27 - General Register Office and Division 540 - Region 10 exceeded the amounts approved by Parliament by \$100,000 and \$1M respectively.

33. All gifts received by Ministries/Departments/Regions are required to be valued and brought to account by the individual Ministries/Departments/Regions. In addition, periodic returns are required to be submitted to the Ministry of Finance and the values of these gifts are required to be reflected in the Country's accounts as Miscellaneous Revenue. However, although there was evidence of the receipt of numerous gifts during the year, there was no evidence of adherence to these procedures. As a result, the amount of \$215.529M representing Miscellaneous Receipts has been understated by an undetermined amount. The failure to properly account for gifts received has been the subject of adverse comments in my previous reports, and it is indeed again disappointing that no improvement can be reported.

**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, comprising both capital and current, is shown on page 2/6 and is summarised below with comparative figures for the two(2) preceding years:-

	1995	1994	1993
	\$M	\$M	\$M
	-----	-----	-----
CURRENT REVENUE			
-----			
Revenue Actually Paid into Consolidated Fund	29,474	26,523	23,481
Estimates of Revenue	29,480	26,946	21,257
	-----	-----	-----
Over/(Under) the Estimates	(6)	(423)	2,224

	=====	=====	=====
CAPITAL REVENUE			
-----			
Revenue Actually Paid into Consolidated Fund	9,476	18,946	8,453
Estimates of Revenue	14,544	16,419	13,849
	-----	-----	-----
Over/(Under) the Estimates	(5,068)	2,527	(5,396)
	=====	=====	=====

35. It should be noted, however, that sums totalling \$13.930M were collected but were not paid over to the Consolidated Fund. Taking this figure into account, the collection of current revenue in 1995 exceeded projected levels by 0.03%, compared with a 1.6% shortfall in 1994 and an excess of 10.46% in 1993. Estimated current revenue totalled \$29.480 billion while actual collections amounted to \$29.488 billion, giving an actual surplus of \$8M. Compared with 1994 total current revenue collections increased in 1995 by \$2.965 billion or approximately 11.18%.

36. It is significant to note that the two(2) revenue collecting agencies, the Customs & Excise and the Inland Revenue Departments, exceeded their targets by \$72.3M and \$1.565 billion respectively, as shown below:-

	BUDGETED	ACTUAL	EXCESS
	-----	-----	-----
	\$M	\$M	\$M
Customs & Excise Department	13,235	13,307	72
Inland Revenue Department	10,900	12,465	1,565

37. Capital revenue collections from sale of assets, internal loans, external grants and loans and from other sources fell short of the estimated amounts by \$5.068 billion or 34.85%. Estimated capital revenue was \$14.544 billion while actual revenue was \$9.476 billion. Included in the latter figure, is the sum of \$1.022 billion representing unbudgeted revenue from internal loans.

38. An analysis of the shortfall in capital revenue revealed that of the \$2.760 billion budgeted to be collected in respect of the sale of assets, only \$1.014 billion was collected and paid over to the Consolidated Fund. However, as noted in Paragraph 29 above, amounts totalling \$1.155 billion were collected as proceeds from the divestment of State entities/assets but were not paid over to the Consolidated Fund but were held in the Deposits Fund. Had transfers been made to the Consolidated Fund, the shortfall would have been reduced to \$3.913 billion. In addition, external grants and loans fell short of anticipated levels by \$4.391 billion or

37.45%. Estimated capital revenue from these two(2) sources was \$11.726 billion, while actual revenue was \$7.335 billion.

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

39. The Statements of Expenditure from the Consolidated Fund as compared with the Estimates of Expenditure, comprising both current and capital, are shown on pages 2/7 to 2/10, and are summarised below with comparative figures for the two(2) preceding years:-

	1995 \$M -----	1994 \$M -----	1993 \$M -----
<b>CURRENT EXPENDITURE</b> -----			
Actual Expenditure	28,969	29,717	22,096
Revised Estimates	31,013	32,439	25,218
Over/(Under) the Estimates	(2,044) =====	(2,722) =====	(3,122) =====
 <b>CAPITAL EXPENDITURE</b> -----			
Actual Expenditure	11,028	9,161	6,602
Revised Estimates	16,864	13,989	11,382
Over/(Under) the Estimates	(5,836) =====	(4,828) =====	(4,780) =====

40. As can be noted, there has been a reduction of \$748M or 2.5% in current expenditure compared with 1994, resulting mainly from the reduction in the servicing of the Public Debt from \$17.166 billion to \$13.967 billion. However, the current expenditure of Ministries/Departments/Regions has increased from \$12.55 billion to \$15.002 billion.

41. Capital expenditure, on the other hand, has increased by \$1.867 billion or 20.37%. Compared with the Revised Estimates, however, there has been a significant shortfall. Of the 16.864 billion budgeted to be spent, only \$11.028 billion was expended, giving a shortfall of \$5.836 billion or 34.6%, approximately the same percentage shortfall in 1994. The main reason for the significantly less than the anticipated level of capital expenditure continued to be the apparent delays in the execution

of major capital works, as can be seen from the following:-

NAME OF MINISTRY/ DEPARTMENT -----	REVISED ESTIMATES ----- \$'000	ACTUAL EXPENDITURE ----- \$'000	SHORTFALL ----- \$'000
Ministry of Public Works - Road Construction, Rehab. & Studies	2,450,872	1,248,664	1,202,208
Ministry of Finance	2,594,400	1,175,623	1,418,777
Ministry of Education	1,100,312	239,872	860,440
Ministry of Agriculture Sea Defences	1,791,000	1,200,134	590,866
Guyana Water Authority	1,435,478	909,163	526,315
Ministry of Public Works	2,023,752	1,591,789	431,963
Office of the President - Public Admin. Project	367,063	109,528	257,535
Ministry of Agriculture	876,168	632,284	243,884
TOTAL	12,639,045 =====	7,107,057 =====	5,531,988 =====

#### STATEMENT OF THE PUBLIC DEBT

**42.** 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. In addition, Section 3(1) of the External Loans Act, Chapter 74:08 of the Laws of Guyana, as amended by Order No. 31 of 1991, authorises the Government to raise loans outside of Guyana not exceeding \$400 billion. Section 3(6) of the said Act also requires all agreements relating to such loans to be laid before the National Assembly as soon as practicable after the execution of such agreements.

**43.** The system provides for the Accountant General to maintain a register of the Public Debt, and whenever debts are incurred he is



informed by way of correspondence and other relevant documents for the purpose of updating his records. When repayments are made the Register is updated accordingly. At the end of the year the Accountant General prepares a statement of the Public Debt and submit it for audit examination and certification.

44. In addition to the Public Debt Section of the Accountant General's Department, the Ministry of Finance also has a Debt Management Division. Much of the work performed by this Division duplicates that of the Public Debt Section. In addition, documentation relating to new debts and the repayment, cancellation and rescheduling of debts was not received by the Accountant General's Department but by the Debt Management Division. As a result, the Accountant General's records had to be updated from the records of the Debt Management Division. It is recommended that the Debt Management Division be merged with the Public Debt Section and under the supervision of the Accountant General.

45. Minutes or memoranda in respect of debt relief in the form of cancellation, capitalisation of arrears principal and interest, reduction of interest rates and moratoria as well as lists of rescheduled debts were not presented for audit. As a result, reliance had to be placed on the records of the Debt Management Division.

46. The Public Debt Register was not properly maintained as several entries were incompletely written up e.g. omission of loan repayment terms. The format of the Register was also inadequate in that it did not provide for details of loan repayment schedules. As a result, it is not possible to determine from the Register whether loan repayments were being effected in accordance with the agreed schedules. This lack of adequate record keeping can result in inadvertent default on loan repayments and related financial penalties.

47. The reported Public Debt as at 31 December 1995 (i.e. debts which are required to be serviced out of the Consolidated Fund only and does not include those of Bank of Guyana and parastatal entities) is shown on pages 2/11 to 2/41 and is summarised below:-

DESCRIPTION	EXTERNAL	INTERNAL	TOTAL
-----	-----	-----	-----
	G\$`000	G\$`000	G\$`000
Unfunded	169,537,695	143,560,334	313,098,029
Funded	-	129,909	129,909
	-----	-----	-----

Sub-total	169,537,695	143,690,243	313,227,938
Treasury Bills			
(90 days)	-	17,051,475	17,051,475
(182-365 days)	-	4,371,848	4,371,848
	-----	-----	-----
TOTAL	169,537,695	165,113,566	334,651,261
	=====	=====	=====

48. As can be noted, the Public Debt as at 31 December 1995 was \$334.651 billion, the external debt having accounted for G\$169.538 billion. In equivalent United States dollars, the total Public Debt stood at US\$2.371 billion, with the external debt accounting for US\$1,201 billion.

49. Compared with 1994, the Public Debt has increased by G\$11.733 billion. However, the external debt has been reduced by G\$1.796 billion or US\$12.723M while the internal debt has increased from G\$151.584 billion to G\$165.114 billion. Expressed as a factor of current revenue, the Public Debt at the end of 1995 was 11.35 times the current revenue, compared with a factor of 12.18 at the end of 1994.

50. Four(4) additional external loans denominated in various currencies and equivalent to G\$7.979 billion were contracted during the period under review. However, up to the time of reporting, the agreements relating to these loans were not laid in the National Assembly, as required by Section 3(b) of the External Loans Act. This breach of the law was reported on previously, and despite this, no action was taken to have the various loan agreements tabled in the National Assembly.

51. Included in the figure of \$143.560 billion shown as internal unfunded public debt, were twenty(20) non-interest bearing and two(2) variable interest rate debentures valued \$132.013 billion and \$5.230 billion respectively. These debentures relate to losses incurred by the Bank of Guyana during the period 1984 to 1995 and were issued in accordance with Section 8(3) of the Bank of Guyana Act. It should be noted, however, that no repayments to the Bank of Guyana were made by the Government in respect of these debentures.

52. Also included in the figure of \$143.560 billion were two special variable rate fixed date and equated annuity debentures valued at \$1 billion and \$817M. These were issued to cover the losses by the Guyana National Cooperative Bank for the years 1990 and 1992 respectively, in accordance with Section 50(2) of the Cooperative Financial Institutions Act. In relation to the latter debenture, repayments of principal to December 1995 totalled \$122.6M while interest charges amounted to \$220M. However, no repayments of principal and interest of the earlier debenture were

made.

**53.** Two other cooperative financial institutions have incurred losses over the years. At 31 December 1994, the Guyana Cooperative Agricultural and Industrial Development Bank and the Guyana Cooperative Mortgage Finance Bank reported accumulated losses of \$1.143 billion and \$8.707M respectively. The Government was therefore indebted to these institutions by \$1.152 billion. However, no payments were made from the Consolidated Fund to these institutions nor was there a corresponding charge to the Public Debt. To this extent, the statement of the Public Debt has been understated by \$1.152 billion.

**54.** An amount of \$28.763M was expended on the redemption of Premium Bonds and shown in the schedule of the Internal Unfunded Debts. However, no records were kept by Accountant General for Premium Bonds. As a result, it could not be determined what was the outstanding balance of Premium Bonds at 31-12-95. As a result, no balance was reported in the Public Debt Statement for 1995; only the payments which were made from the Statutory Provision were stated. Consequently, the Internal Public Debt has been understated by an undetermined amount.

**55.** Further examination of the schedule of the Internal Unfunded Debt revealed overpayments totalling \$77.436M in respect of three(3) debentures. The overpayments were netted off against the outstanding balances on the other debentures. As a result, the Public Debt has been understated by this amount.

**56.** In relation to short and medium term borrowings, the Public Debt Statement at the end of 1994 did not include the liability in respect of the issue of 182 and 365 days Treasury Bills due to uncertainty with regard to the status of the Monetary Sterilisation Account. As mentioned in Paragraph 20 above, that uncertainty has now been resolved, hence the inclusion of the liability in the Public Debt Statement in 1995.

**57.** There was, however, a difference of \$3.336 billion between the amount reflected in the Public Debt Statement and the balance in the Monetary Stabilisation Account, the former showing an amount of \$4.372 billion while the latter reflected a balance of \$7.708 billion. The Accountant General explained that this difference might have resulted from redemptions being made from the Consolidated Fund instead of from the Monetary Sterilisation Account. However, this could not be confirmed as the Consolidated

Fund bank account had not been properly since February 1988.

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

**58.** 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 said Act shall not, at any time, exceed the sum of \$1 billion.

**59.** The system provides for a Corporation or Company to seek the approval of the Minister of Finance 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 appropriate 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.

**60.** According to the Statement of Outstanding Loans or Credits Guaranteed by the Government, as set out on page 2/42, the total outstanding liability as at 31 December, 1995 was \$3.317 billion, an increase of \$1.142 billion over 1994. The statutory limit has therefore been exceeded by \$2.317 billion. This breach in the law had been highlighted in previous reports, and it is a source of concern that no action was taken to institute adequate controls to ensure that the statutory limit is not exceeded or to extend the limit.

**61.** In previous reports, several deficiencies in the system governing the recording, monitoring and reporting of outstanding loans and credits guaranteed by Government were highlighted. These deficiencies continued to prevail in 1995, and it is disappointing to note that no positive action was taken to effect improvements to the system. The main deficiencies include:-

- (a) The Accountant General's register of Loans or Credits guaranteed by the Government was not updated since 1982. A new register was, however, introduced in March 1994 to reflect outstanding loans or credits guaranteed, using the information from the Debt Management Division of the Ministry of Finance. An examination of the new register, however, revealed that this record was only written up to show the

maximum liability contracted and the outstanding liability as at 31 December 1995. There was no continuous recording of disbursements by funding agencies and repayments made;

- (b) The statement was not prepared from records maintained in the Accountant General's Department but from confirmations received from the borrowing Corporations and from the records kept at the Debt Management Division. This is a significant breakdown in the record keeping at the Accountant General's Department;
- (c) The relevant files kept at the Accountant General's Department did not contain adequate information for a proper evaluation of the status of each loan or credit guaranteed by the Government. For example, details of repayments made by the relevant agencies and copies of certified statements of indebtedness as well as audited financial statements were not contained in the files, resulting in much difficulty being experienced in attempting to verify the completeness and accuracy of the amounts shown in the financial statement; and
- (d) The poor record-keeping resulted in a situation whereby there was no assessment of whether interest might have been accruing on some of the loans or credits outstanding;

**62.** It is evident from the above, that an effective system was not in place to monitor the borrowing of corporations and to ensure that the provisions of the Guarantee of Loans (Public Corporations and Companies) Act are strictly observed. The absence of such a system might have contributed to the borrowing by Public Corporations exceeding the statutory limit.

**63.** The following summaries by entities the loans and credits guaranteed by the Government:-

NAME OF ENTITY	NO. OF LOANS/ CREDITS	OUTSTANDING AT 31/12/95
-----	-----	-----
		\$'000
Guyana Cooperative Agricultural & Industrial Bank	8	1,871,270

Linden Mining Enterprise	3	1,385,940
Berbice Mining Enterprise	3	23,707
Guyana Telecommunications Corporation	1	27,094
Guyana Transport Services Ltd	1	8,584
	--	-----
TOTAL	16	3,316,595
	==	=====

64. As can be noted, most of the guarantees/credits were in respect of the Guyana Cooperative Agricultural and Industrial Development Bank. This Bank was legally dissolved during 1995 and its operations were merged with those of the Guyana National Cooperative Bank. Seven(7) of the loans valued at \$174.348M were transferred to the Public Debt. However, eight(8) other loans valued at \$1.871 billion were still reflect in the Statement, and it is not clear what arrangements have been made for the discharging of these liabilities.

65. Guyana Telecommunications Corporation is no longer in existence. The Government some years ago sold 80% of its interest in this Corporation and a new entity was created. However, it is also not clear what arrangements were made for the discharge of the liability of \$27.094M. A similar situation was observed in relation to the Guyana Transport Services Ltd which was dissolved several years ago and which had a liability of \$8.584M.

66. In the light of the above, it would appear necessary for the debts incurred by the entities which are no longer in existence to be taken up as part of the Public Debt. In addition, urgent action should be taken to raise the statutory limit for the guarantee by the Government of loans and credits so as to avoid being in default of the Law. Further, the Ministry of Finance should institute an adequate system of monitoring loans/credits guaranteed by the Government to avoid exceeding the statutory limit.

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

67. Provisions were previously made in the Annual Estimates of

expenditure of certain Ministries and Departments to make loans and advances to public corporations and boards, municipalities, local authorities, statutory bodies, cooperative societies, and private parties, e.g. remigrated officers, miners, and students. These agencies and individuals made repayments directly to the Ministries concerned which were required to keep adequate records for all such loans and advances. Annual statements were to be submitted to the Accountant General to enable him to effect reconciliation with his records and to prepare financial statements for audit examination and certification.

68. For several years no new loans and advances were made from the Consolidated Fund. Instead, the Deposits Fund was being used for this purpose, for example motor car advances to public officers, UG student loans etc. However, financial statements relating to the Deposits Fund had not been produced since 1981, and therefore the full extent of the amounts of outstanding loans and advances granted by the Government could not be determined.

69. The statement of outstanding loans and advances made from the Consolidated Fund as at 31 December 1995 is shown on pages 2/43 to 2/49 and is summarised as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Public Corporations & Boards	28,272
Local Authorities	1,704
Municipalities	1,014
Other Statutory Bodies	806
Remigrated Officers	680
Co-operative Societies	575
Other Loans & Advances	400
Students	145
Others	208
	-----
TOTAL	33,804
	=====

70. No records were maintained by the Accountant General in support of these figures. In addition, the amounts shown above were identical to those reported in 1994, indicating that no new loans and advances were granted in 1995 and no repayments were made. Further, the amounts were almost identical to those reported on in

1981 and 1992 -1994, reflecting a small amount of repayment. In other words, these debts have been outstanding for a minimum of

fourteen(14) years without evidence of any action being taken to recover them. Given the length of time the debts have been outstanding, coupled with the fact that the Accountant General had no records to substantiate these debts, much of the debts might no longer be recoverable.

71. Difficulties in recovering the long outstanding amounts shown in the statement would be compounded by the fact that many amounts are shown as due from agencies which are no longer existent, e.g. Guyana Rice Corporation, Guyana Farmers Development Corporation Limited, Guyana Development Corporation, and from individuals who might no longer be residing in Guyana.

72. In the light of the above, it is again recommended that the recoverability of each of the balances be ascertained. Those which are considered irrecoverable should be written off while in respect of the rest vigorous efforts should be made to pursue their recoverability.

73. Given the gap in financial reporting for the period 1982 to 1991, the absence of records to substantiate the amounts shown in the Statement and the inherent uncertainties relating to the recoverability of much of the debts involved, the completeness, accuracy and validity of the amount of \$33.804M shown as outstanding loans and advances made from the Consolidated Fund as at 31 December 1995 could not be determined.

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

74. Expenditures in respect of those services which by law are directly charged upon the Consolidated Fund, otherwise known as Statutory Expenditure, does not form part of the voted provisions approved by the National Assembly but are a direct charge upon the Consolidated Fund. Such expenditures include the repayment and servicing of the Public Debt, the emoluments of holders of constitutional offices and pensions and gratuities to public officers.

75. The Statement of Statutory Expenditure for 1995 is shown on page 2/50, and is summarised below with comparative for the preceding two(2) years:-

DESCRIPTION	1995	1994	1993
-------------	------	------	------



	\$'000	\$'000	\$'000
Internal Debt - Principal	405,438	4,561,244	264,695
- Interest	5,944,371	5,080,507	4,032,014
External Debt - Principal	4,414,822	4,341,619	3,704,653
- Interest	3,202,423	3,183,536	2,831,879
Sub-Total	13,967,054	17,166,906	10,833,241
Constitutional Offices	99,732	68,522	56,481
Pensions & Gratuities	223,549	168,985	136,046
Payments to Dependants			
Pension Fund	-	285	-
TOTAL STATUTORY EXPENDITURE	14,290,335	17,404,698	11,025,768

76. As can be noted, the servicing of the Public Debt has been reduced from \$17.167 billion to \$13.967 billion, a reduction of \$3.2 billion or 18.64%. Expressed as a percentage of current revenues, the servicing of the public Debt in 1995 represented 47.37% of current revenues, compared with 64.7% in 1994.

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

77. The Contingencies Fund is 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 is not to exceed in aggregate two (2) percent of the estimated annual expenditure of the last preceding year.

78. In addition, in accordance with Section 25 of the Financial Administration and Audit Act, the Minister responsible for finance is authorised to make advances from the Contingencies Fund only if he is satisfied that the proposed expenditure is (a) unforeseen (b) urgent (c) no other provision exists and (d) the expenditure cannot be postponed without injury to the public interest until adequate provision is made by Parliament. Where any advance is made, a supplementary estimate must be laid before the National Assembly as soon as is practicable for the purpose of properly authorising the replacement of the amount advanced.

79. The statement of receipts and payments of the Contingencies Fund for the year ended 31 December 1995 is shown on pages 2/51 to 2/55. Total payments out of the Contingencies Fund amounted to

\$1.180 billion, compared with \$639.111M in 1994, an increase of \$541.183M. Total receipts from the Consolidated Fund amounted to \$1.193 billion, compared with \$88.3M in 1994, giving an excess of receipts over payments totalling \$12.819M.

80. However, there were net prior year adjustments totalling \$27.809M relating to the years 1986 to 1991. As a result, the opening balance on the Contingencies Fund was restated from a negative balance of \$35.442M to a negative \$7.633M. Taking into account the excess of receipts over payments, the balance on the Contingencies Fund as at 31 December 1995 was a positive \$5.186M.

81. As at 31 December 1995, thirty-two(32) advances totalling \$633.925M remained outstanding, giving a Fund balance of \$639.111M. Eighteen(18) of the outstanding advances totalling \$7.634M relate the period 1986 to 1989.

82. In previous reports, the apparent abuse of the use of the Contingencies Fund was highlighted. There was clear evidence in previous years that the Fund was used to meet routine expenditure when budgetary allocations were exhausted. This was so because recourse to the Contingencies Fund was an easier and more expedient proposition than seeking Supplementary Estimates from Parliament. However, in doing so the intent of the Law was being violated in that the majority of the advances granted from the Contingencies Fund did not satisfy the criteria for the grant of such advances. In 1995, the situation was no different from previous years, as can be seen from the following examples:-

DATE	MINISTRY/DEPARTMENT	PARTICULARS	AMOUNT
----	-----	-----	-----
			\$'000
28/06	Ministry of Works	Purchase of two(2) vehicles	1,625
15/08	Ministry of Finance	To pay ESSO for fuel supplied to Linmine US\$270,000	38,880
30/08	- do -	Severance Pay for BIDCO Employees	7,481
26/09	- do -	Payment to GEC on behalf of G.S.W.C.	50,704
23/11	Region 4	Payment to N.I.S.	4,399
30/11	Office of the Prime Minister	Purchase of China Ware for official residence and entertainment of foreign and local guests	1,200
22/11	Ministry of Works	Rehabilitation of office of Snr. Minister of Local Government	5,000
15/08	G.N.S.	To sustain G.N.S. beyond	

**83.** In the light of the above, it is strongly recommended that the Ministry of Finance exercises greater care in ensuring that any advance granted from the Contingencies Fund fully satisfies the four(4) criteria established by the Law for the grant of such advances since the present practice can be viewed as an attempt to circumvent Parliamentary approval to incur expenditure.

**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**

**84.** Section 23 of the Financial Administration and Audit Act provides for the establishment of a Deposits Fund into which shall be paid, pending repayment or application to the purposes for which they were deposited -

- (a) the balances held on deposit in respect of any special funds established by law or otherwise or of any other deposits (other than trust funds or the balances of the Consolidated Fund); and
- (b) such amounts, not exceeding the sums not required for early withdrawal, as the Minister authorises to be issued from the Consolidated Fund.

**85.** The Minister may authorise the making of advances from the Deposits Fund not exceeding in the aggregate \$8M, or such greater sum as the National Assembly may by resolution direct, from the said Fund:

- (a) on behalf of, and recoverable from, other Governments;
- (b) to officers where such advances are in the public interest; and
- (c) to, or on account of, trusts or other funds administered by the Government, or to, or on behalf of, statutory bodies, public authorities or institutions where such advances are in the public interest and are recoverable within a period not exceeding twelve(12) months after the close of the financial year in which such advances are made.

**86.** The Accountant General is responsible for managing the Deposits Fund which is a bank account held at the Bank of Guyana styled "Accountant General for Deposits Fund". He is required to keep adequate records to ensure proper accountability of the Fund and to prepare and present for audit examination and certification a statement of balances held on deposit at the end of each year

and outstanding advances made pursuant to Section 23 of the Act.

**87.** The last such statement presented was in respect of 1981, and for the year under review no statement was prepared and presented. As a result, the status with regard to this Fund could not be determined. The continued failure to produce this very important statement is indeed a setback towards attempts to ensure full and timely financial reporting and does not auger well for public accountability.

**88.** In the absence of the financial statement relating to the Deposits Fund, confirmation was sought from the Bank of Guyana in respect of the balance on the Deposits Fund bank account. According to the confirmation received, the balance as at 31 December 1995 was \$4.738 billion compared with \$4.085 billion at the end of 1994.

**89.** The ledger relating to the Deposits Fund was not updated since September 1987, and it could not be determined when last the bank account was properly reconciled. Attempts were, however, made to reconcile the account for the period January to December 1995, but in the absence of reconciliation in the intervening period, such later reconciliations could not be relied on.

**90.** The records at the Accountant General's Department were not maintained in a manner so as to adequately monitor or control advances granted from the Deposits Fund. As such, it was not possible to easily ascertain either the total advances made or the total amounts outstanding and therefore it could not be determined whether the advances granted were within the statutory limit.

**91.** In my 1994 Report, mention was made of proceeds from the divestment of State entities and assets totalling \$984.2M which were held in the Deposits Fund bank account, instead of being paid over to the Consolidated Fund. Although this amount was paid over in 1995, a similar situation was observed in respect of sums totalling \$1.155 billion which were collected in 1995. Had the transfer been made in 1995, the bank balance on the Deposits Fund as at 31 December 1995 would have been reduced to \$3.583 billion and the overdraft on the Consolidated fund would have been reduced correspondingly.

**92.** In the light of the fact that the records have not been updated for eight (8) years, the composition of the balance in the Deposits Fund bank account could not be determined. Notwithstanding this, it would not be unreasonable to assume that a greater portion of the \$4.738 billion shown in the bank statement represents funds belonging to the Consolidated Fund.

## THE CURRENT ASSETS AND LIABILITIES OF THE GOVERNMENT

93. The Current Assets and Liabilities of the Government comprise primarily cash and bank balances and cash equivalents as well as short-term liabilities usually in the form of advances from the bank by way of overdrafts. The Financial Administration and Audit Act establishes the Consolidated Fund, the Contingencies Fund and the Deposits Fund. The balance sheets of these Funds at the end of the year would normally comprise the Current Assets and Liabilities of the Government.

94. The Accountant General is charged by law with the responsibility of administering these three(3) funds whose bank accounts are held in his name. He is required to maintain adequate records to ensure proper financial management of and accountability for the Funds and to prepare and submit for audit examination and certification a statement of current assets and liabilities of the Government at the end of each year.

95. The last Statement of Current Assets and Liabilities of the Government to be produced was in respect of 1981, and for the year under review no such statement was prepared and submitted for audit examination and certification. Therefore, for the last fourteen(14) years, Parliament and the public have no way of ascertaining the financial position of the Government. This is indeed a very unfortunate situation which had been the subject of adverse comments in not only my 1992 to 1994 reports but also in my special reports for the years 1982 - 1985. Despite this, no positive action was taken to have financial reporting for 1995 in respect of the financial position of the Government.

96. In the absence of a statement of current assets and liabilities of the Government, the positive balance of \$12.857 billion on all the Central Government bank accounts represents the best available estimate of the net cash position of the Government as at 31 December 1995. The following gives a breakdown of the balances in summarised form:-

DESCRIPTION -----	AMOUNT -----
	\$M
Consolidated Fund	(22,457)
Deposits Fund	4,738
Contingencies Fund	(36)
Non-Sub-Accounting Ministries/Departments	14,016
General Account	(1,185)

Other Ministries/Departments' Accounts	10,073
Monetary Sterilisation Account	7,708
	-----
TOTAL	12,857
	=====

97. Non-Sub-Accounting Ministries and Departments are those Ministries and Departments which, because of their size and nature of operations, do not have their own main bank accounts. Such Ministries/Departments include Ministries of Foreign Affairs, Labour, Legal Affairs and Trade. Funds are released from the Consolidated Fund into an account (Account No. 402) under the control of the Accountant General who makes payments on behalf of the concerned Ministries and Departments. As noted above, this account had a balance of \$14.016 billion as at the end of 1995, mainly because the unspent amounts over the years had not been paid over to the Consolidated Fund. In addition, it could not be determined when last this account was reconciled.

98. Given the level of resources at the disposal of the Accountant General, the Non-Sub-Accounting bank account appeared to have become unmanageable and was not fulfilling its stated purpose of monitoring and controlling funds allocated to the concerned Ministries and Departments. A logical course of action, therefore, would be to transfer the balance on this account to the Consolidated Fund and to assess the extent of the need for such an account in the light of recent trends in Government financial management towards a more decentralised system. For example, there appears to be no discernable reason why the Audit Office should not be given its own bank account to manage its own financial affairs. There may also be strong arguments for certain other Ministries. Indeed, it appears inconsistent for Accounting Officers to be held personally responsible for the financial management of their Ministries/Departments, and not having their own bank accounts and possession of vouchers and other supporting documents to substantiate the expenditures incurred.

99. The General Account is an intermediate account set up by administrative arrangements to monitor and control releases of funds from the Consolidated Fund to the accounts of Ministries and Departments. As such, at the end of each month, and certainly at the end of the year, this account should reflect 'nil' balances. However, as noted above, it was overdrawn by \$1.185 billion, reflecting an apparent failure to monitor the balance on this account over the years. In particular, it could not be determined when last the account was reconciled. It is also evident this account is not fulfilling its purpose and it would therefore appear necessary for an assessment of the future need for this account to be carried out. In this regard, consideration should be given as to whether it would not be a more efficient and a less cumbersome system to have monthly releases of funds to be paid

over directly to the bank accounts of the Ministries and Departments. Meanwhile, the reason(s) for the overdraft should be ascertained and corrective action taken with view to liquidating it.

**100.** My comments in the two(2) preceding paragraphs raise the interesting argument as to whether there is not an urgent need for a review of the entire financial management system with a view to developing a new accountability model for the Government. The present system, which has been in existence since Colonial Times with little or no modifications over the years, appears archaic and cumbersome. The system is therefore in dire need of review. In this regard, the Audit Office stands ready to assist in any effort to reform the financial management in Government.

#### **APPROPRIATION ACCOUNTS OF ACCOUNTING OFFICERS**

**101.** The Appropriation Accounts of Accounting Officers for the year ended 31 December, 1995 in respect of the votes for which they were responsible, comprising both capital and current, are shown on pages 2/56 to 2/181. These accounts are subject to the comments made under the relevant sections of this report dealing with the accounts of Ministries/Departments/Regions.

#### **RECEIPTS AND DISBURSEMENTS BY PRINCIPAL RECEIVERS OF REVENUE**

**102.** The statements of receipts and disbursements by Principal Receivers of Revenue for the year ended 31 December, 1995 are shown on pages 2/182 to 2/203. These statements are also subject to the comments made under the relevant sections of this report dealing with the accounts of Ministries/Departments/Regions.

REPORTS BY MINISTRIES/DEPARTMENTS/REGIONS

HEAD 1 & DIVISION 501

OFFICE OF THE PRESIDENT

Current Expenditure

Employment Costs

103. At the time of the audit in April 1996, the Salaries Cash Book was not balanced for the period March -December 1995 and bore no evidence of supervisory checks for the period April - December 1995. Test checks of this record also revealed a number of omissions and errors. The proper maintenance of a cash book is a pre-requisite for good cash management, and as such these lapses should be corrected.

104. The Salaries Bank Account No. 933 was not reconciled since 1992. This activity is a vital internal control and monitoring mechanism, and the failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. It is therefore recommended that a special effort be made to bring the reconciliation of the bank account up-to-date.

105. The Salaries Bank Account also reflected significant overdrafts which had been coming forward since 1993. The following gives the overdraft position for the period January - April 1995:-

MONTH	OVERDRAFT
-----	-----
	\$
January	4,708,651
February	4,706,337
March	4,750,938
April	2,749,066

It was explained that two(2) cheques valued at \$4,909,469 were inadvertently banked in 1992 and 1993 into the Main Account instead of the Salaries Account and that corrective action was taken in May 1995. Notwithstanding this, there is a need for greater monitoring of bank balances so that prompt corrective action can be taken in event discrepancies are observed. In this regard, the timely reconciliation of bank accounts cannot be over-emphasized.

106. The old salaries bank account No. 510 which had not been operational since July 1991 was not reconciled since October 1984 and was overdrawn by \$19,351 as at December 1995.



Another inactive Salaries Account No. 183 was also overdrawn by \$189,663 at 31 December 1995. These matters were drawn to attention in previous reports and despite this, there was no evidence of any action taken to investigate the reasons for the overdrafts and to close the accounts.

**Other Charges**

**107.** The Main Bank Account No. 932, which had a balance of \$80,190,191, was also not reconciled since 1992, and therefore the comments and recommendation in Paragraphs 103 and 104 above are also applicable.

**108.** Purchases within the limits of \$180,000 and \$600,000 require adjudication by the Ministerial/Departmental Tender Board. However, four(4) instances were noted where this was not done, the purchases having been effected on the sole authority of the Accounting Officer and without quotations. In addition, quotations were not seen for two(2) purchases falling within the limits of \$90,000 and \$180,000.

**109.** Seven(7) payment vouchers totalling \$391,360 were not presented for audit examination. These relate mainly to purchases. However, in the absence of the payment vouchers which would have shown specific details of the items purchased, it could not be determined whether these items were received and duly brought to account.

**110.** Amounts totalling \$6.315M were expended on fuel and lubricants. However, log books for the following vehicles were not produced for audit examination:-

VEHICLE NO. -----	ASSIGNED TO -----	VEHICLE NO. -----	ASSIGNED TO -----
PDD 1857	PSM	PDD 62	Public Admin. Project
PDD 5928	OP	PDD 932	GIS
PDD 6926	Security	PBB 5413	OP

In the circumstances, it could not be determined whether there was effective control over the use of these vehicles. In addition, an examination of the log books presented revealed that they were not properly maintained. For example, there were no signatures of the authorizing officers and entries were not made in respect of fuel and lubricants used.

**111.** In accordance with Tender Board Regulations, contracts for works and services falling within the limits of \$180,000 and \$450,000 are awarded after the application of system of quotations. However, in the following instances there was no evidence that quotations were solicited before the award of the contracts:-

DATE	CONTRACT NO.	PARTICULARS	AMOUNT
----	-----	-----	-----
			\$
16/2/95	19/95	Painting wall & ceiling	373,336
26/4/95	54/95	Welding & spraying cabinets	260,280
13/6/95	78/95	Repairs to PDD 62	319,210
23/6/95	85/95	Repairs to furniture at Castellani House	262,000
5/7/95	88/95	Repairs to wall and windows at National Cultural Center	428,240
1/10/95	133/95	Repairs to toilet area at Castellani House	266,242

**112.** The Electricity Charges Register was not in agreement with the Appropriation Account, the former showing a balance of \$7.173M while the latter reflected a balance of \$9.660M. The main reason for this was that the unspent balance of the voted provision at the end of March 1995 was paid over to the Accountant General and was charged to final expenditure whereas the actual charges for the year totalled \$7.173M. The Appropriation Account should have been adjusted and the difference of \$2.487M refunded to the Consolidated Fund. In addition, there were unpaid liabilities totalling \$2.627M representing electricity charges for October - December 1995. These were paid out of the 1996 voted provisions.

**113.** Two vehicles were repaired at a total cost of \$526,938. Such a transaction requires a system of quotations and adjudication by the Departmental Tender Board. However, there were no quotations and the contract was entered into on the sole authority of the Accounting Officer. It was explained that it was the normal practice of the Office of the President for the agency concerned to repair its vehicles. However, a waiver of the Tender Board Regulations should have been sought before the repairs were undertaken. A similar breach of the regulations was observed in respect of the purchase of spares valued at \$891,600 for other vehicles.

**114.** An examination of the Telephone Register revealed that eleven(11) telephone numbers were not recorded therein although payments were made for rental. It was explained that these telephones were no longer under the control of the Office of the President and that the Telephone Company had since been informed

to this effect.

**115.** Amounts totalling \$59.609M were expended on Subhead 309 - Other Services Purchased. However, there were misallocations totalling \$6.055M. The following are the details:-

DESCRIPTION	AMOUNT	CORRECT SUBHEAD OF CHARGE
-----	-----	-----
	\$	
Purchase of 3 cylinders chlorine	126,401	302
Repairs to pipe line at State House, Office of the President and PM	1,695,570	304
Lacquering of furniture and polishing at State and Castellani House	331,750	304
Electrical works at State House	3,050,650	304
Installing windows at State House	210,000	304
Purchase of stationery	640,464	302
	-----	
TOTAL	6,054,835	
	=====	

Had these amounts been charged to the correct subheads, there would have been over-expenditure totalling \$304,865 and \$5,056,970 under Subheads 302 and 304 respectively.

**116.** The sum of \$97.688M was expended on Education Subvention, Grants etc., of which amounts totalling \$30.380M relate to the payment of tuition fees and other expenses for students pursuing studies overseas. According to the files kept by the Student Affairs Officer at the Guyana High Commission in London, the following students (names withheld) had absconded after completing their studies:-

- (a) Student A's training amounted to G\$2,748,614. She wrote the Public Service Management (PSM) requesting approval to repay her cost of training in five (5) years. The matter was considered by the PSM which requested repayment in three (3) years at £1173 quarterly commencing April 1995. Student A responded by offering to repay £375 quarterly and requested details on her outstanding amount. However, it could not be determined what further action was taken in relation to this matter.

(b) Student B was pursuing studies at Queens Mary and West Field College University with effect from October 1991. He was paid maintenance allowance up to July 1994 and was to have graduated in 1994. This student's whereabouts were, however, unknown.

(c) Student C was pursuing a Bachelor's Degree at Cambourne School of Mines during 1990 to 1993. He completed his final examination in 1994 rather than in 1993 due to illness and was granted one year's extension. However, Student C failed to submit his project report in time to graduate in 1994. He was allowed additional time to do so by the School and was to have graduated in 1995. He was paid his allowance up to 31/12/94. The Student Affairs Officer indicated that this student had also absconded.

117. A similar situation was observed during the course of the audit of the Guyana Consulate - New York. The following two(2) students (names withheld) in respect of whom amounts totalling US\$171,635 equivalent to G\$24.209M were expended could not be located:-

NAME	PERIOD OF STUDY	EXPENDITURE	EXPENDITURE
----	-----	-----	-----
		US\$	G\$'000
Student D	1981-1990	132,016	18,482
Student E	1988-1991	39,619	5,547
		-----	-----
TOTAL		171,635	24,029
		=====	=====

Another student on whom the amount of US\$69,043 equivalent to G\$9.666M was also expended and who had shown reluctance to return home is understood to have returned. However, his return could not be verified from his personal file kept at the Consulate. It was also noted that statements of expenses incurred in respect of these students were submitted to the PSM for appropriate action to be taken. Follow up action is recommended with a view of ensuring proper closure of the files and recovery of the funds expended. It is understood that several other students had also absconded during the 1981 to 1991 period but adequate records were not kept to determine the costs incurred in their training. As a result,

legal action to recover the funds expended could not have been instituted.

**118.** During the audit of the Guyana Embassy in Caracas, it was also observed that a student was granted an award in January, 1992 to pursue studies leading to the BSc degree in Administration. By letter dated 25 October 1995 he informed the PSM that he would wish to discontinue his course of studies and to have his contract terminated with effect from 31 December 1994 and that he was willing to reimburse the Government of Guyana the total cost of studies up to December 1994. The PSM computed the cost which amounted to US\$19,591 equivalent to G\$2.743M. On 27 September 1995

an amount of US\$3,992 equivalent to G\$558,880 was credited to the Embassy's current account for payment to the student. At the conclusion of the audit on 17 April 1996 the student had not uplifted the amount and it could not be determined what further course of action was taken.

**119.** Amounts totalling \$123.649M were expended on subsidies and contributions to local and international organisations, as follows:-

NAME OF ORGANISATION -----	AMOUNT -----
	\$'000
Guyana Television and Broadcasting Company	29,897
Guyana Natural Resources Agency	43,000
Institute of Applied Science and Technology	12,315
National Data Management Authority	7,628
Guyana Management Institute	7,427
Guyana Information Service	12,093
Castellani Committee	9,715
Caribbean Center for Development Administration	1,574
	-----
TOTAL	123,649
	=====

**120.** The Guyana Television and Broadcasting Company Ltd(GTV) was incorporated on 24 June 1993, and in accordance with the Companies Act, it is required to have its own books of accounts and to produce annual financial statements duly audited by a Chartered Accounting Firm. GTV being a State-owned entity, the audit responsibility is vested in the Audit Office. However, GTV did not have a complete set of books of account, and all voted payments were made directly by the Office of the President. The GTV collected revenue, retained it and made incidental payments and

for which it maintained accounting records.

**121.** Since GTV's inception, financial statements had not been prepared and submitted for audit. These statements, it should be noted, are required to be prepared, audited and submitted to the Minister within six(6) months of the close of the financial year and to be laid in the National Assembly within nine(9) months of the close of the year, as required by Section 346 of the Companies Act 1991. The GTV is therefore in default of the Companies Act. Management should take a serious view of this and should initiate steps to ensure compliance as early as possible. Notwithstanding the lack of financial reporting, the amount of \$29.897M was verified as having been received by the GTV.

**122.** The Guyana Natural Resources Agency(GNRA) was established by Order No. 37 of 1986. The last set of audited accounts was in respect of 1995 and the opinion was issued on 10 April 1996. These accounts are required to be laid in the National Assembly in accordance with Section 33(2) of the Financial Administration and Audit Act. The amount of \$43M was verified as having been received by the GNRA.

**123.** The Institute of Applied Sciences and Technology (IAST) was established by the National Science Research Council Act No. 26 of 1974 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1982, and therefore the Institute was thirteen(13) years in arrears in terms of financial reporting. Notwithstanding this, the amount of \$12.315M was verified as having been received by IAST.

**124.** The National Data Management Authority was established by Order No. 9 of 1983 and is subject to separate financial reporting and audit. The last set of audited financial statements was in respect of 1983. Financial statements for the years 1984-1989 were, however, submitted for audit examination and at the time of this report the audits were in progress. Notwithstanding this, the amount of \$7.628M was verified as having been received by the Authority.

**125.** Guyana Management Institute was established by Act No. 8 of 1983 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1984. Financial statements for the years 1985-1989 were, however, submitted for audit examination and certification, and at the time of this report the audits were in progress. Notwithstanding this, the amount \$7.427M was verified as having been received by the

Institute.

**126.** The Guyana Information Service and the Castellani Committee are part of Central Government activities and therefore there is no requirement to have separate financial reporting and audit. The audit of the Office of the President included an examination of the transactions relating to these two Departments.

#### **Revenue Accounting and Control**

**127.** Revenue collected and paid over to the Consolidated Fund for the period under review totalled \$5.062M. However, registered mails were not opened in the presence of two(2) persons, and receipt numbers were not recorded in the Remittances Register when revenue was received through the post. In addition, at the time of the audit in May 1996, acknowledgement receipts from the Accountant General were not received for the period August - December 1995 for revenue deposited into the Consolidated Fund. However, at the time of reporting, it was explained acknowledgements receipts had since been obtained.

#### **Stores and Other Public Property**

**128.** The following unsatisfactory features were observed in relation to storekeeping and stores accounting:-

- . A physical count of a sample of 27 items, revealed shortages in respect of 18. It was explained that these shortages resulted from issues being made without internal stores requisitions (ISR's). When this matter was brought to the attention of the Storekeeper, covering requisitions were issued. However, this is a serious breach of storekeeping which should not be allowed to recur.
- . Six(6) purchases of mainly stationery valued at \$95,127 were not subject to storekeeping procedures;
- . A quantity of unserviceable items were also found in the store without evidence of any action being taken to dispose of them. Efforts should be made to dispose of these items.

#### **Other Matters**

**129.** The Imprest Bank Account No. 935 with an allocation of \$900,000 was overdrawn by \$317,387 as at 31 December 1995 and was short-retired by \$65,000, resulting from a misappropriation which was being investigated by the Police. Another imprest account No. 934 with an allocation of \$300,000 was also short-retired by \$18,020 due to a cash shortage.

130. Advances from the Accountant General for conferences were deposited into the Imprest Account, and according to the imprest cash book, at the end of the year amounts totalling \$5,017,495 were not cleared. Efforts should be made to clear these advances as early as possible.

### Capital Expenditure

#### Subhead 12002 - Office and Residence of the President

131. An amount of \$8M was voted for the extension of two(2) buildings in the Presidential Complex and a guard hut at the Residence, of which sums totalling \$7.922M were expended as follows:-.

DESCRIPTION -----	AMOUNT -----
	\$'000
Extension of two(2) buildings	4,718
Construction of fence at Castellani House	2,142
Construction of archives at State House	1,039
Purchase of furniture	23
	-----
TOTAL	7,922 =====

No work was done on the Guard Hut, and approval was obtained for a change in programme to accommodate the expenditure on the Castellani and State Houses.

#### Subhead 17001 - Minor Works

132. The sum of \$15M was allocated to finance small ventures which



are critical and essential to development. The full amount was expended as follows:-

DESCRIPTION -----	AMOUNT -----
\$'000Purchase of equipment for GTV, GIS and Presidential Guard	4,374
Transferred to the Deposits Fund	4,134
Contribution to Supreme Court Renovation	4,000
Contribution to small ventures	1,438
Repairs to GDF boat	143
Subvention to Race Relations Commission	500
Miscellaneous	411
	-----
TOTAL	15,000 =====

**133.** The amount of \$4.134M, being the balance on this vote was paid over to the Deposits Fund at the end of the year to meet additional expenditure. However, this amount should have been paid over to the Consolidated Fund and any additional expenditure should have been met out of the 1996 voted provision.

**Subhead 25003 - Other Equipment**

**134.** An amount of \$180,000 was provided for the purchase of equipment. However, no expenditure was incurred.

**Subhead 34004 - Public Administration Project**

**135.** The sum of \$367.062M (\$362.5M from the International Development Association and \$4.562M the Government of Guyana) was voted for the procurement of equipment and vehicles and the provision of consultancy services, of which amounts totalling \$109.528M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$'000
Vehicles and equipment:	
Office of the President	2,856
Customs and Excise	5,665
Guyana School of Agriculture	4,964
Ministry of Health	2,433
Director of Public Prosecutions	853
Ministry of Legal Affairs	1,080
National Dairy Development Project	4,073
Ministry of Labour	1,914

Civil Aviation Department	28,812
Ministry of Home Affairs	14,880
Ministry of Finance	5,631
Ministry of Agriculture	31,966
Consultancy services	4,401
	-----
TOTAL	109,528
	=====

136. The Public Administration Project is subject to separate financial reporting and audit. The last set of audited financial statements was in respect of 1994. Financial statements for 1995 have been submitted and at the time of reporting the audit was in progress.

**Guyana Natural Resources Agency (GNRA)**

**Subhead 12002 - Buildings**

137. An amount of \$600,000 was allocated and shown as expended for the construction of a fence and water trestle. However, a check with the records of GNRA revealed that sums totalling \$541,085 were expended and there was no evidence that the difference was refunded to the Office of the President so that the vote could be adjusted. As a result, expenditure has been overstated by \$58,915.

**Subhead 25002 - Office Equipment & Furniture**

138. The sum of \$500,000 was voted for the procurement of office equipment and furniture. The full amount was shown as having been expended. However, the Votes Ledger kept by GNRA showed expenditure totalling \$1.899M. The difference of \$1.399M was met from revenue as well as an unspent balance of \$271,000 in 1994. The items purchased were verified as having been received and duly brought to account.

**Subhead 33001 - Hydropower Division**

139. An amount of \$30M (\$20M being contribution from China) was provided for the construction of a mini hydroelectric station at Moco Moco, of which only \$4.412M was expended in the construction of two(2) bridges. Because of the flooding in the area, physical verification of the bridges could not have been carried out.

**Subhead 35003 - Forestry Studies**

140. The sum of \$5M was voted for the implementation of a forestry action plan and Iwokrama Project, of which amounts totalling \$4.020M were expended. However, an examination of the Votes

Ledger kept at GNRA showed an expenditure of \$3.276M. Therefore, the Appropriation Account was overstated by \$744,000. This latter amount should have been refunded to the Office of the President. In addition, there was an unspent balance of \$543,000 in 1994 which was also not refunded.

**HEAD 2 & DIVISION 501**

**GUYANA DEFENCE FORCE**

**Current Expenditure**

**Employment Costs**

**141.** A salaries control register to show movement of payroll costs from one month to another was not maintained. As a result, paysheets sent to the Sub-Treasury were only checked for arithmetical accuracy. A diary of pay changes was not maintained for the period under review. As a result, reliance had to be placed on individual pay changes forms to verify pay changes, thus making the exercise very tedious and time-consuming. These records should be introduced as early as possible.

**142.** The system provides for the Paymaster to hand over the paypackets at the expiration of one(1) week after the official pay day. However, several instances were noted where this procedure was not followed, the Paymaster having kept the paypackets in many

instances for several weeks. This practice can lead to irregularities being perpetrated, and as such there should be strict adherence to the procedures.

**143.** It is a requirement for all locations to submit casualty lists to the Finance Department in support of the payment of salaries. (The casualty list is a record of daily attendance.) However, several instances were noted where such lists were not submitted in respect of a number of locations. In the absence of this return, it was difficult to establish whether all ranks were present throughout the month.

**144.** The GDF operated two bank accounts in 1995 in relation salaries - Salaries Account No. 212005891 operated at the GNGB and Unpaid Salaries Account No. 436 operated at Bank of Guyana. The monthly cheques relating to gross salaries are collected from the Sub-Treasury and deposited into the Salaries Bank Account. It is from this account that payments of salaries to individual officers are made. All unclaimed salaries are then paid over to Unpaid Salaries Account for subsequent payment to officers or for refund to the votes.

**145.** These two(2) bank accounts cannot be used for purposes other than the payment of salaries, as this will constitute a breach of the Regulations. However, during 1995, 188 payments totalling \$37,720,421 were irregularly made from the Salaries Bank Account for the purchase of rations, lumber etc. Amounts totalling \$21,902,065 were, however, re-imbursed by the Sub-Treasury, giving an outstanding liability of \$15,818,356 as at 31 December 1995.

**146.** In respect of the Unpaid Salaries Account, 264 payments totalling \$28,816,370 were irregularly made for similar transactions, of which amounts totalling \$14,126,315 were re-imbursed by the Sub-treasury. This gives an outstanding liability of \$14,690,055 as at 31 December 1995. The total outstanding liability in respect of the two(2) bank accounts was therefore \$30,508,411.

**147.** The Cash Book relating to the Unpaid Salaries Bank Account showed a balance of \$83,887 as at 31 December 1995. If the liability to this account were taken into account, the balance would have been \$14,773,942. However, of this latter amount, only \$3,310,786 relates to unclaimed salaries for 1995. It is evident therefore that this account had significant amounts of unclaimed salaries relating to prior years which should have been refunded to revenue but were allowed to accumulate over the years.

**148.** An examination of the Current Appropriation Account of the GDF for 1995 revealed actual expenditure of \$1,121,761,000

compared with a revised voted provision of \$1,123,140,000, giving a balance on the voted provision of \$1,379,000. If the liabilities to the two salaries bank accounts, as well as the other liabilities (as described below) were discharged during 1995, there would have been excess expenditure totalling \$239,174,018. It is evident that payments were delayed in order to avoid overrunning the votes.

**149.** The incurrence of liabilities does not, however, remove the fact that expenditure was incurred in excess of what was approved by Parliament. In particular, the failure to incur expenditure within the limits of its allocation represented a disregard for the budget process and in particular Parliamentary approval to incur expenditure. In addition, the Appropriation Account would not give a true reflection of actual expenditure incurred since expenditure would have significantly been under-stated.

**150.** The irregular use of the two(2) bank accounts had been the subject of adverse comments in previous reports and despite this, the practice continued. The Accounting Officer had defended the GDF's action on the ground that releases from the Ministry of Finance were being received late. However, checks have revealed that the irregular payments were routinely made irrespective of the dates of the release of funds. It can only be concluded therefore that there has been a disregard for the financial management procedures established by Government to monitor and control public expenditure. This has been facilitated partially by the fact that the GDF had access to two(2) bank accounts which were used extensively to make payments other than those relating to salaries seemingly whenever funds allocated to it through the Sub-Treasury were exhausted.

**151.** It is also significant to note that the Salaries Bank Account was overdrawn on 27 occasions during 1995 without authority and for which interest charges at 22.5% accrued.

**152.** The Salaries Bank Account was not reconciled since December 1993, and an examination of the reconciliation statement showed several items remaining uncleared for considerable period of time. The Unpaid Salaries Account was also not reconciled since June 1995.

**153.** Large balances were reflected in the Salaries Cash book at the end of each month instead of 'nil' balances. The main reason was the failure to pay over promptly statutory deductions to the relevant agencies.

**154.** A comparison of the monthly actual staff strength in 1995

with the authorised strength revealed that the former exceeded the latter by on average 342 persons. The following sets out the discrepancy in the authorised staff strength for December 1995:-

CLASSIFICATION	AUTHORISED	ACTUAL	EXCESS
2nd Lieutenant	3	29	26
Officer Cadet	0	21	21
Recruit	0	61	61
Apprentice	0	24	24
Civilian	166	313	147

155. The GDF has offered the following explanations in relation to these discrepancies:-

a. 2nd Lieutenants. The authorised establishment caters for a total of three (3), however this rank is an entransitory rank and it is the lowest rank in which an officer is promoted after successfully completing approved training. The number of officers in this rank are therefore not meant to be permanent.

b. Officer Cadet. This is the rank potential Officer Cadets are appointed to while undergoing training. On successfully completing the approved training they are promoted to the rank of 2nd Lieutenant where they serve a period of probation before being promoted to Lieutenant.

c. Recruits. This is the rank given to potential soldiers while under-going training. On successful completion of the approved training they are promoted to the rank of Private soldier.

d. Apprentices. This is the appointment of persons who are not of age to be trained as soldiers. They are given training in vocational skills and are paid a stipend.

e. Civilians. The number of civilians on the payroll is more than the established strength because there are critical vacancies which are to be filled by soldiers but the Force does not have the qualified personnel to fill them. In these instances civilians are engaged to perform these duties where it does not compromise security.

156. Notwithstanding the explanations given, exceeding the

authorised staff strength is a serious breach, and it would have been more appropriate to seek approval for amendment to the authorised strength to take into account the practical circumstances of the GDF.

**157.** In accordance with the Defence Board decision of March 11, 1993, legitimate absence of officers from military service in excess of 6-12 months is only permitted in the following circumstances:-

- . No pay leave for academic pursuits in areas unrelated to military service skills and knowledge;
- . Prolonged sick leave authorised by the Medical Board/National Insurance Scheme as invalidity;
- . Official study leave with pay for academic pursuits in areas related to military service skills and knowledge; and
- . Secondments to the Public Service and Government Agencies for periods less than one (1) year, with salary and allowances commensurate with rank and service being reimbursed to the Army.

**158.** None of the above criteria were satisfied in respect of eleven(11) officers who left the Army, were subsequently re-employed and were granted no pay leave covering the intervening periods in order to have their services linked for superannuation purposes.

**159.** It should be noted that the officers in question were discharged from the Army several years ago, but their services were not bridged until 1995. In addition, there was no evidence that these matters were dealt with by the Defence Board, and a perusal of the documents indicated that the approvals were granted on the sole authority of a senior officer.

**160.** This discrepancy was acknowledged by the Army in a letter dated 22 March 1996 which requested the Audit Office to reject all claims for superannuation benefits in respect of these officers. One such claim was however already passed, and on further examination of the computation, it was discovered that the no pay period was not deducted by the Army. The Audit Office had since written the Army with a view to having the superannuation benefits of the officer recomputed.

**161.** The method of engagement and discharge of reservists left much to be desired. No Part II Orders were issued, and therefore designations of officers, their rates of pay and their periods of

employment could not be verified. In addition, the payrolls were not prepared from casualty lists originating from the various locations. Instead, they were prepared at Headquarters from information received via the telephone or from messages received. Such lists could not therefore be relied upon as a basis for the preparation of the payrolls.

**162.** An analysis of the payrolls for the reservists for 1995 revealed that in every month, the authorised strength was not only significantly exceeded but also there were marked fluctuations in numbers, as shown below:

MONTH	AUTHORISED	ACTUAL	EXCESS
January	300	603	303
February	300	530	230
March	300	480	180
April	300	538	238
May	300	519	219
June	300	535	235
July	300	556	256
August	300	599	299
September	300	715	415
October	300	791	491
November	300	695	395
December	300	552	252

A similar trend, however to a lesser extent, was noted in 1994 where the average number of reservists was 394.

**163.** Previous to January 1996, the salaries of reservists were paid to them at their respective locations. However, given the Audit Office's concerns that the existing system lent itself to possible manipulation, the Chief of Staff arranged for casualty lists to be submitted from the locations. Reservists were also required to report to Camp Ayanganna to uplift their salaries. The result was that the payroll was reduced from 552 to 250, an unexplained difference of 302 and a dollar value reduction of \$6,255,649 - \$2,551,632 = \$3,704,017.

**164.** In addition, a paysheet for 156 recruits totalling \$1,375,296 was prepared for December 1995 (and included in the 552 mentioned in Paragraph 163) but up to the time of this report had not been paid. This raises some doubt as to whether this payroll might not have been fictitious, as the Audit Office was advised that no-one appeared to enquire about amounts due to them in respect of this payroll.

**165.** A number of other discrepancies were observed in the



comparison of the January 1996 payroll with that of December 1995:-

- . The January 1996 payroll had 15 cases of refund of salaries totalling \$122,833. However, there was no evidence of any refunds being made throughout 1995!
- . Only 60 names were common to both payrolls (excluding the unpaid payroll) and in 24 cases the signatures of the persons purported to have received payment did not correspond. (A similar observation was made through a comparison of the November 1995 with the January 1996 payrolls in respect of the names appearing in the unpaid payroll. Out of a total of 53 common names at least 35 signatures did not correspond); and
- . 336 names did not appear in the January 1996 payroll, and in many cases the signatures acknowledging payment of salaries appeared to be the handwriting of one person.

**166.** In the light of the above findings, the following recommendations were made to the GDF:-

- . A salaries control register and a diary of pay changes should be introduced without delay. These records are essential for effective control over the payment of wages and salaries and will minimise the possibility of fictitious names appearing on the payroll;
- . There should be strict observance of the stipulated period of seven(7) days within which the Paymaster is required to pay over all unclaimed wages into the Unclaimed Salaries Account;
- . The Finance Department should ensure that casualty lists are submitted for all locations. These lists should at all times be used as a basis for the preparation of the payroll;
- . Under no circumstances should the two(2) salaries bank accounts be used to effect payment in respect of matters unrelated to salaries;
  
- . The Accounting Officer should be asked to explain the unauthorised use of these bank accounts, the incurrence of liabilities totalling \$30,508,411 without approval, the incurrence of unauthorised overdraft, the apparent

manipulation of the procedures to circumvent Parliamentary approval to incur expenditure and the incurrence of excess expenditure;

- . The Sub-Treasury should also be asked to explain its apparent negligence in allowing a breach of the procedures;
- . Efforts should be made to bring the reconciliation of the Salaries Bank Account up-to-date, and all discrepancies thoroughly investigated. Thereafter, the reconciliation should always be kept up-to-date;
- . All salary deductions should be promptly paid over to the relevant agencies in order to ensure that the cash book shows a nil balance at the end of each month;
- . There should always be documentary evidence of the authorised staff strength, duly approved by the Defence Board;
- . The discrepancies in the authorised staff should be thoroughly investigated and appropriate disciplinary action taken against the persons responsible for causing the authorised strength to be exceeded;
- . The unauthorised bridging of service for certain officers and the violation of the Defence Board decision of March 11, 1993 should also be further investigated and appropriate action taken. Subject to legal advice, the Army should also disregard the unauthorised bridging of such service for superannuation purposes; and
- . In view of the nature of the irregularities referred to in Paragraphs 162-165 above, the Police should be called in to carry out an investigation. (At the time of this report, the Police were investigating the irregularities.)

#### **Other Charges**

- 167.** The sum of \$80.830M was voted for the purchase of materials, equipment and supplies, of which, according to the Appropriation Account, amounts totalling \$80.803M were expended. The latter figure, however, does not include liabilities totalling \$41.026M as at 31 December 1995. As a result, there has been an unauthorised excess expenditure totalling \$40.999M, and therefore the comments at Paragraph 46 are also relevant.
- 168.** The Government financial management system operates on a cash

basis and therefore does not provide for purchases to be made on a credit basis. However, in recognition of the fact that payment transactions of the GDF needed to be processed more expeditiously, a Sub-Treasury was established within the GDF. Despite this, the GDF had been involved in credit purchases as a matter of routine.

169. It is reasonable to assume that the Sub-Treasury was aware of the practice of the GDF to purchase items on credit since casual examination of the dates of the invoices and the receiving documents would have revealed this. In any event, the nature of a cash purchase is such that the cheque has to be drawn first before the purchase is made. However, in the case of the GDF the cheque was drawn last. Although this practice has the advantage of ensuring that all the goods have actually been received before payment is made, it does lend itself to the kind of abuse which the GDF appeared to have faced. To the extent that the Sub-Treasury allowed the GDF to be involved in credit purchases, it should accept some measure of blame for the state of affairs.

170. It is normal practice, whenever purchases are made on credit, to maintain ledger accounts in respect of each supplier. In this way every transaction would be properly recorded so that at any one point in time the balances could be determined. However, despite the regularity with which the GDF effected credit purchases, such a system was not in place. In such circumstances, liabilities had to be established by not only going through the laborious task of identifying all invoices and related documents for which payments had not yet been effected but also ascertaining from the various suppliers the GDF's indebtedness to them. Many of the liabilities had to be established using the latter approach. In such a situation, the possibility exists of omissions as well as duplications.

171. The Tender Board Regulations provide for the following authority limits in respect of purchases:-

AUTHORITY LIMITS -----	ADJUDICATED BY -----
Below quotations.	\$90,000      Accounting Officer without
\$90,000 - \$180,000	Accounting Officer with quotations.
\$180,000 - \$600,000	Departmental Tender Board.
\$600,000 - \$6,000,000 approval Finance.	Central Tender Board with the of the Minister of the
Exceeding \$6,000,000	Central Tender Board with the

approval

of Cabinet.

**172.** An analysis of the actual purchases of materials, equipment and supplies (inclusive of the liabilities) under the various authority limits is shown below:-

AUTHORITY LIMITS	NO. OF ORDERS	AMOUNT
-----	-----	-----
		\$
Below \$90,000	119	3,338,765
\$90,000 - \$180,000	60	9,051,152
\$180,000 - \$600,000	135	57,747,160
\$600,000 - \$6,000,000	8	42,932,773
Exceeding \$6,000,000	1	8,760,000
	---	-----
TOTAL	323	121,829,850
	===	=====

**173.** In respect of the purchases falling within the limits of \$90,000 and \$180,000, there was no evidence that a system of quotations was followed before the purchases were effected. In relation to purchases falling within the limits of \$180,000 and \$600,000, payments were made in respect of ninety-three(93) orders totalling \$36,569,438 all of which had covering approval from the Departmental Tender Board several weeks after the purchases were made. It is clear that such covering approvals were granted as mere formalities so that payments could be processed by the Sub-Treasury, as evidenced by the fact that there were outstanding liabilities in respect of forty-two(42) orders totalling \$21,177,722 all of which did not have the approval of the Departmental Tender Board.

**174.** There was also no evidence of the involvement of the Central Tender Board in respect of the following purchases totalling \$9,754,265:-

DATE	DESCRIPTION	AMOUNT
----	-----	-----
		\$
29/12/95	Purchase of uniform material	8,760,000
29/12/95	" " waturers	994,265
		-----
TOTAL		9,754,265
		=====

**175.** The Tender Board Regulations specify that the Departmental Tender Board shall comprise the Accounting Officer as the Chairman, the chief technical officer, a head of division and an Accounting Officer from another Ministry or his/her representative

not below the level of Principal Assistant Secretary. In the case of the GDF, however, the Departmental Tender Board comprised the Accounting Officer, the officer in charge of the Stores, the Finance Officer and another Finance personnel. There was no technical officer in this Board nor was there a representative from another Ministry or Department. To this extent, the GDF's Departmental Tender Board was not properly constituted. In addition, all the members did not appear to be independent of each other.

**176.** Orders were placed verbally or by way of letters and it was only when the invoices were received by the GDF several days after the receipt of goods that the "Request For Purchase" (RTP) and the Purchase Order were raised. The preparation of these documents after the purchase had actually taken place is a serious contravention of the Stores Regulations and is further evidence of disregard for the laid down procedures. It is evident therefore that RTP's and Purchase Orders were prepared as mere formalities to facilitate payments to suppliers.

**177.** The Stores Regulations provide for the use of prenumbered and preprinted goods received notes (GRN's) to be prepared in quadruplicate to evidence receipt of goods. Issues are then made on the strength of duly authorised stores requisitions (ISR's) which are also prenumbered and preprinted. However, these procedures were not followed in that stencilled receiving and issue forms were being used. In addition, only one copy was prepared and was numbered only at the time of use.

**178.** Amounts totalling \$58.960M were expended on fuel and lubricants as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Gasolene and dieselene	27,201,148
Ava gas for aircraft	16,087,276
Cooking and welding gas	11,276,140
Charcoal	2,737,774
Lubricants	1,657,170
	-----
TOTAL	58,959,508 =====

However, of the forty-five(45) vehicles which were based at Camp Ayangana, log books for only three(3) vehicles were presented for audit examination.

**179.** Included in the amount of \$11,276,140 shown as expenditure on cooking and welding gas, were sums totalling \$403,200 representing

the cost of rental for 125 cylinders. However, only 24 cylinders could be located.

**180.** The sum of \$26.8M was expended on the rental and maintenance of buildings, corresponding to the voted provision. However, there were unpaid liabilities totalling \$15.086M in respect of the purchase of materials. Had this liability been discharged in 1995, there would have been excess expenditure equivalent to the unpaid liability. In addition, fifty-two(52) purchases totalling \$6,744,380 fell within the limits of \$90,000 and \$180,000 but there was no evidence of the application of a system of quotations before the purchases were made. Further, fifty-two(52) other purchases fell within the limits of \$180,000 and \$600,000 but there was no evidence of advertisement, a system of tendering and adjudication by the Departmental Tender Board. It was only when payments were to be effected several weeks after the receipt of the items that covering approval was given by the Departmental Tender Board. As a result of this practice, at the time of the audit fourteen(14) purchases totalling \$11,645,944 did not have the approval of the Departmental Tender Board and were included in the amount of \$15.085M shown as liabilities.

**181.** The sum of \$11.3M was expended on the maintenance of infrastructure, corresponding to the voted provision. However, there were unpaid liabilities totalling \$741,596 and therefore the comments in the preceding paragraph are also applicable. Further analysis of the expenditure revealed that there were twelve(12) payments for services falling within the limits of \$180,000 and \$450,000 but there was no evidence of adherence to a system of quotations before the contracts were entered into.

**182.** An amount of \$10M was shown as having been expended on electricity charges, corresponding to the voted provision. However, the completeness and accuracy of this figure could not be verified since the balance on the voted provision at the end of March 1995 was paid over to the Accountant General and charged to final expenditure. Adjustments should have been made to reflect the actual consumption of electricity by the Army.

**183.** Amounts totalling \$41.499M were expended on Transport, Travel and Postage. However, this amount does not include liabilities totalling \$25.4M and since the voted provision had already been exhausted, there was an excess expenditure corresponding to the liability. In addition, included in the expenditure under this subhead (inclusive of liabilities) were sums totalling \$23.8M representing the hire of vehicles. While it is accepted that a

certain amount of hire of vehicles might be necessary for security reasons, in view of the significant amount involved, the extent to which vehicles are hired should be reviewed with a view to effecting cost savings.

**184.** Amounts totalling \$4.98M were expended on telephone charges, of which sums totalling \$1,928,217 relate to overseas telephone charges. However, the telephone registers were not written up to distinguish between private calls and official calls, and although there was evidence of refunds being made in respect of private overseas calls, it was difficult to determine whether the overseas calls paid for out of public funds were in fact made in the public interest. It is recommended that the registers be written up in such a manner that official and private overseas calls can be easily verifiable.

**185.** The sum of \$26.2M was expended on Other Services Purchased, corresponding to the voted provision. However, there were unpaid liabilities totalling \$22.9M and therefore the comments in Paragraph 80 above are applicable. In addition, an analysis of the expenditure inclusive of the liabilities revealed that there were nineteen(19) transactions totalling \$5,331,019 falling within the limits of \$180,000 and \$450,000. However, there was no evidence that a system of quotations was followed before the transactions were entered into. Three(3) transactions totalling \$2,623,960 fell within the limits of \$450,000 and \$900,000 and for which covering approval was granted by the Departmental Tender Board. There were also six(6) transactions totalling \$17,930,660 which fell above the \$900,000 limit but there was no evidence of the involvement of the Central Tender Board in relation to these transactions.

**186.** Included in the cost of Other Services Purchased is the sum of \$795,000 representing the rental and cost of a photocopying machine which was installed at the Training Corp at Timehri in 1992. It is understood that this machine was relocated at Camp Ayangana without the approval of the supplier of the service. As a result, the latter decided to bill the GDF for outstanding rental and the cost of the machine totalling \$795,000. At the time of the audit, this amount was reflected as a liability.

**187.** The sum of \$360M was expended under Subhead 314 - Other, mainly for the supply of rations for the Army. However, this figure does not include liabilities to suppliers totalling \$134.620M. In addition, similar breaches in the Tender Board Regulations were observed in relation to the 749 transactions entered into in 1995.

188. Included in the liabilities under Subhead 314 were nine(9) purchases totalling \$3,423,799 from an overseas company. These purchases were initially intended for the GDF Consumer Cooperative Society but because of the difficulties in storing and selling the items which were perishable, the GDF decided to take over them. However, a considerable amount of the items were spoilt while some were sold but it could not be determined whether the proceeds were properly accounted for.

189. Also included in the liability under Subhead 314, were amounts totalling \$1,958,000 borrowed from the GDF Credit Union to meet various miscellaneous expenditure. However, supporting documents such as bills and receipts were not submitted for audit examination. A similar situation was observed in respect of liabilities to five(5) overseas suppliers totalling \$12,482,6251 for the supply of aircraft spares.

190. An amount of \$55.727M was paid in April 1995 to a company in London for the supply of field materials and various capital items. The full amount was initially charged to current expenditure as shown below:-

SUBHEAD	DESCRIPTION	AMOUNT
-----	-----	-----
		\$'000
302	Materials, equipment & supplies	5,000
314	Other	50,727
		-----
TOTAL		55,727
		=====

Of this amount, sums totalling \$24.736M relate to purchases of a capital nature. However, only \$12M was transferred to the capital Subhead 51003 - Equipment by way of a journal entry in October 1995, resulting in an overstatement in this subhead by \$12.736M.

#### Revenue Accounting and Control

191. It was previously reported that the amount of US\$97,664 equivalent to G\$13.673M was retained from the proceeds from the sale of a Beechcraft aircraft as fees for services rendered by the company that acted as agents for the Force on the matter. The State Solicitor's Office was requested to review this matter with a view to arriving at a more equitable sum to be retained by the company. The agreement of sale and the agency agreement between the Army and the Agent had not been not presented for inspection and up to the time of this report this matter had not been settled.



## Other Matters

192. Revenue derived from the commercial operations of the Guyana Defence Force aircrafts was used to defray expenses not only in connection with the aircraft operations but also to meet appropriation expenditure. Such revenue should have been paid over to the Consolidated Fund, as required by Section 17 of the Financial Administration and Audit Act. Therefore, the retention of the revenue is a breach of the law. In addition, the incurrence of expenditure out of the revenue derived is a circumvention of Parliamentary approval to incur expenditure.

193. The GDF had two helicopters and an islander which were used for charter services. The local proceeds were banked in the Force's Central Bank Account No. 0203004143 kept at GNCB. An examination of the records revealed that total receipts for 1995 were \$19,690,457 while payments totalled \$19,635,762, of which only \$8,512,870 relates to aircraft maintenance and incentives. The rest totalling \$11,122,892 was used for appropriation expenditure as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Building materials	2,036,250
Rations	2,360,220
Maintenance of transport equipment	4,003,910
Overseas travel	558,220
Purchase of electronic equipment	975,950
Uniforms	301,200
Freight charges	31,607
Miscellaneous purchases	855,535
	-----
TOTAL	11,122,892
	=====

194. The foreign currency earned was to have been banked in a foreign currency A/c No. F/C 011. However, amounts of US\$196,770, equivalent to G\$27.548M, representing proceeds from charter were not paid into this account. The charterer was instead instructed by letters dated 26/9/95 and 13/11/95 to pay over these sums to five(5) overseas suppliers of aircraft spares. Up to the time of reporting, however, confirmation had not been received from one(1) supplier in relation to payments to him totalling US\$92,338 equivalent to G\$12.927M. It is recommended that this matter be followed up with the overseas suppliers to ensure that value was received in respect of the payments made to them. Meanwhile, the Army should desist from the practice of retaining the revenues

derived from its commercial operations. Such amounts should be paid over to the Consolidated Fund gross, and all expenditures relating to the aircraft operations be incorporated in the Army's estimate of expenditure.

### Capital Expenditure

**195.** The amounts voted for capital expenditure works by the Guyana Defence Force totalled \$85M while, according to the Votes Ledger, actual expenditure was \$84.949M, as summarised below:-

SUBHEAD	DESCRIPTION	APPROVED BUDGET	ACTUAL EXPENDITURE
-----	-----	-----	-----
		\$ '000	\$ '000
12001	Rehabilitation of buildings & revetments	40,000	40,010
28001	Rehabilitation of pumps	4,000	3,954
28007	Acquisition of agri. equipment & rehab. of farm building	11,000	10,999
51001	Equipment for drug Surveillance	5,000	4,993
51003	Purchase of equipment & machinery	25,000	24,993
	TOTAL	----- 85,000 =====	----- 84,949 =====

**196.** The above capital votes, which it should be noted have been almost exhausted, did not however take into account outstanding liabilities to various suppliers totalling \$42,880,255 as at 31 December 1995. As a result, there has been an unauthorised over-expenditure of \$42,881,255 and therefore the comments at Paragraph 46 are also relevant.

**197.** As mentioned in Paragraph 168 above, the Government financial management system operates on a cash basis and therefore does not

provide for purchases to be made on a credit basis. Despite this, and the fact that a Sub-Treasury was established at the GDF to expedite the processing of transactions, the Army has been involved in credit purchases as a matter of routine. In fact, the expeditor has confirmed that all purchases of building items were done on a credit basis. This is therefore further evidence of the disregard for the Government financial management systems and for which the Sub-Treasury should accept some measure of blame for reasons already mentioned. It should also be noted that no ledger accounts were maintained to monitor the credit transactions.

**198.** The Tender Board Regulations provide for the various authority limits for the award of contracts for supplies, as detailed in Paragraph 171 above. However, although a total of \$127.83M was expended on capital works, there was no evidence of the involvement of the Central Tender Board in terms of adjudicating in the awards

of contracts, except in four(4) instances where the amounts involved totalled \$21,119,325. A total of 718 purchases were made, giving an average purchase of \$178,038. The following table gives a breakdown of the purchases under the various limits:-

LIMIT	NO. OF PURCHASES	AMOUNT
-----	-----	-----
		\$
Below \$90,000	294	12,391,852
\$90,000 - \$180,000	187	20,457,070
\$180,000 - \$600,000	232	64,938,761
Over \$600,000	11	30,043,361
	---	-----TOTAL
	724	127,831,044
	===	=====

**199.** It is evident that the piecemeal manner in which the purchases were made was done to avoid adherence to the Tender Board Regulations. All the purchases were done either on the sole authority of the accounting officer or by way of covering approval by the Departmental Tender Board, except in the four(4) cases mentioned above.

**200.** In respect of purchases falling between \$90,000 and \$180,000, although most of them were made from non-Government agencies, there was no evidence of the application of a system of quotations before the purchases were made.

**201.** In relation to the 232 purchases falling within the limits of \$180,000 and \$600,000, only 113 totalling \$36,821,405 had covering

approval of the Departmental Tender Board. Careful scrutiny of the transactions revealed that the covering approvals were given as mere formality to facilitate payment since the Sub-treasury would have rejected payment without such approval. This is supported by the fact that the 119 purchases valued at \$28,117,355 which did not have the approval of the Departmental Tender Board were reflected as liabilities. It is again evident that the Sub-Treasury was delinquent in not ensuring that adjudication of such contracts was done before the purchases were effected.

**202.** Of the eleven(11) purchases falling within the adjudication limits of the Central Tender Board, seven(7) purchases totalling \$8,153,986 were not approved by the Central Tender Board. The transactions were all undertaken on the sole authority of the Accounting Officer in breach of the Regulations and relate to purchases made from overseas suppliers.

**203.** Orders were placed verbally or by way of letters and it was only when the invoices were received by the GDF several days after the receipt of goods that the "Request For Purchase" (RTP) and the Purchase Order were raised. The preparation of these documents after the purchase had actually taken place is a serious contravention of the Stores Regulations and is further evidence of disregard for the laid down procedures. It is evident therefore that RTP's and Purchase Orders were prepared as mere formalities to facilitate payments to suppliers.

**204.** Although Garden of Eden has a store, no stock records were maintained for construction items and there was no documentary evidence that items destined for this location were actually received by it. The Expeditor in fact admitted that he would normally sign as having received the items at the supplier's premises but did not take steps to ensure that there was documentary evidence of delivery to Garden of Eden. The storekeeping staff at Camp Ayanganna also admitted not seeing the items destined for this location for which they made entries as having received the items and issuing them to this location! A similar situation was observed in respect of construction items delivered to the Coast Guard in Kingston. This is a serious matter since the storekeeping staff certified having received the items whereas in fact they did not. In the circumstances, the Audit Office was not satisfied that the items purchased by the GDF for the Garden of Eden and the Coast Guard were actually received and properly accounted for.

**205.** On 29/12/95 two(2) payments totalling \$975,705 were made to a company in Miami for the purchase of three(3) broilers pluckers and three(3) broilers chillers. However, the Audit Office was unable to trace the whereabouts of these items. A written statement on 10 May 1996 from the officer in charge confirmed that

the GDF did not receive the equipment and that he was instructed to certify the invoice indicating that they were received.

**206.** The GDF also purchased chickens from the same supplier in Miami, but the Audit Office could not trace the receipt of 3,000 hy-line brown (layers) at the Agriculture Corps. The officer in charge in a written statement claimed that he was instructed to not only deliver the chicken in question to a third party but also to certify the invoice to the effect that it was correct and that the GDF had received the chickens.

**207.** Detailed examination of the purchases from the Miami supplier revealed the following unsatisfactory features:-

- . 31,600 chickens were purchased at a cost of \$2,256,477 (inclusive of the 3,000 mentioned above). However, at the time of receipt of the chickens, 6,757 valued at \$482,517 were claimed to have died, yet payment was effected for the full amount although approximately two(2) months had elapsed after their receipt.
  
- . Included in the cost of the chicken, were airfreight charges totalling \$439,888. Given the high mortality rate as well as the high cost of airfreighting the chicken, one wonders whether it would not have been more economical to purchase the chicken from local suppliers. In fact, the Audit Office contacted local poultry suppliers who indicated that the price for chicken in 1995 was between \$60 and \$65. However, the landed cost per chicken from the Miami supplier was  $\$2,256,477/31,600 = \$71.41$ . If the chickens which had died were deducted, then the cost per chicken was  $\$2,256,477/24,843 = \$90.83$ . Therefore, in effect had purchases been made from a local supplier, the GDF would have effected savings totalling  $(\$90.83 - \$62.50) \times 31,600 = \$895,228$ .

**208.** Purchases of lumber and sand totalling \$12,501,448 destined for Garden of Eden could not be traced as having been received by this location. As mentioned above, no stock records were maintained at this location, and the Expeditor did not take steps to ensure that there was an acknowledgement of receipt of the items. A similar situation was observed in respect of the purchase of construction items valued at \$11,915,320 for the Coast Guard.

**209.** According to the Expeditor, a supplier of building materials did not stock hardware items but purchased them from hardware suppliers before re-selling them to the GDF. It is reasonable to

assume that this supplier would have placed a mark-up on such purchases when supplying the GDF. In such circumstances, one wonders why in the first place the GDF did not procure the items directly from the hardware suppliers. The Audit Office was therefore not satisfied that the most competitive prices were obtained for the hardware items procured from this supplier.

**210.** The liability to another supplier at 31 December 1995 was initially \$9,943,547 but was reduced to \$9,619,597. This was due to the cancellation of two(2) transactions totalling \$323,950 in respect of the purchase of 15 awning and sash windows. The following unsatisfactory features were noted in respect of these two transactions:-

- . The windows were purported to have been bought for the Coast Guard on 19 July 1995 as per the date on the invoices;
- . The items were shown as having been taken into stock on 4 August 1995 and were issued out on the same date to a seargent;
- . The LPO's were prepared on 28 August 1995;
- . According to the payment vouchers, the transactions were examined and entered in the Votes Ledger on 14 September 1995;
- . A written statement from an officer of Finance Office stated that she was instructed in mid-January 1996 to cancel these two(2) transactions "with a view to reducing the liabilities".
- . A statement from the seargent in question denied any knowledge of the transactions, although his signature appeared on the issue voucher;
- . There was no evidence that the windows were installed on the Coast Guard building.
- . In a letter dated 12 March 1996 from the supplier to the Army, one of the two transactions was fully paid for while the other transaction was partly paid on 16 January 1996, around the time when the two(2) vouchers were cancelled.

**211.** It would appear from the above, that the two(2) transactions were of a private nature and that there was a failed attempt to have the GDF pay for them. More significantly, the documentary evidence has shown that the items were received by the GDF whereas they were not. This constitutes an act of falsification of

accounts. In such circumstances, one wonders to what extent the GDF might not have paid for transactions of a private nature. Given the fact that storekeeping and stores accounting were carried as mere formalities to facilitate payment and in many cases the storekeeping staff did not physically see the items, a strong possibility existed of similar transactions going through the system undetected.

**212.** According to the stock records, during the period July - December 1995, a total of 56 windows valued at \$1,230,870 were purchased (excluding the 15 mentioned above). However, our audit checks revealed that 53 windows were issued to the Engineering Corp at Camp Ayanganna while 3 were still in the Store. Physical verification revealed that only 30 windows were utilised on Building A54. This gives an apparent shortage of 23 windows valued at \$543,950.

**213.** The GDF also purchased lumber valued at \$23,956,526 from an individual who is not a registered sawmiller but an intermediate supplier. Had purchases been made from a recognised sawmilling company, there might have been cost savings. In addition, as most of the purchases were destined for Garden of Eden and the Coast Guard in Kingston, the Audit Office was unable to satisfy itself in relation to the receipt of the item at these locations for reasons mentioned above. In fact, only \$5,739,310 worth of lumber could have been traced as having been received from this supplier and these relate to deliveries made at Camp Ayangana. It should also be noted that out of an outstanding liability of \$42.9M under the GDF's capital programme at 31 December 1995, the sum of \$14,845,551 was owed to this supplier.

**214.** At the end of 1995, the GDF was also indebted to an electrical supplier in the sum of \$6.008M. Total purchases from this supplier for 1995 amounted to \$11.121M. There was, however, no evidence to indicate which buildings the items were purchased for. Only the base locations were stated. As a result, the actual receipt and utilisation of the items could not be verified.

**215.** An amount of \$55.727M was paid in April 1995 to a company in London for the supply of field materials as well as capital items. The full amount was initially charged to current expenditure as shown below:-

SUBHEAD	DESCRIPTION	AMOUNT
-----	-----	-----
		\$'000
302	Materials, equipment & supplies	5,000
314	Other	50,727
		-----

TOTAL

55,727

=====

Of this amount, sums totalling \$24.736M relate to purchases of a capital nature. However, only \$12M was transferred to the capital Subhead 51003 - Equipment by way of a journal entry in October 1995, resulting in an understatement of this subhead by \$12.736M. It should be noted that this subhead had almost been exhausted and therefore had the correct charge been made there would have been excess expenditure of approximately \$12.7M.

**216.** The payment to company in London included the cost of twelve(12) Bedford Trucks valued at \$19.307M. However, up to the time of reporting, four(4) trucks had not yet been supplied.

**HEAD 3 & DIVISION 501**

**GUYANA NATIONAL SERVICE**

**Current Expenditure**

**Employment Costs**

**217.** An examination of the salaries cash book revealed both positive and negative balances at the end of each month instead of "nil" balances, as shown below:-

MONTH -----	AMOUNT -----	MONTH -----	AMOUNT -----
	\$		\$
January	1,156,804	July	(432,298)
February	378,715	August	(510,474)



March	267,312	September	296,806
April	2,293,331	October	(694,191)
May	2,059,720	November	(373,586)
June	91,496	December	(376,734)

This state of affairs was mainly due to unpaid salaries which were not refunded as well as three(3) cheques valued at \$1.4M which were fraudulently drawn and encashed in 1993. The Accounting Officer explained that the perpetrator was charged by the Police and was convicted and imprisoned and that the treatment of the loss was being dealt with at the level of the Office of the President.

**218.** Thirty (30) payments totalling \$686,970 were made from the salaries bank account to purchase rations and to incur travelling and other expenses and were reimbursed from the Imprest. The Accounting Officer explained that this was due to the late release of funds.

219. A register of contributors to the National Insurance Scheme was not maintained for the period under review. In the circumstances, it could not be readily determined whether all employees were registered with the Scheme.

#### **Other Charges**

**220.** Amounts totalling \$7.568M were expended on the purchase of fuel and lubricants. However, log books for vehicles were not presented for audit examination. As a result, it could not be determined whether there was effective control over the use of the vehicles.

**221.** The Electricity Charges Register showed a balance of \$1.457M whereas the Appropriation Account showed an amount of \$1.5M. The difference of \$43,000, being the excess payment to the Accountant General on behalf of the Electricity Company, should have been credited back to the Electricity Vote.

#### **Stores and Other Public Property**

**222.** A physical verification of a sample of twenty(20) stores items revealed discrepancies in respect of eight(8) items when comparison was made with the related bin card balances.

#### **Other Matters**

**223.** An examination of the bank reconciliation statement for December 1995 in respect of the Imprest Bank Account revealed that there were thirty(30) stale-dated cheques totalling \$114,779, twenty-nine(29) of which relate to 1994 and earlier years. Efforts should be made to contact the payees, failing which the transactions should be cancelled and refunds made to the Accountant General. In addition, there were numerous unidentified items on the reconciliation statement, some of which were coming forward since 1988. It is recommended that the Bank be contacted to ascertain the nature of these transactions so that the necessary adjustments can be made.

### **Capital Expenditure**

#### **Subhead 51002 - Guyana National Service**

**224.** The sum of \$15.5M was voted for the provision of training for the Guyana National Service, The full amount was expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$ '000
Repairs to Buildings	2,813
Repairs to Equipment	988
Purchase of Building material etc.	11,699
	-----
TOTAL	15,500
	=====

**225.** Contract No. 23/95 dated 24/10/95 and valued at \$587,470 was awarded for the repairs to toilets at Sophia. However, there was no evidence of a system of tendering and adjudication by the Departmental Tender Board.

**226.** The purchases were verified as having been received and properly brought to account. The works were also physically verified.

### **HEAD 4**

#### **OFFICE OF THE PRIME MINISTER**

**227.** The accounting records for the Office of the Prime Minister were destroyed in the Ministry of Works fire of 8 February 1996, as a result of which the completeness, accuracy and validity of expenditure totalling \$18.925M shown in the Appropriation Account could not be verified.

**228.** Amounts totalling \$1.625M were shown as excess expenditure under Subheads 307 and 314. However, an advance of \$1.2M from the

Contingencies Fund was granted to cover the excess expenditure of \$1.186M under the latter subhead, leaving the excess expenditure of \$439,000 under Subhead 307 as unauthorised.

## **HEAD 5 & DIVISION 505**

### **PARLIAMENT OFFICE**

#### **Current Expenditure**

##### **Employment Costs**

**229.** The Salaries Bank Account was not reconciled for the period under review and it could not be determined when last it was done as the reconciliation statement could not be located. The Accounting Officer explained that this was due to staff shortages. Notwithstanding the explanation given, reconciliation of bank accounts is an important internal control mechanism and the failure to do so can lead to irregularities being perpetrated without detection. Every effort should therefore be made to reconcile the bank account in a timely manner.

##### **Other Charges**

**230.** Five(5) contracts in excess of \$180,000 were awarded without any evidence of a system of quotations being followed, as required by Tender Board regulations. The Accounting Officer explained that quotations were obtained but they were inadvertently destroyed by the person who typed the contracts due to a lack of knowledge of the procedures.

**231.** An examination of the quotations relating to three(3) contracts revealed that for each contract the quotations were exactly the same in terms of the description of the works to be done, quantities and units. The only difference were the rates charged.

**232.** There was also evidence of apparent subdivision of contracts to bring them within the adjudication limits of the Accounting Officer, thereby avoiding the involvement of the relevant Tender Board. A total of thirty-two(32) contracts with a total value of \$4,089,745 were awarded to the same individual mentioned in the previous paragraph for various painting jobs at the Public Buildings. Twenty-six(26) of these contracts were for less than \$180,000 which is the Accounting Officer's limit while three(3) contracts between \$180,000 and \$450,000 had no quotations.

**233.** The Accounting Officer explained that the contractor in question had always been given small painting jobs, most of which related to unscheduled works due to the age of the Public Buildings and that jobs were awarded in accordance with monthly releases of funds by the Ministry of Finance. It is recommended that all future maintenance and other works be ascertained well in advance so that a system of tendering can be applied before contracts are awarded. This will ensure not only transparency in the awards but also possible economy and higher quality of work.

**234.** A similar situation was observed in relation to the binding, repairing and lettering of parliamentary documents, the contractor having been awarded eighteen(18) separate contracts totalling \$2,888,600. It should be noted that all of the contracts were below \$180,000 which is the Accounting Officer's limit and which did not require any form of quotation. The description of the works was also not specific enough as to render physical verification easy.

**235.** The Accounting Officer explained that it was not possible to anticipate well in advance the work to be done, hence the piecemeal manner in the awarding of the contracts. However, most of the work done related to prior years in which case the work could have been anticipated. He further explained that the Government's Printery had previously done work for the Parliament Office but it was not satisfactory, hence the decision to engage the contractor in question. In such circumstances, it would be more appropriate for representations to be made to the Secretary to the Treasury with a view to obtaining a waiver of the Tender Board Regulations, rather than indulging in a breach of such regulations.

### **Capital Expenditure**

#### **Subhead 25003 - Parliament Building**

**236.** The sum of \$4.680M was voted for the rehabilitation of Parliament Building and the purchase of equipment, of which amounts totalling \$433,000 was expended in the purchase of furniture and equipment. However, no rehabilitation work was done to the Parliament Building. The furniture and equipment were verified as been received and properly brought to account.

### **HEAD 6 & DIVISION 505**

#### **OFFICE OF THE AUDITOR GENERAL**

### **Current Expenditure**

**237.** An examination of the reconciliation statement for the

Salaries Bank Account for December 1995 revealed the following unsatisfactory features:-

- (a) Seventy-three(73) cheques totalling \$412,693 were stale-dated and had been coming forward since 1994 and earlier years. Efforts should be made to locate the payees, failing which the cheques should be cancelled and refund made to the Accountant General;
- (b) There were thirty-three(33) unidentified debits in the bank statement totalling \$141,868, thirty-one(31) of which valued at \$126,493 had been coming forward since 1994 and earlier years;
- (c) There were five(5) unidentified credits in the bank statement totalling \$43,526 which had been coming forward since 1994 and earlier years; and
- (d) Three(3) debits totalling \$19,246 appearing in the cash book were not reflected in the bank statement and which had been coming forward since 1993.

**238.** The Accounting Officer explained that efforts to obtain information from the Bank in the past proved futile and that renewed efforts were being made.

**239.** Revenue totalling \$3.814M was collected and deposited into Account No. 402 for credit to the Consolidated Fund. However, at the time of the audit in June 1996, acknowledgement receipts were not seen for the revenue remitted. The Accounting Officer explained that repeated requests were made to the Accountant General for acknowledgement receipts but without success and that renewed efforts were being made. At the time of reporting, however, acknowledgement receipts were issued by the Accountant General.

### **Capital Expenditure**

**Subhead 25001 - Office Equipment & Furniture**

**240.** The sum of \$2.3M was voted for the purchase of equipment, of which amounts totalling \$2.193M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Office furniture	1,635,395
One(1) airconditioning unit	120,000
Various equipment	437,749
	-----
TOTAL	2,193,144
	=====

The equipment were verified as having been received and properly brought to account.

**Subhead 44001 - Institutional Strengthening**

**241.** An amount of \$21.580M was allocated for (a) the provision of vehicles, training equipment and computer facilities and (b) technical assistance in auditing and computer operations, of which sums totalling \$14.823M were shown as having been expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$'000
Overseas training	1,037
Purchase of computers	1,029
Emoluments of consultant	12,690
Other	67
	-----
TOTAL	14,823
	=====

**242.** Additional expenditure totalling \$10.642M was, however, incurred in 1995 but was not reflected in the Appropriation Account. This expenditure was financed from a technical assistance programme from the Inter American Development Bank. As a result, both capital revenue and capital expenditure have been understated by this amount. The following are the details:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
One(1) Nissan Sentra Motor Vehicle	2,163
One(1) photocopier	725
Television set and video cassette recorder	136
One(1) Nissan Pathfinder	3,115
Local & overseas training	2,777
Computer printer & accessories	1,299
Fascimile machine	103
Overhead projector	119
Other	205
	-----
TOTAL	10,642
	=====

**243.** The Accounting Officer explained that the initial budget allocation was reduced because of past difficulties in accessing the funds from this programme. A request for a supplementary provision of \$45M was sought in 1995 but only \$18M was approved. At the time of reporting, the Accounting Officer has advised that a request for a supplementary provision had since been made in order to bring to account these transactions in the 1996 Appropriation Account. Notwithstanding this, the vehicles and equipment were duly brought to account in the records of the Audit Office.

### **General**

#### **Need for an Independent Audit**

**244.** As can be noted, the Office of the Auditor General(OAG) is not subject to an independent review and appraisal of its operations. Although the Ministry of Finance monitors and makes payments on behalf of the OAG, this arrangement cannot replace and is no substitute for a professional and external audit of the OAG's operations. As I have argued elsewhere:-

*The Legislative Audit is an integral part of the system of public accountability and should also subject itself to regular external reviews and evaluations and the results reported to a Parliamentary committee. It cannot claim immunity by virtue of its independence. Nor is the level of perfection of its operations such that a review is considered superfluous.*

*The willingness of the Legislative Audit to subject itself to the level of scrutiny which itself undertakes sends a powerful signal of transparency of its own operations, enhances its own credibility and earns not*

*only public confidence but also considerable respect from those whose work it evaluates.*

245. Attempts were, however, previously made to engage the services of a Chartered Accounting Firm to undertake an independent audit of the its operations, but the OAG had been advised that the legal arrangements in force only provided for the Auditor General to audit the OAG since it is a Government Department.

246. The requirements for an independent audit of the operations of the OAG are contained in a draft National Audit Act which has been submitted to the Government since July 1994 for consideration.

#### **HEAD 7 & DIVISION 505**

#### **OFFICE OF THE OMBUDSMAN**

#### **Current Expenditure**

247. An examination of the bank reconciliation statement for the Salaries Account for December 1995 revealed that there were eight(8) cheques totalling \$13,652 which were stale-dated. Action should be taken to contact the payees, failing which the cheques should be cancelled and refund made to the Accountant General.

#### **Capital Expenditure**

#### **Subhead 25005 - Office of the Ombudsman**

248. The sum of \$500,000 was voted for the purchase of a photocopier and a duplicating machine, the full amount of which was expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
One(1) photocopying machine	278,064
Two(2) typewriters	197,000
Two(2) fans & one(1) adding machine	24,420
	-----
TOTAL	499,484
	=====

249. As noted above, no duplicating machine was acquired. The Accounting Officer explained that the Department already had such a machine and as such there was no need to acquire another one. She further explained that the savings were utilised to purchase the other items mentioned above and that she was not aware that



approval should have been sought for a change in programme to accommodate such expenditure. Assurance has been given that such approval would be sought in future.

## HEAD 8 & DIVISION 505

### PUBLIC AND POLICE SERVICE COMMISSIONS

#### Current Expenditure

**250.** There was a lack of proper segregation of duties relating to the payment of salaries. The same officer who wrote up the cash book was also a cheque signatory. She also reconciled the bank account. This practice is not considered good internal control and it is therefore advised that these duties be carried out by different persons. The Accounting Officer acknowledged this weakness and gave the assurance that the duties would be segregated.

**251.** The Salaries Bank Account No. 463 was overdrawn on several occasions during the year, of which the following are examples:-

PERIOD OVERDRAWN	PERIOD OVERDRAWN
-----	-----
01/3/95 - 3/3/95	11/7/95 - 24/7/95
6/3/95 - 16/3/95	4/8/95 - 24/8/95
11/5/95 - 13/4/95	18/10/95 - 25/10/95
15/5/95 - 29/5/95	

This state of affairs resulted mainly from the apparent lack of effective monitoring of the balance on this account and to take corrective action when discrepancies were observed on the bank statements. The Accounting Officer gave the assurance that there would be greater monitoring of the balance on this account to avoid it being overdrawn.

**252.** The bank reconciliation statements bore no evidence of checking and certification. In addition, the following observations were made in relation to the reconciliation of the Salaries Bank Account for December 1995:-

- (a) Unpresented cheques were not listed in numerical sequence and the dates were not included, thus rendering checking difficult;
- (b) Where deposits remained outstanding, the related deposit slip numbers were not quoted. Instead, references were made to the

cheque numbers;

- (c) An amount of \$167,017 was incorrectly debited to the Account by the Bank in November 1994, but there was no evidence of any action taken to have the Bank effect the necessary adjustment. A similar situation was observed in respect of a number of other incorrect entries made by the Bank over the years;
- (d) Several stale-dated cheques were listed in the reconciliation statement. Action should be taken to contact the payees, failing which the transactions should be cancelled and refund made to the Accountant General;

**253.** Items of furniture and equipment were not marked to readily identify them as Government property, as required by the Stores Regulations. Early efforts should be made to ensure compliance with the Regulations.

### **Capital Expenditure**

#### **Subhead 25002 - Public Service Commission**

**254.** The sum of \$500,000 was provided for the purchase of equipment, of which amounts totalling \$217,000 were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
One(1) aircondition unit	127,000
One(1) refrigerator	77,499
Miscellaneous	12,501
	-----
TOTAL	217,000 =====

These items have been properly brought to account and physically verified.

### **HEAD 9**

#### **TEACHING SERVICE COMMISSION**

**255.** The salaries cash book was not cast and balanced for the period under review, and the bank account was not reconciled since 1981. This is a significant breakdown in internal control which can lead to irregularities, and as such action should be taken to ensure that the cash book is cast and balanced on a daily basis

and the bank account is reconciled in a timely manner.

256. Several receipt books on hand were not entered in the Register of Controlled Forms, and requisitions for receipt books were not presented for audit examination. Acknowledgements of receipt of these books were also not shown in the Register. These lapses should be promptly corrected since failure to do so can lead to irregularities. At the time of discussing the draft report, the Accounting Officer had advised that corrective action had since been taken in respect of these lapses.

## HEAD 10 & DIVISION 505

### PUBLIC PROSECUTION

#### Current Expenditure

257. The salaries bank account was not reconciled for the period under review. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. Every effort should therefore be made to have the reconciliation of this account brought up-to-date.

258. The Stock Ledger was also last written up to July 1995 and bore no evidence of supervisory checks. It is important that this record be brought up-to-date so that receipts and issues could be properly documented and the stocks on hand at any one point in time could be ascertained from the records.

259. A register of used/unused cheque and receipt books was not maintained. This record is necessary to assist in ensuring that all receipt books and cheque books are properly accounted for.

#### Capital Expenditure

##### Subhead 25007 - Director of Public Prosecutions

260. The sum of \$3.6M was voted for the rehabilitation of building and the purchase of equipment, of which amounts totalling \$3.478M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Construction of car port	2,000,000
Carpeting of office	322,965
Purchase of photocopier, airconditioned unit etc.	926,407

Miscellaneous	228,900
	-----
TOTAL	3,478,272
	=====

The items purchased were verified as having been received and properly brought to account. The works were also physically verified.

## HEAD 11

### PUBLIC SERVICE APPELLATE TRIBUNAL

**261.** The salaries bank account was not reconciled since 1988. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. Every effort should therefore be made to have the reconciliation brought up-to-date.

**262.** The inventory records were not updated for a considerable period of time, and items of furniture and equipment were not marked to readily identify them as Government property. These lapses should be promptly corrected. At the time of reporting, the Accounting Officer has advised that corrective action had since been taken in respect of these lapses.

## HEAD 12, 21, 23-27 & DIVISION 507

### MINISTRY OF HOME AFFAIRS

#### Current Expenditure

#### Employment Costs

**263.** The Salaries Bank Account No. 508 was last reconciled to January 1995. The timely reconciliation of bank accounts is a very important internal control mechanism since the failure to do so can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore urged to ensure that the reconciliation is brought up-to-date.

**264.** An amount of \$633,582, representing retroactive payment to an officer, was charged to Head 26, Subhead 314 - Other, instead of Head 21, Subhead 101 - Employment Costs (Administrative). It should be noted that the latter subhead was exhausted, and

therefore it would appear that the misallocation was done to avoid overrunning the voted provision.

**265.** A similar situation was observed in relation to salaries totalling \$463,320 for December 1995 in respect of officers of the Fire Protection Services. In this case the expenditure was charged to Head 25, Subhead 204 - National Insurance instead of Head 25, Subhead 103 - Employment Costs (Other Technical & Craft Skilled).

**266.** The Accounting Officer explained that there were savings on other subheads for which virement was requested, but the Ministry of Finance had already closed the accounts for 1995. However, a scrutiny of the subheads under Employment Costs in respect of Heads 21 and 25 revealed that there were savings of only \$7,000 and \$180,000 respectively. It should be noted that funds cannot be vired from Other Charges to Employment Costs.

**267.** An examination of the Unpaid Salaries Register revealed that only the net salaries were refunded to the votes, and there was no evidence that action was taken to recover the deductions which were paid over to the relevant agencies. In addition, some of the refunds were credited in error to the Ministry's votes. These relate to the increases in salaries which were voted for under Subhead 111 in the Ministry of Finance's votes.

**268.** It is a requirement for the Public Service Management to approve of all overtime work relating to staff on the permanent establishment. However, there was no evidence that this was done although total overtime payments for 1995 amounted to \$994,875. These relate to work done by Head Office staff and staff of the National Registration center. In addition, the Overtime Register did not indicate the nature of work done, and several instances were noted where payments for overtime work were not supported by paysheets.

#### **Other Charges**

**269.** The Main Bank Account No. 881 reflected a large balance of \$85.002M as at 31 December 1995 while the cash book showed a balance of \$69.133M. It is evident that unspent balances from previous years were not paid over to the Consolidated Fund. In addition, it could not be determined when last the account was reconciled and therefore the comments at Paragraph 263 above are also applicable.

**270.** Seventy (78) payment vouchers totalling \$10.6M were not presented for audit examination. These relate mainly to the payment of wages and salaries. In the absence of these documents, the validity of the payments could not be properly determined. The

Accounting Officer in a response dated 22 August 1996 explained that fifty-three (53) of these vouchers totalling \$8.4M had since been located while efforts were being made to locate the remainder. A recheck was carried out and only thirty-eight (38) vouchers totalling \$6.293M were presented.

**271.** It is a requirement for cheque orders to be cleared within fourteen (14) days. However, an examination of the Cheque Order revealed that these orders were being cleared on average three (3) months later. In addition, at the time of the audit in July 1996, one hundred and forty eight (148) cheque orders totalling \$10.5M had not been cleared. Nineteen (19) of these totalling \$656,860 relate to wages and salaries while the rest relate to purchases.

**272.** Amounts totalling \$9.507M were expended on electricity charges. However, an electricity charges register was not maintained to record the consumption of electricity. It should be noted that the unspent balance on the voted provision at the end of March 1995 was paid over to the Accountant General and charged to final expenditure. Adjustments should have been made to the Appropriation Account to reflect actual charges for the year.

**273.** The Telephone Register kept at the Ministry of Home Affairs was not properly maintained, as several instances were noted of omission of entries as well as the failure to complete the relevant columns. In addition, overseas telephone charges totalling \$192,028 were incurred. However, it could not be determined whether these charges were official and in the public interest as they were not certified to this effect.

**274.** One hundred fifty-seven (157) advances totalling \$3.040M were granted from the Main Bank Account, instead of the Imprest Bank Account, contrary to the Financial regulations. In addition, the advances were cleared on two (2) months later. Fourteen (14) instances were also noted where additional advances being given without previous ones being cleared.

**275.** There was an absence of segregation of duties relating to the preparation and approval of payments, the same officer being responsible for both functions. It is strongly recommended that vouchers be approved for payment by a senior official.

**276.** Reference to stock records were not quoted on the bills and receipts when purchases were made, thus making the verification of

the receipt of goods tedious and time-consuming. In addition, four(4) purchases of fuel under Head 12 valued at \$274,800 could not be traced to the stock records. It was explained these were received and taken into immediate use. However, this practice contravenes the Stores Regulations.

**277.** An amount of \$39,160 representing the purchase of eight (8) pedestal fans for the Prisons Department was charged to Head 23, Subhead 302. This transaction is of a capital nature and should have been charged to the capital vote of the Ministry.

**278.** Eleven (11) payments totalling \$897,077 were not supported by bills/receipts or other supporting documents to substantiate the payments made. The Accounting Officer explained that these documents might have been misplaced because of the frequent movement of vouchers within the Ministry and to and from the Ministry of Finance.

**279.** Fifteen(15) payments totalling \$275,885 were made to a Station Officer attached to the Fire Protection Service for electrical work done at the Ministry and the National Registration Center. It was explained the electrical works were performed outside working hours. However, in the absence of adequate records, the explanation could not be substantiated.

**280.** Twenty-nine(29) instances were noted where certificates of satisfactory completion of work were not attached to payment vouchers to substantiate the payments made.

**281.** Seventeen (17) payments totalling \$96,961 were made and incorrectly charged to Subhead 314 - Other. These payments relate mainly to telephone charges, NIS contribution, taxi services, cleaning etc.

#### **Stores and Other Public Property**

**282.** At the Elections Commission, several items were recorded in the Goods Received Book but could not be traced to the Stock Ledger. It was explained that these items were taken into immediate use. However, recordings of receipts and issues should have been made in the Stock Ledger.

**283.** A physical verification of a sample of fifty-one (51) items of stock from Heads 12, 21 and 27 revealed discrepancies in respect of eighteen (18) items when comparison was made with the stock records.

284. A permanent stores register was not kept at the Ministry and the Prisons Department while at the General Registrar's Office two (2) stock ledgers were not presented for audit examination.

285. An examination of the master and sectional inventories maintained at the Ministry revealed the following nine (9) items which were reflected in the master inventory could not be traced to sectional inventories nor could they be physically located. The whereabouts of these items should be investigated.

ASSET DESCRIPTION	NO.	LOCATION
-----	--	-----
Executive chair	1	Lunch Room - Head Office
Pedestal fan	1	Security Room - Head Office
Executive chair	1	-do- -do-
Lamp frame	1	-do- -do-
Chisel	13	Carpentry Shop - Prisons
Hammer	4	-do- -do-
No. 4 Plane	3	-do- -do-
Small table	1	Personnel Department
Water cooler	1	Accounts Section

286. A master inventory was not maintained for the Election Commission and General Registrar's Offices. However, sectional inventories were maintained.

### Capital Expenditure

#### Subhead 12001 - Buildings (Prisons)

287. The sum of \$20M was voted for the rehabilitation of prison buildings at Mazaruni, Georgetown, New Amsterdam and Lusignan, of which amounts totalling \$19.801M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Mazaruni Prisons	11,551
Georgetown Prisons	3,852
New Amsterdam Prisons	4,138
Lusignan Prisons	260
	-----
TOTAL	19,801
	=====

288. In relation to the rehabilitation of the Mazaruni Prisons, payments were made to two(2) contractors in the sum of \$9.8M.



However, there was no evidence that the Central Tender Board adjudicated in the award of these contracts which exceeded the \$900,000 limit for the Ministerial Tender Board. It was explained that the contracts were awarded by the Ministry of Works. Further checks could not have been carried out in relation to the procedures leading up to the award of the contracts because the accounting records of that Ministry were destroyed by fire. Notwithstanding this, the works were physically verified.

289. The rehabilitation of the other prisons was done using prison labour, and the works were physically verified.

**Subhead 12002 - Police Stations & Buildings**

290. An amount of \$30M was provided for the rehabilitation of four(4) officers' quarters at Eve Leary, the administrative building at Brickdam, Vreed-en-Hoop and Albion Police Stations and the completion of Parika and Leonora Police Stations. The full amount was expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$'000
Officers' quarters at Eve leary	7,460
Administration building at Brickdam	6,183
Parika Police Station	370
Renovation of B Division - New Amsterdam	13,124
Engineering consultancy fees	2,843
	-----
TOTAL	29,980 =====

The difference of \$20,000 was due to the Votes Ledger being overcast.

291. Renovation work was done to the Administration Building (B Division) in New Amsterdam at a cost of \$13.124M. However, there was no evidence that approval was granted for a change in programme to accommodate this expenditure. It was explained that this building was included in the initial budget proposal which might have been omitted from the Capital Profile.

**Subhead 12003 - Fire Ambulances & Stations**

**292.** The sum of \$9M was voted for the rehabilitation of the Central Fire Station and the Albertown and West Ruimveldt Fire Stations. The full amount was expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Central Fire Station	4,211,850
Ruimveldt Fire Station	3,758,157
Leonora Fire Station	995,992
Purchase of Bulbs	34,000
	-----
TOTAL	9,000,000
	=====

The renovation works were physically verified.

**Subhead 12004 - Buildings (Home Affairs)**

**294.** The sum of \$4.320M was voted for the completion of the Elections Commission building and the rehabilitation of Head Office building. The full amount was expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Repairs to Elections Commission Building	546,980
Painting of Car Port - Head Office	286,361
Construction of Canteen - Head Office	2,067,630
Painting of Head Office Building	956,344
Construction of Cupboard and Shelves	62,595
Purchases of freezer & three(3) A/Cs	339,263
Repairs to Castellani House	60,827
	-----
TOTAL	4,320,000
	=====

**295.** The renovation works were physically verified. However, there was no evidence that approval was granted for a change in programme to purchase the freezer and the airconditioning units.

**HEAD 13 & DIVISION 505**

**PUBLIC UTILITIES COMMISSION**

**Current Expenditure**

**296.** Included in the amount of \$8.956M shown under Subhead 314 - Other, were sums totalling \$7.010M which were paid to a consultancy firm for the review of the operations of GT&T, its chart of accounts and filing requirements. However, a formal contract between the Commission and the consulting firm was not entered into. The Accounting Officer acknowledged the observation and explained that the services of the Consulting Firm were requested by the Commission and that the Minister of Trade approved of the recommendation to recruit this firm.

**297.** Also included in the amount of \$8,956M, were sums totalling \$457,451 representing the cost of stationery which should be charged to Subhead 302 - Materials, Equipment & Supplies. The Accounting Officer explained that the accounting treatment of these transactions was done with the concurrence of the Accountant General's Department.

**Capital Expenditure**

**Subhead 25006 - Public Utilities Commission**

**298.** The sum of \$1M was voted for the purchase of steel cabinet, airconditioning unit, typewriters and office furniture, of which amounts totalling \$990,000 were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
12 filing cabinets	660,000
2 chairs	20,000
2 Electric Typewriters	270,000
4 Electric fans	36,000
	-----
TOTAL	990,000
	=====

These items were physically verified and were properly brought to account.

**HEAD 14 & DIVISION 514**

**MINISTRY OF LEGAL AFFAIRS**

## Current Expenditure

### Employment Costs

299. The Salaries Bank Account No. 468 was last reconciled in 1986. The Cash Book was also not balanced for the period February - December 1995 and bore no evidence of supervisory checks. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. Every effort should therefore be made to have the cash book properly written up and balanced and to reconcile the bank account in a timely manner.

### Other Charges

300. According to the Appropriation Account, the sum of \$1.44M was voted and expended on electricity for the year. However, an electricity charges register was not maintained to record actual charges. It should be noted that the balance on the voted provision as at the end of March 1995 was paid over to Accountant General and charged to final expenditure. Adjustments should have been made to reflect actual consumption of electricity. In the circumstances, the accuracy of the amount shown in the Appropriation Account could not be determined.

301. The painting of the interior of the Ministry of Legal Affairs building costing \$1,187,760 was done through the award of the following three(3) contracts to the same individual:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
12/05/95	37/95	Supplying, materials, labour etc for painting of ground floor.	382,560
15/05/95	38/95	Supplying materials, labour etc. for painting of 1st floor	422,640
06/06/95	43/95	Supplying materials, labour etc. for painting of 2nd floor	382,560
			-----
TOTAL			1,187,760
			=====

These contracts were awarded on the sole authority of the Accounting Officer and without any form of quotations. In addition, had one contract been issued, public advertisement would

have been required and the Central Tender Board would have been responsible for adjudicating the award. It is evident therefore that the work was subdivided to avoid a system of competitive bidding and adjudication by the Central Tender Board.

302. It should be noted that this individual was awarded a total of twenty-two(22) contracts valued at \$2,358,055 for maintenance works under Heads 14 and 17-19, all of which were done without any form of quotations or tendering. Another contract valued at \$419,680 was also awarded to this individual under the capital programme of the Ministry without any competitive bidding.

#### **Stores and Other Public Property**

303. Sectional inventories were not maintained and the Master Inventory was not updated for a considerable period of time, although there was evidence of the acquisition of additional assets. Several items physically on hand were also not inventorised.

#### **Capital Expenditure**

##### **Subhead 12001 - Buildings**

304. The sum of \$5.2M was voted for the rehabilitation of the Supreme Court, the Supreme Court Registry, the Court of Appeal and the Judges' quarters, of which amounts totalling \$5.149M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Supreme Court and Registry	4,709,900
Court of Appeal	173,515
Judges' Quarters	265,400
	-----
TOTAL	5,148,815
	=====

305. The following two(2)contracts were awarded for the rehabilitation of Court VIII on the sole authority of the Accounting Officer and without any form of quotation:-

DATE	CONTRACT NO.	DESCRIPTION OF WORKS	AMOUNT
----	-----	-----	-----
			\$
15/05/95	13/95	Supplying materials, labour & tools for rehabilitation work at Court VIII	419,680
31/05/95	16/95	-do-	444,200
TOTAL			863,880
			-----

It is evident that the work was subdivided to avoid a system of tendering and adjudication by the Ministerial Tender Board since if one contract was awarded the sum involved would have exceeded the Accounting Officer's limit of \$450,000.

**306.** In addition to the above, the following contracts were awarded without evidence that a system of quotations was followed:-

DATE	CONTRACT NO.	DESCRIPTION OF WORKS	AMOUNT
----	-----	-----	-----
			\$
20/4/95	7/95	Treatment against termites	220,000
25/4/95	8/95	Maintenance work at New Amsterdam Magistrates' Court	225,400
28/3/95	9/95	Concrete work at Supreme Court	314,000
18/4/95	10/95	Tiling of floor etc. at Supreme Court	192,500

In relation to the latter two(2) contracts which were awarded to the same individual, it is evident that the work was subdivided to avoid a system of tendering and adjudication by the Ministerial Tender Board, since if one(1) contract was awarded the sum involved would have exceeded the Accounting Officer's limit.

#### **Subhead 15001 - Justice Improvement Programme**

**307.** The sum of \$60M was voted for the rehabilitation of selected court houses and for a review and improvement of the legal, regulatory and judicial system, of which amounts totalling \$16.316M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Rehabilitation of Court Houses:-	

Wales	1,847,630
Leonora	1,480,710
Blairmont	2,326,722
Reliance	1,710,542
Mibicuri	1,703,746
No. 51	602,140
New Amsterdam	2,904,520
Springlands	1,613,050
	-----
	14,188,060
Consultancy Fees	688,795
Cost of lectures	525,775
Construction of book shelves	419,800
Construction of chairs and desks	174,000
Electrical work on Law Library	79,795
Miscellaneous	239,775
	-----
TOTAL	16,316,000
	=====

The rehabilitation works were physically verified.

**Subhead 25001 - Office Equipment & Furniture**

308. The sum of \$1M was voted for the purchase of typewriters for the Ministry, of which amounts totalling \$870,000 were expended. Including in the expenditure were sums totalling \$262,195 representing the purchase of executive desks, executive chair and calculators. There was, however, no evidence that approval was granted for a change in programme to accommodate this expenditure.

**DIVISION 517**

**GUYANA WATER AUTHORITY**

**Subhead 28004 - Georgetown Sewerage & Water Commissioners**

309. The sum of \$30M was voted for the rehabilitation of water mains and the sewerage system in Georgetown and the provision of spares and chemicals, the full amount was shown in the

Appropriation Account as having been expended. However, an examination of the records of the G.S. & W.C. revealed that amounts totalling \$27.981M were actually expended, giving a difference of \$2.019M which should have been refunded to the Office of the President for credit to the vote.

**310.** The following is a breakdown of the expenditure of \$27.981M:-

DESCRIPTION -----	AMOUNT -----
	\$'000
Purchase of electrical items	1,721
" " mechanical items	1,785
Cleaning of sewerage system	9,509
Purchase of chemicals	14,966
	-----
TOTAL	27.981M
	=====

Based on test checks carried out, the above items were received and properly brought to account.

**311.** The G.S. & W.C was established by Act NO. 1 of 1973 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1994 and at the time of reporting the audit of 1995 accounts was in progress.

**Subhead 28005 - Rural Water Supply**

**312.** The amount of \$465M was voted for the improvement of rural and hinterland water supply system, the purchase of spares and for the operation of the Guyana Water Authority, of which amounts totalling \$446M was shown as having been expended. However, according to the records of GUYWA the sum of \$442.869M was expended, giving a difference of \$3.131M which should have been refunded to Office of the President for credit to the vote. The following gives a breakdown of the expenditure:-

DESCRIPTION -----	AMOUNT -----
	\$
Financing of operations	326,858
Purchase of spares	116,011
	-----



TOTAL

442,869

=====

313. Based on test checks carried out, the spares were received and properly brought to account. In terms of financing of operations, the Guyana Water Authority is a separate legal entity established by Act No. 3 of 1972. It is therefore subject to separate financial reporting and audit. The last audited accounts were in respect of 1994, and at the time of this report, financial statements for 1995 had not been submitted for audit.

**Subhead 28007 - Water Supply Study/Improvement**

314. The sum of \$550M was voted for the rehabilitation of the water system in Region 4, emergency works in selected rural areas and institutional strengthening of the Guyana Water Authority of which amounts totalling \$190.885M were shown in the Appropriation Account as having been expended. However, according to the records of GUYWA the sum of \$191.741M was actually expended, giving a difference of \$856,000. This difference should have been refunded to the Office of the President for credit to the vote. Of the amount expended, sums totalling \$188.447M relate to consultancy services.

**Subhead 28008 - New Amsterdam Treatment Plant**

315. The sum of \$50.478M was voted for the provision of operation and maintenance of the New Amsterdam Water Enterprise. The full amount was shown in the Appropriation Account as having been expended. However, according to the records of the New Amsterdam Water Enterprise, the sum of \$66.146M was expended. The difference of \$15.668M was financed by unspent amounts brought forward from 1994 as well as the collection of water rates in 1995. The following is a breakdown of the expenditure of \$66.146M.

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Employment Costs	13,015
Other Charges	3,850
Chemicals	5,765
Security	2,557
Electricity	21,392
Fuel and Lubricants	3,569
Transport & Handling	238
Maintenance & Distribution	9,762
	-----
Sub-total	60,148
Capital Expenditure - purchase of pipe lines etc.	5,998

TOTAL

-----  
66,146  
=====

316. The New Amsterdam Water Treatment Plant is part of the operations of GUYWA, and therefore its results of operations and financial position are reported on in the financial statements of GUYWA.

**Subhead 28009 - Georgetown Remedial & Sewerage Project**

317. The sum of \$340M was voted for the rehabilitation and maintenance of critical works and the development of a permanent maintenance programme for the sewerage and water supply systems in Georgetown of which amounts totalling \$191.8M were shown in the Appropriation Account as having been expended. However, according to the records of GSW&C the sum of \$181.939M was expended, giving a difference \$9.861M which should have been refunded to the Office of the President for credit to the vote. The following gives a break down of the expenditure:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Consultancy Services	155,300
Office equipment	1,274
Furniture	765
Stationery	179
Vehicles	5,533
Buildings	14,954
Chemicals	3,934
	-----
TOTAL	181,939
	=====

**HEAD 15**

## SUPREME COURT OF JUDICATURE

### Employment Costs

**318.** The Salaries Bank Account No. 455 was not reconciled for the period under review and it could not be determined when last this was done. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. Every effort should therefore be made to bring the reconciliation up-to-date.

**319.** Although the salaries cash book showed a 'nil' balance as at 31 December 1995, the bank account was overdrawn by \$1.663M. It was explained that the overdraft had been coming forward since 1990 because salaries were paid without the related paysheets being passed for payment. However, these paysheets and supporting vouchers could not be located.

**320.** At the time of the audit in July 1996, Form II returns in respect of PAYE deductions for 1995 had not been sent to the Inland Revenue Department. It should be noted that the statutory deadline for submission was 30 April 1996, and therefore the Department ran the risk of costs being incurred by way of penalties. At the time of reporting, the Accounting Officer has advised that the returns had since been submitted.

### Other Charges

**321.** The Main Bank Account No. 880 with a balance of \$42.296M as at 31 December 1995 was not reconciled for the period under review and it could not be determined when last this was done. The comments at Paragraph 318 are therefore also applicable.

**322.** The cash book at this date showed a balance of \$23.689M. The accumulation of this large balance resulted mainly from revenue collected from the various district offices. These amounts were to have been paid over to the Consolidated Fund but were allowed to accumulate in this account. It should be noted that in 1995 the total amount of revenue collected was \$18.664M, of which only \$4.734M was paid over to the Consolidated Fund. In addition, the cash book did not reflect revenue paid in this account and payments made to Consolidated Fund.

**323.** It was explained that the collectors cash book statements (CCBS) were not received from the various locations to enable transfers to be made. This explanation is considered unsatisfactory since the concerned officer had the responsibility of ensuring that all CCBS's are received in a timely manner.

**324.** Forty-eight(48) payment vouchers totalling \$1,137,008 did not have supporting documents such as bills and receipts so as to be able to satisfactory verify the incurrence of the expenditure. Thirty-three(33) of these totalling \$733,914 relate to the payment of salaries while the rest relate to purchases. It was explained that the various sub-offices had been delinquent in returning paysheets to Head Office.

**325.** Fifteen(15) contracts valued at \$1,306,890 were awarded to an individual for various electrical works carried at the Supreme Court. A number of unsatisfactory features were, however, noted in relation to these contracts:-

(a) There was no system of quotations before the following contracts were awarded:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
12/12/95	86/95	Electrical works at new Accounts Department	419,330
12/12/95	87/95	Electrical works at Judicial Section	328,930

The new Accounts Department and the Judicial Section are in close proximity of each other, and had one contract been awarded, a system of tendering would have had to be followed and adjudication of the award would have had to be done by the Departmental Tender Board;

(b) A similar situation was observed in relation to the award of the following two(2) contracts. Had one contract been awarded the combined value would exceed the \$180,000 limit and hence a system of quotations would have had to be followed:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
13/09/95	45/95	Electrical work at Court rooms and Chambers	53,090
13/09/95	55/95	-do-	167,600
			-----
TOTAL			220,690 =====

(c) Physical verification of the work done on five(5) contracts revealed that twenty-nine(29) 4ft fluorescent lamps, fifteen(15) ceiling fans and one(1) 8 pr circuit breaker panel were not installed at the time of the physical

verification. The total value of these items was \$278,900. It should be noted that the certificates attesting to satisfactory completion of work were signed by the Chief Accountant and the Judicial Officer.

**326.** In relation to carpentry work, thirteen (13) contracts totalling \$1,576,415 were awarded to an individual. Detailed examination of these contracts revealed:-

(a) The following contracts could have been combined and awarded as one(1) contract. In this way there would have been a system of tendering and adjudication by the Departmental Tender Board:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
15/12/95	89/95	Carpentry work	245,845
15/12/95	90/95	Repairing main doors, floor screens & installing book shelves	247,750
			-----
TOTAL			493,595
			=====

Attempts to physically verify the work were unsuccessful because the locations were not stated in the contracts nor was the Head Marshall who certified the work of any assistance.

**327.** Contract No. 78/95 was awarded in the sum of \$331,645 for the dismantling and repairing stairs at the Court of Appeal Building. Physical inspection of the works revealed that the concrete foundation to the stairs was not cast, yet the contractor was paid the sum of \$16,800 for this work. In addition, he was to have applied two(2) coats of paint to the stairs at a cost of \$36,900 but only the rails were painted. The works were certified by the Legal Adviser to the Chancellor.

**328.** The following contracts were awarded to the same individual for similar work. However, had one(1) contract been awarded, a system of quotations would have been required:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
02/10/95	49/95	Refurbishing 22 desks at at Supreme Court section	127,000
05/10/95	53/95	Refurbishing 23 desks at Judicial section	171,000

20/11/95	66/95	Refurbishing 17 desks at Supreme Court	151,300 -----
TOTAL			449,300 =====

**329.** Excess expenditure totalling \$334,000 was incurred under Subhead 304 - rental and Maintenance of Buildings. Approval should have been sought for the virement of funds to this subhead, utilising the savings from the other subheads.

#### **Revenue Accounting and Control**

**330.** A revenue account and a revenue collectors' chart were not maintained for the period under review. These records are essential to enable effective monitoring of the collection of revenue from the various sub-offices and therefore they should be introduced without delay.

**331.** It was observed that collectors cash book statements were written up by several officers and balanced on the completion of each book instead of daily. It was explained that this was due to the deadline set by the Accountant General for the clearing of the backlog work relating to the years 1991-1995. As a result, much difficulty was experienced in the verification of the 1995 transactions.

#### **Stores and Public Property**

**332.** Inventory records were not maintained by the Department for the period under review. However, at the request of the Audit Office a list of assets was submitted but the locations were not stated. As a result, much difficulty was experienced in trying to physically verify the assets. It is recommended that a master and sectional inventory be introduced as early as possible. At the time of reporting, the Accounting Officer had advised that inventory records were introduced with effect from January 1996.

#### **Other Matters**

**333.** It could not be determined when last the Imprest Bank Account No. 985, the Witnesses and Jurors Bank Account No. 963, the Witness Money Bank Account No. 274 and the Execution Sales Bank Account No. 272 were reconciled and therefore the comments at Paragraph 205 above are also applicable. In addition, the cash books relating to the 272 and 274 accounts were not balanced for the period under review although the bank statements reflected balances of \$28.082M and \$881,422 respectively.

**334.** The Witnesses and Jurors Account with an allocation of

\$80,000, was overdrawn by \$72,712 as at 31 December 1995. The following gives the overdraft position for the period February to December 1995. (The bank statement for January 1995 could not be located.)

MONTH -----	OVERDRAFT -----	MONTH -----	OVERDRAFT -----
	\$		\$
February	64,779	August	39,692
March	40,754	September	63,452
April	55,317	October	23,486
May	32,060	November	72,879
June	46,221	December	72,712
July	8,987		

It was explained that the overdraft was coming forward since June 1993 due to an irregularity committed by an employee. It is recommended that the Secretary to the Treasury be approached with a view to having the amount involved written off.

#### HEAD 16

#### MAGISTRATES

#### Georgetown Magistrates' Court

#### Employment Costs

**335.** The Salaries Bank Account No. 159 was not reconciled for the period under review and it could not be determined when last a reconciliation was done. Failure to reconcile bank accounts in a timely manner can lead to irregularities being perpetrated without detection. Every effort should therefore be made to bring the reconciliation of this account up-to-date.

**336.** The salaries bank account was overdrawn by \$10.690M as at 31 December 1995. It was explained that in 1994 and earlier years salaries were paid from this account without the processing of paysheets. Efforts should therefore be made to ascertain the extent to which this has happened so that steps can be taken to clear the overdraft by the transfer of funds from the Supreme Court main bank account to this account.

**337.** The cash book balance of \$1.815M at 31 December 1995 for this account did not include the opening balance for 1995. As a result, the exact balance on this account could not be determined. Efforts should be made to ascertain the opening cash book balance

so that the necessary adjustments can be made to the cash book.

**338.** Amounts totalling \$216,217 were refunded as unclaimed salaries for 1995. However, an unpaid salaries register was not maintained to monitor unclaimed salaries. This record has since been introduced with effect from 1996. There was also no evidence of supervisory checks on the salaries records.

**339.** Excess expenditure totalling \$279,000 was incurred in respect of three(3) subheads under Employment Costs. Since there were savings from the other subheads under Employment Costs, a virement of funds should have been sought to cover the excess expenditure.

#### **Other Charges**

**340.** Seven(7) purchases of stationery totalling \$638,153 could not be traced to the stock records. It was explained that these items were purchased for and received by the Personnel and Accounts sections of the Supreme Court. It is recommended that all such purchases be subject to storekeeping procedures, i.e. the items should be brought to account in the stock records and issued out as required.

**341.** Three(3) instances were noted where the cheque for the purchase of stationery from two(2) Government agencies, were drawn in favour of the Clerk of Court. As a measure of control, all such cheques should as far as possible be made out in favour of suppliers.

#### **Revenue Accounting and Control**

**342.** A daily record of used and unused receipts was not maintained for the period under review. Such a record is necessary to monitor the daily issue of receipts. This record has since been introduced with effect from 1996.

**343.** The Daily Cash Composition Book and bank deposits slips bore no evidence of supervisory checks. Corrective action was, however, taken in August 1996.

**344.** At the time of the audit in August 1996, the original copies of the collectors cash book statement(CCBS) for the period September - December 1995 were still in the CCBS books. These should have been forwarded on a fortnightly basis to Supreme Court to enable the transfer of revenue to the Consolidated Fund. In addition, the CCBS's for the period January - August 1995 were under query by the Supreme Court as a result of which no transfer of revenue to the Consolidated Fund was also made for this period.



It should be noted that revenue totalling \$10.377M was not paid over to the Consolidated Fund for the period under review but were retained in the Supreme Court Main Bank Account. The Accounting Officer is therefore advised to ensure that CCBS's are forwarded promptly to the Supreme Court to enable the speedy transfer of revenue to the Consolidated Fund.

### **Other Matters**

**345.** An examination of the Traffic Ticket Record Book revealed that there were 8,249 traffic offences for the period under review. However, this record was not written up to reflect particulars of the charges in respect of 3,162 offences. Instead, only the case numbers were recorded. As a result, it could not be determined what cases were finalised, the associated fines involved and what cases were pending. This record also bore no evidence of supervisory checks. The Accounting Officer is therefore advised to ensure that this record is properly maintained.

**346.** In respect of traffic offences for which details were recorded in the Traffic Ticket record Book, fines in respect of 2,905 cases were finalised and fines paid, leaving a total of 2,182 cases still pending at the time of the audit.

**347.** An examination of the Fines Register revealed that there were fines totalling \$71,150 which were outstanding at the end of 1995. However, the Register did not include information to indicate whether commitment warrants were issued in respect of these fines which have been outstanding for more than three(3) months.

**348.** An examination of the Civil Record Book revealed that there were 1,629 cases which were filed. However, case jackets in respect of 991 cases could not be located at the time of the audit. A similar situation was observed in respect of criminal cases. Of the 15,428 cases filed, case jackets were not located in respect of 4,328 cases. 104 civil case jackets were also located but no entries could be traced to the Civil Record Book.

**349.** The Suitors Deposit Account which reflected a balance of \$62.892M as at 31 December 1995 was not reconciled for several years, and therefore the comments at Paragraph 221 above are also applicable. In addition, the cash book was not written up to reflect cheque numbers, and the Ledger was not presented for audit.

**350.** An examination of the Suitors' records revealed that an amount of \$214,000 was loaned to the Clerk of Court stationed in the interior to offset expenses for boarding, lodging and travelling. At the time of the audit, however, the sum of \$134,000 had not been repaid.

**351.** A daily record of used and unused receipts and cheques for Suitors Deposits was not maintained for the period under review. This record was, however, introduced in 1996. A similar observation was made in respect of the Bastardy Account.

**352.** The Bastardy Account No. 158 was not reconciled for several years and reflected an overdraft of \$1.021M as at 31 December 1995. It was explained that this overdraft was due to irregularities which occurred several years ago. It is recommended that approaches be made to the Secretary to the Treasury with a view to writing off the amounts involved.

**353.** A total of 211 case jackets were filed in respect of affiliation cases. However, forty-one(41) case jacket were not produced for audit examination.

**354.** The Register of Transport bore no evidence of supervisory checks. It was explained that this was due to staff constraints. Bail bonds were also not attached to transports to facilitate the verification of amounts collected as bail money.

## **HEAD 17**

### **ATTORNEY GENERAL**

**355.** Twenty-five(25) aircondition units were repaired at a cost of \$2,265,300 , giving an average cost of \$90,612 per unit. It would appear more economical to replace the units rather than repairing them since the cost of a new unit would not have been significantly greater than the cost of repairs of an old one.

**356.** The repairs to the aircondition units were effected in twenty-five(25) separate contracts to the same individual. Seven(7) of these contracts were awarded on 4 December 1995. This would have required a system of tendering and adjudication by the Ministerial Tender Board. However, they were awarded on the sole authority of the Accounting Officer and without any form of quotations. In addition, three(3) contracts were awarded on 26 July 1995. There were also two(2) occasions where two(2) contracts were awarded on the same dates. In both cases, the Tender Board

Regulations would have required the application of a system of quotations before the contracts were awarded. However, this was not done. It is evident therefore that the contracts were awarded in a piecemeal manner to circumvent the application of the Tender Board Regulations.

**357.** Included in the repairs to the aircondition units, were the replacement of parts such as fan motor, chassis, evaporator, condenser etc. However, the parts which were replaced were not produced in order to substantiate the validity of the repairs.

**358.** The Revenue Register was not presented for audit examination, and acknowledgement receipts from the Accountant General were not seen for revenue paid over for the period January to March 1995 to the Consolidated Fund.

**359.** Inventory records were not maintained for the period under review. In the circumstances, it could not be determined what assets were under the control of the Ministry and whether they had been properly accounted for and adequately safeguarded.

## **HEAD 18**

### **OFFICIAL RECEIVER**

**360.** The old salaries account No 462 was overdrawn by \$1,647,394 at 31 December 1995, and it could not be determined when last this account was reconciled. It was explained that the Accountant General was written to with a view to closing this account but had advised that it be reconciled first.

**361.** There was an excess expenditure of \$17,000 under Subhead 101 -Wages and Salaries (Administration). Approval should have been sought for a virement of funds, utilising the savings from the other Employment Costs subheads.

**362.** A revenue register to record revenue collectible, collected and balance outstanding, was not maintained. In the circumstances, revenue outstanding at the end of the year could not be determined.

**363.** An amount of \$19.17M was collected for the sale of land and paid over to Account No. 981 (Revenue & Deposit Fund Receipts) on 13 July 1995. However, this amount was not reflected in the Revenue Statement of the Official Receiver nor could it be traced to any other revenue statement.

**364.** Amounts totalling \$989,000 were expended on materials,

equipment and supplies. However, stock records were not maintained to record the receipt and utilisation of the items purchased.

**365.** Inventory records were not maintained for the period under review. In the circumstances, it could not be determined what assets were under the control of the Ministry and whether they had been properly accounted for and adequately safeguarded.

## **HEAD 19**

### **DEEDS REGISTRY**

**366.** The old salaries account No. 467 reflected a balance of \$14,230 and it could not be determined when last it was reconciled. Efforts should be made to close this account and to transfer the balance to the Consolidated Fund.

**367.** Inventory records were not maintained for the period under review. In the circumstances, it could not be determined what assets were under the control of the Ministry and whether they had been properly accounted for and adequately safeguarded.

**368.** From a sample of thirty(30) companies registered in 1995, files in respect of four(4) were not presented for audit examination because they could not be located.

**369.** In respect of trade marks, it was observed that 513 applications were made for the period under review, but no licences were issued in respect of these applications. It was explained that the delay in the processing of the applications was due to staff shortages and that applications for 1993 were being processed.

**370.** A total of 4,488 new applications were made in 1995 for business names. However, only 486 applications could be located from the various bundles submitted for audit inspection. In

addition, the applications were not filed in numerical sequence nor were the years separated, thus rendering the exercise tedious and time-consuming.

**371.** Thousands of transport forms were on hand at the time of inspection, but there were no records to indicate how many should have been accounted for. Controls over unused transport forms were also very weak for the following reasons:-

- . They were not prenumbered documents;
- . No records to show how many were ordered from the Printery and how many were received; and
- . Although transport forms were securely kept under the control of the Registrar, issues made to the Secretary were not documented. In other words, there was only documentation at the time of use.

**372.** Numerous transports were issued in 1995 as replacements. One of the criteria should have been a check to ensure that the original was not lodged as security for bail. However, there was no evidence that such a check was carried before replacement transports were issued. In addition, the cancellation forms relating to three(3) mortgages which were cancelled were not presented for audit examination.



**HEAD 20 & DIVISION 506**

**MINISTRY OF FOREIGN AFFAIRS**

**Current Expenditure**

**Employment Costs**

**373.** The Salaries Bank Account No. 458 reflected a large positive balance of \$158.083M as at 31 December 1995. However, the Cash Book was not cast and balanced for the entire year. As a result, the true balance on this account could not be determined. The Accounting Officer is therefore advised to take urgent measures to have the cash book cast and balanced so that the balance on the bank account could be properly monitored.

**374.** In relation to large bank balance on this account, it was explained that this was due to remittances to the overseas missions being sent directly by the Accountant General through the Bank of Guyana. These remittances included the salaries and allowances to foreign services officers and representative staff overseas. However, the Ministry was also in receipt of cheques from the Accountant General in respect of the salaries and allowances of these persons at the time of preparation of the paysheets. These cheques were deposited into the Salaries Bank Account and were not refunded to the Accountant General, thereby resulting in a build up of the balance in the bank account. It is recommended that (a) a reconciliation be carried out to identify the total amount involved and to refund it to the Accountant General and (b) an appropriate system be put in place to avoid a recurrence of the problem.

**375.** One hundred and one (101) advances totalling \$4.561M were granted from the Salaries Bank Account, contrary to the Financial Regulations, and at the time of inspection in July 1996 twenty-three (23) such advances totalling \$3,989,079 remained outstanding. It was explained that these advances related mainly to:-

- (a) foreign services officers who were given three months' station allowance when they were posted overseas, in keeping with the Foreign Service Regulations; and
- (b) several officers who were employed during the year but whose letters of appointment from the Public Service Commission were not issued until several months later.

**376.** Notwithstanding the explanation given, the Salaries Bank Account can only be used for the payment of salaries and allowances since funds are only received into this account for this purpose. It would appear more appropriate therefore for such advances to be given from the Imprest Account, as insistence on the use of the Salaries Bank Account, apart from being a breach of the

Regulations, can result in the latter being in an overdraft. In relation to the station allowances paid to foreign services officers the Accounting Officer agreed with the suggestion that the related paysheets be processed directly by the Ministry of Finance.

**377.** Although the Salaries Bank Account was reconciled to December 1995, a number of unsatisfactory features were noted in relation to the reconciliation:-

- (a) The bank balance was reconciled with an adjusted opening cash book balance since, as mentioned earlier, the cash book was not cast and balanced for the period under review. Therefore the accuracy of the negative cash book balance of \$79.001M shown in the reconciliation statement could not be verified;
- (b) The reconciliation statement showed that there were no receipts for December 1995 whereas actual receipts totalled \$56.149M;
- (c) Payments for December 1995 totalled \$52.154M whereas the reconciliation statement showed \$3.881M;
- (d) An amount of \$4.021M was shown as "amount in bank statement not in C.B." which had been coming for several years and the nature of which could not be ascertained. It is recommended that the Bank of Guyana be approached with a view to assisting in the identification of these transactions so that the appropriate adjustments can be made;
- (e) Included in the list of unrepresented cheques, were seventy-three(73) cheques valued at \$3.103M which were stale-dated. It is recommended that efforts be made to contact the payees, failing which the cheques should be cancelled and the amounts involved paid over to revenue. This matter was discussed with the Accountant General who concurred with this recommendation; and
- (f) The reconciliation statement bore no evidence of checking and certification.



**378.** In view of the foregoing observations, it is recommended that a proper reconciliation be carried out between the bank statement balance and the cash book balance. This reconciliation should be checked by a supervisory officer and be certified by a senior officer.

**379.** Half-yearly returns of travelling by officers in receipt of commuted travelling were not prepared and submitted to the Public Service Management, as required by circular instructions.

#### **Other Charges**

**380.** An examination of Subhead 302 - Materials, Equipment & Supplies revealed that twenty-three(23) purchases totalling \$1,337,975 were not subject to storekeeping procedures. Most of these items relate to stationery and office supplies. It is recommended that stock records be maintained for these items to reflect receipt, issues and balances on hand.

**381.** A contract valued at \$195,115 was entered into for the building of doors and replacing locks. However, the three(3) quote system was not followed before the contract was awarded, as required by the Tender Board Regulations.

**382.** In relation to Subhead 307 - Transport, Travel & Subsistence, a similar observation to that mentioned in Paragraph 331 above was made in respect of six (6) purchases of spare parts for vehicles valued at \$264,935.

**383.** During the period 16th to 27th December 1995 the Ministry hired a vehicle belonging to an employee at a cost of \$60,000. The vehicle in question was the subject of duty free concession in April 1994 and was to have been used in the performance of the officer's duties. The hiring of this vehicle was therefore irregular. The Director General acknowledged this observation and gave the assurance that greater care will be exercised in the future in the hiring of vehicles.

**384.** A contract was awarded on 9th November 1995 in the sum of \$116,750 for the construction of a fence at the Protocol Division. A physical verification of the work, however, revealed the following discrepancies:-

- (a) The contract indicated that the length of the fence was 125 feet, whereas the actual length was 100 feet; and
- (b) The quantity of lumber required and used was less than that shown in the contract and paid for. Three(3) rows of 1" x 6" greenheart were to be provided. Using the original length of 125 feet, the fence would have required  $(125 \times 1 \times 6) / 12 \times 3 = 187.5$  BM of lumber. However, the bills of quantities

showed that 450 BM lumber was required, an excess of 262.5 BM.

As a result of these two(2) discrepancies, the contractor was overpaid in the sum of \$37,500 i.e. \$4,687.50 in respect of (a) and \$32,812.50 in respect of (b). It is recommended that the overpayment be recovered from the contractor. At the time of discussing the draft report, the Accounting Officer advised that the overpayment was recovered.

**385.** Several contracts were entered into after the completion of the works, of which the following are examples:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT	DATE OF EXECUTION
----	-----	-----	-----	-----
			\$	
30/05	35/95	Plumbing work at H/O	141,660	26/05/95
09/09	60/95	Repairs to guard hut	37,450	31/08/95
20/09	66/95	Plumbing work at H/O	83,887	19/09/95
19/09	65/95	Electrical work at H/O	47,030	13/09/95

It was explained that this was due to certain urgent repairs which were required to be carried out. Notwithstanding this explanation, every effort should be made to enter into contracts prior to the execution of the works.

**386.** The Ministry incurred excess expenditure under the following subheads:-

SUBHEAD	REVISED ESTIMATE	ACTUAL EXPENDITURE	EXCESS
-----	-----	-----	-----
	\$'000	\$'000	\$'000
303	8,848	9,904	56
304	171,500	172,767	1,267
308	30,000	30,878	878
309	21,000	22,639	1,639

In addition, funds were vired among seven (7) subheads. However, warrants from the Ministry of Finance in support of the virements were not produced for audit examination.

**Revenue Accounting and Control**

**387.** During the period under review, amounts totalling \$33.764M

were shown as having been collected as revenue for consular fees for Head Office and the Overseas Missions and paid to the Consolidated Fund as revenue to the Accountant General. However, at the time of the audit in July 1996, acknowledgement receipts were not seen for these amounts.

**388.** At the time of inspection, foreign currencies in the sum of US\$740 and 725 pounds sterling were found on hand. It was explained that these amounts relate to legalisation fees collected in March 1995 for barrels sent from overseas. A satisfactory explanation was, however, not given why these amounts were not paid over to revenue. It is also understood that an additional US\$200 collected was given to an officer to defray expenses while on training in Dominica. It is recommended that efforts be made to pay over these amounts to revenue as early as possible.

#### **Stores and Public Property**

**389.** Inventory records were not produced for audit examination. As a result, it could not be determined whether all assets under the control and use by the Ministry were properly accounted for and adequately safeguarded.

**390.** Stock records were not maintained to record the receipt, issue and balances for items purchased for use by the Ministry. It is recommended that such records be introduced as early as possible. At the time of reporting, the Accounting Officer advised that corrective action was taken with effect from 1996.

#### **Other Matters**

**391.** Both the Imprest cash book and bank account showed negative balances of \$676,621 and \$600,280 respectively, compared with the imprest balance of \$353,290. It was explained that the allocation for 1995 was inadequate, having regard to the operations of the Ministry. While the explanation given is appreciated, it is evident that reimbursements were not made to this account on a timely basis, thus resulting in the account being overdrawn. It is recommended that approaches be made to the Ministry of Finance for a larger allocation and that every effort be made to recoup expenditure in a more timely manner.

**392.** The officer writing up the Imprest cash book was also reconciling the bank account. This practice is not considered good internal control and therefore these duties should be segregated. In addition, there was no evidence of checking and certification of the reconciliation statements.

393. During the period under review, eighteen(18) advances totalling \$356,542 were granted from the Imprest. However, no advances register was being maintained to monitor the repayments of the advances. It is recommended that such a record be introduced as early as possible.

394. The Standing Imprest which was established in the 1970's reflected an overdraft of \$51M since 1993. In addition, it could not be determined when last the account was reconciled. It is recommended that the overdraft on this account be investigated with a view to clearing it so that the Imprest can be properly retired.

395. The Non-Aligned Movement Conference Bank Account No. 855, which was established and used in 1987, reflected a positive balance of \$1,340,356 as at 31 December 1995. In addition, it could not be determined when last this account was reconciled. Efforts should therefore be made to close this account and transfer the balance to the Consolidated Fund.

### **Capital Expenditure**

#### **Subhead 12001-Buildings**

396. The sum of \$13.5M was voted for the rewiring of Takuba Lodge and the renovation of the Chancery in Washington D.C., of which amounts totalling \$8,896M were expended. However, no work was done at the Takuba Lodge. In addition, according to the records of the Embassy in Washington, the sum of US\$89,068 equivalent to G\$12.470M was expended on the renovation of the building, giving an unexplained difference of \$3.574M. As a result, the Appropriation Account was understated by the latter amount.

#### **Subhead 24001 - Land Transport**

397. The sum of \$5.6M was voted for the purchase of a motor car for the Mission in Washington. The full amount was expended in the purchase of a car for the High Commission in London.

#### **Subhead 25001 - Office Equipment & Furniture**

398. The sum of \$1.690M was voted for the purchase of equipment for the overseas missions, of which amounts totalling \$1.653M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----

	\$'000
Purchase of three(3) computers for London	1,063
Furniture for Suriname Embassy	197
Photocopier for Suriname Embassy	272
Fascimile machine for Head Office	121
	-----
TOTAL	1,690
	=====

These items were verified as having been received.

#### GUYANA HIGH COMMISSION - LONDON

**399.** During the audit of the accounts for 1994, attention was drawn to the failure to prepare receipts and receipt vouchers to record remittances received from Head Office. In 1995 receipts were issued for remittances but the receipt vouchers were still not prepared. As a result, such transactions would not be processed by the Ministry of Finance and therefore would not be incorporated in the Public Accounts. It is again recommended that receipt vouchers be prepared to record all remittances and submitted to Head Office along with the payment vouchers.

**400.** The High Commission's allocation for 1995 was not submitted until August 1995 by the Ministry of Foreign Affairs, and at the time of the audit in October 1995, it was not recorded in the Votes Ledger. Efforts should be made to ensure that the Mission's allocations are granted early in the year to enable proper monitoring of funds allocated to it.

**401.** As a result of the late submission of the allocations, the expenditures relating to the following subheads had already been exceeded by £18,429.15 equivalent to G\$4.054M:-

SUBHEAD	ALLOCATION	EXPENDITURE	EXCESS
-----	-----	-----	-----
302-003	£ 2,455.36	£ 2,648.68	£ 193.32
303	7,142.85	8,652.52	1,509.67
304-002	11,160.71	14,219.44	3,058.73
307-004	2,455.35	3,360.57	905.22
308	6,250.00	8,161.36	1,911.36
309	3,571.43	14,422.28	10,850.85
			-----
TOTAL			£18,429.15
			=====

**402.** The Payment Voucher Number Book was only written up to June 1995. As a result, all the payments entered in the Votes Ledger with effect from July 1995 were not numbered. Efforts should be

made to update this record.

**403.** It was observed that liabilities were not recorded in the Votes Ledger, although the expenditure statements submitted to Head Office from January to August 1995 reflected liabilities. In addition, the monthly expenditure statements submitted to Head Office were not written up to reflect the accumulated expenditure. These deficiencies were brought to the attention of the Sub-Accounting Officer for corrective action.

**404.** The Sub-Accountant's Cash Book was only cast and balanced to July 1995, and cheques were not written in numerical sequence. As a result, much difficulty was encountered in the examination of this record. One(1) instance was also noted where the cheque was cancelled but the Cash Book was not accordingly adjusted.

**405.** Payment vouchers were not always signed by the Sub-Accounting Officer or other duly authorised officer, and supporting documents were not always attached to the vouchers to substantiate the expenditures.

**406.** At the time of the inspection, the original payment vouchers for the months of February, June, July and August 1995 were still on hand. These vouchers should have been submitted to Head Office for transmission to the Accountant General's Department for processing.

**407.** The Main Bank Account No. 0174611 was last reconciled to March 1995, and there was no evidence of checking and certification by the Sub-Accounting Officer.

**408.** The following bank accounts held at the Lloyds Bank and under the control of the High Commission were overdrawn by amounts totalling £1.290M, equivalent to G\$283.574M, and US\$11.265M, equivalent G\$1.590 billion respectively, as at 31 December 1995:-

ACCOUNT NO.	DESCRIPTION	OVERDRAFT AT 31.12.95	
-----	-----	US\$	£
01055721	G.H.C. London U.K.	-	244,432
01043855	G.H.C Overdue Interest	-	1,045,202
1472607	GNTC - Unpaid Loans	3,445,974	-
11879308	GNTC - Overdue Interest	7,818,561	-
		-----	-----
TOTAL		11,264,535	1,289,634
		=====	=====

**409.** Account No. 01055721 is an old Guyana High Commission, London

U.K Main Account which ceased to be operational several years ago, and the nature of the overdraft could not be determined. This overdraft has been attracting interest payable half-yearly and was chargeable to Account No. 01043855. As can be noted above, the interest was approximately four(4) times the overdraft which is an indicator of the length of time the overdraft has been in existence.

**410.** In relation to Account No. 1472607, it is understood that the amount of US\$3,445,974 represented liabilities to the Bank for goods supplied to the former Guyana National Trading Corporation through lines of credit. As noted above, interest charges to December 1995 stood at US\$7,818,561, which is more than double the value of the loan. Unless urgent action is taken to investigate the reasons for the overdrafts on these accounts and to take urgent steps to liquidate them, the liabilities will continue to increase through the accumulation of interest charges. To the extent the overdrafts resulted from legitimate Government activity, the Government should enter into negotiation with the Bank with a view to converting them into a loan chargeable to the Public Debt.

**411.** The following observations were made in relation to an examination of the Salaries and Miscellaneous Account Cash Book:-

- (a) The Cash Book was not written up for the period 15/9/95 to 4/10/95. It was explained that the officer responsible for maintaining this account was on sick leave;
- (b) Cheque No. 00146 dated 11/8/95 for £2,751.98 was not entered in the Cash Book;
- (c) The Cash Book was not cast and balanced and was not reconciled with the bank account since January 1994; and
- (d) The Cash Book bore no evidence of supervisory checks.

**412.** Although the Register of Used/Unused Cheques was introduced in August 1995 based on a previous recommendation, no action was take to write it up. It is recommended that this record be brought up-to-date and that all unused cheques be checked daily to ensure no unauthorised extraction.

**413.** An examination of the revenue records revealed that the Revenue Clerk had misappropriated revenue totalling £3,542.90 from

the Mission's Revenue Account No. 0296296. This misappropriation was due largely to the absence of proper segregation of duties and a lack of daily supervisory checks.

**414.** Investigations revealed that the Revenue Clerk would collect the revenue daily from the Consular Section and issue acknowledgement receipts to the Consular Staff. She would then write up the Collectors' Cash Book Statement and prepare the deposit slips. Moreover, she had responsibility for banking of the revenue and remitting the revenue collected to Head Office as well as reconciling the bank account. There was therefore a total absence of segregation of duties necessary for the prevention of errors, fraud and other irregularities.

**415.** Given the absence of vital internal controls, the Revenue Clerk began to short-deposit and in many instances did not deposit the revenue collected. To cover for this act, she used an old stamp totally unrelated to the Commercial Bank in question to stamp up several deposit slips indicating that she had deposited with the Bank the revenue collected. This irregularity was not picked up until several months later. In addition, the Clerk utilised funds from the Main Bank Account to remit to Head Office in order to cover up for the revenue which was misappropriated. The Audit Office was subsequently advised that the entire amount of £3,542.90 had been recovered from the officer. However, this incident highlights the need for adequate staffing to ensure that basic internal controls are maintained. The Ministry is therefore advised to reconsider its position with regard to staffing at this and other foreign missions.

**416.** A register of used/unused receipts was not kept, as required by existing financial instructions. It was explained that the staff were unaware of this requirement. However, this record was introduced during the audit inspection. The Register should be kept up-to-date and checked with the receipt books on a daily basis.

**417.** During the inspection visit, it was observed that the post of Accountant was vacant. This Mission is very large and therefore requires the services of an Accountant or Assistant Accountant familiar with Government accounting to assist the Sub-Accounting Officer. Urgent action should therefore be taken to fill this vacancy.

#### **GUYANA EMBASSY, BRUSSELS**

**418.** At the time of inspection, there was no Sub-Accounting Officer at the Embassy. In the circumstances, there was no one on whom responsibility could be placed for the financial affairs of



the Embassy. The Charge D' Affairs did, however, carry out certain supervisory functions. It is again recommended that urgent action be taken to appoint a sub-accounting officer.

**419.** A record of remittances was introduced as a result of recommendations made in 1994, and receipt vouchers were being prepared to record the remittances received from Head Office. However, both receipts and receipt vouchers were prepared in Belgian Francs. It is recommended that the equivalent in Guyana currency be quoted on the receipt vouchers to facilitate the processing of the transactions by Head Office and the Ministry of Finance.

**420.** At the time of the inspection in October 1995, payment vouchers for August and September 1995 were still at the Embassy. These should have been dispatched at the end of each month for processing by Head Office and to facilitate the preparation of the monthly compliance certificates.

**421.** The bank account showed a large positive balance of approximately \$US71,500, equivalent to G\$10.010M, which has been coming forward for a long time. This amount was far in excess of the current requirements of the Embassy since the average monthly funding required was about US\$19,000, equivalent to G\$2.660M. It is recommended that this excess cash be returned to Head Office.

**422.** An examination of the bank reconciliation statement for December 1995 revealed that several unrepresented cheques totalling BF 647,067, equivalent to G\$ 3.1 million, have been coming forward since 1985. These cheques had become stale-dated and could not be encashed. It is recommended that efforts be made to contact the payees, failing which the cheques should be cancelled and the total amount involved remitted to Head Office to be paid over to revenue.

**423.** The Bank Account was still styled "Embassy of Guyana Gold Board Funds". It is recommended that the appropriate changes be made to have the account properly styled.

**424.** Several instances were observed where payment vouchers were not approved and where supporting documents, such as bills and receipts, were not attached to them. In the circumstances, a proper examination of the expenditure could not have been carried out.

**425.** An amount of BF 25,200, equivalent to \$G114,408, was paid for moving furniture to the new office in Avenue De Bresil. However,

the expenditure was incorrectly charged to Subhead 304 - Maintenance of Buildings rather than to Subhead 309 - Other Services Purchased.

**426.** Several payment vouchers were prepared to reflect only the Belgian currency. It is recommended that all payment vouchers be prepared to also reflect the Guyana dollar value to enable proper processing by the Ministry of Finance.

**427.** The following subheads of expenditure exceeded the allocations as at October 1995:-

SUBHEAD	ALLOCATION	TOTAL EXPENDITURE	EXCESS EXPENDITURE
-----	-----	-----	-----
	G\$	G\$	G\$
105	500,000	841,796	341,796
302-003	40,000	47,717	7,717
302-004	100,000	199,160	99,160
304-003	550,000	658,657	108,657
307-004	350,000	483,226	133,226
308	1,200,000	1,571,682	371,682
314	250,000	289,802	39,802

It was explained that the current expenditure allocations for 1995 were only sent to the Embassy in August 1995 and that staff were unable to properly monitor such expenditure.

**428.** The entries in the Votes Ledger were not initialled and there was no evidence of supervisory checks of this record. In addition, a number of incorrect entries were made in the Vote Ledger. The following are examples:-

- . PV 6/2 dated 5/2/95 for BF 17,195 equivalent to G\$78,127 was entered in the Votes Ledger as G\$86,351 under Subhead 302;
- . PV 8/2 dated 3/2/95 for BF 2,530 equivalent to G\$11,495 was entered as G\$12,705 under Subhead 307; and
- . PV 4/2 dated 3/2/95 for BF 11,064 was charged to Subhead 304-002 (Maintenance of Buildings). However, the expenditure was

entered under Subhead 304-001 (Rental of Buildings).

**429.** A register of controlled forms was not maintained to record the receipt and issue of receipt and cheque books. The Accountant explained that she was unaware of this requirement, and a format was provided for implementation.

**430.** Several instances were observed where receipts were not written in date sequence nor in numerical order. For example, the series 3H762567-569 was used before 3H762564-566, although both were on hand at the time. Efforts should be made to correct this lapse.

**431.** The Collectors' Cash Book/Statement was not written up for September 1995 at the time of the audit on 9/10/95. In addition, the following receipts were not brought to account in the Cash Book:-

DATE	RECEIPT NO.	BF
-----	-----	---
15/2/95	762564	700
15/2/95	762565	700
2/3/95	762566	500

**432.** The original receipts relating to the Collectors' Cash Book/Statements were not submitted to the Accountant General, as required by financial instructions. Instead, one receipt for the total revenue collected for the month was prepared and the original submitted along with the triplicate copies of the actual revenue receipts. It is recommended that all original receipts be submitted to Head Office along with the Collectors' Cash Book/Statements.

**433.** At August 31, 1995 an amount of BF 471,239 was reflected in the Revenue Bank Account as well as a cash float of BF 11,420. It was explained that these amounts were coming forward from previous years and relate to revenue not paid over to the Accountant General. It is recommended that the total amount of BF 482,659 equivalent to G\$13.8M be paid over to the Accountant General for credit to revenue.

**GUYANA EMBASSY - WASHINGTON**

**434.** At the time of inspection in April 1996, remittances of

revenue totalling US\$117,954 equivalent to G\$16,631,566 for the year 1995 were made to the Accountant General through the purchase of international drafts but receipts were not seen in acknowledgement for the amounts remitted. The Accountant General explained that the drafts would normally be deposited with the Bank of Guyana and it is only when they are cleared by the banking system and the Ministry of Finance so informed that receipts would be written. In view of the fact that international bank drafts are involved, it is recommended that receipts be issued as soon as the drafts are received by the Accountant General.

**435.** During the year 1995 fees totalling US\$4,630 equivalent to G\$657,010 were collected from two shipping agents on the basis of returns of consignors prepared and submitted by the agents. However, copies of the original shipping documents were not submitted by the shipping agents. This collection when translated to consignors of barrels/containers numbered only 463 for the entire year. In view of this apparent low level of consignments of barrels/containers as well as the inability to effectively monitor such operations of the agents, it is recommended that checks be made by the Georgetown based staff at the Customs & Excise Department to ensure accuracy of the fees collected.

**436.** It was noted that fees were not collected for the period October - December 1995 in respect of one(1) shipping agent, and it is understood that such fees were being paid in Georgetown. Authority from the Ministry of Finance for this new arrangement was, however, not seen. It is recommended that this matter be pursued with a view to regularising the situation.

**437.** The undermentioned special bank accounts held at Riggs Bank were closed and the balances totalling US\$308,375 equivalent to G\$43.480M were remitted to the Accountant General Department through the purchase of Riggs International Drafts:-

ACCOUNT NO.	DESCRIPTION	RIGGS INT. NO.	DRAFT DATE	AMOUNT US\$
-----	-----	-----	-----	-----
76 697 078	G.O.G Money Market	572124*	21/3/95	250,623

76 047 788	Mining Operation	572125*	21/3/95	1,457
76 207 892	Petroleum Explor- ation.	572126*	21/3/95	1,785
71 200 930	Insurance Settle- ment.	572151	11/4/95	54,510

The drafts indicated by asterisks were returned by the Ministry of Foreign Affairs vide letter dated February 13, 1996 for updating because they had become stale-dated. In addition, receipts were not seen from the Accountant General in acknowledgement for the above amounts.

**438.** The G.O.G Money Market Account was established since April 1992 with a deposit of US\$231,559.68 being proceeds from sale of Government's assets in Lusaka. This amount should have been paid over since 1992 to the Accountant General for credit to Capital Revenue - Sale of Assets.

**439.** Another GOG Special Account No 08 399 642 held at Riggs Bank reflected a balance of US\$34,483.17 (equivalent to G\$4,862,127) which had been coming forward for some time. It is recommended that the account be closed and the balance remitted to the Accountant General.

**440.** Repayments totalling US\$6,840.60 (equivalent to G\$964,525) were made to Riggs Bank toward a loan of US\$23,638 which was granted for the purchase of a Lincoln motor car. However, the repayments were incorrectly charged to Subhead 307 Code 004 - Vehicle Spares and Services. The loan should have been charged to the Public Debt which should have been reduced by the extent of repayments.

**441.** The Main Bank Account No. 08 489 592 held at the Riggs Bank reflected a balance of US\$27,563. However, the account was last reconciled to December 1994. It was explained that the backlog of work inherited from previous years contributed mainly to this situation and that every effort would be made to have the reconciliation brought up to date.

**442.** Several instances were observed, of which the following are examples, where expenditures were incurred in excess of the allocations granted.

A/C CODE	DESCRIPTION	AMOUNT ALLOCATED	AMOUNT EXPENDED	EXCESS
----	-----	-----	-----	-----

	G\$'000	G\$'000	G\$'000
103-000 Other technical and Craft Skilled	7,700	8,316	616
104-000 Clerical and Office Support	8,800	9,829	1,029
307-004 Vehicles Spares and Services	950	1,972	1,022
308-000 Telephone charges	1,500	2,659	1,159

It was explained that the allocations granted were inadequate to meet the expenses of the Embassy.

#### **GUYANA CONSULATE - NEW YORK**

**443.** At the time of inspection in April 1996, remittances of revenue totalling US\$489,571.23 equivalent to G\$69,029,543 were made to the Accountant General Department through the purchase of bank drafts but receipts in acknowledgement from that Department were not received by the Consulate. The comments and recommendations at Paragraph 434 are therefore also relevant.

**444.** The cash book for the Remittances Account was not written up for the period under review and the account was not reconciled since December 1992. It was explained that as a result of the backlog of work and staff constraints efforts were concentrated on the updating and maintenance of the Current Account and the main cash book.

**445.** The register of renewals of passports was not written up to show information on the number of renewals made each month. As a result, it was difficult to verify the revenue stamps issued in respect of renewals as well as to determine from the register the total revenue collected for same. It is recommended that entries in respect of renewals be sequentially numbered.

**446.** According to the Revenue Register legalisation/consular fees totalling US\$44,850 were collected from six(6) shipping agents for 1995. The fees were based on the number of consignors and not on the quantity of barrels shipped to consignees. Having regard to the relatively low number of consignees as compared to the large quantities of barrels normally shipped, it is recommended that checks be made at the Customs and Excise Department to determine the accuracy of the fees collectible and collected.

**447.** Returns submitted by the agents formed the basis of collection of the fees. Such returns were, however, not retained by the Consulate but were returned to the agents. In the circumstances, the accuracy of the fees collected at the Consulate

as well as of those collected at the Ministry of Foreign Affairs in Georgetown could not be verified. It is also recommended that certified statements from the agents be obtained and retained when collections are made.

**448.** One(1) shipping company ceased payment of the fees to the Consulate in October 1995 and it was explained that fees collected for subsequent periods were paid to the Ministry of Foreign Affairs in Georgetown. Approval from the Ministry of Finance or the Ministry of Foreign Affairs was, however, not seen for this new arrangement. Action should be taken to regularise this situation.

**449.** A photocopier was rented at a rate of US\$525.26 per month. In view of this high cost, it would appear more economical to purchase the equipment.

**450.** A telephone register was not kept during the year 1995. In order to obtain effective control over telephone charges, it is necessary that overseas calls be authorised and that all total monthly charges be recorded in respect of each telephone. It was noted that a register was introduced in 1996 but all relevant information was not recorded and evidence of supervisory checks was absent.

**451.** Expenditures were incurred in excess of allocations under three(3) sub-heads as shown below:-

SUBHEAD	DESCRIPTION	AMOUNT ALLOCATED	EXPENDITURE INCURRED	EXCESS
-----	-----	-----	-----	-----
		G\$'000	G\$'000	G\$'000
201-000	Other direct Labour Costs	695	1,173	478
306-000	Electricity Charges	200	704	504
307-004	Vehicle Spares etc	900	1,401	501

It was explained that there was a saving of G\$6.715M on the total allocation of G\$45.675M and that payment of retroactive allowances of US\$3,606, equivalent to G\$504,840, to an officer accounted mainly for the excess of G\$477,551 on Subhead 201-000. It was also explained that as regards the excess on the other two(2) subheads the allocations given were inadequate. It is evident, however, that there is need for better monitoring of expenditure and to seek virement promptly when required.

**452.** The cash book for the Student Affairs Bank Account No. 046-02655 EAB was not written up for the period under review, the last entries having been made on 30/4/93. The account was also last

reconciled to December 1992 at which time the balance of US\$53,544, equivalent to G\$7.496M, according to the cash book was not in agreement with the cash book balance of US\$23,053, equivalent to G\$3.227M, shown on the bank reconciliation statement. In the circumstances, the reconciliation statement cannot be regarded as reliable. It is recommended that the reconciliation of this bank account be brought up-to-date and that supervisory checks be carried out to ensure that it is properly reconciled.

**453.** During 1995, credits and debits totalling US\$54,951 and US\$49,666 respectively were recorded on the bank statements. However, receipts in acknowledgement of the credits/transfers were not issued. In view of the substantial transactions affecting this account and the inadequate recordkeeping over the years, it is important that urgent action be taken to have the cash book updated and reconciled with the bank statement.

**454.** Items of major assets were not marked to render them identifiable as property of the Consulate. In addition, it was observed that several items of furniture and equipment including three(3) 286 computers were unserviceable. Action should be taken to have the assets marked and to seek approval to dispose of the unserviceable items.

**455.** The necessary entries in respect of the five (5) computers received as gifts in 1994 had not been recorded in the Public Accounts. It was explained that values have not yet been obtained and action would be taken to regularise the situation.

**PERMANENT REPRESENTATIVE OF GUYANA  
TO THE UNITED NATIONS**

**456.** Amounts totalling US\$24,135 equivalent to G\$3.379M in respect of medical insurance premiums for Bauxite Industry Development Company(BIDCO) employees were made by the Mission and charged to the Ministry's Appropriation instead of being recovered from BIDCO. As a result, the Appropriation Account has been overstated by G\$3.379M. This matter was drawn to attention in previous reports.

**457.** A verbal arrangement was made with BIDCO to meet part of the rental cost of the Mission's office which was partially occupied by the company. It was explained that for some time BIDCO had ceased payments and as a result the full cost of rental was borne by the Mission. It should be noted that the outstanding balance at 31 December 1995 was US\$74,448 of which amounts totalling US\$37,429 relate to 1995. The company's total indebtedness to the



Mission to December 1995, inclusive of medical insurance paid, was therefore US\$98,583 equivalent to G\$13.802M. Urgent action should be taken to recover this amount.

**458.** Amounts US\$9,391 equivalent to G\$1.324M were made to Chemical Bank on a loan of US\$30,000 taken in August, 1991 for purchase of a Lincoln motor car and charged to Sub-Head 307, Code 004 - Vehicle Spares and Services. The charge against Sub-Head 307 constitute a misallocation of funds. The loan should have been charged to the Public Debt and the cost of the car reflected as capital expenditure against the Ministry of Foreign Affairs. Repayments should then have written off against the Public Debt.

**459.** Outstanding liabilities to the United Nations at December 31, 1995 totalled US\$260,601 equivalent to G\$36.745M. Had this liability been discharged in 1995, it would have resulted in substantial excess expenditure on not only the approved allocation of the Mission but also that of the Ministry.

**460.** The Main Bank Account No 152 005048 held at the Chemical Bank reflected a balance of US\$312,860, equivalent to G\$43.8M, but was not reconciled since December 1993. The cash book balance as at this date was US\$355,106, equivalent to G\$49.715M. Prompt reconciliation of accounts and the need for regular supervisory checks are important elements of internal control, without which serious irregularities could remain undetected. Urgent action should therefore be taken to have this unsatisfactory situation corrected.

**461.** Balances recorded in the votes ledger were found to be inaccurate in most cases from test checks conducted, as shown below:-

SUB HEAD	DESCRIPTION	BALANCE IN V.L.	BALANCE VERIFIED	DIFFERENCE
103	Other technical and Craft Skilled	G\$4,039,772	G\$4,258,532	G\$218,670
104	Clerical and Office Support	9,907,911	9,978,772	70,861
105	Semi-Skilled Operatives etc.	5,686,404	5,809,376	122,972
304	Rental of Buildings	71,006,840	71,035,410	28,570
305	Maintenance of Buildings	1,659,602	1,291,489	368,113

In addition, balances reported in the statement of expenditure for December 1995 were not in agreement with the ledger balances in most cases. Greater care should in future be taken in the

balancing of the Ledger.

**462.** Expenditures were incurred in excess of the approved allocations as shown below:-

SUB HEAD ----	DESCRIPTION -----	ALLOCATION -----	EXPENDED -----	EXCESS -----
104	Clerical and Office Support	G\$9,000,000	G\$9,978,772	G\$978,772
004	Vehicle Spares and Services	1,100,000	2,166,412	1,066,412
308	Telephone Charges	2,000,000	3,920,862	1,920,862

The excess under Sub-Head 104 was mainly due to the retroactive payment of allowance of US\$6,500 to an officer while that under Sub-Head 004 was due to the repayment of the motor car loan. Approval was sought for virement but at the time of inspection such approval was not obtained. Action should be taken to regularise this situation and to ensure better control over expenditures.

**463.** Instances were observed where refunds were made in respect of advances issued but there were no adjustments to reflect the actual expenditure incurred against Sub-Head 307 001, Local Travel and Subsistence. Action should be taken with a view to ensuring that the refunds and all expenditure credits are brought to account in the ledger.

#### **GUYANA CONSULATE - TORONTO, CANADA**

**464.** Legalisation fees collected after 19/10/95 on barrels by a shipping agent were paid directly to the Ministry of Foreign Affairs in Guyana, contrary to the previously approved arrangement where payments were made to the Consulate. Evidence was not seen that this new arrangement was approved by the Ministry of Finance or the Ministry of Foreign Affairs. It was explained that this decision to pay directly in Guyana was made by the Agent. Action should be taken to regularise this situation.

**465.** The balance at December 31 1995 in Current Account No. 0684 0420007 held at Toronto Dominion Bank was C\$236,388 equivalent to G\$23.638 million. At the time of inspection in March 1996 the cash book was, however, only written up to October 1995 and the account was reconciled to September 1995. Having regard to the extent of the transactions of the Consulate and also in the view of the fact that the outstanding cheques were minimal, the consistently large

bank balances in the account would indicate substantial unremitted revenues accumulated from previous years. It is recommended that a special exercise be carried out to ascertain the extent to which revenues were not remitted so that the necessary transfers can be made to the Consolidated Fund.

**466.** The collectors' cash book/statements were not written up to disclose information on the disposal of revenues collected. In order to facilitate verification of deposits, this information should be recorded.

**467.** Revenues collected during the year 1995 and thereafter were deposited in the Current Account at Dominion Bank on a monthly basis for the months of January and February on a weekly basis for the remainder of the year. This unsatisfactory situation was, however, corrected in February 1996 when deposits were generally made on a daily basis.

**468.** Collectors Cash Book/Statements and supporting vouchers were not prepared and submitted promptly to the Accountant General. At the time of the inspection, CCBS's and supporting vouchers for the period September to December 1995 were still on hand. It was explained that the backlog of work had affected the timely submission of the statements and supporting vouchers. In addition receipts from the Accountant General were not seen in support of remittances of revenue totalling CDN\$38,043 and US\$3,414, both equivalent to G\$4.286M.

**469.** A record of the daily composition of cash was not kept despite the large amount of cash that was often held. The importance of this record and the need for daily supervisory checks on the total cash held were drawn to attention, and assurances were given that this situation would be regularised.

**470.** The accuracy of the stock of stamps could not be verified as issues and balances of the different denomination of the stamps were not recorded. Assurance was given that this situation would be corrected.

**471.** In all cases where goods and services were purchased the relevant certificates (i.e. taken into immediate use/stock/work satisfactory completed) where applicable, were not appended to the vouchers. In particular, stock records were not maintained. Tests checks carried out also revealed that payment vouchers were not certified for payment and were not cancelled with a 'PAID' stamp. These lapses and deficiencies should be remedied as early as possible.

**472.** The register of unused cheques and receipts was only written up for the month of January 1995. Action should be taken to have this record written up-to-date.

**473.** Account No 103-757-1 Guyana Republic Anniversary Celebrations which was being held at the Royal Bank of Canada reflected a balance of C\$2,957 as at 31 December 1995. Payment and receipts vouchers were not prepared, and bills/receipts in support of the transactions were loosely held in files. In addition, it was noted that the account was used for other purposes, e.g. Health Care Fund, Visit Guyana Year 1996 etc, but ledger accounts were not kept. It is recommended that this account be closed and the balance transferred to revenue.

**474.** The following assets were received as gifts but were not recorded in the Public Accounts as capital receipts and expenditure nor were they included on the inventory listings of office equipment.

DATE RECEIVED -----	DESCRIPTION OF ITEM -----
1994	One (1) Sanyo Microwave
1995	Two (2) 486 Computers (Acar View) with IBM Printers. One (1) 386 Computer (Del Ultra Scan) with one Epson LX 810 Printer.

**475.** The value of the above assets were not available and assurances were given that reasonable estimated value would be obtained and the necessary information would be submitted to the Ministry of Finance.

**476.** Expenditure in excess of budgetary allocations totalling G\$1,057,944 were incurred as shown below:-

SUB HEAD	DESCRIPTION	AMOUNT ALLOCATED G\$00.	AMOUNT EXPENDED G\$00.	EXCESS ( ) G\$00.
104000	WAGES AND SALARY Clerical and Office Support	2,100,000	3,072,600	(972,600)
105000	Semi Skilled Oper.	1,482,000	1,315,600	166,400
201000	EMP. O/HEAD EXPENSES Other Direct Labour			

	Costs	852,000	1,331,800	(479,800)
203000	Benefits and Allow.	850,000	1,009,602	(159,602)
	OTHER CHARGES			
302000	Off Exps & Supp.	475,000	392,420	82,580
004	Print and Non Print Materials	150,000	282,956	(132,456)
303000	Fuel & Lubricants	130,000	213,542	(83,542)
304001	Rental of Building	7,500,000	6,756,318	743,682
002	M'tce of Building	50,000	10,165	39,835
307001	Local Trav and Subs.	1,400,000	76,837	1,323,183
003	Postage and Telex	1,200,000	269,697	930,303
004	Vehicle Spares	350,000	509,299	(159,299)
308000	Tele. Charges	700,000	1,377,770	(677,770)
309000	Other Services	2,800,000	4,270,276	(1,470,276)
131000		150,000	----	150,000
314000	Others	200,000	558,062	(358,062)
	TOTAL	20,389,000	1,446,944	(1,057,944)

**477.** It was noted that the Consulate was informed of its budgetary allocations in August 1995 and that excess on salaries and wages and other services purchased resulted from the recruitment and payment of stipends and the salaries of additional staff. It was explained that the excess expenditure in respect of telephone charges resulted from increased activities (visit Guyana year etc.) at the Consulate. It is evident however, that there is need for greater care in the preparation of the Consulate annual budget as well as the need to monitor expenditure closely and to seek adjustment of allocations when required.

#### **GUYANA EMBASSY, CARACAS**

**478.** Payment vouchers are required to be submitted on a monthly basis to the Ministry of Foreign Affairs for incorporation in the Ministry's accounts. It was observed, however, that vouchers for the period April 1994 to March 1996 were still at the Embassy although recommendations were previously made that all vouchers be submitted monthly to the Ministry for incorporation in the Country's accounts. It is again recommended that action be taken to forward vouchers monthly to the Ministry.

**479.** An examination of payment vouchers revealed that in several instances there was no evidence on the vouchers to indicate that the items purchased were received or the work was satisfactorily completed where services were rendered. These lapses should be

corrected.

**480.** The payment voucher numbering book was last written up to July 1995 and was discontinued thereafter. As a measure of internal control, it is necessary for this record be kept up-to-date in order to ensure that all payments made are identified and traced to the cash book.

**481.** According to contract agreements examined it was noted that four(4) buildings were rented by the Embassy for use by the Embassy, the Ambassador's residence and two apartments for home-based staff. The monthly rentals were paid in \$US currency for three of these buildings while the fourth was paid in Bolivars. In view of the unstable position of the Venezuelan currency and its frequent devaluation it would appear more economical to make payments in the Bolivars rather than US dollars. It is recommended therefore that at the expiration of these contract agreements, consideration should be given to enter into agreements for payments to be made in Bolivars.

**482.** An examination of the Sub-Accountant's Cash Book revealed the following unsatisfactory features:-

- (a) The Cash Book was balanced monthly instead of on a daily basis and there was no evidence of supervisory checks;
- (b) The original copies of the Cash Book were retained in the book for the period April 1994 to December 1995 instead of being submitted to the Accountant General's Department together with the payment vouchers; and
- (c) The Cash Book was maintained with effect from 5 April 1994 but no opening balance was brought forward. As a result, the balance as at 31 December 1995 could not be determined.

**483.** The allocations for the year 1995 were received by the Embassy on 21 September 1995 from the Ministry of Foreign Affairs. At the time of the inspection in April 1996, these allocations were, however, not recorded in the Votes Ledger. The Ledger was also written only up to July 1995.

**484.** In the absence of an up-to-date votes ledger, the expenditure statements were prepared from individual payment vouchers, and an examination of the statement for December 1995 revealed the following subheads were exceeded:-

Subhead	Allocation	Expenditure	Excess
-----	-----	-----	-----
	G\$	G\$	G\$

105-000	950,000	967,338	17,338
203-000	2,288,000	3,659,650	371,650
302-003	350,000	536,885	186,885
302-004	550,000	980,679	430,679
306-000	300,000	486,705	186,705
307-000	250,000	2,216,513	1,966,513
307-004	250,000	1,092,326	842,326
308-000	1,800,000	3,883,115	2,083,115
314-000	700,000	881,861	181,861

**485.** It was explained that these excesses resulted from unforeseen expenditure. In order to control and monitor expenditure at the Embassy it is recommended that allocations be sent early in the year to the Embassy. The Votes Ledger should also be properly maintained.

**486.** A telephone register showing rental of telephones, local and overseas calls made was not kept by the Embassy. As a measure of control over the use of telephone it is necessary for such a record to be maintained.

**487.** An examination of the system of revenue collection revealed the following unsatisfactory features:-

- (a) Collectors Cash Book/Statements were not prepared for the entire period under review. It was explained that this record was discontinued since April 1993;
- (b) Receipt vouchers were not prepared to properly bring to account all revenue collected;
- (c) Revenue from the sale of passports, the issue of Visas etc. for 1995 totalling US\$3,418.97 equivalent to G\$478,655 was not remitted to the Ministry of Foreign Affairs until March 1996. It is recommended that all revenue collected should be remitted monthly to the Accountant General's Department;
- (d) A stock record was not kept to show stocks of passports, revenue stamps, passport stamps received, quantities issued and balance on hand;
- (e) A permanent record was not kept to show passports issued or renewed. Instead, two separate files were kept for new passports and renewals. Notwithstanding this, it is necessary to maintain a permanent record;

**488.** It was noted that the cost to issue a new passport was 600 Bolivars (Bs), equivalent to G\$301 and for renewals 400 Bolivars (Bs), equivalent to G\$200. The costs of revenue stamps for new

and renewals of passports were G\$500 and G\$300 respectively. It would mean therefore that passports were being issued by the Embassy at a loss to the government. It is therefore recommended that the cost of new passports and for renewing passports be reviewed.

489. A physical count of G\$500 revenue stamps revealed a total of 442 stamps on hand while the record showed a balance of 248, giving an excess of 194 stamps valued at G\$97,000. It was explained that this difference might have come about from the balance brought forward.

490. The inventory of the assets was prepared in October 1992 but was not updated since then, and assets were not marked to identify them as property of the Embassy.

#### GUYANA EMBASSY - BRAZIL

491. During the period under review, there was no Sub-Accounting Officer at this Embassy, the last such officer having resigned in November 21, 1994. In the circumstances, there was no one on whom responsibility for the financial affairs of the Embassy could have been placed. The Ambassador was, however, carrying out periodic supervisory checks. It is understood that an officer has been appointed in January 1996.

492. The Guyana dollars equivalent was not always quoted on receipts and receipt vouchers whenever remittances were received. In addition, an examination of the Sub-Accountant's cash book for the Main Bank Account revealed the following:-

- (a) Several receipt numbers were not stated in the Sub-Accountant's Cash Book. The following are examples:

Receipt No.	Date	Amount
-----	----	-----
3 H 206 380	9/1/95	US\$ 5,209.00
206 381	12/1/95	19,925.61
206 382	17/1/95	26,256.00
206 387	27/3/95	30,300.00

- (b) The Cash Book balance was overstated by US\$1,350.50 at the end of February 1995. This was due to an incorrect balance reflected in the Cash Book during the period 21/2/95 to 28/2/95.
- (c) Cheque No 3442 dated 16/8/95 for US\$6,500 drawn in favour of the local currency bank account was omitted from the US dollar account Cash Book. As a result, the cash book was further overstated by the amount of US\$6,500.



- (d) In view of the above, the cash book balance at 31/12/95 was overstated by a total of US\$7,855.50. These amounts were adjusted in the cash book in April 1996, when it was drawn to the attention of the Assistant Accountant.
- (e) Cheques drawn on the US dollars account were not issued in numerical sequence. For example, cheque numbers 3248 to 3269 were issued before cheques number 3198 to 3223 in January 1995. It is recommended that cheques be issued in numerical sequence and be recorded in the cash book in that order.

**493.** The Main Bank Account No 869-1-332-657 kept at New York was last reconciled in December, 1994 and bore no evidence of checking and certification. The importance of reconciling all bank accounts was discussed with the Sub-Accounting Officer and her Assistant Accountant who agreed to take corrective action.

**494.** Several receipts were not brought to account in the local currency cash book at the time of the audit in April 1996. The following are examples:-

Receipt No.	Date	Amount
-----	----	-----
3H 951435	23/5/95	R\$ 20
951439	6/7/95	10
951440	7/7/95	10
951441	10/7/95	10

The cash book also bore no evidence of checking and certification. It is recommended that this account be checked and certified on a daily basis by the Assistant Accountant and the Sub-Accounting Officer respectively.

**495.** A daily cash composition book was not maintained for this account although the account was operated in both cash and cheque. Steps should therefore be taken to introduce this record.

**496.** The Local Currency Bank Account No. 00096803355 was not reconciled for the entire year under review. It is recommended that the reconciliation of this account be brought up-to-date early. In addition, the Cash Book was not written up on a daily basis although it reflected balances on a daily basis. For example, at the time of the audit (18/4/96) the cash book was only written up to 18/3/96. The cash book also bore no evidence of supervisory checks. Further, the Cash Book reflected negative balances on several occasions despite adequate funding in the US

Dollar Bank Account. Had the cash book been written up in a timely manner, action could have been taken to avoid the negative balances. It is recommended that proper monitoring of this account be done with a view to avoiding a recurrence.

**497.** The allocation letter for the year 1995 was only submitted to the Embassy on 12/8/95 by the Ministry of Foreign Affairs. It is recommended that in future, allocations be submitted early to enable proper monitoring of the funds allocated to the Mission.

**498.** It was observed that several subheads had already exceeded the allocations made by Head Office by the time the letter reached the Embassy in Brasilia. In addition, several subheads had exceeded the allocations at the 31st December, 1995, as shown below:-

Subhead	Allocation	Expenditure	Excess Expenditure
-----	-----	-----	-----
	G\$	G\$	G\$
105	850,000	853,590	3,590
201	750,000	1,075,524	325,524
302	650,000	1,076,975	426,975
303	878,000	1,227,503	349,503
304	11,215,000	14,400,335	3,185,335
306	460,000	700,240	240,240
307	890,000	1,731,425	841,425
308	1,200,000	3,306,727	2,106,727
309	150,000	817,808	667,808
314	50,000	305,785	255,785

**499.** According to the allocation letter dated 11/8/95 a total amount of G\$26.118M was allocated to the Embassy in Brasilia in 1995. However, the total remittances made to this Mission were far in excess of that allocation. Remittances to this Mission totalled US\$334,887 or G\$47.554M, that is, approximately 82% more than the amount stated in the allocation letter. It is therefore recommended that the financial needs of this Mission be reviewed with a view to ensuring that the allocations made are realistic.

**500.** The Votes Ledger was not properly written up as the amounts allocated to the Mission were not quoted in the respective Vote Accounts. As a result, the "Balance Available" Column was not written up for the entire period under review. In several instances the vote accounts were also not cast and balanced.

**501.** A separate register was not kept for overseas telephone

calls. One register was kept to record both local and overseas calls. However, this record did not distinguish between official and private calls. The Telephone Register also bore no evidence of supervisory checks. It is recommended that an overseas calls register be introduced as early as possible.

**502.** A notice to the public informing them to demand an official receipt whenever moneys are paid to the Embassy was not seen, as required by financial regulations. This was drawn to the attention of the Sub-Accounting Officer.

**503.** Several unserviceable items were on hand at the time of inspection. It was explained that approaches had been made some time ago to Ministry of Foreign Affairs with a view to disposing of the items and that a follow-up letter was sent in February 1996. It is recommended that early approval be obtained for the disposal of these items in view of the limited space at the Mission's Office.

#### **GUYANA EMBASSY - SURINAME**

**504.** Receipt vouchers were not prepared to record remittances received for the incurrence of expenditure, as required by financial instructions. As a result, such transactions would not be processed by the Ministry of Finance for inclusion in the Public Accounts.

**505.** Financial regulations provide for the originals of the sub-accountant's cash book, along with the payment vouchers to be submitted to the Ministry of Foreign Affairs. However, at the time of the inspection, both the payment vouchers and the originals of the cash book for the period October to December 1995 were still at the Embassy. It was explained that because of other pressing duties, this was not done. It is recommended that the originals of the cash book and the payment vouchers be submitted without delay.

The cash book was also not subjected to supervisory checks.

**506.** Several instances were noted where total expenditure exceeded allocations at 31 December, 1995, of which the following are examples:-

Sub-Head	Allocations	Total	Excess
----------	-------------	-------	--------

	G\$	Expenditure G\$	Expenditure G\$
105	400,000	826,675	426,675
203	500,000	723,209	223,209
304	4,850,000	6,646,441	1,796,441
308	250,000	1,105,816	855,816
309	250,000	422,302	172,302
0056-25001	-	546,235	546,235

It should be noted that the total excess expenditure at 31 December 1995 was \$4.724M. It was explained that the Embassy was obligated to meet these expenditures. It is recommended that the allocation of the Embassy be reviewed with a view to avoiding a recurrence of excess expenditure.

**507.** Liabilities totalling G\$195,000 as at 31 December, 1995 were not entered in the Vote Accounts. The entries in the Votes Ledger were not also initialled by the Supervisory Officer and there was no evidence of supervisory checks. Efforts should be made to correct these lapses.

**508.** Financial regulations provide that the payment vouchers to be supported by sub-vouchers with adequate certification. However, in many instances the sub-vouchers such as bills/receipts were not certified to indicate that value was received for money expended. It was explained that the staff were not aware of this requirement.

**509.** Payment vouchers are required to be submitted to the Ministry of Foreign Affairs on a monthly basis in keeping with financial instructions. However, at the time of inspection, payment vouchers for the period October to December, 1995 were still at the Embassy.

**510.** Acknowledgements receipts were not seen for revenue remitted to the Accountant General's Department for the entire year. The absence of these receipts tends to indicate that either revenues might not have been brought to account by that Department or receipts were not yet forwarded to the Mission. It is recommended that receipts should be demanded promptly for all revenues paid over to the Accountant General's Department.

**511.** The Revenue Bank Account was not reconciled for the period April to December, 1995. A cash book was also not maintained. Efforts should be made to ensure the prompt reconciliation of this account. In this regard, a properly maintained cash book is of vital importance.

**512.** Monthly returns of unused receipts were not submitted to the Accountant General. It was explained that staff was not aware of this requirement. This lapse should be corrected.

**513.** A daily cash composition book was not maintained as required by financial instructions. The maintenance of such a record is a very important control over the receipt and custody of revenue. This record was, however, introduced with effect from 1996.

**514.** A notice informing the public that an official receipt must be demanded for every sum of money paid to the Embassy was not displayed as required by financial instructions. Action should be taken to display such a notice.

**515.** Unused cheques No. 722751 - 722800 and 430928 - 430950 in respect of Bank Account No. 10:44:389 styled "Investment" kept at De Surinaamsche Bank N.V, were seen in the safe. However, no information was available as to the purpose of this account, the balance in this account etc. It is recommended that the nature of this account be investigated and action taken accordingly.

**516.** A number of travellers cheques, a bank draft and currency totalling US\$5,500 were seen in the safe. No information was available as to why these funds were kept at the Mission but it is understood that these were the safe since 1984. It is recommended that the amount be paid over to revenue.

## **HEAD 22**

MINISTRY OF HOME AFFAIRS (POLICE)

Current Expenditure

Employment Costs

517. The salaries cash book reflected significant positive as well as negative balances at the end of each month instead of 'nil' balances, and at 31 December 1995 the balance was \$21.795M. The following are the balances at the end of each month:-

MONTH -----	BALANCE -----	MONTH -----	AMOUNT -----
	\$		\$
January	24,541,871	July	(12,334,901)
February	19,085,278	August	22,578,610
March	19,044,569	September	23,805,200
April	(23,659,628)	October	20,433,738
May	19,327,051	November	25,815,841
June	22,251,538	December	21,795,093

It was explained that the positive balances resulted mainly from the salaries of interdicted officers being left in the salaries bank account. However, a satisfactory explanation was not obtained in relation to the negative balances.

518. In addition, the bank account was overdrawn by significant amounts on forty-four(44) occasions during the year, reflecting an apparent failure to effectively monitor the balance on this account.

519. At the time of the audit in July 1996, the salaries bank account was reconciled to October 1995. However, at the time of reporting the reconciliation was brought up-to-date to December 1995. Efforts should be made to ensure that bank accounts are reconciled within thirty(30) days of the close of the month.

520. An examination of the reconciliation statement for December 1995 revealed that there was no evidence of checking and certification, and the officer who prepared it did not sign as having done so. In addition, a number of unsatisfactory features were observed in relation to the reconciliation:-

- (a) There were four hundred and thirty-two(432) stale-dated cheques valued \$3,196,265 of which \$603,466 relate to 1994. Efforts should be made to identify the payees, failing which the transactions should be cancelled and refund made to the Accountant General;
- (b) Three(3) deposits totalling \$641,018 of which \$544,535 relate

to 1994 were not brought to account by the Bank;

- (c) Four hundred and sixty-six (466) cheques totalling \$15,802,994 which were reflected as payments made by the Bank were not reflected in the Cash Book; and
- (d) There was an unreconciled balance of \$4.489M which had been coming forward since December 1993.

**521.** Despite the fact that these unidentified items had been coming forward for several years, there was no evidence of action taken to investigate them. It is to be emphasised that the main purpose of reconciling a bank account is to be able to identify such items with a view to taking prompt corrective action. Failure to take corrective action based on discrepancies observed, renders the exercise ineffective.

#### **Other Charges**

**522.** The Main Bank Account No. 834 reflected a balance of \$52.688M as at 31 December 1995 while the cash book showed a balance of \$10.969M. However, at the time of the audit, this account was only reconciled up to November 1995. In addition, an examination of the reconciliation statement for November, 1995 revealed observations similar to those mentioned in relation to the Salaries Bank Account.

**523.** A total of 1,268 advances totalling \$137.314M were made from the Main Bank Account instead of the Imprest Bank Account, contrary to financial instructions. It was explained that the imprest allocation of \$700,000 was inadequate and resort had to be made to the Main Bank Account. It is recommended that approaches be made to the Accountant General with a view to increasing the imprest allocation.

**524.** Amounts totalling \$14.931M were shown as having been expended on electricity charges. However, the Electricity Register reflected a balance of \$11.864M, giving a difference of \$3.067M. The main reason for this difference was that the voted provision was paid over to the Ministry of Finance and charged to final expenditure. Adjustment should have been made to reflect actual consumption of electricity.

**525.** Amounts totalling \$74.191M were expended on the rental and maintenance of buildings as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Police Officers' Quarters - Mounted Branch	8,274
" " " - Meadow Brook	7,061
" " " - Leonora	7,203
" " " - No. 51	3,452
" " " - Camp Road	861
Purchase of materials	18,080
Repairs to seven(7) Police stations	9,950
Cleaning drains etc.	4,879
Erection of tressle and kennel	2,130
Repairs to auditorium, library, crime lab. etc	9,188
Termite treatment	3,110
Rental of building	3
	-----
TOTAL	74,191
	=====

**526.** The following sets of contracts valued at \$8,274,174 were awarded for the repairs to officers' quarters at the Mounted Branch Compound:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
04/04	11/95	Repairs to officers' quarters	473,699
24/04	18/95	-do- -do-	1,072,886
04/04	22/95	-do- -do-	779,930
04/04	14/95	Erection of two(2) tressles	838,335
			-----
Sub-total			3,164,850
			=====
04/04	12/95	Painting of officers' quarters	639,105
04/04	13/95	-do- -do-	605,280
04/04	19/95	Repairs to officer's quarters	274,680
04/04	20/95	-do- -do-	781,458
04/04	21/95	-do- -do-	690,130
24/04	43/95	-do- -do-	445,330
			-----
Sub-total			3,435,983
			=====
04/04	15/95	Repairs to officers' quarters	446,263
04/04	16/95	-do- -do-	850,586
04/04	17/95	-do- -do-	376,493
			-----
Sub-total			1,673,342
			=====



TOTAL

8,274,175  
=====

527. Each of the above sets of contracts was awarded to the same individual, and although there was evidence of the involvement of the Departmental Tender Board in relation to the award of these contracts, the piecemeal manner in which they were awarded would appear to have been done to avoid public invitation to tender and adjudication by the Central Tender Board. It should be noted that these contracts were awarded based on "selective" tendering basis which is not considered acceptable from the point of view of the Tender Board Regulations which speaks of advertisement "as widely as possible".

528. As can be noted also, Contract No. 18/95 exceeded the \$900,000 limit, and should have been adjudicated by the Central Tender Board.

529. In relation to the repairs to the buildings at the Meadow Brook Police Compound, the following two(2) sets (each set being awarded to the same individual) valued at \$7,060,517 were awarded:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
04/04	24/95	Repairs to officers' quarters	1,592,370
04/04	27/95	Repairs to Northern Block	945,972
04/04	28/95	Repairs to officers' quarters	1,148,593
04/04	29/95	-do- -do-	1,108,635
			-----
Sub-total			4,795,570
			=====
04/04	25/95	Repairs to Southern Block	991,177
24/04	30/95	Repairs to officers' quarters	1,273,770
			-----
Sub-total			2,264,947
			=====
TOTAL			7,060,517
			=====

530. As can be noted also, all of the above contracts exceeded the \$900,000 limit for the Departmental Tender Board and should have been dealt with by the Central Tender Board.

531. Similar observations were made in relation to the repairs to No. 51 Police Station and officers' quarters and the Leonora Police Station. Three(3) contracts valued at \$2,808,412 were awarded on 04/04/95 to two(2) persons while in respect of the

Leonora Police Station while seven(7) contracts valued at \$5,734,534 were awarded on the same date (04/04/95) to four(4) individuals.

**'B' DIVISION, NEW AMSTERDAM**

**532.** Two hundred (200) general receipts Nos. 1756401 to 1756600 were received on Requisition No. 11/9 dated 10.10.95 but not entered in the Control Forms Register nor were they presented for audit examination. The officer-in-charge gave the undertaking to investigate this discrepancy.

**533.** The fourth copies of used quadruplicate receipt book No. 118601 to 118800 were found to be blank. This book was apparently used for revenue purposes and only the first three(3) copies were used. It is recommended that all four(4) copies of the receipts be utilised, since the blank copies can be irregularly used to collect revenue.

**534.** Revenue totalling \$176,775 which was paid over to Head Office could not be properly verified because the acknowledgement receipts for the amount in question were not present for audit. It was explained that action was being taken to obtain all such receipts from Head Office.

**535.** The system requires that monies received should be banked intact as early as possible. It was noted, however, that a bank deposit slip No. 001813 for an amount of \$34,265 was written up on the 23/04/95 but the sum in question was banked ten(10) days later on the 3/05/95. Every effort should be made to ensure the prompt banking of revenue.

**536.** Reconciliation of the Imprest Bank Account No. 333 was not carried for the period under review. Monthly bank statements were also not presented for audit examination. Efforts should be made to ensure that the reconciliation of this account is brought up-to-date.

**537.** Inventory records were not maintained for assets under the control of this Division. It is recommended that a comprehensive exercise be carried out to ascertain what assets are under the control of the Division so that inventory records can be introduced.

**538.** Eighteen(18) officers in 'B' Division were in receipt of travelling allowances for the period under review. However, a travelling register was not maintained. Efforts should be made to introduce this record.

**539.** Records of jobs undertaken by the Mechanical Workshop were not maintained. In addition, the following equipment found in the Workshop appeared to be in a state of disrepair. Action should be taken to assess the status of these equipment with a view either to repairing them or to their disposal:-

TYPE	CONDITION
----	-----
Emergency Lighting Plant	Not working
Air Compressor	- do -
Lube Oil Dispenser	- do -
Plug Tester	- do -

#### LEONORA POLICE STATION

**540.** An examination of the Collectors Cash Book/Statements reflected a cash shortage \$2,000 as part of the summary for each day and which had been coming forward since 1993. It was explained that this figure represented part of the original shortage of \$7,000 in bail money and was still to be cleared.

**541.** Twenty-six (26) commitment warrants totalling \$148,768 remained unexecuted as at the 31-12-95. Six(6) affiliation warrants totalling \$38,453 were also not executed as at 31-12-95. In addition, fifteen(15) commitment and eleven(11) affiliation warrants were not presented for audit. It was explained that these warrants were either executed or sent back and that the Register was not annotated accordingly.

**542.** Acknowledgement receipts for revenue for three(3) fortnights totalling \$217,440 were not seen at the time of the audit. It was explained that these receipts were at the Licence Revenue Office to be uplifted. In addition, an amount of \$846,440 was collected for fortnight ending 95.03.15. However, an acknowledgement receipts from the Licence Revenue Office were only issued for \$46,440 resulting in a difference of \$800,000. This discrepancy should be investigated.

**543.** The Register of Control Forms bore no evidence of supervisory checks. Receipts and other control forms were also not listed in numerical sequence. Efforts should be made to correct these

lapses.

**544.** An examination of the Register of Firearms revealed that twenty(29) persons did not renew their licences for 1995. It was explained that action would be taken to issue reminders to owners of firearms. A similar situation was observed in respect of the Suddie Police Station where twenty-six(26) instances were noted where firearm licences were not renewed.

HEADS 28-33 AND DIVISIONS 508-510 & 512

MINISTRY OF AGRICULTURE

Current Expenditure

Employment Costs

545. The Salaries Bank Account No 940 was overdrawn by \$442,618 as at 31 December 1995, and further examination of this account revealed that it was in continuous overdraft throughout the year. The following gives the overdraft position at the end of each month:-

MONTH	OVERDRAFT	MONTH	OVERDRAFT
-----	-----	-----	-----
	\$		\$
January	1,466,648	July	1,380,263
February	2,488,103	August	693,098
March	2,812,687	September	258,478
April	632,032	October	330,508
May	2,051,826	November	969,318
June	1,889,538	December	422,618

A satisfactory explanation was not obtained in relation to this continuous overdraft, and this state of affairs is a reflection of the apparent lack of proper monitoring of the balance on this account. Efforts should be made to investigate the overdraft with a view to liquidating it.

546. The account was also not reconciled since October 1991 and despite comment in previous reports, no action was taken to bring the reconciliation up-to-date. It should be pointed out that the failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore advised to ensure that the reconciliation of this account is brought up-to-date.

547. The Ministry operated another account (Account No. 941) to effect payments of deductions in respect of wages. Although the cash book reflected a 'nil' balance, the bank statement showed a large positive balance of \$3,779,091, indicating apparent delays in paying over deductions to the relevant agencies. In addition, the account was last reconciled in December 1992, and therefore the comments at the preceding paragraph are also relevant.

**548.** Two(2) other salaries bank accounts (Account Nos. 509 and 578) which were no longer operational reflected balances of \$1,826,998 and \$302,004 respectively as at 31 December 1995. The Accounting

Officer explained that approaches were made to the Accountant General to have these accounts closed and the balances transferred to the Consolidated Fund but was advised that these accounts had to be reconciled first.

**549.** An examination of the Register of Contributors to the National Insurance Scheme revealed that there were 114 names without NIS numbers at the time of the audit. It was explained that these persons were transferred from the Regions and their NIS particulars were not submitted to the Ministry. Since contribution to the National Insurance Scheme has implications for social security benefits for employees, efforts should be made to ensure that all employees are properly registered with the Scheme.

#### **Other Charges**

**550.** The Main Bank Account No. 938 reflected a large balance of \$63,319,250 as at 31 December 1995. The cash book balance as at this date was \$122,485,337. Investigations revealed that releases of funds were made in excess of expenditure, resulting in the large balance on this account.

**551.** This account was also reconciled on a yearly basis instead of on a monthly basis, and an examination of the reconciliation statement revealed that it was not done in the conventional manner and was difficult to follow. For example, the cash book balance quoted was not in agreement with the balance shown in the cash book and there was no reference to the bank statement balance. In the circumstances, the reconciliation cannot be regarded as acceptable. It is recommended that this account be reconciled on a monthly basis and in the acceptable manner.

**552.** Another Main Bank Account No. 705 which was not operational since July 1992 reflected a large balance of \$40,427,675 as at 31 December 1995. The balance on this account at the end of 1994 was \$51,178,533. The reduction in the balance was due to the updating and endorsement of 155 cheques valued at \$10,750,858, the depositing of the same into Account No. 938 and the paying over of the proceeds to the Accountant General. It is significant to note that included in the list of cheques updated were three(3) cheques valued at \$10,635,125 drawn in favour of the Accountant General and dating back to 1990. This is further evidence of the failure by the Ministry to monitor the balances on their bank accounts, to reconcile them promptly and to take steps to pay over sums due to

the various agencies. It is recommended that this account be closed and the balance transferred to the Consolidated Fund.

553. The sum of \$17.515M was expended on Materials, Equipment and Supplies, of which amounts totalling \$2.362M relate to Head Office. However, a goods received book was not maintained for the period January - October 1995. In addition, internal stores requisitions (ISR's) were not used for the issue of stocks. Instead, issues were made on slips of paper.

554. A goods received book was not kept at the Crops and Livestock Division. There was also a lack of proper segregation of duties in that the officer in charge of the Store was involved in the procurement of the items and prepared ISR's. In addition, at the time of the audit, several instances were noted where issues were made but the related ISR's were not approved.

555. Amounts totalling \$6.336M were expended on the purchase of fuel and lubricants. However, of the twenty-two(22) vehicles in use during 1995, log books were presented in respect of only one(1) vehicle and only for the period August - December 1995. In the circumstances, it could not be determined whether all journeys undertaken were authorised and whether there was effective control over the use of the Ministry's vehicles.

556. An analysis of the utilisation of the fuel and lubricants purchased revealed the following consumption pattern:-

VEHICLE NO.	DIVISION	AVERAGE WEEKLY CONSUMPTION	
		\$	glns
PDD 6813	Head Office	4,828	21.9
PCC 9843	" "	4,554	20.7
PEE 4890	Crops & Livestock	5,246	23.8
PEE 7392	Land & Surveys	5,740	26.0
PCC 9842	Hydraulics	4,921	22.3
PCC 9844	"	6,009	27.3
PDD 5512	Hydromet	6,869	31.2
PDD 6880	"	7,425	33.7
PEE 6633	"	13,309	60.5
CC 5242	Crops & Livestock	5,680	25.8
CC 5243	" "	3,365	15.3
CC 5248	" "	9,230	41.9

As can be noted the consumption of fuel and lubricants appeared to be very high, especially in relation to the motor cycles, and in the absence of log books the nature of the journeys in support of

the levels of consumption could not be determined. It is therefore recommended that the requirement to maintain log books for vehicles and equipment be strictly observed.

557. The sum of \$15.268M was expended on the rental and maintenance of buildings, of which amounts totalling \$10.482M relate to contract work. However, there was evidence of apparent subdivision of contracts to avoid a system of quotations in respect of six(6) sets of maintenance works valued at \$2,276,993.

It should be noted that the contracts for each set of work were awarded to the same contractor. The following are the details:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
23/06	347/95	Sanding and polishing Admin. Building	179,710
10/05	398/95	-do- -do-	64,134
03/08	492/95	-do- -do-	150,605
			-----
TOTAL			394,449
			=====
23/01	6/95	Washing & painting of Lands & Surveys Building	85,000
03/02	43/95	-do-	90,000
15/02	99/95	-do-	20,000
15/02	160/95	-do-	70,000
26/04	319/95	-do-	75,000
			-----
TOTAL			340,000
			=====
20/03	112/95	Repairs to Quarantine Office	150,700
04/04	137/95	-do- -do-	214,720
			-----
TOTAL			365,420
			=====
05/10	661/95	Repairs to Quarantine Office	178,140
05/10	662/95	-do- -do-	124,084
			-----
TOTAL			302,224
			=====
19/09	624/95	Repairs to Veterinary Labs. at Mon Repos	129,320
19/09	628/95	-do- -do-	164,900
			-----
TOTAL			294,220



			=====
26/08	395/95	Repairs to Fisheries Bldg.	435,800
26/08	403/95	-do- -do-	144,880
			-----
TOTAL			580,680
			=====

558. In respect of the repairs to the Fisheries Building, it should be noted that there should have been a system of tendering and adjudication by the Ministerial Tender Board because the value of the work exceeded the Accounting Officer's limit of \$450,000.

559. In addition, the following six(6) contracts valued at \$1,866,279M were awarded but there was no evidence of adherence of a system of quotations:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
02/05	406/95	Repairs to Staff Quarters La Grange W.B.D.	400,965
02/05	373/95	-do- -do-	261,892
26/09	607/95	-do- -do-	388,200
16/11	1008/95	Treatment against Termites	185,930
08/02	74/95	Repairs to Hydromet Building	256,292
11/12	922/95	Rearranging toilet area in Fisheries Building	373,000
			-----
TOTAL			1,866,279
			=====

560. Amounts totalling \$17.748M were expended on the maintenance of infrastructure as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Agriculture nurseries	1,028,800
Repairs to seawall and clearing beach	851,150
Reconstruction of pathway, car bay, etc.	532,828
Repairs to fence at Hydromet Compound	295,515
Repairs to overhead trestle at Mahdia	100,409
Repairs to gauging structure	132,000
Warrants issued to the Regions	6,931,797
Seawall Project (Round House)	800,000
Advances for field trips	611,982
Purchase of lumber	72,094
Purchase of boulders	6,281,600

Miscellaneous	109,825
	-----
TOTAL	17,748,000
	=====

**561.** The approval of the Ministerial Tender Board was, however, not seen for the award of Contract No. 689/95 dated 31-08-95 for \$585,150 for repairs to seawall. In addition, the following contracts were awarded without a system of quotations being followed:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
08/02	163/95	Clearing beach in Georgetown	266,000
14/07	405/95	To repair Agri. Nursery	203,610

**562.** Twenty-one (21) personal advances totalling \$611,982 in respect of Field Trips were issued and charged to this Subhead as final expenditure. Such advances should have been made from the Imprest account and only when cleared should be charged to final expenditure.

**563.** According to the Appropriation Account, amounts totalling \$11.416M were expended on electricity charges. However, the Electricity Charges Register was not presented for audit examination. It should be noted that the unspent balances on the voted provisions at the end of March 1995 were paid over to the Accountant General and charged to final expenditure instead of liabilities. Adjustments should have been made to reflect actual consumption of electricity. In the circumstances, the accuracy of the amount of \$11.416M shown as electricity charges could not be determined.

**564.** The sum of \$28.425M was expended on Transport, Travel and Postage. Included in this figure is an amount of \$3,851,187 representing the hire of vehicles for the Crops and Livestock, Lands and Survey and Hydromet Divisions. The three(3) Departments together had twelve(12) vehicles in use. It is recommended that a review of the transportation requirements of all the Departments of the Ministry of Agriculture be carried out with a view to rationalising the use of the Ministry's vehicles. This may result in the avoidance of the hire of vehicles and consequent savings to the Ministry.

**565.** Amounts totalling \$969,000 were expended on telephone charges, of which sums totalling \$386,127 relate to overseas telephone calls. However, a register of overseas telephone calls was not kept. In the absence of this record, it could not be satisfactorily determined whether all overseas telephone charges

were official and in the public interest.

**566.** The sum of \$354.524M was expended as contributions to local and international organisations, of which amounts totalling \$223.179M were granted as subventions to the following state agencies:-

NAME OF ORGANISATION -----	AMOUNT -----
	\$'000
National Agricultural Research Institute	160,000
Guyana School of Agriculture	30,000
Guyana Marketing Corporation	16,800
National Dairy Development Project	16,379
	-----
TOTAL	223,179
	=====

**567.** The National Agricultural Research Institute (NARI) was last audited in 1989. Financial statements for 1990 were received in July 1996 and at the time of reporting the audit was in progress. Notwithstanding the five(5) years' arrears in financial reporting, the amount of \$160M was verified as having been received by NARI.

**568.** The Guyana School of Agriculture (GSA) was audited to 1993. Financial statements have not been received for the years 1994-1995. Notwithstanding this, the amount of \$30M was verified as having been received by the GSA.

**569.** In relation to the Guyana Marketing Corporation(GMC), the last set of audited accounts was in respect of 1993. Financial statements for the years 1994 were received and at the time of reporting, the audit was in progress. The amount of \$16.8M was verified as having been received by the GMC.

**570.** The National Dairy Development Programme (NDDP) was last audited to 1987. No financial statements were received for subsequent years and therefore there was a lack of financial reporting for eight(8) years. The amount of \$16.379M was verified as having been received by NDDP.

**571.** Five hundred and seventy-four(574) payments totalling \$59.936M were not supported by bills, receipts and other supporting documents. As a result, the validity of these

transactions could not be properly substantiated. The Accounting Officer gave the undertaking that attempts would be made to locate these documents.

572. The system provides for cheque orders to be cleared within sixteen(16) days. However, an examination of the Cheque Order Register revealed that these orders were being cleared on average after fifty-six(56) days. Efforts should be made to ensure compliance with the Regulations.

### Revenue Accounting & Control

573. Amounts totalling \$524.562M were collected as revenue by the Ministry. However, a revenue chart was not kept to monitor the collection of revenue from sub-offices. Revenue accounts and revenue control accounts were also not maintained. In the circumstances, it could not be determined whether all revenues collectible were actually collected.

574. An examination of the Register of Licence Books kept at Head Office revealed the following unsatisfactory features:-

- (a) It was not subject to periodic checks by the Internal Audit Department;
- (b) Requisition and issue note numbers were not quoted in the Register;
- (c) The Register prior to September 1995 was not presented for audit examination, and
- (d) There were several breaks in sequence in the issue of licence books, and several fire licence and eight fishing boat registration books were not produced for audit.

575. The following unused licence books kept at the Fisheries Department were not presented for audit examination. It was explained that these books were missing since 1994:-

DESCRIPTION BOOKS	SERIAL NOS.
-----	-----
Licence to Fish 4B	0007451-0007500
Processing Plant Licence	0000301-0000350

In addition, one hundred(100) licence to fish (Form 4B) books were on hand but not recorded in the licence stock book at the time of the audit. It is recommended that these books be brought to account in the Register.

**576.** It was observed that five hundred and forty-three(543) licence books were on hand at the time of the inspection at the Fisheries Department, of which four hundred and twenty-one(421) were received in 1992. It is evident that there was no proper control over the printing of these books, resulting in the build up of the stocks on hand.

**577.** Collectors Cash Book/Statement for the Lands and Surveys Department were not submitted by the undermentioned Administrative Regions:-

Region	Period
-----	-----
1 - Barima/Waini	Jan. - Dec. 1995
3 - West Demerara/Essequibo Islands	Sept. 1995 and 1 Oct. to 16 Oct. 1995
6 - Canje Office	June - July 1995
8 - Potaro/Siparuni	Jan.- Feb., April - May, Sept.- Nov.
1995	
10 - Upper Demerara/Upper Berbice	July 1995

As a result, sums collected in respect of these periods, although accounted for in the various bank accounts, were not reflected in revenue statement of the Ministry.

#### **Other Matters**

**578.** Paymaster's advances totalling \$1,151,886 and issued from the Main Bank Account remained outstanding as at 31 December 1995. These advances were issued during the period 1992-1993. It was explained that the supporting documents necessary to clear these advances could not be located. It is recommended that the documentation of the transactions be reconstructed with a view to clearing the advances.

**579.** The Imprest Account No. 939 with an allocation of \$5M was short-retired by \$379,623 on 29 December 1995. Included in this amount was the sum of \$65,000 which was given in 1994 as an advance to a member of staff who left the employ of the Ministry without clearing the advance. Efforts should be made to locate this person, failing which the amount should be written off.

580. 558 advances totalling \$19,649,218 were issued from the Imprest in 1995. However, 193 of these advances totalling \$7,677,212 were cleared by instalments. This highlights the need for greater monitoring of advances granted to ensure that they are cleared fully and in a timely manner.

581. According to the records of the various deposit accounts kept by the Ministry, balances at 31 December 1995 totalled \$105,609,897, compared with \$93,478,183 at the end of 1994 as shown below:-

DESCRIPTION	AMOUNT	AMOUNT
-----	-----	-----
	1994	1995
	\$	\$
Wildlife - General	31,599,686	36,842,349
Wildlife - Fish	23,686,626	30,117,126
Block Sundry (fishing licences)	31,262,715	31,262,715
Wildlife - Duck	1,166,201	1,166,201
Works for Private Parties	5,636,747	6,221,506
Others	126,208	-
	-----	-----
TOTAL	93,478,183	105,609,897
	=====	=====

582. In my reports for the years 1992 and 1993 attention was drawn to the irregular payments, estimated at \$14M, which were made from the Wild Life Fund. It was recommended that the situation should have been regularised by taking the necessary steps to have the amount refunded to the account. However, to date corrective action was not taken.

583. In addition, given that the bulk of the above amounts is  
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584. The following unsatisfactory features were observed based on an inspection visit of the Fisheries Department:-

- (a) The licences stock book was not properly maintained during the period under review as pertinent information such as the serial numbers of requisitions was not recorded therein. In addition the record was not maintained in the prescribed form and supervisory checks were not evident. Some unused licence books were also not presented for examination.
- (b) Internal stores requisitions for the issue of licence books were not presented for audit examination. In the circumstances, the quantity of books issued together with the related serial numbers could not be determined.
- (c) The Revenue Register (registers of vessels) was not written up to show details of new licences issued, licences renewed and collections made.
- (d) Half-yearly returns of arrears revenue were not prepared and submitted to the Ministry of Finance, as required by financial instructions. Monthly returns of used and unused licences books were also not prepared and submitted.

### **Capital Expenditure**

#### **Division 509 - Ministry of Agriculture**

##### **Subhead 13001 - Black Bush Polder Rehabilitation**

585. The sum of \$25M was voted for the rehabilitation of drainage and irrigation canals in Black Bush Polder, of which amounts



totalling \$24.871M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Rehabilitation of Johanna Main Drain	4,239,415
Wages & salaries	8,948,256
Purchases of equipment and consumables	5,898,401
Fuel & lubricants	4,422,765
Travelling & subsistence	1,362,160
	-----
TOTAL	24,870,997
	=====

**586.** The contract for the rehabilitation of Johanna Main Drain was awarded for \$8.616M and payments totalling \$4.239M were made based on the value of the work completed as at 31 December 1995. The work was completed in 1996. In addition, a number of other drains and canals were rehabilitated using force account.

**Subhead 13003 - Rehabilitation of D & I Areas**

**587.** The sum of \$315M was allocated for the establishment of a project executing unit for drainage and irrigation and rehabilitation of drainage and irrigation areas in Regions 2 to 7 and 10, of which amounts totalling \$189.178M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Establishment of Project Executing Unit	5,522,095
Rehabilitation of D & I areas:	
Region 2	5,145,000

Region 3	6,072,483
Region 4	45,207,233
Region 6	49,024,903
Payments for two(2) drainage pumps for Manarabisi	41,374,202
Purchase of seven(7) vehicles	16,643,119
Purchase of spares and stationery	13,484,476
Advertisement	683,010
Wages and salaries	5,410,004
Travelling & subsistence	611,965
	-----
TOTAL	189,178,490
	=====

**588.** In relation to the establishment of the Project Execution Unit, the sum of \$5.522M was expended on the rehabilitation of the building housing the Unit while one(1) drainage pump was purchased at a cost of \$32.850M. In addition, a final payment of \$8.524M was made on the acquisition of another pump which was purchased in 1994.

**589.** The following contracts were, however, awarded without a system of quotations being followed:-

DATE	CONTRACT NO.	PARTICULARS	AMOUNT
----	-----	-----	-----
			\$
22/05	321/95	Painting of D&I office	424,000
03/06	283/95	Engineering and Topographic survey	192,820
11/08	491/95	Consultancy services	223,921
03/08	484/95	Excavating drainage and constructing walls	404,218
			-----
TOTAL			1,244,960
			=====

**590.** In addition, in relation to the following contracts, there was no evidence of a system of tendering and adjudication by the Ministerial Tender Board. These contracts were awarded on the sole authority of the Accounting Officer and without any quotations:-

DATE	CONTRACT NO.	PARTICULARS	AMOUNT
----	-----	-----	-----

29/08	521/95	Rehabilitation of Strathspy/West Bladen Hall	861,280
05/09	553/95	Secure river breach river at Friendship E.B.D.	646,260
TOTAL			----- 1,707,540 =====

**591.** Four hundred and eight(408) payment vouchers totalling \$21.802M were not presented for audit examination. Two hundred and sixteen(216) of these totalling \$10.586M relate to wages and salaries while the rest relate to travelling and subsistence and purchases. As a result of the absence of vouchers and supporting documents, the validity of the expenditures incurred in respect of these payments could not be satisfactorily determined.

**592.** Contracts Nos. 659/95 dated 04-09-95 for \$520,000 and 816/95 dated 27-08-95 for \$900,000 were awarded to an engineering firm for consultancy services. Enquiries revealed that the firm in question was partly owned by a senior official of the D & I Board. Although this official was not involved in the adjudication of the awards, by virtue of his position, a conflict of interest would appear to arise. In the circumstances, it would seem necessary for the firm to be ruled ineligible for the award of any D & I contract.

#### **Subhead 13004 - Agriculture Rehabilitation Programme 1**

**593.** The sum of \$300M was voted for the acquisition of agricultural inputs for the rice and sugar sectors, of which amounts totalling \$276.117M were shown as having been expended.

**594.** The Agricultural Rehabilitation Programme is funded jointly between the Government of Guyana and the Inter American Development Bank and is subject to separate financial reporting and audit. An examination of the audited accounts for 1995, however, revealed that only \$84.418M was expended, resulting in an overstatement of \$191.699M in the Appropriation Account. Explanations obtained revealed that a number of overseas disbursements by the IDB relating to 1994 were brought to account in the accounts of the Ministry in 1995. This has resulted in the under-reporting of expenditure in 1994 with corresponding over-reporting in the current year.

### **Subhead 13005 - Agriculture Sector Hybrid Programme**

595. The sum of \$86M was allocated for the upgrading and maintenance of farm access roads, of which amounts totalling \$24.529M were shown as having been expended.

596. The Agriculture Sector Hybrid Programme is funded jointly by the Government of Guyana and the Inter American Development Bank and is subject to separate financial reporting and audit. An examination of the audited accounts for 1995, however, revealed that expenditure totalling \$65.767M was incurred, resulting in an understatement of \$41.238M in the Appropriation Account. Explanations obtained revealed that a number of overseas disbursements by the IDB in 1995 were not brought to account in the accounts of the Ministry, resulting in an under-reporting of expenditure for the period under review.

### **Subhead 17004 - National Agricultural Research Institute**

597. The sum of \$80M was voted for (a) evaluating alternative systems for milk production (b) the development of research extension linkages and (c) the provision of training for staff and farmers. According to the Appropriation Account, amounts totalling \$55.696M were expended. However, an examination of the records of NARI revealed that \$36.090M was expended, giving a difference of \$19.606M which should have been refunded to the Ministry for credit to the Consolidated Fund. The following is a breakdown of the expenditure of \$36.090M:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Project technical transfer programme in B/ce River	23,455
Training	4,558
Sheep production	7,683
Repairs to building	394
	-----
TOTAL	36,090
	=====

598. As can be noted, amounts totalling \$7.683M were expended on sheep production, but there was no evidence that approval was granted for a change in programme to accommodate this expenditure.

### **Subhead 17005 - Guyana School of Agriculture**

599. The sum of \$15M was allocated for the purchase of equipment for crop farm and laboratory and the renovation of buildings. The full amount was shown as having been expended. However, an

examination of the records of GSA revealed that amounts totalling \$15.915M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Rehabilitation of buildings	6,363
Termite control	1,447
Purchase of equipment	8,105
	-----
TOTAL	15,915
	=====

The difference of \$915,000 was financed from internally generated funds. The rehabilitation works were physically verified and the equipment were received and properly brought to account.

**Subhead 17009 - National Dairy Development Programme**

600. The sum of \$9M was voted for the purchase of equipment and the establishment of pastures. According to the Appropriation Account, amounts totally \$8.2M were expended. However, an examination of the records of NDDP revealed that the sum of \$5.754M was expended, giving a difference of \$2.246M which should have been refunded to the Ministry for credit to the Consolidated Fund. The following is a breakdown of the expenditure of \$5.954M:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Purchase of vehicle	2,985
Artificial Insemination equipment	1,208
Purchase of semen	1,272
Office equipment	289
	-----
TOTAL	5,754
	=====

The items purchased were physically verified and were properly brought to account.

**Subhead 17019 - Extension Services**

601. The sum of \$5M was allocated for the purchase of equipment and vehicles for extension services in all Regions. However, no vehicle was purchased, and amounts totalling \$2.708M were expended on electrical and other items. These were verified as having been received and properly brought to account.

**Subhead 21001 - Hydrometeorology**

602. The sum of \$10M was voted for the rehabilitation of the National Hydromet Station and purchase of equipment. Amounts totalling \$8.379M were expended in the purchase of equipment which were verified as having been received and properly brought to account.

**Subhead 25001 - Project Evaluation and Equipment**

603. The sum of \$1M was allocated for the purchase of a photocopier and other equipment of which amounts totalling \$974,000 were expended. The items were physically verified and were properly brought to account.

**Subhead 33002 - Geodetic Surveys**

604. The sum of \$12.168M was voted for the establishment of first order controls and the reproduction of maps of Guyana. Expenditure totalling \$9.225M was incurred as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Establishment of first order controls	7,109
Reproduction of 7,000 new maps	2,116
	-----
TOTAL	9,225
	=====

**Subhead 33003 - National Land Registration**

605. The sum of \$18M was allocated for the issuing of Land Titles and purchase of equipment of which amounts totalling \$17.408M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Issuing of 1,200 land titles	16,451
Purchase of equipment	957
	-----
TOTAL	17,408
	=====

**Division 509 - Ministry of Agriculture (Sea Defences)**

**Subhead 15001 - Essequibo and West Demerara**

606. The sum of \$604M was voted for the rehabilitation of 7,295 meters of Sea Defence on the Essequibo Coast and West Coast Demerara. The full amount was shown as having been expended. Funding in the sum of \$600M was provided by the Delegation of the Commission of the European Communities via Grant No. 7/ACP/GUA/011 under the LOME IV Convention, while the rest represented counterpart funding.

607. According to the Financial Review for the Quarter Ending 30 June 1996 from the Project Executing Unit, a total of 6,135 meters of sea defence were constructed as shown below:-

LOCATION	NO. OF METERS
-----	-----
Richmond to Anna Regina	1,397
Land of Plenty to Aberdeen	1,310
Windsor Forest to La Jalousie	1,062
Vergenoegen to Barnwell	1,271
Ruby to Le Destin	1,095
	-----
TOTAL	6,135
	=====

608. The Review indicated that "slips have occurred in the recently constructed sea defences in Area B (Richmond to Anna Regina), and an investigation of the cause of these slips is currently being carried out as a matter of urgency, together with proposals for the necessary remedial action". In addition, there were contract variations and claims over and above the contract value, some of which were still in dispute. The PEU estimated that the works contract together with the remedial work to the slip and the construction of a proposed additional 400 meters of sea defences will cost approximately \$G1.683 billion, to be financed from the contingency reserve available under the Grant.

**Subhead 15002 - Corentyne and Essequibo**

609. The sum of \$56M was allocated for the rehabilitation of 6,020

meters of Sea Defence at Nos. 76 - 83 Village Corentyne and Three Friends to La Belle Alliance on the Essequibo Coast. Amounts totalling \$3.210M were expended in preparatory work. It was explained that difficulties were experienced in attracting large international contractors with appropriate experience in view of the relatively small size of the contract. As a result, it was decided to combine the three(3) sea defence projects funded under the IDA, IDB and CDB into one large contract called the Simultaneous Funding Project (SFP). At the time of reporting, efforts were being made to have the contract awarded.

**610.** The Project is funded by Loan 877/SF-GY from the Inter American Development Bank and is subject to separate financial reporting and audit. An examination of the audited accounts for 1995, however, revealed an expenditure of \$12.484M, giving a difference of \$9.274M. It was explained that this latter amount represented IDB disbursements in 1995 which were brought to account in 1996. As a result, expenditure under this subhead was understated by \$9.274M for the period under review.

**Subhead 15003 - East Coast Demerara**

**611.** An amount of \$300M was voted for the rehabilitation of 2,205 meters of Sea Defence at Lusignan, Mon Repos, Hope and Enmore. However, only amounts totalling \$36.930M were expended. The delay in the execution of the project was mainly due to the difficulties in attracting large international contractors, as mentioned above. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Overseas training	1,422
Emoluments to Project Director	9,384
Construction of office at Kingston	10,000
Purchase of computers	11,040
Construction of bridge at Hope	2,296
Renovation of Kingston building	1,845
Miscellaneous	943
	-----
TOTAL	36,930
	=====

**612.** The Project is funded by the Agreement for Development Credit No. 2477 GUA between the International Development Association (IDA) and the Government of Guyana as part of the World Bank Infrastructure Rehabilitation Programme. It is subject to separate financial reporting and audit. An examination of the audited accounts for 1995, however, revealed that expenditure totalling \$31.995M was incurred, giving a difference of \$4.935M which should



have been refunded to the Ministry for credit to the Consolidated Fund.

**Subhead 15004 - West Coast Berbice**

**613.** The sum of \$232M was allocated for the rehabilitation of 4,517 meters of Sea Defence on the West Coast Berbice, of which amounts totalling \$28.869M were expended mainly on consultancy services. The delay in the execution of the project was mainly due to the difficulties in attracting international contractors, as mentioned earlier. The Project is funded by a loan (Loan No. 8/SFR-GU) from the Caribbean Development Bank.

**Subhead 15005 - Emergency Works**

**614.** The sum of \$585M was voted for emergency works on the sea defence network. Amounts totalling \$513.125M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$ '000
Strathspey	157,174
Essequibo	65,397
Lusignan	25,048
Buxton	19,174
Mon Repos	12,648
No. 5 Village	10,406
Other areas	71,461
Wages and salaries	76,077
Purchase of spares	58,278
Fuel and lubricants	8,615
Travelling and subsistence	8,847
	-----
TOTAL	513,125
	=====

**615.** Sixteen(16) contracts valued \$4,473,663 for the hiring of equipment and falling within the limits of \$180,000 and \$450,000, were awarded without a system of quotations being followed. In addition, the following contracts were awarded to the same individual for the rehabilitation of the building at Paradise:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
08/05	284/95	Painting of building	214,000
03/06	130/95	Repairs to building	88,000
14/08	204/95	Construct garage to building	327,000
14/08	584/95	Concrete work to building	172,000

14/08	539/95	Painting garage & guard hut	126,000
			-----
TOTAL			927,000
			=====

These contracts were awarded on the sole authority of the Accounting Officer without any quotations. Had one contract been awarded, it would have required a system of tendering and adjudication by the Ministerial Tender Board.

**616.** One thousand two hundred and nineteen(1,219) payment vouchers valued at \$65.994M were not presented for audit examination. Four hundred and twenty-one(421) of these valued at \$26.784M relate to the payment of wages and salaries while the rest relate mainly to purchases. As a result, the validity of the expenditure incurred in respect of these payments could not be satisfactorily determined.

**Division 510 - Ministry of Agriculture (MMA III)**

**617.** The sum of \$58.980M was voted for the excavation of canals, rehabilitation of all weather roads, construction of hydraulic structures and realignment and land titling at the Mahaica-Mahaicony-Abary Agricultural Development Authority. The allocation was made under the following subheads:-

SUBHEAD	DESCRIPTION	AMOUNT
-----	-----	-----
		\$'000
13001	Civil Works	15,000
17001	Agricultural Development	40,000
47001	General Administration	3,980
		-----
TOTAL		58,980
		=====

**618.** The MMA/ADA was established by Act No. 27 of 1977 and is subject to separate financial reporting and audit. An examination of the audited accounts for 1995, however, revealed that amounts totalling \$38.882M were expended on civil works and agricultural development, giving a difference of \$16.118M which should have been refunded to the Ministry for credit to the Consolidated Fund. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT
-------------	--------

-----	-----
	\$'000
Permanent infrastructure	18,580
Drainage and irrigation works	10,733
Buildings	8,885
Plant and machinery	36
Water transport	648
	-----
TOTAL	38,882
	=====

619. In relation to General Administration, according to the audited accounts, operating revenue, inclusive of the subvention of \$3.980M from Central Government, totalled \$103.081M while actual expenditure, excluding depreciation, was \$136.630M, giving a cash flow deficit of \$33.549M. This deficit was financed mainly from a reduction in bank balances from \$27.685M to \$8.283M as well as from the unspent portion of \$16.118M relating to the capital works.

620. The Authority's audited accounts were required to be laid in the National Assembly as soon as is practicable after the audit is concluded and the report issued. However, it could not be determined when last this was done. It is recommended that urgent steps be taken to have all the outstanding accounts laid before the National Assembly.

#### **Division 512 - Artisinal Fisheries**

##### **Subhead 12004 - Fisheries Technical Assistance Project**

621. The sum of \$21.3M was voted for the training of personnel in the Fisheries Department and the preparation of a strategy for sustainable development in the fisheries sector. Amounts totalling \$15.762M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Consultancy services	14,462
Purchase of equipment	566
Rehabilitation of Fisheries Office	336
Expenses for training seminar	398
	-----

TOTAL	15,762
	=====

The equipment purchased were verified as having been received and properly brought to account while the rehabilitation works were physically verified.

**Subhead 12005 - Caricom Resource & Management Programme**

**622.** The sum of \$27M was allocated for the provision of basic fisheries resources information and institutional strengthening of the fisheries sub-sector. Amounts totalling \$22.554M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Consultancy services	20,554
Contributions to CARICOM	1,578
Salaries to Project Administrator	422
	-----
TOTAL	22,554
	=====

HEAD 34 - 36 &

DIVISION 516

**MINISTRY OF HEALTH**

**Current Expenditure**

**Employment Costs**

**623.** A diary of pay changes and a salaries control register were not maintained for the period under review. As a result, pay changes and the movement of the payrolls from one month to the next had to be verified through the tedious examination of individual paysheets and personal files.

**624.** Paychanges directives were not forwarded promptly to the Central Accounting Unit to enable changes to be made to the payrolls. This has resulted in persons' names remaining on the payrolls on average four(4) months after they ceased to be

employed.

**625.** According to the Appropriation Account, amounts totalling \$304.285M were expended on employment costs. Payments were made through the Salaries Bank Account No. 945. However, no cash book was maintained to record the receipts and disbursement of funds. As a result, the verification of the payment of wages and salaries had to be done through the laborious and time-consuming examination of the cheque stubs.

**626.** The failure to maintain a cash book for the Salaries Bank Account is a serious breach of internal control, and the absence of such an important record meant that the account could not have been properly monitored and in particular, the bank account could not have been reconciled in the absence of a cash book. A cash book should therefore be introduced as a matter of priority.

**627.** The bank account was overdrawn by \$48.730M as at 31 December 1995. In addition, except for the month of January 1995, there were significant overdrafts, as shown below:-

MONTH ENDING	OVERDRAFT	MONTH ENDING	OVERDRAFT
-----	-----	-----	-----
	\$		\$
February 1995	17,204,042	July 1995	4,425,307
March 1995	18,184,160	August 1995	29,332,503
April 1995	24,018,051	September 1995	26,248,436
May 1995	14,468,768	October 1995	48,057,641
June 1995	17,661,174	November 1995	49,774,357

In the light of the above, the overdraft should be investigated to ascertain its nature so that steps can be taken to liquidate it. Thereafter, the bank balance should be carefully monitored so as to avoid the incidence of overdraft.

**628.** Paysheets were not attached to payment vouchers and were not filed in date sequence, thus rendering examination of employment costs time-consuming and tedious. Efforts should therefore be made to rectify this deficiency in the filing of paysheets.

**629.** Amounts totalling \$8.948M were expended on uniform allowances. However, details of the distribution of the allowances totalling \$1.748M were neither appended to the related vouchers nor were they provided for audit examination.

**630.** The sum of \$159,600 was expended on the purchase of screen material and cotton and charged to Benefits and Allowances instead of Materials, Equipment & Supplies. This represents a

misallocation of expenditure.

**631.** Income Tax Form II Returns for 1995 were not presented for audit inspection at the time of the audit June 1996. It was explained that the Ministry was in the process of preparing the returns. It should be noted that the statutory deadline for the submission of Form II returns is 28 February. The Ministry was therefore in default in terms of the submission of these returns to Inland Revenue Department and would be liable for penalties.

#### **Other Charges**

**632.** The Main Bank Account No. 946 was not reconciled for the period under review and it could not be determined when last this was done. Failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore urged to ensure that the reconciliation of this account is brought up-to-date.

**633.** This account also reflected a large balance of \$331.452M as at 31 December 1995. However, the cash book balance could not be determined as it was not written up to reflect balances. In addition, several advances were made from this account instead of the Imprest Bank Account.

**634.** At the time of the audit in August 1996, 526 payment vouchers totalling \$120.157M were not presented for audit examination. Of these, 365 vouchers totalling \$110.220M were subsequently submitted, leaving 161 payment vouchers totalling \$9.937M still to be presented at the time of reporting. In the absence these payment vouchers and supporting documents, the propriety of the expenditure incurred could not be satisfactorily determined.

**635.** The old Main Bank Account No. 440, which became non-operational in July, 1991, was also not reconciled for a number of years and reflected a balance of \$5.33M as at December 31, 1995.

**636.** For the period under review, 2,323 payments totalling \$300.7M were made for the purchase of drugs and medical supplies in violation of the Tender Board Regulations. These regulations specifically provide for the following authority limits in relation to the procurement of goods:-

LIMIT	ADJUDICATION BY
Below \$90,000	Permanent Secretary without

\$90,000 - \$180,000	quotations. Permanent Secretary on written quotations.
\$180,000 - \$600,000	Ministerial Tender Board.
\$600,000 - \$6,000,000	Central Tender Board subject to approval of the Minister of Finance.
Above \$6,000,000	Central Tender Board subject to the approval of Cabinet.

**637.** Purchases were, however, deliberately sub-divided in most cases in lots of slightly less than \$180,000 to bring them within the adjudication limit of the Accounting Officer, thereby avoiding the involvement of both the Ministerial and Central Tender Boards.

This is evidenced by the fact that several purchases of the same items were made from the same supplier on the same day. This practice was also confirmed by the storekeeping staff and at least one major supplier and had been in force for some time.

**638.** It could not be determined on what basis suppliers were chosen, as there was no evidence of a system of competitive bidding. In addition, there was no official ordering system, and orders were placed with suppliers verbally and via the telephone by the Chief Pharmacist.

**639.** The main suppliers were delivering drugs and medical supplies in bulk with the verbal understanding that payments would be phased out over a period, depending on the availability of funds.

In addition, invoicing of goods delivered in bulk was manipulated to give the impression that the items were supplied on the dates of payment, whereas in most cases they were delivered several months ago.

**640.** The recording of the receipt of the goods was also not done until the Pharmacy Bond received the manipulated invoices. At any one point in time there would therefore be drugs in the Bond which had not been officially brought to account, giving rise to doubts as to their legal ownership. There was also evidence that issues to the various hospitals were made from such stocks.

**641.** As a result of the receipt of supplies in bulk and effecting payment at a significantly later date, the Ministry was in effect purchasing on credit in violation of the Government's Financial Regulations. Because of this practice, there were liabilities totalling \$32.252M at the end of 1995, \$20.545M of which were in dispute at the time of this report.

**642.** It should be noted that credit purchases require adequate control mechanisms to ensure all the goods are properly accounted for, payments to suppliers are carefully monitored and the indebtedness to a particular supplier can be readily ascertained at any one point in time. In particular, a Creditors' Ledger is required to be maintained.

**643.** There were, however, no such mechanisms in place, and liabilities had to be ascertained from the personal knowledge of the staff of the Pharmacy Bond in relation to what goods might have been received and any supporting documentation they might have had as well as from claims from suppliers - a very unsatisfactory state of affairs. In fact, because of the absence of the control mechanisms, the liabilities had to be revised to \$32.252M upon the receipt of a claim from a supplier.

**644.** The liabilities were not reflected in the Votes Ledger. This constitutes a breach in the Regulations. In addition, expenditure would have been understated, and it is clear that the failure to record liabilities was done to avoid being seen to be overrunning the votes. The implication of this state of affairs is the circumvention of Parliamentary approval to incur expenditure within the limits set by it. In fact, as at the end of 1995, the Votes Ledger showed expenditure in respect of drugs and medical supplies totalling \$438M, coinciding exactly with the approved estimates. It therefore means that had the liabilities been taken up, there would have been over-expenditure of \$32.3M.

**645.** A similar situation was observed in relation to 1994 where liabilities totalling \$51.9M were discharged in 1995 and more importantly without the specific approval of the Ministry of Finance, as required by the Financial Regulations.

**646.** The system for the procurement of drugs and medical supplies would normally require adherence to the following procedures:-

- . The Pharmacy Bond prepares a Request For Purchase (RTP) whenever stocks are required to be replenished;
- . The RTP is sent to the Central Accounting Unit of the Ministry for processing;
- . Once the supplier is identified by the expeditor, a Purchase Order and the related payment voucher and cheque are prepared;
- . The expeditor makes the purchase, and the goods are delivered at the Pharmacy Bond in Kingston;



- . The goods are checked by staff of the Pharmacy Bond, the relevant entries are immediately made in the Goods Received Book, and Goods Received Notes (GRN's) are promptly prepared;
- . The bin cards are updated with the receipt of the goods from the GRN's;
- . Copies of the RTP and the GRN along with the supplier's invoice are sent to the Central Accounting Unit to be affixed to the payment voucher to substantiate the payment;
- . The Central Accounting Unit is required to maintain a Stores Ledger to provide for an independent check on the bin cards kept by the Pharmacy Bond. From a copy of the GRN, the Stores Ledger is updated with the purchase;
- . Periodic physical verification of the stocks by persons independent of the Bond are required to be carried to ensure that all stocks are duly accounted for and the stock records are always up-to-date, accurate and reliable; and
- . Any discrepancy is thoroughly investigated and adjustments to the stock records, especially as it relates to shortages, require the specific approval of the Secretary to the Treasury.

**647.** This system provides adequate checks and balances by segregating various aspects of the procurement cycle so that no one person or set of connected persons is/are involved in the entire process. In particular, (a) the ordering and payment to suppliers, (b) the actual purchases and (c) the receipt of the goods and the related storekeeping functions are done by different and independent persons.

**648.** Despite these obvious safeguards, there was a complete breakdown of the system. The staff of the Pharmacy Bond were exclusively involved in all the aspects of the procurement cycle, save and except the drawing of the cheque. In particular:-

- . No RTP's were raised and hence no Purchase Orders were prepared. Orders were placed verbally via the telephone by the Chief Pharmacist. This is a significant breakdown of internal control in that the Chief Pharmacist, who had

overall responsibility for and control over stocks, was in contact with suppliers and was allowed to place orders directly with them;

- . There were no expeditors and therefore a vital aspect of internal control was lost when storekeeping staff were integrally involved in the procurement process. (The Chief Pharmacist was for all intents and purposes the Chief Storekeeper);
- . At the time of receipt of goods, no entries were made in the Goods Received Book and no goods received notes were prepared. It was only when funds became available that the supplier would be contacted and asked to sub-divide the purchase into, in most cases, lots of slightly less than \$180,000 and the related invoices received, that the entries would be made. It is clear that documentation of the receipt of goods was only done as a mere formality to facilitate payment to the suppliers;
- . It is also evident that requesting certain suppliers to submit the manipulated invoices when funds were available was done as an act of deception to give the impression that the goods were supplied on the date of payment;
- . Depending on the availability of funds, the time lag between the receipt of the goods and making the relevant entries in the Good Received Book and preparing the GRN, could be several months. It therefore means that at any one point in time the Pharmacy Bond would contain goods which might not legally belong to the Ministry;
- . The Central Accounting Unit (CAU) abrogated its duty in allowing the Pharmacy Bond to initiate payments to suppliers. The payment vouchers were prepared by the Pharmacy Bond instead of the CAU thereby removing a vital aspect of the checks and balances in the system. In such circumstances, the CAU merely attended to the formality of drawing the cheques;
- . No Stores Ledger was maintained by the Central Accounting Unit and therefore no independent check could be carried out on the accuracy of the bin card entries and generally on the proper accountability of stocks on hand;
- . Bin cards were not centrally located and were not properly secured. Instead, they were kept individually where the items were stored. In such a situation, there was no guarantee that all the cards were intact, and the possibility existed of

tampering with this important record. In addition, the cards were updated by persons responsible for issuing the items which is obviously an unsatisfactory situation;

- . It could not be determined when last a physical verification of stocks was carried out. The Chief Pharmacist admitted that he could not recall when last a comprehensive stocktake exercise was carried out. He indicated that several attempts were made in the past to do so but given the volume of stocks (estimated by him to be in the vicinity of \$300M), and the way the Bond was organised and packed, the exercises had to be aborted. This is a serious matter, in that apart from ensuring proper accountability, the mere fact that pharmaceutical items are involved, there is a greater need for periodic stores surveys. A strong possibility therefore existed that there might be drugs and medical supplies in stock, the expiry dates of which might have passed, or the potency of which might have diminished due to extremely poor storage conditions; and
- . Attempts by this Office to do a stock count revealed significant discrepancies, as dealt with at Paragraph 660 below.

**649.** The above breaches are significant enough to consider possibility of serious irregularities being perpetrated. Whether such irregularities have actually occurred, is a difficulty with which the Audit Office is faced with in ascertaining, given that all the controls have substantially been overridden.

**650.** The Regulations provide for the Accountant General to give approval for any payment to be made on a duplicate and by implication photocopied invoice. However, twenty-eight(28) payments totalling \$3,890,285 were made on photocopied invoices without such approval, the Chief Pharmacist having certified the invoices.

**651.** There was evidence that the Government agency, Guyana Pharmaceutical Corporation, could have supplied some of the items at significantly lower prices. The Chief Pharmacist contended that the prices charged by GPC were higher than those of other local suppliers and that GPC was not prepared to consider discounts unless constant and regular supplies were assured. This explanation prompted this Office to contact the Chairman of GPC. He conceded that GPC's prices were higher prior to 1994 but that steps had been taken to bring costs and hence selling prices down by about 15%. According to him, this made GPC's prices the most competitive locally. He also indicated that the Chief Pharmacist was a member of the GPC Board and would have been aware of GPC's price reductions as well as its desire to supply greater

quantities of pharmaceuticals to the Ministry of Health.

**652.** The Audit Office attempted a comparative pricing analysis to ascertain the reasonableness of the prices charged by the various suppliers. However, only GPC was of any assistance in this exercise. The following are the results in respect of certain items purchased from other local suppliers:-

Description	Supplier's Price	GPC's Price	Diff.	% on GPC's	Price s
-----	-----	-----	-----	-----	
	\$	\$	\$		
Methyldopa Tablets 250mg of 1000	8,250	7,387	863	12%	
Chlorpropamide Tablets 250mg of 1000	2,525	1,925	600	31%	
Magnesium Trisilicate Tablets 250mg of 1000	1,600	1,225	375	31%	
B-Complex Tablets of 1000	800	425	375	88%	
Cimitidine Tablets of 1000	5,128	3,566	1,562	44%	
Diazepam Tablets 5mg of 1000	500	429	71	17%	

It is evident that considerable savings would have been effected had purchases of the above items been made from GPC.

**653.** It was noted that sodium chloride intravenous infusions (250 ml.) were bought from two suppliers. However, the price charged by one supplier was \$220 per unit whereas the other supplier's price was \$331 per unit. A satisfactory explanation was not obtained why the Ministry did not concentrate on the purchase of this item from the cheaper source. It is to be noted that total purchases of infusions from the more expensive supplier for 1995 amounted to \$4,296,060. It therefore means that had these purchases been effected from the cheaper source, the Ministry

would have shown savings of \$2,148,030.

**654.** Only a small amount of purchases (\$6.15M) was made from UNICEF, a reputable non-profit international organisation whose drugs are stamped "Not For Resale". Given the problems over the years relating to the lack of proper accountability for drugs and medical supplies to the Ministry, as described in detail in the Crane Report of July 1992, purchasing greater quantities from UNICEF would have been an important safeguard.

**655.** The Chief Pharmacist explained that UNICEF prices were higher than those of International Dispensary Association which, however, accounted for only 16% of the total purchases. A satisfactory explanation was not obtained why there was a shift in emphasis to local suppliers.

**656.** It should be pointed out that the Central Tender Board in August 1994 approved of the purchase of drugs and medical supplies to the value of US\$1,608,760 (G\$225.2M) and US\$85,407 (G\$1.2M) from IDA and UNICEF respectively. According to the Permanent Secretary, funds were not available in late 1994 and the approval was to have been rolled over to 1995. However, from the actual purchases made from these two international agencies, it is clear that the Central Tender Board approval as well as Cabinet approval was only partially adhered to.

**657.** It is a requirement that all suppliers of drugs and medical supplies be registered with the Food and Drug Analyst Department (FDAD). Among the criteria used for registration, is that the business must be under the control of a full-time registered pharmacist. It was, however, observed that the full-time pharmacist quoted in the application for registration with the FDAD in respect of one(1) supplier was also a full-time employee of the Ministry and was attached to the Government Pharmacy Bond. In addition, this person was in charge of the Main Store where he was required to receive and to issue drugs and medical supplies. This obviously placed him in a position of apparent conflict of interest, especially in view of the fact that the entity was the second largest supplier of the Ministry.

**658.** A claim for payment by one supplier totalling \$20.545M on eleven(11) invoices was submitted on 1996-02-15 for drugs and medical supplies delivered on 1995-07-29. However, there was no documentary evidence of receipt of goods as no entries were made in the Goods Received Book nor were GRN's prepared. As mentioned earlier, it was only when payment was about to be effected that invoices would be raised and the relevant entries made in the Goods Received Book and the GRN's prepared. It is therefore possible that the goods might have been supplied. However, given the extent of the breaches of the various regulations, we were

unable to conclusively confirm whether the goods were actually received and duly accounted for.

**659.** An inspection visit was paid to the Pharmacy Bond and the following unsatisfactory features were observed:-

- . The general condition and layout of the building housing the Bond were such that it could not be considered suitable for storing drugs and medical supplies, a view which was shared by the Chief Pharmacist.
- . The building over the years was the subject of adverse comments by the Fire Department;
- . The Bond lacked proper ventilation and was extremely dusty and hot. There was limited airconditioning in two areas, and one of the two airconditioned units had been out-of-order for several months. In contrast, it was noted that stationery and office supplies were stored in an airconditioned environment at the Central Supplies Unit. The cooling system at this Unit could clearly have been better utilised at the Pharmacy Bond since certain types of drugs in stock were required to be kept in cool conditions in order for them to maintain their potency and to avoid contamination.
- . Drugs in both the In-take and Out-take bonds were not stored and packed in a manner to facilitate a physical verification. Items were in many cases not packed on racks and were not properly labelled but were stored in carton boxes in a very disorganised manner. In the circumstances, any stock count would be an extremely difficult and time-consuming exercise.
- . Slow moving stocks could not be easily identified and there was no evidence of any periodic surveys to determine whether there were expired or damaged drugs on hand. The Chief Pharmacist contended that the drugs supplied had long shelf lives and that in any event they would be distributed to the hospitals and health centres almost immediately. According to him, only donor agencies gave drugs with short shelf life. However, given the state and condition of the Bond, shelf lives could be considerably shortened.
- . The Bond appeared to be a serious fire hazard. There was evidence of exposed electrical wiring and carton boxes containing drugs were strewn throughout the Bond, packed in a haphazard manner. In addition, there were two large fuel storage tanks belonging to the Demerara Timbers Limited in the vicinity of the Bond. It is also understood that there was a faulty electrical transformer in the area which ever so

often sparked. Given the large volume of stock kept at the Bond and the absence of insurance coverage, should there be a fire, the loss would be tremendous.

660. In view of the lack of segregation of duties relating to (a) liaising with suppliers and the ordering of goods, (b) the receipt, storage and issue of items and (c) effecting payments to suppliers, the disorganised nature of the Bond, the storage of drugs not officially brought to account and issuing from them and the absence of independent stock records, any physical verification of stocks would appear to be a fruitless exercise. An attempt was, however, made and the results revealed significant discrepancies, as shown below:-

RESULTS OF PHYSICAL COUNT OF 26 ITEMS ON 14/2/96

Description	Unit	Physical Count	Bin Card Balance	Deficit/ (Surplus)	Bin Card last updated
Infusion Manitol	mls	16,752	5,500	(11,252)	4/12/95
Dextrose C Sodium Chloride	mls	?	7,000	?	29/8/95
Dextrose Water 5%	mls	?	9,500	?	2/8/95
Sodium Chloride 9%	mls	?	42,000	?	21/7/95
Ringers Lactate	mls	0	0	0	12/1/95
Amoxycillin Injection	500mg	0	710	710	7/7/95
Triple Blood Bags	each	540	720	180	24/2/96
Surgical Gloves S 8 1/2	pair	2,750	2,150	(600)	5/2/95
Insulin Syringe 1cc	each	47,600	14,950	(32,650)	5/2/95
Insulin Syringe 20ml	each	31,079	28,980	(2,119)	17/1/96
Lente Insulin	vials	610	3,094	2,484	28/12/95
Latex Examination Gloves (medium)	pair	0	4,200	4,200	21/12/95
Latex Examination Gloves (Large)	pair	0	100	100	11/9/95
Rifampicin tablets 150 mg.	bottle	716	1,810	1,094	25/1/96
Doxycycline tablets	bottle	977	1,064	87	14/2/96
Diazepam tablets 5 mg.	bottle	31,000	143	(30,857)	8/2/96
Ampicillin 250 mg.	vial	14,375	11,250	(3,125)	6/2/96
Ampicillin 500 mg.	vial	6,500	6,800	300	6/2/96
Erythromycin					

Suspension	bottle	6,890	9,843	2,953	8/2/96
Salbutamol					
Tablets 4 mg.	bottle	538	28	(510)	7/11/95
Procaine Benzyl					
Penicillin					
Injection 4 mg.	vial	22,073	15,620	(6,453)	31/1/95
Brinerdin Tablets	bottle	0	33,500	33,500	1/12/95
Neutral Insulin					

Description	Unit	Physical Count	Bin Card Balance	Deficit/ (Surplus)	Bin Card last updated
-----	----	-----	-----	-----	-----
Injection	vial	304	726	422	16/1/96
Atenolol	bottle	646	301	(345)	8/2/96
Cholorophenicol					
Eyedrops	vial	1598	1600	2	14/2/96
Pharacetamol/ Panadol 500 mg.	bottle	181	0	(181)	30/1/96

*NOTE: ? denotes the Audit Office's inability to count the items because of the way the store was organised and the items were packed.*

**661.** In the light of the above, the following recommendations are made:-

- (a) There should be strict adherence to the Government's Tender Board Regulations. In this regard, the Ministry should endeavour to foresee its annual requirements of drugs and medical supplies well in advance so that there is adequate time for the various procedures to be followed before purchases are effected;
- (b) As a matter of policy, the Ministry should always seek to purchase drugs from UNICEF in view of the fact that it is a non-profit organisation of international standing and reputation and that its supplies are stamped "Not For Resale". The latter is an important safeguard against the possible theft of drugs and re-selling them;
- (c) The established procedures relating to procurement should be strictly followed. In particular, staff of the Pharmacy Bond should not be in contact with suppliers nor should they place orders with suppliers. In this regard, a procurement department should be set up within the Ministry and should be independent of and physically removed from the Pharmacy Bond;



- (d) All goods received should be immediately brought to account in the Goods Received Books and GRN's should be promptly prepared and forwarded to the Central Accounting Unit;
- (e) A stores ledger should be maintained by the Central Accounting Unit for stocks held at the Pharmacy Bond to provide for an independent check on the accuracy of the bin cards;
- (f) Under no circumstances should the Pharmacy Bond be allowed to prepare payment vouchers to effect payments to suppliers. This is a function of the Central Accounting Unit which has been neglected for some time;
- (e) The Pharmacy Bond in Kingston should be re-sited in view of its apparent unsuitability for the purpose it now serves and in the light of the adverse comments by the Fire Department; and
- (f) A comprehensive physical inventory of the Pharmacy Bond should be carried with a view to ascertaining what stocks are on hand. The results of this exercise are likely to serve a convenient starting point to ensure proper accountability of stocks;

**662.** Amounts totalling \$17.325M were expended on the purchase of fuel and lubricants for the period under review, of which sums totalling \$2,879,269 relate to fuel and lubricants purchased for the eighteen(18) vehicles and ten(10) motor cycles which were operational during the year. However, of the latter amount, bills totalling \$1,246,597 covering the months of January, February and September 1995 could not be located.

**663.** Log books were presented in respect only one(1) vehicle for the entire year while there were partial submissions for five (5) vehicles. In addition, an examination of the log books presented revealed that they were not properly maintained. For example, fuel purchased was not always recorded and journeys were sometimes not authorised. In the circumstances, it could not be determined whether all journeys undertaken were authorised and whether there was effective control over the use of vehicles.

**664.** Eleven(11) contracts valued at \$1,340,856 were awarded to one contractor for the regular cleaning of the Georgetown hospital sewerage. However, there was no system of tendering before the contracts were awarded. It is recommended that the works be advertised and an annual maintenance contract awarded.

**665.** Contracts for works falling within the limits of \$180,000 and \$450,000 require a system of quotations before they are awarded. However, in the following instances there was no evidence that this was done:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
03/10/95	172/95	Dismantle and rebuild garage at Mosquito Control Branch	248,902
09/11/95	130/95	Making benches for hospital	197,900

**666.** In addition, there was evidence of apparent subdivision of contracts to avoid a system of quotations, as can be seen from the following contracts which were awarded to the same individual:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
18/12/95	175/95	Installation of A/C units at Government Pharmacy	169,863
-do-	176/95	Alteration to installation of A/C units at Government Pharmacy Bond	167,300
TOTAL			337,163 =====

**667.** Further, the following three(3) sets of contracts (each set being awarded to the same individual) were entered into on the sole authority of the Accounting Officer. It is evident that they were deliberately subdivided to avoid adjudication by the Central Tender Board (in the first case) and the Ministerial Tender Board. It should be noted also that there was no evidence that a system of quotations was being followed before the contracts were awarded:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
29/12/95	191/95	Electrical installation at PHG	444,000
-do-	192/95	-do-	225,000
-do-	193/95	-do-	438,350
-do-	194/95	-do-	448,700
TOTAL			1,556,050 =====

29/12/95	197/95	Repairs to Intern Flat at PHG	136,325
-do-	198/95	-do-	109,715
-do-	204/95	-do-	365,720
			-----
	TOTAL		611,760
			=====
15/12/95	170/95	Repairs to Female Observation Ward	108,780
-do-	171/95	-do-	434,160
			-----
	TOTAL		542,940
			=====

**668.** Amounts totalling \$66.070M were expended on Other Services Purchased. Included in this figure were payments totalling \$9.502M relating to seventy-two(72) contracts awarded to three(3) contractors as follows:-

NO. OF CONTRACTS	PARTICULARS	AMOUNT
-----	-----	-----
		\$,000
35	Regular maintenance of dental equipment	6,201
26	Pest Control treatment to various departments within the Ministry	2,193
11	Transportation of meals from kitchen on Princess Street to PHG	1,108
		-----
TOTAL		9,502
		=====

These contracts all fell within the limits of \$180,000 and \$450,000 and were awarded on the sole authority of the Accounting Officer and without any form of quotations. It is evident that the contracts were awarded in a piecemeal manner to avoid a system of tendering and adjudication by the Ministerial/Central Tender Board.

**669.** In relation to the thirty-five(35) contracts for the maintenance of dental equipment, it should be noted that the contracts were executed and payments made on the same days, indicating that the works were executed before the contracts were entered into.

**670.** In respect of Head 34 (Subhead 312) Subsidies and Contributions to Local and International Organisations - amounts totalling \$261.220M were expended as follows:

DESCRIPTION -----	AMOUNT -----
	\$'000
National Parks Commission	40,000
Guyana Agency for Health Science, Environment and Food Policy (G.A.H.E.F.)	55,064
Wismar/McKenzie Hospital	93,663
Fort Canje Mental Hospital	10,000
Ptolemy Reid Rehabilitation Centre	5,000
Environmental Unit	10,000
Caribbean Food and Nutrition Institute	4,559
World Health Organisation	4,611
Caribbean Environmental Programme	5,519
Caribbean Epidemiology Surveillance Centre	11,819
Caribbean Environmental Health Institute	14,126
Pan American Health Organisation	1,149
Others	5,710
	-----
TOTAL	261,220
	=====

**671.** 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 1990. Financial statements were received for the period 1991 - 1995 and at time of reporting the audits were in progress. The amount of \$40M was verified as having been received by the National Parks Commission.

**672.** 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 eight(8) years. Notwithstanding this, the amount of \$55.064M was verified as having been paid to the GAHEF.

**673.** The Wismar/Mc Kenzie Hospital was administered by the Bauxite Development Company Ltd (BIDCO) and its results of operations and financial position were reflected in the financial statements of Linden Mining Enterprises. The Ministry of Health had since taken over the operations of the Hospital with effect from September 1996. The amount of \$93.663M was verified as having been received by the Hospital.

**674.** In relation to the Fort Canje Mental Hospital, the amount of \$10M was transferred to a Committee of Management of the National Psychiatric Hospital. However, according to the audited accounts for 1995, two(2) amounts totalling \$15M were received from the Ministry of Health. Explanations obtained in relation to the discrepancy of \$5M revealed that an amount of \$5M relating to 1994

was paid over to the Committee of Management in early 1995. In addition, according to the audited accounts, only \$3.144M was expended, leaving an unspent balance of \$11.856M which should have been refunded to the Ministry for credit to the Consolidated Fund. As a result, expenditure under Subhead 312 for 1995 has been overstated by \$6.856M. It should also be noted that a Chartered Accounting Firm was appointed auditors of the Hospital without the involvement of the Office of the Auditor General, in contravention of the Financial Administration and Audit Amendment Act.

**675.** The Environmental Unit was a department under the Office of the President for the period under review. The amount of \$10M shown as having been disbursed to the Unit was given by way of an inter departmental warrant and for which financial returns in support of the expenditure were submitted to the Ministry. It should be noted that, with the passing of the Environmental Protection Agency Act, the Unit is expected to be transformed into a separate legal entity with effect from 1997.

**676.** The Ptolemy Reid Rehabilitation Centre has been functioning as a Non-Governmental Organisation since December, 1992 as a result of a Cabinet Decision - C.P. (92) 9th meeting (held on 12 May, 1992). However, it could not be determined whether this entity had been producing audited accounts. In addition, the salaries of some of the technical staff were paid for by the Ministry and charged to the Ministry's Appropriation Account. A similar situation obtained in respect of drugs and medical supplies provided. The amount of \$5M was verified as having been received by the Centre.

**677.** The other entities are not part of Central Government activities and the amounts involved were verified as having been by them.

#### **Revenue Accounting and Control**

**678.** Amounts totalling \$10.782M were collected as revenue. However, no revenue records were maintained. These include a revenue collectors' chart, revenue register, revenue account and revenue control account. These records are essential to ensure effective control over the assessment, collection and accounting for revenue. The Accounting Officer is therefore urged to introduce these records as early as possible.

**679.** As a result of the absence of records relating to revenue, half-yearly statements of arrears of revenue were not prepared and submitted to the Accountant General, as required by financial instructions. In addition, revenues collected were not banked promptly and intact at the Accounting Unit of the Georgetown Hospital. For example, revenues collected for the sale of Tender

Documents were used to encash personal cheques, to make advances on salaries and other payments. The Accounting Officer is therefore urged to ensure that all revenues collected are banked promptly and intact.

### **Stores and Other Public Property**

680. The Ministry was in receipt of large quantities of gifts. However, a gifts register was not maintained, as required by financial instructions. In addition, there was no evidence that the gifts were valued and the Accountant General so informed so that they could be recorded in the Public Accounts.

681. Inventory records were not maintained, although the Ministry was in possession of a large quantity of assets. As a result, it could not be determined what assets were under the control of the various departments of the Ministry and whether they were duly accounted for and properly safeguarded.

682. At the commencement of the audit, a request were made for a list of all assets under the control by the Ministry. However, up to the time of reporting, only the lists of vehicles and assets falling under Head 34 - Administration were received. However, these lists were incomplete since buildings were not included and the locations of the assets were not stated.

### **Capital Expenditure**

#### **Subhead 12003 - Georgetown Hospital Health Care II**

683. The sum of \$1.768 billion was voted for the continuation of the construction of the Ambulatory Care, Diagnostic and Surgical Units at the Georgetown Hospital under the Health Care 11 Programme. The full amount was shown as having been expended.

684. This project 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 requirements of the contractual agreement. The report of the Auditor General on the financial statements of the Programme for 1995 was issued on 2 July 1996.

685. An examination of the audited accounts of the Project revealed that actual expenditure for the period under review was \$1.450 billion, giving a difference of \$318.02M. It was explained that this amount represented IDB disbursements which were brought to account in the Appropriation Account but were not reflected in the Project accounts until early 1996. It is recommended that there should be a greater coordination between the Ministry of

Health and the Project Executing Unit with a view to ensuring that the two(2) sets of records are in agreement with each other.

**Subhead 12014 - Buildings (Health)**

**686.** The sum of \$80M was voted for (a) the rehabilitation and painting of the Administrative Building at Brickdam (b) refurbishing and painting of the X-ray Department, the Medical Block, maternity and paediatric wards at the PHG and the painting of the Doctors' Quarters in East Street and (c) the rehabilitation of the Central Pharmacy and bonds in Regions 2 and 6. Amounts totalling \$66.116M were expended, as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$ '000
Administrative Building - Brickdam	751
Refurbishing and Painting Medical Block, Maternity and Paediatric Wards at PHG	12,087
Rehabilitation of Central Pharmacy Bond	7,561
Rehabilitation of PHG Surgical Block	14,232
Doctor's Quarters - Croal Street etc.	8,052
PHG Mortuary	4,367
Charlestown Dispensary	3,551
Vector Control	1,898
Seaman's Ward	1,418
David Rose Health Centre, Orange Walk Clinic, Nursing School and Administrative Building PHG	1,874
Food & Drug Analyst Building	1,040
1996 Contracts paid from 1995 provision	2,311
Purchasing of building materials	3,797
Miscellaneous	3,177
	-----
TOTAL	66,116

=====

687. However, no expenditure was incurred for the refurbishing and painting of X-Ray Department, painting of Doctor's Quarters East Street and the rehabilitation of the Pharmacy Bonds at Region No. 2 and 6. In addition, while approval was obtained for work done at nine(9) of the above-mentioned buildings, there was no evidence of such approval for the renovation of the Food and Drug Analyst Building.

688. Including in the sum of \$7.561M expended on the Central Pharmacy Bond was a payment of \$5.149M to a contractor. The cheque for this amount was drawn on 29 December 1995 (the last working day of the year) although approval for the award of the contract had not yet been given by the Central Tender Board. Such approval was granted on 21 February 1996, and up to the time of reporting the cheque (G0893790) was still lying in the Ministry's safe and no work relative to this contract was done although the Central Tender Board approved of a variation in the sum of \$257,453 on 29 May 1996. As result, the Appropriation Account was overstated by \$5.149M.

689. The following contracts valued at \$1.151M were awarded to the same contractor for the repairs to the Pharmacy Bond without any form of quotations:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
30/06	50/95	Repairs to roof of Bond	295,100
30/06	51/95	-do- -do-	295,100
30/06	52/95	-do- -do-	295,100
07/08	86/95	-do- -do-	144,000
03/08	87/95	-do- -do-	121,700
			-----
TOTAL			1,151,000
			=====

It is evident that the contracts were awarded in a piecemeal manner to avoid a system of tendering and adjudication by the relevant tender board.

690. Similar observations were made in relation to the repairs to the Charlestown Dispensary and the Surgical Block. In the case of the former, fourteen(14) contracts valued at \$2,313,767 were



awarded to the same contractor, while in the latter case, ten(10) contracts valued at \$2,512,599 were awarded to the same contractor.

691. Amounts totalling \$3.177M represented miscellaneous works done on a number of other buildings which could not be identified since details recorded on actual contracts as well as in the Contract Register were not specific enough.

692. Twelve(12) payments totalling \$2.311M were made on 29 December 1995 (the last working day) for contracts which were subsequently awarded in 1996 contracts and were paid from the voted provisions of 1995. It is evident that the payments were made before the works were executed in order to exhaust the 1995 voted provision. As a result, expenditure for 1995 has been overstated by the said amount.

693. Four(4) instances were observed where amounts totalling \$3,797M were expended on the purchases of building materials. However, it could not be determined on which building these materials were used. In addition, the relevant supporting bills were not provided to substantiate the validity of the expenditure incurred. In the circumstances, it could not be determined whether the materials were actually received, duly brought to account and properly utilised.

694. Payments totalling \$81.378M made to contractors on ninety-one(91) contracts were not recorded in the Contractors' Earnings Register. Returns of contractors' earnings were also not prepared and submitted to the Commissioner of Inland Revenue.

**Subhead 12015 - Mortuary**

695. The sum of \$17M was voted for the construction of a mortuary at the Georgetown Hospital. The full amount was expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Refurbishing Mortuary and Autopsy Building Phase I	4,079
Refurbishing Mortuary and Autopsy Building Phase II	4,510
Supply, instal and commission prefabricated	
12 body stainless steel Morgue refridgerator	8,303
Miscellaneous	108
	-----
TOTAL	17,000
	=====

As can be noted from the schedule to Paragraph 684 above, in addition to the expenditure of \$17M, amounts totalling \$4.367M were expended on the rehabilitation of the Mortuary Building and charged to Subhead 12014 instead of this subhead. It is evident that this was done to avoid overrunning the voted provision under this subhead.

**Subhead 12016 - Nutritional Surveillance**

696. The sum of \$6M was allocated for the determination of the change in the health and nutritional status of the population and the level of national food security with a view to an improvement in monitoring of the health status of the population. Amounts totalling \$6.027M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$'000
Purchase and installation of Laboratory Equipment	4,094
Purchase of Computer and Computer Training	566
Stationery and Printing	200
Purchase of two(2) A.C. Units	260
Surveillance meeting and assistance to MCH Clinics	853
Miscellaneous	54
	-----
TOTAL	6,027
	=====

As can be noted, there was an excess expenditure of \$27,000.

**Subhead 19001 - Sector Programme (Health)**

697. A sum of \$100M was voted for (a) the rehabilitation of selected District Hospitals and health facilities (b) the rehabilitation of the Georgetown School of Nursing (c) the provision of assistance to the Vector Control Service and (d) the establishment of a mobile health service in Region 9. The full amount was expended.

698. The project is funded by the European Communities General Import Programme and is subject to separate financial reporting and audit. An examination of the audited accounts for 1995, however, revealed that the sum of \$105.292M was expended, giving an unexplained difference of \$5.292M.

**Subhead 25001 - Office Furniture And Equipment**

699. The sum of \$2M was allocated for the purchase of filing cabinets, fire extinguishers, airconditioning units, stand fans and bedside cupboards. Amounts totalling \$1.968M were expended. Inventory records were, however, not produced for the items purchased, and there was no evidence to indicate that the items were received as there were no references to any permanent stores records or to the location of the items.

**Subhead 25002 - Equipment**

700. The sum of \$8M was voted for the purchase of laboratory equipment and a standby generator for the Georgetown Hospital. Amounts totalling \$8.027M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$'000
Purchase of Laboratory Equipment	3,139
Purchase of one (1) Wilson Generating Set	4,888
	-----
TOTAL	8,027
	=====

As can be noted, there was an excess expenditure of \$27,000.

**HEADS 37-45 & DIVISION 543**

**MINISTRY OF EDUCATION AND CULTURAL DEVELOPMENT**

**Current Expenditure**

**Employment Costs**

701. At the time of the audit in March 1996, the Salaries Bank Account No. 927 was last reconciled to September 1995. However, at the time of reporting, the reconciliation was brought up-to-date to December 1995. The failure to promptly reconcile bank accounts

can lead to irregularities being perpetrated without detection. Every effort should therefore be made to ensure that the bank account is reconciled in a timely manner.

**702.** The following unsatisfactory features were noted in relation to an examination of the December 1995 reconciliation statement:-

- (a) Included in the amount of \$11,265,690 shown as deposits not credited by the Bank, were seven(7) amounts totalling \$2,787,123 which have been coming forward since August 1994 and earlier periods. The Accounting Officer explained that these amounts were inadvertently banked into the Main Bank Account No. 926 and that the Bank was written to with a view to effecting the corrections;
- (b) Fourteen(14) amounts totalling \$35,776,110 were shown as unidentified debits by the Bank, six(6) of which totalling \$5,961,342 were coming forward since April 1994 and earlier periods;
- (c) There were twelve(12) unidentified credits in the bank statement totalling \$430,199, eight(8) of which totalling \$260,898 were coming forward since 1994 and earlier years; and
- (d) Included in the list of unrepresented cheques, were 274 cheques totalling \$3,244,128 which were stale-dated, of which amounts totalling \$3,044,208 relate to 1994 and earlier years.

**703.** These matters were drawn to the attention of the Ministry, as a result of which the Bank was written to in connection with the unidentified debits in the reconciliation statement. In relation to the unidentified credits, the Bank made adjustments in respect of four(4) items. It, however, maintained that the remainder were correctly credited to the account and produced documentary evidence in support of this. In relation to the identified debits, corrections were made by the Bank in respect of amounts totalling \$35,766,405.

**704.** The above observations highlight the need for careful and continuous monitoring of the bank balance and for prompt action to be taken when discrepancies are discovered. It is evident that there were undue delays in dealing with the discrepancies mentioned above.

**705.** This bank account was also overdrawn by \$26,975,178 as at 31 December 1995, and it is significant to note that it was also heavily overdrawn in the months of March and October 1995 by

\$11,238,004 and \$26,167,887 respectively.

**706.** The cash book reflected a balance of \$472,210 as at 31 December 1995 instead of a 'nil' balance. Further examination of this record revealed that it had significant balances at the end of each month, including negative balances in February, March, April and June 1995. The following are the details:-

MONTH -----	BALANCE -----	MONTH -----	BALANCE -----
	\$		\$
January	5,979,454	July	2,450,789
February	(2,417,028)	August	2,863,915
March	(3,311,774)	September	2,795,330
April	(1,992,716)	October	472,380
May	3,261,532	November	234,174
June	(2,556,161)	December	472,210

**707.** While acknowledging that the cash book should show 'nil' balances at the end of each month, the Accounting Officer explained that handwritten paysheets, part-time claims and deductions to the various agencies had to be totalled, balanced and reconciled before cheques were prepared and remitted, thus causing the cash book to show positive balances. No explanation was, however, offered in relation to the negative balances at the end of the four(4) months mentioned above. It should be pointed out that a separate bank account is set up to ensure careful monitoring of the payment of wages and salaries, the most important monitoring mechanism being to ensure that at the end of each month the cash book shows a 'nil' balance. Every effort should therefore be made to enforce this control mechanism.

**708.** An old salaries account No. 480 which was not operational since July 1991 had a positive balance of \$32,646,605 as at the end of 1994. However, it was overdrawn by \$124,071,360 as at 31 December 1995, reflecting payments out of this account totalling \$156,717,965. Investigations into the overdraft revealed that two(2) cheques valued at \$91,958,565 and \$54,937,750 were incorrectly debited to this account by the Bank in November 1995.

These cheques relate to the Customs and Excise Department Revenue Bank Account. This matter was drawn to the attention of the Ministry, and according to the response received both the Bank of Guyana and the Customs and Excise Department were notified. However, a copy of the letter to these institutions was not furnished.

## Other Charges

**709.** One thousand seven hundred and sixty(1,760) payment vouchers totalling \$107.419M were not presented for audit examination. 1,249 of these vouchers totalling \$56.457M represented wages and salaries while the rest relate to other charges. As a result, a proper examination of the related expenditure could not be carried out.

**710.** The Main Bank Account No. 926 was last reconciled to October 1995 at the time of the audit in March 1996. However, at the time of reporting, the account was reconciled to December 1995.

**711.** An examination of the reconciliation statement for December 1995 revealed the following:-

- (a) An amount of \$90,419 shown as deposits not credited by the Bank had been coming forward since 1991;
- (b) There were sixty-four(64) unidentified debits totalling \$4,000,738, of which 23 totalling \$2,677,401 relate to 1994 and earlier years;
- (c) There were twenty-one(21) unidentified credits totalling \$1,057,056 in the bank statement, 18 of which totalling \$487,052 relate to 1991 and 1992;
- (d) Included in the list of unrepresented cheques, were 176 cheques totalling \$6,105,788 which were stale-dated, 157 of which totalling \$4,260,245 relate to 1994 and earlier years;
- (e) Two(2) deposits totalling \$18,047 were incorrectly banked into the Account No. 927 and have been coming forward since 1991 and 1992; and
- (f) An amount of \$90,419 was shown as an outstanding deposit dating back to 1991.

**712.** The Main Bank Account was overdrawn at the end of July, November and December 1995 by \$26.971M, \$103.262M and \$2.608M respectively. The overdraft as at 31 December 1994 was \$16.937M.

The cash book also showed negative balances of \$56.035M, \$15.933M, \$114.190M and \$44.078M at the end of January, February, November and December 1995 respectively. This is clear evidence of not only a lack of proper monitoring of the balance on this account but

also a breach of the Financial Regulations in that payments were made although the cash book indicated that funds were not available.

**713.** Sums totalling \$38.882M were expended on the purchase of materials, equipment and supplies, of which amounts totalling \$19.327M were in respect of Heads 38-41. However, the vouchers and supporting documents relating to the latter figure were not referenced to stock records thus making verification of the receipt of goods tedious and time-consuming.

**714.** Amounts totalling \$3.911M were expended on the purchase of fuel and lubricants. However, of the fifteen(15) vehicles in use by the Ministry for the period under review, log books in respect of eight(8) vehicles were not presented. In the absence of log books, it could not be determined whether the journeys undertaken were authorised and whether there was effective control over the use of these vehicles.

**715.** The following consumption patterns were observed in relation to the vehicles in use by the Ministry:-

VEHICLE NO. -----	LOCATION -----	WEEKLY CONSUMPTION -----	
		\$	GLNS
GDD 1909	Book Distribution Unit	618	2.4
PCC 9871	UNESCO	2,081	8.3
PDD 7927	Book Distribution Unit	1,961	7.8
PDD 5704	Cyril Potter College	449	1.8
PDD 5705	NCERD	1,636	6.5
PDD 1174	Special Projects	3,481	13.9
PDD 1173	-do-	3,052	12.1
PDD 7931	Head Office	7,714	30.9
PDD 7932	Head Office	9,992	40.0
GEE 3829	Head Office	4,930	19.7
PDD 5772	Head Office	9,278	37.1
PDD 7935	Education Department	7,182	28.7
PDD 1216	Carnegie School	4,482	17.9
PDD 922	Head Office	1,609	6.4
PDD 1410	Book Distribution Unit	1,287	5.1

As can be noted, the consumption in respect of Head Office vehicles appeared to be very high. In the absence of log books, the nature of the journeys undertaken in support of the consumption levels could not be determined.

**716.** Amounts totalling \$16.472M were expended on electricity

charges. However, an electricity charges register was not maintained for the period under review to enable the verification of the accuracy of this figure. It should be noted that the unspent balances on the voted provisions at the end of March 1995 were paid over to the Accountant General and charged to final expenditure. At the end of the year adjustments should have been made to reflect actual charges.

717. Included in the amount of \$1.351M shown as telephone charges, were sums totalling \$426,855 relating to overseas telephone charges. However, it could not be determined whether these charges were official and in the public interest since no records were maintained to indicate the callers, the nature of the calls and the authority for making such calls.

718. The sum of \$224.970M was voted for Education Subvention, Grants etc., of which amounts totalling \$217.839M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$'000
President's College	65,400
Cyril Potter College of Education	20,645
Critchlow Labour College	7,000
Adult Education Association	3,898
Queen's College	1,200
Guyana Industrial Training College	967
University of Guyana Consultancy services	1,400
YMCA grant	100
CXC examination fees	51,822
Text Books Project	43,865
Salary of headmaster Queenstown Community High	467
Purchase of equipment, stationery etc.	13,245
Miscellaneous	7,221
	-----
TOTAL	217,230
	=====

As can be noted, there was an unexplained difference of \$609,000 between the Votes Ledger and the Appropriation Account. In addition, there was evidence of misallocation of expenditure e.g. the payment of headmaster's salary and purchase of equipment, stationery etc.



**719.** The President's College was set up by Act No. 11 of 1990 and is subject to separate financial reporting and audit. The Auditor General was appointed auditor of this institution in April, 1993. Financial statements for the years 1990 to 1993 have been submitted and at the time of reporting the audits were in progress. The amount of \$65.4M was verified as having been received by the President College.

**720.** A senior official of the President's College had been hiring out his motor car to the College at a rate of \$500 per hour mainly for his personal use. The total amount paid to him in 1995 was \$1,016,000. In addition, he had been issued items of foodstuff for his personal use without authority. These matters were brought to attention, but up to the time of reporting it could not be determined what action was taken.

**721.** An audit inspection of the Cyril Potter College of Education revealed that during the year payments totalling \$8,524,136 and \$2,358,000 were made to two(2) suppliers for grocery and cleaning materials and beef respectively. However, there was no evidence that tender board procedures were adhered to for these supplies. In some cases the units of quantities were not stated on the payment vouchers. In addition, requisitions to purchase were raised some two(2) months after the items were supplied, contrary to the Stores regulations. Further, the suppliers' address was not licenced to carry out business of trading under the law. In some cases the prices charged by one(1) supplier for some items were far in excess of what were obtained in the Government Agency. In view of the above, it could not be determined whether the College had received the items at the best possible prices.

**722.** 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 1991. The amount of \$7M was verified as having been received by the College.

**723.** Amounts totalling \$157.792 were expended for contributions and subsidies to local and international organisations, as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
National Library	26,800
CXC and University of London Fees	71,596
National Sports Commission	24,150
BIDCO Training Centre	10,720
Kuru Kuru College	8,946
Guyana Museum	5,891
Central Mashramani Committee	2,345
Walter Roth Museum	84
Umana Yana	1,128
Athletic Championships	2,500
Department of Culture	980
Miscellaneous	2,876
	-----
TOTAL	158,016
	=====

As can be noted, there was an unexplained difference of \$224,000 between the Votes Ledger and the Appropriation Account.

**724.** 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 1989. No financial statements have been prepared for audit for the years 1990 to 1995. Notwithstanding this, the amount of \$26.8M was verified as having been received by the National Library.

**725.** The Guyana Museum was established by Ordinance 12 of 1950. The accounts were last audited in 1980, and no financial statements have been prepared for audit for the period 1981 to 1995. Notwithstanding the lack of financial reporting for the last fifteen(15) years, the amount of \$5.891M was verified as having been received by the Museum.

## Capital Expenditure

### Subhead 12001 - Nursery, Primary and Secondary Schools

**726.** The sum of \$30.5M was voted for the rehabilitation of the following seven(7) schools. According to the Appropriation Account amounts totalling \$28.359 were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$'000
Comenius Primary School	9,350
Winifer Gardens Primary School	5,742
Christ Church Secondary School	3,254
St. Mary's Community High School	300
St. Georges Community High School	180
Charletown Secondary School	2,878
St. Peters Primary	350
Government Analyst Building	300
St. Ambrose Primary	100
Ascension Community High School	130
Unprogrammed Work	7,618
	-----
TOTAL	30,202 =====

The difference of \$1.843M was due to omissions in the Votes Ledger, resulting in an understatement of expenditure.

**726.** In relation to the unprogrammed work, there was no evidence that approval was granted for a change in programme to accommodate the expenditure of \$7,618M which was incurred as follows:-

DESCRIPTION -----	AMOUNT -----
	\$'000
St. Stephens Primary	5,677
Cyril Potter College of Education	164
St Thomas Moore Primary	418
Central High School	528
Education Building, 21 Brickdam	187
UNESCO Building	241
Consultancy fees	403

TOTAL

-----  
7,618  
=====

727. Tender documents, minutes and advertisements in relation to contracts for the above works were not submitted for audit examination. The Accounting Officer explained that the contracts in excess of \$900,000 were adjudicated by Ministry of Works Tender Board. However, the procedures leading up to the award of these contracts could not have been evaluated because the records were destroyed by the Ministry of Works fire. However, it is felt that the Ministry should have retained copies of the various documents for audit scrutiny. In any event, all contracts in excess of \$900,000 should have been adjudicated by the Central Tender Board.

728. In relation to contracts falling within the limits of \$450,000 and \$900,000, the Accounting Officer explained that contracts were awarded on a selective basis, since the Ministry did not have the resources to advertise and assess the tenders. Notwithstanding the explanation given, the failure to advertise "as widely as possible" is a breach of the Tender Board Regulations, and any variation from the established procedures should have been referred to the Secretary to the Treasury for consideration and approval.

729. An amount of \$118,000 representing consultancy fees for the rehabilitation of National Cultural Centre was incorrectly recorded under this subhead instead of Subhead 12004 - National Cultural Centre. Had this amount been charged to the correct subhead, there would have been excess expenditure \$111,000.

#### **Subhead 12002 - Primary Education Project**

730. The sum of \$890M was voted for (a) development of human resources (b) improvement of curriculum development and education technology and (c) improvement of physical infrastructure of primary schools. However, only amounts totalling \$128.487M were expended.

731. The Primary Education Improvement Programme is funded jointly by the Government of Guyana and the Inter-American Development Bank. The Project is subject to separate financial reporting and audit in keeping with the contractual requirements. The Report of the Auditor General on the financial statements of the Programme for the year ended 31 December, 1995 was issued on 12 August 1996.

732. An examination of the audited accounts of the Programme revealed that expenditure totalling \$286.716M was incurred, giving a difference of \$158.229M. It would appear that all the foreign disbursements by the IDB were not brought to account in the accounts of the Ministry, resulting in an understatement of expenditure by \$158.229M.

**Subhead 12003 - Department of Sports**

733. The sum of \$8M was voted for the rehabilitation of sports facilities in the Regions and repairs to the Sports Hall. The full amount was expended. However, an examination of the records of the Department of Sports revealed that amounts totalling \$5,570,515 were expended, giving a difference of \$2,429,485 which should have been refunded to the Consolidated Fund. As a result, the Appropriation Account has been overstated by this amount.

734. As can be noted, no work was done to the Sports Hall, and the expenditure of \$5,570,515 was incurred as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Rehabilitation of Lusignan Park	700,000
Rehabilitation of Clonbrook cricket ground	300,000
Purchase Sports gear for National Sports Commission	4,570,515
	-----
TOTAL	5,570,515
	=====

**Subhead 12004 - Building (Cultural Centre)**

735. The sum of \$8M was voted for the rehabilitation of the National Cultural Centre, of which amounts totalling \$7.993M were expended, as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Rehabilitation Works	6,774,091
Consultancy Fees	472,000
Purchase of a Sound Equipment	547,399
Purchase of Furniture	200,000
	-----

TOTAL

7,993,490  
=====

The contract documents relating to the rehabilitation works were, however, not presented for audit examination, and the explanation offered was the same as that for the rehabilitation of the schools.

**Subhead 12007 - Building (National Library)**

736. The sum of \$4M was voted for the rehabilitation of the Georgetown, New Amsterdam and Linden libraries. The full amount was shown as having been expended. Discussions with the Chief Librarian revealed that no expenditure was incurred as the amount involved was insufficient to meet the expenditure and was retained to be utilised in 1996. This amount should have been refunded to the Ministry for credit to the Consolidated Fund. As a result, the Appropriation Account has been overstated by \$4M.

**Subhead 12009 - Critchlow Labour College**

737. The sum of \$1.012M was voted for the rehabilitation of the Critchlow Labour College and the construction of fence around the Compound. The full amount was shown as having been transferred to the College which is subject to separate financial reporting and audit.

**Subhead 12011 - Teacher's Training Complex**

738. The sum of \$5M was voted for the rehabilitation of the Teachers' Training Complex building at Turkeyen. The full amount was expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Consultancy Fees	200,000
Installation of street lights	985,568
Construction of fence	3,814,636
	-----
TOTAL	5,000,204
	=====

As can be noted, no rehabilitation work was done to the building,

and there was no evidence that approval was granted for a change in programme to accommodate the expenditure.

**Subhead 19001 - Sector Programme (Education)**

**739.** The sum of \$130M was voted for the provision of furniture, library, water and sanitation facilities in selected nursery, primary and secondary schools. According to the Appropriation Account, only \$35.481M was expended.

**740.** The programme is funded jointly by the European Union and the Government of Guyana under the General Import Counterpart Programme and is subject to separate financial reporting and audit. However, according to the audited accounts for 1995, amounts totalling \$124.235M were expended, giving a difference of \$88.754M. As a result, the Appropriation Account has been understated by the latter amount.

**741.** The following gives a breakdown of the expenditure of \$124.235M:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Supply of school furniture	4,493,393
Water and sanitation	7,077,631
Rehabilitation of schools (Sct 1)	26,791,986
Rehabilitation of schools (Sct 2)	83,067,861
Upgrading school libraries	1,161,799
Hinterland Teachers Training	1,642,800
	-----
TOTAL	124,235,470
	=====

**Subhead 24001 - Department of Culture**

**742.** The sum of \$2.5M was voted for the rehabilitation of the Department of Culture building and the purchase of equipment. The full amount was expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Rehabilitation of building	993,998
Purchase of a fax machine	100,000
Purchase of typewriters, desk, chairs, etc.	777,500
Purchase of a computer with a printer	623,935
	-----
TOTAL	2,495,433
	=====

The rehabilitation works were physically verified. The items purchased were also verified as having been received and properly brought to account.

**Subhead 25003 - Museum Development**

743. The sum of \$2M was voted for the rehabilitation of the Museum building and the purchase of equipment. Amounts totalling \$1.662M were expended. However, no equipment was purchased, and it was explained that the funds were insufficient to do so. The contract was awarded by the Ministry of Works.

**Subhead 26003 - New Amsterdam Technical Institute**

744. The sum of \$2.5M was voted for the rehabilitation of workshops at the New Amsterdam Technical Institute. The full amount was expended, as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Repairs to workshop	2,337,591
Purchase of Fax Machine	124,000
	-----
TOTAL	2,461,591
	=====

The difference of \$37,409 was due to casting errors in the Votes Ledger. As can be noted also, there was no evidence that approval was granted for a change in programme to purchase the fax machine.

**Subhead 26004 - Other Equipment**

745. The sum of \$1.5M was voted for the purchase of equipment and furniture, of which amounts totalling \$1.497M were expended, as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Purchase of air conditioner	110,000
Purchase of gestetner machine	325,000
Purchase of typewriters	440,000
Chairs etc.	622,384
	-----
TOTAL	1,497,384
	=====



The items purchased were verified as having been received and properly brought to account.

**Subhead 26010 - Resource Development Centre**

747. The sum of \$6M was voted for the rehabilitation of the Resource Development Centre building and the purchase of equipment, of which amounts totalling \$5.942M were expended.

DESCRIPTION -----	AMOUNT -----
	\$
Rehabilitation of building and fence	4,545,144
Purchase of equipment	1,371,294
Salary	25,521
	-----
TOTAL	5,941,959 =====

The contract for the rehabilitation works was awarded by the Ministry of Works. The works were physically verified and the items purchased were received and properly brought to account.

**Subhead 26011 - Development of Text Books**

748. The sum of \$6.3M was voted for the writing and printing of text books in order to provide improved educational materials. Amounts totalling \$6.189M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Writing and printing of Text Books	3,637,491
Purchase of stationery, typewriters and Repairs to photocopier	1,037,799
Salaries and honoraria	1,363,710
Consultancy fees	150,000
	-----
TOTAL	6,189,000 =====

**Subhead 44002 - Burrowes School of Art**

749. The sum of \$3M was voted for the rehabilitation of the Burrowes School of Art building and the purchase of equipment, of which amounts totalling \$1.255M were expended.

DESCRIPTION	AMOUNT
-----	-----
	\$
Purchase of computer	1,004,625
1 chain saw	102,931
Purchase of chairs, desk etc.	147,444
	-----
TOTAL	1,255,000
	=====

Up to the time of reporting, the computer had not been received from the supplier. The Accounting Officer explained that the supplier wanted to pass on the storage cost to the Ministry and because of this the computer was not delivered. Efforts should therefore be made to ensure a speedy conclusion of this transaction, failing which a refund should be sought from the supplier. The other items were verified as having been received and properly brought to account.

#### HEAD 46 & DIVISION 504

#### MINISTRY OF LABOUR, HUMAN SERVICES AND SOCIAL SECURITY

#### Current Expenditure

#### Employment Costs

**750.** The Salaries Bank Account No.942 was not reconciled for the period under review, and it could not be determined last when this was done. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore advised to take urgent steps to have the reconciliation brought up-to-date.

**751.** The salaries cash book for the period January to August 1995 was not presented for audit examination. It was explained that this record was with the Police who were investigating a fraud which occurred in March 1995. Cheque No. G 075104 for \$757,067 should have been deposited into the Imprest Account No. 902, but was deposited into the Salaries Bank Account No. 942. Two(2) cheques were subsequently drawn in favour of the Permanent Secretary and were intended for the two(2) imprest bank accounts as follows:

<u>Cheque No.</u>	<u>Amount</u>	<u>Imprest Account</u>
491459	\$611,351	902
491460	147,710	943

752. However, the above cheques were not deposited into the two bank accounts but were endorsed by the Chief Accountant and actual cash was uplifted from the Bank and was not accounted for in the records of the Ministry. The Police was called in and two(2) persons were charged with the theft of \$147,710. At the time of reporting the matter was engaging the attention of the Court. In relation to the amount of \$611,351, it is understood that the Police were still conducting their investigations.

753. During the year the salaries bank account reflected substantial positive balances and at the 31 December 1995 it had a positive balance of \$3,849,789. In addition, the cash book reflected a positive balance of \$2,776,534 at 31/12/95 rather than a 'nil' balance.

754. Eleven (11) persons were recruited through the Office of the President on contract as Labour Officers and Industrial Relations Officers and their salaries were met by the Guyana Management Institute. The files kept by the Ministry of Labour, Human Services and Social Security, however, had copies of their letters of appointment but no copies of the contracts of these persons. In addition, it could not be ascertained whether these employees were qualified for the positions to which they were employed.

755. It was further observed that these contracted officers were paid salaries almost equivalent to three(3) times the salaries paid to the normal Industrial Relations Officers who were in position for a number of years. The Accounting Officer confirmed that this was so, and stated that these appointments were made by the Office of the President and that the salaries of these persons were approved by that Office.

756. A record of employees registered with the National Insurance Scheme was not kept nor was a register of cheques paid over to the Scheme maintained, as required by circular instructions. These records should be introduced as early as possible.

#### **Other Charges**

757. A separate register was not kept for overseas telephone calls, as required by circular instructions. Instead, one register was kept to record both local and overseas calls made during the year. This register, however, bore no evidence of supervisory checks. It is recommended that an overseas calls

register be maintained and that each official overseas call made be properly authorised.

**758.** Thirteen(13) contracts valued at \$452,932 were awarded to an individual for transporting inmates who had died from the Palms to the mortuary. A visit to the Palms revealed that records were kept to show the number of inmates and a separate record was kept to record the death of each inmate during the year. According to the death record a total of seventy four(74) inmates died during 1995. It was explained that the cost of moving one inmate from the Palms to the mortuary was an agreed price of \$4,000. Therefore, the total expenditure to remove all seventy four(74) inmates who had died should have been \$296,000. Therefore, there was an apparent overpayment of \$156,932 to the contractor. It is recommended that an investigation be carried out to ascertain the reason for this discrepancy and any overpayment be recovered from the contractor.

**759.** The contracting of this service to an individual person was discussed with the Accounting Officer and it was recommended that enquiries be made to ascertain whether a funeral parlour could not be contracted to remove the inmates who has died at the institution. Such a system would ensure proper accountability.

#### **Stores and Other Public Property**

**760.** Inventory records were not presented for audit examination. As a result, it could not be determined what assets were under the control of the Ministry and whether they have been properly accounted for and adequately safeguarded. It was explained that work was currently in progress to update the inventory records.

#### **Other Matters**

**761.** The Imprest cash book for the period January to July 1995 was not presented for examination. It was explained that this record was uplifted by the Police to carry out investigations into a fraud at the Ministry.

**762.** During the audit of the Imprest Account No. 943, it was discovered that cheque No. F 637944 dated 28/2/95 for \$401,131.60 drawn in favour of the Permanent Secretary was written but was not entered in the imprest cash book. Investigations revealed that the cheque was endorsed by the Chief Accountant and was encashed by an Accounts Clerk. The cash uplifted was not accounted for in the records of the Ministry. This irregularity was being investigated by the Police. It is recommended that follow-up action be taken with the Police to ensure a speedy conclusion of this matter.

**763.** On 27th July 1995 two cheques totalling \$579,204.20 were uplifted from the Accountant General's Department as reimbursement for the Old Age Pension and Social Assistance Imprest Account No. 902 but were deposited into the Ordinary Imprest Account No. 943.

On the same day three(3) cheques for this amount were drawn in favour of the Permanent Secretary and were endorsed by the Chief Accountant for cash to be uplifted. The cash was uplifted from the Bank of Guyana and the money misappropriated. On 31/8/95 the Principal Assistant Secretary (Finance) discovered the irregularities and was able to recover \$400,000 from the Chief Accountant and another Clerk. The difference of \$179,188 was not recovered. Two persons were charged and at the time of reporting the matter was in Court.

**764.** The Imprest Account No. 943 was not reconciled for the entire period under review. The Officer-in-Charge was unable to state when last this account was reconciled.

**765.** With the exception of January, February and July, the Imprest account was overdrawn at the end of each month and at 31/12/95 it was overdrawn by \$105,115.

**766.** In 1986 an amount of \$6M was allocated for the payment of old age pension and social assistance. However, over the years this imprest allocation was not increased to meet the monthly expenditure relating to the benefits to be paid. It was explained that requests were made several times for an increased allocation but this was not approved. As a result, the Imprest bank account was continuously overdrawn. In 1995 the average monthly expenditure for both old age and social security benefits was \$33M payable to 32,640 old age pensioners and 14,673 other persons under the public assistance programme.

**767.** In view of the above unsatisfactory situation, the Imprest bank account was funding an additional \$26M every month. As a result, during 1995 the overdraft moved from \$247M in January 1995 to \$531M in December 1995.

**768.** A review of the system relating to the payment of old age pensions and public assistance revealed that :-

- (a) Monthly advances estimated at \$33M are paid over to the Post Office Corporation to enable payment of the benefits to the pensions;
- (b) These advances were taken as liabilities under Subhead 314 in the Votes Ledger;

- (c) Each month the Post Office Corporation would submit a statement accounting for the advances given. This statement is used to clear the advance and to enable the issue of a further advance. However, this statement is not used to charge the amounts to final expenditure;
- (d) It was explained that the paid coupons were uplifted on a daily basis from the Post Office Corporation and were examined and scheduled along with payment vouchers, entered into the Votes Ledger and submitted to the Accountant General for recoupment. It was further explained that delays were experienced at the Accountant General's Department and that recoupments were not done speedily. As a result of the delay in recoupment, the overdraft on the bank account kept increasing; and
- (e) Only when the coupons are returned, examined and vouchers prepared can these amounts be reflected as final expenditure in the Vote Accounts. As a result of these coupons not being recouped promptly, millions of dollars of actual expenditure were not being properly brought to account in the Appropriation Account. This is evident from the overdraft reflected in the Bank Account;

**769.** Further, as a result of the liabilities not being written down in the Votes Ledger and the expenditure adjusted, the appropriation accounts over the years have been grossly understated resulting in a favourable balance being reflected for Subhead 314 - Other. It is recommended that urgent efforts be made to schedule and recoup all outstanding coupons.

### **Capital Expenditure**

#### **Subhead 12001 - Buildings**

**770.** The sum of \$24M was voted for (a) the rehabilitation of the Mahaica Hospital and the Head Office building and (b) the revetment of the compound, of which amounts totalling \$22.798M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
Rehabilitation of Palms	\$ 7,508,107

Rehabilitation of Mahaica Hospital	4,332,286
Consultancy Services	259,180
Construction of revetment	5,704,584
Repairs to Head Office Building	4,993,843
	-----
TOTAL	22,798,000
	=====

771. Approval was granted for a change in programme to rehabilitate the Palms. The contracts for the works were awarded by the Ministry of Works. However, the procedures leading to awards of these contracts could not have been evaluated because of the destruction of the records by fire. Notwithstanding this, the works were physically verified.

#### Subhead 12003 - Youth

772. An amount of \$5.7M was provided for the construction and rehabilitation of youth facilities at Camp Madewini. Expenditure totalling \$5.596M was incurred as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Construction of storage bond Madewini Youth Camp	3,132,123
Purchase of mattress and other equipment for Youth Camp	1,688,190
Drum set and Drum tools	321,374
Other equipment	454,427
	-----
TOTAL	5,596,114
	=====

773. A contract was awarded for \$3,255,015 to construct a bond at the Youth Camp at Madewini. According to the bill of quantities, timber pallets were to be constructed at a cost of \$220,000. A physical verification, however, revealed that these pallets were not constructed. This matter was discussed with the Accounting Officer who stated that she was aware that the pallets were not constructed but was under the impression that a deduction of \$220,000 was made from the payments to the contractor. Further investigation revealed that only one deduction valued at \$120,000 was made in respect of the construction of an ironmongery door that was not constructed. It would appear therefore, that the

contractor was overpaid \$220,000 as the following payments relating to the contract were made to the contractor:-

PV NO. -----	DATE ----	AMOUNT -----
		\$
1534	30/06/95	1,006,504
2221	31/08/95	299,827
2222	31/08/95	1,200,775
3682	08/12/95	468,411
3696	08/12/95	156,606
		-----
TOTAL		3,132,124
		=====

**Subhead 19001 SIMAP**

**774.** The sum of \$845M was voted for (a) the rehabilitation and construction of physical and social infrastructure (b) the provision of institutional support and (c) the provision of basic commodities under a food-for-work programme. Amounts totalling \$844.946M shown as having expended, comprising \$724.936M in foreign funding from the IDB, World Bank and the World Food Programme and \$120.010M in local funding.

**775.** However, an examination of the records at SIMAP revealed an actual foreign funding expenditure of \$758.010M, giving a difference of \$33.074M. It would appear that all the overseas funding disbursements were not brought to account in the Appropriation Account of the Ministry, resulting in an understatement of expenditure.

**776.** In relation to local funding, the records of SIMAP revealed an actual expenditure of \$133.468M, giving a difference of \$13.468M. It would appear that the excess expenditure was financed from funds left over from the previous year. As a result, the Appropriation Account was further understated by \$13.468M.

**777.** The following is a breakdown of the expenditure relating to IDB funding:-

NO. OF PROJECTS UNDERTAKEN -----	DESCRIPTION -----	AMOUNT -----
		\$'000
5	Road Rehabilitation	69,926
3	Rehabilitation of Nursery School	5,443
17	Rehabilitation of Primary School	179,530
3	Rehabilitation of Secondary School	50,446



4	Rehabilitation of Community High and Vocational Schools	22,868
7	Drainage and Irrigation	37,358
19	Community Centres/Works	42,836
2	Medical Care	799
2	Hospital Rehabilitation	10,921
3	Bridges Rehabilitation	3,971
1	Market Rehabilitation	11,519
2	Construction of Wells	248
		-----
	TOTAL	435,865
		-----

778. In relation to the World Bank financing, a total of \$195.937M were expended. Of this amount twenty(20) contracts totalling \$100.178M were awarded mainly for pure water supply. The balance of \$95.759M were spent on fifty eight(58) areas in medical care and medical supplies. Expenditure relating to the World Food Programme totalled \$126.208M

779. SIMAP is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1994. Draft financial statements have since been received, and at the time of reporting, the audit was in progress.

#### **Subhead 25001 - Office Equipment**

780. An amount of \$4.4M was budgeted for purchase of office equipment including one P.B.X. telephone system. Expenditure totalling \$4.353M was incurred as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Telephone system	1,380,271
Electrical equipment	422,263
Purchase of air conditioning unit	125,000
Purchase of suites	424,105
Other office equipment	2,001,242
	-----
TOTAL	4,352,881
	=====

The items were physically verified and were being inventorised.

**HEADS 47-48 & DIVISION 526**

**MINISTRY OF FINANCE & ACCOUNTANT GENERAL'S DEPARTMENT**

**Current Expenditure**

### **Employment Costs**

**781.** At the time of the audit in July 1996, the Salaries Bank Account No. 506 was last reconciled to March 1995. The failure to promptly reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore advised to take urgent measures to have the reconciliation of this account brought up-to-date.

### **Other Charges**

**782.** The Main Bank Account No. 402 (Non-Sub-Accounting Bank Account) was not reconciled since 1982. This is a very unsatisfactory state of affairs especially in view of the fact that the Ministry of Finance is required to monitor and supervise the accounting system in Government. Every effort should therefore be made to have the reconciliation of this account brought up-to-date.

**784.** The bank account also reflected a large balance of \$14.016 billion as at 31 December 1995. This resulted mainly from the fact that this account serves as the main bank account for several other Ministries and Departments (described as Non-Sub-Accounting Ministries and Departments). Funds to meet expenditure of the Ministry of Finance and the Non-Sub-Accounting Ministries and Departments are released into this bank account, and the unspent portions were to be refunded to the Consolidated Fund. However, over the years no transfers of unspent amounts were made, resulting in the accumulation of the balance on this account.

**785.** As mentioned in the section of this report dealing with the Consolidated Fund, given the level of resources available at the Ministry of Finance, it would appear that this account has become unmanageable and is not fulfilling its stated purpose of monitoring releases and expenditure by the concerned Ministries and Departments. It is therefore recommended that the system be reviewed with a view to possible greater decentralisation of the financial management and accounting system.

**786.** In addition, the cash book balance for Account No. 402 could not be determined, since at the time of the audit in August 1996, it had not been closed for 1995.

**787.** Of the eight-eight(88) contracts totalling \$5.831M which were awarded by the Ministry for maintenance works, eighty(80) contracts valued at \$5.712M were awarded to one(1) individual for

electrical, carpentry, plumbing, painting and other miscellaneous works. The following gives a breakdown under the various authority limits:-

LIMIT	NO. OF CONTRACTS	VALUE
-----	-----	-----
		\$
Below \$180,000	71	3,215,413
\$180,000 - \$450,000	9	2,497,052
	--	-----
TOTAL	80	5,712,465
	--	=====

**788.** In relation to the nine(9) contracts falling within the limits of \$180,000 to, \$450,000, there was no evidence **at the time of the audit in July 1996** that a system of quotations was followed before the contracts were awarded. Quotations were subsequently submitted after the draft report was discussed with the Accounting Officer. However, these could not be considered acceptable in that in at least two(2) cases the quotations appeared to have been solicited after the report was discussed as the persons who were shown to have quoted for the jobs were employees of the contractor.

**789.** Apart from the absence of a system of quotations, the piecemeal manner in which the contracts were awarded to the same individual would suggest an apparent lack of transparency in the award of these contracts. In the circumstances, it would appear more appropriate for an annual maintenance contract to be entered into. In this way, the works to be undertaken would be advertised, a proper system of tendering would be in place and adjudication would be done by the Ministerial/Central Tender Board. The Ministry would feel satisfied that contracts would be awarded at the most competitive prices, having regard to quality and other associated factors.

**790.** Twenty-two(22) of the eighty(80) contracts totalling \$1,416,960 relate to repairs to air conditioning units. It has been observed that in each case the air conditioning units required major repairs, such as the replacement of compressors or shaft fans and these were supplied by the contractor instead of from reputable agencies. Further, when the new compressors and shaft fans were installed, the old parts which were replaced were not returned to the Ministry of Finance as evidence of replacement of parts. As a result, it could not be determined whether the contractor had been replacing old parts with new parts or was repairing the old parts and then re-installing them in the air conditioning units.

**791.** In 1995, the resident section of the Office of the Auditor General which is located in the Ministry of Finance Building had a problem with one of the two air conditioning units. This matter was reported to the Accounting Officer and the unit was repaired and had continued to work throughout 1995 and 1996 without any further problems. Payment of \$58,000 was made to the contractor on 14 July, 1995 vide payment voucher No. 2437.

**792.** In February, 1996 the other air conditioning unit broke down and the matter was reported to the Accounting Officer. The contractor came and inspected the unit and promised to repair it. However, the unit was not repaired and the staff of the Audit Section had to use two fans to cool the Office. Although this unit was not repaired in 1996, and the other one that was repaired in 1995 continued to work up to the time of reporting without any defects, two separate payments were made in February, 1996 to the contractor purporting to be for repairs and replacement of parts to both air conditioning units as follows:-

P.V. No.	Date	Amount	Particulars
1042	16/2/96	\$33,200	Replacing parts and repairs to accounting unit - Audit Section.
1043	16/2/96	\$34,000	Replacing parts and repairs to air condition units - Audit Section.

**793.** This individual was contracted by the Ministry not only to do electrical work and to supply parts for air conditioning units and electrical parts, but also for all types of other jobs. He was engaged to do carpentry, joinery and plumbing works, re-furbishing of furniture, painting and affixing tiles. It is evident therefore that this contractor had an almost monopoly of the contractual works awarded by the Ministry. It should be noted that this matter was reported on previously, and despite this no action was taken to remedy this unsatisfactory state of affairs.

**794.** On the 29 June, 1995 the Ministry of Finance awarded Contract No. 65/95 to the same individual in the sum of \$301,560 for replacing circuits with industrial components in Basic Needs Building. According to the estimate submitted the following items were supplied:-

4 - 100 Amp Fused TP Switch at \$38,500	-	\$154,000
3 Circuit Breaker Panels 16 Way at \$24,720	-	74,160

3 Connectors at \$2,800	-	8,400
Labour		65,000
		-----
TOTAL		\$301,560
		=====

The work was apparently done in 1995 and payment made to the contractor on 4/7/95 vide payment voucher # 14. However, just seven months later on the 26/1/96 the Ministry of Finance again entered into a contract with the contractor to "Upgrading Domestic Breaker Panel" at the Basic Needs Building at a cost of \$268,500.

According to the contract four(4) additional 16 way circuit breaker panels were to be installed at a cost of \$33,500 each, as per payment voucher # 578 dated 12/2/96.

**795.** In view of the above, the Audit Office contracted an electrician to carry out checks to ascertain the position at the Basic Needs Building in relation to the electrical system. It was discovered that the three(3) 16 way breaker panel installed in 1995 were stripped and the bare panels remained. Instead, two(2) twenty-eight way and one(1) twenty-nine way breaker panels were installed. According to the report by the electrician the three(3) 16 way industrial breaker panels were adequate for the needs of the building. In the circumstances, it could not be determined whether full value was received in respect of both payments.

#### **Stores and Other Public Property**

**796.** Requisitions were not sequentially numbered and ten(10) instances were observed where issues were not authorised although the items were issued. Efforts should be made to ensure strict compliance with the Stores Regulations.

**797.** The following purchases were made but there was no evidence that the items were received and taken into stock, as the stock ledger bore no evidence of receipt of the goods:-

Date	Cash Book No.	Particulars	Value
----	-----	-----	-----
			\$
21/03/95	4531	1 Heet Roller	78,800
		Toner Cartridge	
13/04/95	1717	23 Boxes Computer	159,000
		Paper	
11/05/95	1958	Spirals Etc.	79,800

**798.** A senior officer was in receipt of a motor car advance of \$150,000 on 10th August, 1995. However, no deductions were made

from his salary up to April 1996 towards the repayment of his motor car advance. The officer has since resigned from the Public Service. The Accounting Officer explained that legal steps would be taken to recover the amount involved.

**799.** Leave advances were granted to five(5) officers at various dates in 1995. However, at the time of the audit no salary deductions were made from the officer's salaries in respect of the advances granted.

**800.** The personal ledgers for overseas conferences and official visits overseas were not written up for the period under review. As a result, it was not possible to ascertain whether the advances issued were cleared and which advances were still to be cleared. Efforts should be made to have this record brought up-to-date.

**801.** A proper examination of the records kept in respect of the Sureties Ledger could not be carried out since the register of Sureties bore no reference to the person on whose behalf the surety was lodged.

**802.** An examination of the Leave Passage Advance Ledger revealed that the amount of \$11.5M representing advances granted in 1995, was outstanding at 31 December 1995. Action should be taken to contact the concerned officers with a view to clearing the advances.

**803.** The sum of \$2.656 billion was voted for subsidies and contributions to local and international organisation, of which amounts totalling \$2.508 billion were expended, as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Guyana Rice Export Board	2,222,828
Privatisation Unit	31,305
BIDCO & LINMINE	97,349
State Planning Secretariat & Statistical Bureau	51,339
University of Guyana	32,124
Security services	32,814
Others	39,916
	-----
TOTAL	2,507,675
	=====

**804.** The Guyana Rice Export Board(GREB) is a legal entity and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1994. Financial statements for 1995 had not yet been received. The amount of \$2.2223 billion was verified as having been received by GREB.

805. The Bauxite Industry Development Company and the Linden Mining Enterprise Ltd are legal entities with separate financial reporting and audit. The last set of audited accounts for these entities were in respect of 1992 and 1993 respectively. However, at the time of reporting the audits for subsequent years were in progress. Notwithstanding this, the amount of \$97.349M were verified as having been received by these entities.

806. The Guyana Government has taken a decision to dissolve the State Planning Commission as a Statutory Body and to bring the functions of this Commission under the Ministry of Finance as a unit of that Ministry. Accordingly, the State Planning Commission was removed from its South Road Lacytown Building to the adjoining building of the Ministry of Finance.

807. However, no action has yet been taken to formally dissolve the State Planning Commission, and it continues to function as a Statutory Body with subventions being paid by the Ministry of Finance from its voted provision relating to contributions to Local Organisations.

808. Although the decision was taken to dissolve this entity, the Ministry of Finance had been using this entity to recruit certain individuals on contract at salaries far more attractive than those paid by the Public Service Commission.

809. Eight (8) of these employees had been assigned duties in the Ministry of Finance, Accountant General's Department in ordinary line functions which are normal Public Service positions. It was explained that this action was necessary to ensure that qualified staff were adequately remunerated to be kept in the system. It should be noted that two officers of the Ministry of Finance were transferred from the Ministry of Finance and appointed on contract in the same positions by the Chairman of the State Planning Commission with substantial salary increases.

810. The State Planning Commission as a Statutory Body was last audited in 1991. At the time of reporting, the audit of the 1992 accounts was in progress.

#### **Evaluation of the Operations of the Central Tender Board**

#### **Difficulties in Accessing Records**

811. On November 22, 1995 Assistant Auditor General(AAG)

responsible for the Ministry of Finance met with the Secretary to the Treasury (ST), who by virtue of the Administrative circulars ought to be the chairperson of the Central Tender Board. However, the ST informed him that this function had been performed for some time ago by the Deputy Secretary to the Treasury (DST) by internal administrative arrangement.

**812.** The DST was not in office at that moment. The ST then introduced the AAG to the Secretary to the Central Tender Board and explained to her the purpose of his visit. The Secretary, however, was not willing to release any records without the approval of the DST and suggested that the DST be contacted first.

This action is contrary to the Financial Administration and Audit Act which requires that all officers provide the Audit Office with reasonable access to records and documents.

**813.** On Tuesday November 28, 1995, the AAG along with another officer met with the DST. They informed him that the Audit Office would be conducting an audit of the Central Tender Board and requested his assistance. The DST stated that he had "no problems" with our request. He then asked for the Secretary to the Tender Board to see him and requested the auditors to wait outside his office. After about five minutes the Secretary to the Central Tender Board informed them that the DST requested that the Audit Office submit a written request in relation to our audit of the Central Tender Board. This is again contrary to the Financial Administration and Audit Act. We view this attitude as either an unwillingness to provide the Audit Office with access to the Central Tender Board records and hence to frustrate the audit or to delay our access to the records so as to allow for time in order to put the records together. The Secretary of the Central Tender Board did in fact indicate that there might be problems in locating several of the related records, documents etc. since these were not filed since sometime in 1994. She suggested that she be given at least 48 hours to try to put together some records and documents.

**814.** On the same day, that is November 28, 1995, the AAG despatched the necessary letter to the DST formally requesting the documents and records of the Central Tender Board.

**815.** On Monday, December 4, 1995 the AAG made a follow-up check with the Secretary to the Central Tender Board to ascertain what records, if any, were available for audit examination. He was informed that the DST was in receipt of the Audit Office's request and would be responding shortly. The Secretary also stated that she would try to put together some records and documents for audit by Friday, December 8, 1995, as she was busy.

**816.** On Friday December 8, 1995, the AAG was unable to make



contact with neither the DST nor the Secretary to the Central Tender Board, as both officers were not in office.

**817.** A further check was made on Friday December 15, 1995. The Secretary to the Tender Board informed the AAG that the required records were still not available. No definite information concerning these records and when they could be provided was given.

**818.** Frustrated by his attempts to access Central Tender Board records, the AAG wrote me on December 15, 1995. I immediately telefaxed the Senior Minister of Finance expressing his concern that there appeared to be a deliberate attempt to frustrate the audit and requesting his assistance.

**819.** The Minister did respond and requested to see the AAG to discuss the problems encountered with the audit. At that meeting the Minister instructed the DST to locate and to make available all the necessary documents of the Central Tender Board for audit examination.

**820.** Despite the Minister's intervention, no records were forthcoming. On January 11, 1996 I again telefaxed the Minister expressing my concern about the non-availability of the records.

**821.** On January 16, 1996 on the Minister's instruction, the DST contacted me. He (the DST) requested that he be given another ten days to submit the relevant files which request I granted as per my letter to the DST on the same day. The letter, which was copied to the Minister and the Head, Presidential Secretariat, specified in detail what each file should contain.

**822.** The deadline of 26 January 1996 expired without any communication from the DST. On January 31, 1996 the Secretary of the Central Tender Board wrote informing me that the files would now be submitted on February 6, 1996.

**823.** On Friday, February 16, 1996 at 3.20 p.m., the Secretary to the Central Tender Board telephoned my Secretary informing her that the records and documents of the Central Tender Board would be ready by 3.30 pm. on that day. Another Assistant Auditor General, was immediately detailed to contact the DST who agreed to the delivery of the files at the Audit Office on Monday, February 19, 1996 at 9.30 a.m. since it would not be convenient to have a proper handing over on a Friday afternoon at 3.30 p.m.

**824.** After the records were not submitted by 10.30 a.m. on Monday, 19th February, the AAG contacted the Office of the DST but was advised that he (the DST) was at a meeting. Follow-up action was again taken on Tuesday at around 10.30 am. but the DST was again

engaged in a meeting.

**825.** On 26 February 1996, only 30 files were formally handed over to this Office. I have been advised that in 1995 the Central Tender Board had adjudicated approximately 200 contracts. Therefore, only 15% of the files were handed over. The contents of these files were examined in the presence of the Principal Assistant Secretary, Ministry of Finance, and an acknowledgement issued.

**826.** The DST was written to on March 1, 1996 pointing out the deficiencies in his submission in terms of completeness as well as in the contents of the files. Information was again sought in relation to a complete list of matters adjudicated by the Central Tender Board. To date, however, I have not been furnished with such a list.

#### **Systems Documentation**

**827.** In 1983 the Secretary to the Treasury issued a circular (Circular No. 4/83 dated 4/2/83) setting out the tender procedures, including limits of each Tender Board and the constitution of such tender Boards.

**828.** This circular was amended from time to time whereby the limits of the relevant Tender Boards were increased due to inflation and devaluation of the Guyana dollar. The last amendment circular was issued on 18 June, 1991, that is, Ministry of Finance Circular No. 4/91. In this circular the limits of the Central Tender Board were increased as follows:

(i) For contracts for Supplies

Exceeding \$6,000,000 subject to Cabinet approval.

(ii) For contracts for Works/Services

Exceeding \$9,000,000 subject to Cabinet approval.

**829.** It should be noted that although the limits of the relevant tender boards have been increased over the years the procedures relating to the constitution of each tender board and the guidelines to be followed in the award of contracts have remained the same as set out in Ministry of Finance Circular No. 4/83 dated

4/2/83.

**830.** The Secretary to the Treasury is designated the Chairman of the Central Tender Board or in his or her absence the Deputy Secretary to the Treasury. Several other senior positions in the Public Service were designated members of the Central Tender Board. These are:-

- . The Chief Works Officer;
- . Head, Central Projects Unit, State Planning Secretariat;
- . The concerned Regional Executive Officer;
- . Permanent Secretary, Ministry of Regional Development; and
- . Representative of Vice President, Economic Planning/Finance.

In addition, the Circular stated that the Chairman and any three members shall constitute a quorum.

**831.** According to the Circular, it is the intention for the Secretary to the Treasury to chair this important tender board, and only in cases of emergency the Deputy Secretary to the Treasury would assume the responsibility for chairmanship.

**832.** The following procedures pertain to the award of all contracts whether by the Central Tender Board or other tender boards:-

- . Invitation to tenders by public advertisement, that is, the newspapers and such public places as may be considered necessary;
- . The advertisements shall specify clearly the date and time when tenders will be received. Tenderers may be present at the opening of tenders;
- . Tenders are submitted in duplicate and must conform to the specifications as set out in advertisement to tender;
- . Tenders are addressed to the Chairman of the Central Tender Board in sealed envelopes and on the date and appointed hour, the Chairman, in the presence of at least one other member, shall open the tenders received. Each tender has to be numbered, dated and initialled by the Chairman and the other member/s present. A list of all the tenders shall be prepared and the said list signed by the Chairman;
- . The envelope in which the tender was received shall be given

the same number as that given to the tender and must be signed by the Chairman and members present and preserved along with the tender for audit purposes;

- . Every tender must state distinctly the price(s) in respect of the tender;
- . The Board shall then consider the tenders and submit a schedule of the tenders and the names of the tenderers recommended for approval to Cabinet;
- . Where the lowest tender is not recommended, the reasons for preferring a higher tender shall be furnished and clearly recorded in the minutes;
- . All minutes and other correspondence of the Central Tender Board shall be preserved for audit examination;
- . The Chairman can co-opt the services of any person who can assist the Board in its consideration on any tender. However, such a person shall not participate in the selection of the tenderer;
- . No contract shall be sub-divided for the specific purpose of bringing the amounts within a lower tender board limit;
  
- . Variations exceeding 10% of the original value of a contract, arising from a deliberate change in design or structure, shall be referred to the Central Tender Board and the approval of Cabinet is necessary; and
- . Variations due to engineering necessity and variations due to increases in wages and salaries or in prices of materials are not subject to prescriptions of the preceding paragraph. Accounting officers should approve such increases in writing and forward a copy to the Secretary to the Treasury, Accountant General and Auditor General.

### **Systems Evaluation**

**833.** The actual laid down procedures leading to the award of contracts whether by the Central Tender Board or other Tender Boards are very strict and have adequate controls built in to ensure transparency and proper accountability. However, there are certain weaknesses which the circulars did not take into consideration. These are dealt with in the following paragraphs.

**834.** Because of administrative arrangements the Deputy Secretary to the Treasury was chairing the Central Tender Board for several years. As a result, the DST has been functioning as the Chairman and participating in the award of contracts without the involvement of the Secretary to the Treasury. This practice is contrary to the prescriptions of the Administrative circulars issued from time to time. It therefore means that large contracts have been awarded without any participation of the Administrative Head of the Ministry of Finance, that is, the Secretary to the Treasury.

**835.** It is the normal practice for a tender box to be maintained for lodging to tenders. However, the circular does not provide for this. There is the question of the security of the tender box and who has access to same. The question could also be asked whether it would be safe for a tenderer to deposit his tender in the box a day or days before the date and time specified for the opening of tenders, and to ensure that his tender is not tampered with prior to the day in question.

**836.** One of the procedures states that "The Board shall consider the tenders listed and submit schedules of the Tenders and the names of the tenderers recommended for approval to Cabinet...." It would appear that the actual tenders are not required to be submitted to Cabinet but instead a schedule is prepared by the Central Tender Board. The possibility therefore exists for the schedule to be manipulated to cause Cabinet to approve a particular tender.

**837.** In terms of variations, Cabinet approval is necessary where variation exceeds 10% of the original value of a contract arising from a deliberate change in design or structure. However, there is no such provision for variation due to engineering necessity or variations due to increases in wages and salaries or in the prices of materials. This is left entirely up to the Accounting Officers to grant such approval in writing. In addition, no upper limit of variation is set for such contracts where the contract sum is exceeded.

**838.** The Ministry of Works, which is the largest Ministry in terms of capital works, has two representatives at the Central Tender Board - the Chief Works Officer and the Permanent Secretary. However, there is no requirement for them to be precluded from being involved in the adjudication of awards relating to the Ministry of Works, bearing in mind that these officials would have been integrally involved in determining the specification of the works to be undertaken. In such circumstances, a conflict of

interest is likely to arise which can prejudice the outcome of an award.

**839.** From time to time, the Central Tender Board delegates responsibility for adjudicating an award to an evaluating committee on the grounds that it does not have the technical competence to do so. Invariably, the members of this Committee are the persons who would have determined the specification of works to be undertaken and therefore a conflict of interest would again appear to arise.

#### **Attempts at Compliance Testing**

**840.** As mentioned above, on 26 February, 1996 after about three (3) months delay the Audit Office received thirty (30) files. However, since the number of tenders considered and recommended to Cabinet or for Ministerial approval was not known, it would be difficult to use these files to carry out compliance testing, as this would bias our sample selection. It is the practice to randomly select a sample from the total population so as to give each item a chance of being selected for audit testing.

**841.** Notwithstanding this, an attempt was made to examine the thirty (30) files submitted. Our examination revealed the following unsatisfactory matters:-

- . In none of the thirty (30) files were there any minutes of the Tender Board where the decision was taken to award the contract to a specific tenderer. As a result, it could not be determined whether the matters were discussed and the selection made at formal tender board meetings or whether such decisions were made at informal meetings where no minutes were taken. In the circumstances, we could not ascertain on what basis such contracts were awarded;
- . In thirteen (13) of the files the Engineer's estimates were not included. In the circumstances, we could not determine to what extent the selected tenderer's bid varied with the Engineer's estimate and whether such variation was considered acceptable;
- . Evidence of public advertisement was not seen in any the files. We could not therefore ascertain whether there was a system of competitive biddings before these contracts were awarded;
- . In seven (7) of the files, the envelopes were not kept as evidence that the tenders were opened in the presence of the required officials. In addition, in fourteen (14) instances the attendance sheets of tenderers present at the opening of

the tenders were not in the files. These two observations would raise serious doubts about the security and integrity of the tenders and whether the opening of such tenders was done in a transparent manner;

- . In fourteen (14) of the files submitted the actual tenders were not included in the files. It could not therefore be determined on what basis the Evaluation Committee recommended tenders for the contracts; and
- . The requisite appointments of the evaluation committees responsible for evaluating the tenders and submitting their recommendations to the Tender Board was not seen in thirteen (13) of the files. It could not therefore be ascertained whether these committees were properly constituted and whether there was any apparent conflict of interest.

### **Conclusions**

**842.** The operations of the Central Tender Board leaves much to be desired. The record keeping and filing appeared to have completely been neglected.

**843.** It is inconceivable to have a situation where Cabinet would have made major decisions relative to the award of contracts and documentary evidence indicating the logical sequence of events leading up to the awards could not be produced. In addition, it is a requirement of the Tender Board regulations that the documentation of the sequence of events be preserved for audit examination. To this extent, therefore, there has been a serious breach of the Regulations.

**844.** The reluctance of the officials concerned to provide reasonable access to the Board's records and documents is not only a serious violation of the law but also a source of great concern in terms of their attitude to the Audit Office.

**845.** In the absence of minutes of the Tender Board meetings to adjudicate the award of contracts, we are unable to satisfy ourselves on what basis a particular contractor was chosen in preference to others;

**846.** In view of the non-submission of the records of the Central Tender Board and the unsatisfactory state of the thirty (30) files submitted, as well as the non-availability of the minutes of the tender board relating to the thirty files, we are unable to form an opinion whether the Central tender Board in 1995 had operated as it should in accordance with the Secretary to the Treasury Circular No. 4/83, and whether there was transparency in the selection of tenders for each contract awarded by the Central

Tender Board.

### **Recommendations**

**847.** The following recommendations are made with a view to strengthening the operations of the Central Tender Board:-

- . There should be a Secretariat of the Central Tender Board which should be adequately staffed and charged with the responsibility of ensuring that there is an adequate system of record keeping and filing of all matters pertaining to the award of contracts. It may be desirable to have the records fully computerised.
- . There should be strict adherence of the Tender Board Regulations as it relates to the maintenance and preservation of records for audit purposes. In particular, the logical sequence of events leading to the award of contracts should be together preserved for audit purposes.
- . The composition of the Central Tender Board should as a matter of urgency be reviewed to avoid any possible conflict of interest and to ensure that such a committee is endowed with the desired degree of competence and professionalism. In this regard, it is suggested that professionally competent and independent persons from say the Private Sector, the University of Guyana, Trade Unions and the Consumer Association, be included on the Board. As a pre-requisite to the effective functioning of this Board, there should be a system of periodic rotation of members. In other words, the life of the Board should expire say every two years, and new members re-appointed.
- . The Minister of Finance as well as Cabinet should not act merely on the recommendation of the Central Tender Board. Instead, the recommendation should be accompanied by a file showing the logical sequence of events leading up to the recommendation, particularly a copy of the minutes of the Tender Board Meeting.
- . The operations of the Central Tender Board should include a tender box, the keys of which should be held by a responsible official unconnected with the operations of the Tender Board. Preferably, two sets of keys should be kept by different officials so that no one person can access the tender box.
- . Variations in excess of 10% due to engineering necessity due to increases in wages and salaries or in the prices of materials should be approved by the Minister of Finance or Cabinet as the case may be; and



. There should be free and unrestricted access by the Audit Office of all files to facilitate periodic evaluation of the operations of the Central Tender Board. Failure to do so constitutes a breach of the Financial Administration and Audit Act.

### Capital Expenditure

#### Subhead 12001 - Buildings

**848.** The sum of \$25M was voted for the rehabilitation of the Ministry of Finance, Customs and Excise Department, Inland Revenue Department, the Privatisation Unit and the Statistical Bureau buildings, of which amounts totalling \$16.333M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Renovation to Queenstown Residence	11,467,775
Purchase of three (3) Air Condition Units	600,000
Construction of Canteen	1,069,422
Electrical Work - Canteen	299,200
Consultancy Services	1,008,907
Purchase of Water Pump	195,000
Other	1,692,696
	-----
	16,333,000
	=====

**849.** In 1994 a contract No. 244/94 valued at \$11.696M was awarded for repairs and renovation to the residence at Foreshaw Street, Queenstown. An amount of \$1M was paid to the contractor in 1994 as a mobilisation advance and payments totalling \$11.468M were made in 1995. No provision was, however, made in the Capital Estimates for 1994 and 1995 for this expenditure. In addition,, there was no evidence that approval was granted for a change in programme to accommodate this expenditure. Further, the proposed works were not advertised nor was there any evidence of the involvement of the Central Tender Board and Cabinet in relation to the award of the contract.

**850.** An amount of \$600,000 was paid to the contractor referred to above for the supply of three(3) air condition units at a cost of \$200,000 each. This matter was not referred to the Ministerial Tender Board, as required by Tender Board Regulations, but was approved instead by the Accounting Officer.

**851.** At the time of the audit in July 1996 one of the air condition units could not be located in the Ministry of Finance.

The Accounting Officer explained that the unit in question was too small for the canteen and that the contractor had taken it away to replace it with a larger unit. However, at the 10 October 1996 this unit was not returned to the Ministry of Finance.

**852.** Contract No. 101/95 for \$1.223M was awarded for the construction of a canteen in the Ministry of Finance. At the time of reporting, however, the construction of the canteen was still not completed, although approximately fourteen(14) months had elapsed since the contract was awarded.

**Subhead 19001 - Basic Needs Trust Fund**

**853.** Amounts totalling \$233.600M representing local and overseas funding were approved for the rehabilitation of infrastructural facilities in the Health, Education, Water and Road Sectors as follows:-

	\$'000
Funding from the Caribbean Development Bank(CDB)	160,000
Local funding	73,600
	-----
TOTAL	233,600
	=====

**854.** In 1995 releases totalling \$178.065M were made by the Ministry of Finance for this Programme and were reflected in the capital appropriation amount. According to the records kept at the Basic Needs Trust Fund, however, twenty-three(23) projects totalling \$197.188M were undertaken during 1995. The excess funding totalling \$19.123M resulted from re-imburements received from the funding agency the Caribbean Development Bank. Additional releases should have sought for the additional expenditure. As a result, expenditure under this subhead has been understated by \$19.188M.

**Subhead 24001 - Land Transport**

**855.** An amount of \$6M was provided for the purchase of new vehicles for the Ministry of Finance and the Valuation Division. Two new vehicles were purchased at a total cost of \$5.462M and assigned as follows:-

TYPE OF VEHICLES	COST	ASSIGNED TO
-----	----	-----
	\$	
Nissan Sentra	2,635,500	Commissioner of Inland Revenue

Hyundai Sonata

2,826,600

Snr. Minister of  
Education

It is understood that the Ministry of Finance exchanged the new Hyundai motor car with the one which was previously used by the Senior Minister of Education.

**Subhead 25001 - Equipment**

**856.** An amount of \$12M was provided in the Capital Estimates for the purchase of equipment. Actual expenditure was \$11.82M. An examination of the payments relating to this subhead revealed the following:-

- (a) Suppliers' invoices/bills were not attached to eleven(11) payments totalling \$3,650,647;
- (b) Tender board procedures were not followed in respect of eighteen(18) purchases of furniture and equipment in that three(3) purchases would have required approval by the Central Tender Board while remaining fifteen(15) would have the Ministerial/Departmental Tender Board adjudication; and
- (c) Five(5) other purchases falling within the limit of \$90,000 and \$180,000 were made without the application of the three(3) quote.

**Subhead 25002 - Infrastructure Rehabilitation Programme**

**857.** An amount of \$468M was budgeted for the improvement to the New Amsterdam Water Supply System, \$348M of which was provided by the funding agency European Union while \$120M was provided for under local financing. Amounts totalling \$289.230M were expended.

**858.** The Project is subject to separate financial reporting and the audit. The last set of audited accounts was in respect of 1990. Draft financial statements have been submitted for audit for the years 1991 to 1993, and the time of reporting the audit was in progress.

**859.** An examination of the draft financial statements for 1995 showed expenditure was incurred as follows:-

DESCRIPTION  
-----

AMOUNT  
-----  
\$ '000

Technical assistance	16,068
Supervision	18,143
Infrastructure works	235,933
Operating expenses	19,059
	-----
TOTAL	289,203
	=====

**Subhead 26001 - Statistical Bureau**

**860.** An amount of \$30M was provided for (a) the executing of National Labour Force Survey and (b) the completion of population census, rental survey and repairs and refurbishing of building. However, only \$4.264M were expended on repairs to building and population census.

**Subhead 33002 - Project Development & Assistance**

**861.** An amount of \$65M was budgeted for development works in local authority areas. The full amount was paid over to the Ministry of Works and charged to the Appropriation. However, it could not be determined what amounts were actually paid over to the local authorities and what expenditures were incurred, in view of the destruction by fire of the Ministry of Works. As a result, the completeness and accuracy of the amount of \$65M shown in the Appropriation Account could not be determined.

**Subhead 44001 - Institutional Strengthening**

**862.** According to the Capital Estimates, no provision was made for expenditure relating to the IDB Technical Assistance Programme for the Ministry of Finance, Customs & Excise and Inland Revenue Departments. However, expenditure totalling \$78.353M was incurred during 1995 but was not reflected in the Appropriation Account for the Ministry of Finance. As a result, both the Appropriation Account and Capital Revenue were understated by this amount. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Consultancy fees	18,799
Purchase of motor car	2,163
Purchase of pathfinder	3,115
Computers & ancillary equipment	51,641
Photocopier	725
Two(2) generators	1,910
	-----
TOTAL	78,353
	=====

**Subhead 44004 - Development Plan**

863. An amount of \$5M was budgeted for the preparation of the Development Plan. However, no expenditure was incurred during 1995.

**Subhead 44002 - Technical Assistance**

864. An amount of \$10M was budgeted for the provision of consultancy services. Payments totalling \$3.591M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Payment to Contractor for Consultancy Services	
Re: ferry service Suriname/Guyana	2,616
Payment to Corporation for Development International	675
Legal Services	300
	-----
TOTAL	3,591
	=====

**Subhead 44006 - Poverty Programme**

865. An amount of \$500M was provided for financial and social services for the most vulnerable groups in the country. According to the Appropriation Account amounts totalling \$254.188M were expended. However, records kept by State Planning Secretariat, which has responsibility of monitoring the programme, revealed an expenditure of \$247.251M, giving an unexplained difference of \$6.867M. It is recommended that a reconciliation be carried out between the records kept at the Ministry of Finance and those kept by State Planning Secretariat.

**Subhead 45004 - IADB**

866. An amount of \$35M was provided in the Capital Estimates for capital contribution to the IDB. Expenditure for 1995 amounted to \$53.905M, giving an excess expenditure of \$18.905M.

**Subhead 45005 - NGO/Support Programme**

867. An amount of \$274M was budgeted for institutional strengthening and support to Non Governmental Organisations and private sector. However, only \$5.952 were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Ministry of Works	3,774
PL 480 Monitoring Unit	1,958
Engineering and Agriculture Ltd.	220
	-----
TOTAL	5,952
	=====

The amount of \$3.774M, which was paid over to the Ministry of Works could not be verified because the records were destroyed by fire.

**Subhead 45010 - Guyana Electricity Corporation**

**868.** The sum of \$825.8M was voted for the improvement of electricity supply, of which amounts totalling \$252.249M were expended. The Programme is funded jointly by the IDB and the Government of Guyana, and is subject to separate financial reporting and audit. A private firm of auditors is responsible for auditing the Programme, and the last set of audited accounts was in respect of 1994.

**Subhead 45040 - IFC**

**869.** The sum of \$48M was allocated as capital contribution. However, no expenditure was incurred.

**Subhead 45047 - Guyana Broadcasting Corporation**

**870.** The sum of \$15M was voted as capital contribution to GBC. The full amount was paid over to the GBC which is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1994, and at the time of reporting the audit of the 1995 accounts was in progress.

HEAD 49

CUSTOMS AND EXCISE DEPARTMENT

Current Expenditure

Employment Costs

871. The salaries cash book for the period May - December 1995 was not presented for audit examination and for the period in which it was presented, it was not written up to reflect balances at the end of each month. As a result, the Department was not in a position to effectively monitor the balance on this account. Efforts should therefore be made to balance the cash book after each transaction or set of transactions.

872. A computation of the cash book balances for the period January - April 1995 revealed positive balances instead of 'nil' balances at the end of each month as shown below:-

MONTH	RECEIPTS	PAYMENTS	BALANCE
-----	-----	-----	-----
	\$	\$	\$
January	4,152,229	3,446,701	705,528
February	4,125,826	3,430,680	695,146
March	4,672,342	3,333,574	1,338,768
April	5,722,830	3,838,076	1,884,754

The main reason for this state of affairs was the delay in the paying over of deductions to the relevant agencies. The Department is advised to ensure that the cash book reflects 'nil' balances at the end of each month as a measure of control.

873. The salaries bank account (No. 460) was not reconciled since it was established in July 1991. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. Efforts should therefore be made to ensure the timely reconciliation of this account.

874. The salaries bank account was overdrawn by \$6,646,697 as at 31 December 1995. This significant overdraft has been coming forward for several years, as shown below:-

YEAR	OVERDRAWN
ENDED	BALANCE
----	-----
	\$

1992	8,607,000
1993	9,840,000
1994	7,005,787
1995	6,646,697

This matter was drawn to attention in previous reports, and despite this there was no evidence of any action taken to investigate the reason(s) for the overdraft and to take steps to liquidate it.

**875.** The following seven(7) deduction cheques valued at \$545,714 were still on hand at the time of inspection on 23 August 1996:-

DATE	CHEQUE NO.	PAYEE	AMOUNT
----	-----	-----	-----
			\$
18/04/95	G567549	Commissioner of Inland Revenue	96,764
14/06/95	0807984	Guyana Stores Ltd.	13,500
24/08/95	G568756	Secty. Amalg. Transport Cr. Union	130
19/12/95	07555488	-do-	130
19/12/95	0755461	Secty. Dependants' Pension Fund	12,217
19/12/95	0755497	Commissioner of Inland Revenue	10,598
22/08/95	567592	G. M. National Insurance Scheme	412,375
		TOTAL	545,714
			=====

Two(2) other cheques valued at \$8,217 payable to the Accountant General and dating back to 1993 were also on hand.

**876.** The sum of \$188,812 representing commuted and mileage allowances for the year 1995 was paid to a senior officer for use of his motor car as summarised below:-

DATE	PV NO.	PARTICULARS	AMOUNT
-----	-----	-----	-----
			\$
24/10/95	2595	Mileage and Commuted for Jan-Sept'95	124,335
29/12/95	7122	-do- for Oct-Dec'95	46,252
29/12/95	7123	Arrears allowances for Jan-Sept'95	18,225
		TOTAL	188,812
			=====

**877.** This is evidence of being compensated for the use of his personal car in the performance of his official duties. In such circumstances, the officer would normally have been precluded from enjoying the use of a Government vehicle in the carrying out his duties. There was, however, evidence that a Government vehicle



was assigned to him for his exclusive use. Details of use of the Government vehicle by the officer are as follows:-

VEHICLE NO. -----	PERIOD OF USE -----
PEE 6119	January - September 1995.
PEE 3968	October 1995.
PFF 1179	November - December 1995.

**878.** It should be noted that PEE 6119 was involved in an accident and was in a workshop undergoing repairs while for the month of October 1995, the officer was enjoying the shared use of PEE 3968. In respect of PFF 1179, up to the time of the audit in July 1996, the officer was still enjoying its exclusive use.

**879.** Included in the figure of \$188,812, were 12 monthly claims for mileage totalling \$112,781. Detailed scrutiny revealed that the claims were in respect of 80 journeys to Timehri and back. Three of these claims were certified by the officer himself while the remainder were certified by a Deputy Comptroller. In the absence of a log book for the Government vehicle used by the officer, it could not be determined whether the officer did not use the Government vehicle on the days he claimed he went to Timehri using his personal vehicle.

**880.** Fuel for the vehicles used by the officer was being purchased on a credit basis from Guyana Oil Company in breach of the Regulations. This apart, the Audit Office checked with GUYOIL and found the average monthly fuel consumption for these vehicles was approximately \$22,776, as shown below:-

VEHICLE NO.	PERIOD	AMOUNT	AV. MONTHLY CONSUMPTION
-----	-----	-----	-----
		\$	\$
PEE 6119	Jan.- 10 Sept.'95	219,508	26,352
PEE 3968	October'95	16,892	16,892
PFF 1179	15 Nov - Dec.'95	37,626	25,084

**881.** At a price of \$239 per gallon, the average weekly purchase of fuel for the Government vehicle used by the officer was 22 gallons per week. Assuming a consumption rate of 30 miles per gallon, the officer would have had to undertake journeys totalling 660 miles every week. The Accounting Officer attributed the high consumption to the apparent abuse of the use of these vehicles in that the driver was allowed to take the vehicles to his home at Mahaica in the evenings.

**882.** It was also noted that purchases of fuel for PEE 6119 for the months of June and July 1995 were \$56,872 and \$55,112

respectively, roughly doubling the average monthly consumption while in terms of the frequency of purchase throughout the period under review was in most cases once every other day.

**883.** From the foregoing observations, it is concluded that the officer was enjoying a double benefit in that he was being compensated for the use of his personal car while at the same time he was having the exclusive use of a Government vehicle. In addition, given the extent of the use of the Government as indicated by its fuel consumption, there appears to be a significant misuse of public property as well as an abuse of authority. The following recommendations were therefore made:-

- (a) The double benefit should cease forthwith through the surrendering of the use of the Government vehicle. The officer enjoyed duty free concession at the time of purchase of his personal vehicle, which concession specifically stated that the vehicle must be used in the performance of official duties;
- (b) The extent of the double benefit should be ascertained and recoveries made from the officer; and
- (c) Other forms of disciplinary action should be taken having regard to the abuse/misuse of public property and the duplication of benefits relating to travelling by the officer.

**884.** A register of contributors to the National Insurance Scheme was not maintained. As a result, it could not be determined whether all employees were registered with the Scheme.

#### **Other Charges**

**885.** An amount of \$6.5M was voted for the purchase of fuel and lubricants. However, according to the Appropriation Account only \$346,000 was expended. The main reason for this is that at the end of 1995 there were unpaid liabilities totalling \$1,946,702 relating to purchases from the Guyana Oil Company.

**886.** Apart from the Appropriation Account being understated, the purchase of fuel on credit is a breach of the regulations and there was no evidence that approval was granted for this practice. In addition, fuel was purchased based on written requests. However, these requests were not prepared in duplicate nor were

they serially numbered. This arrangement does not lend for effective control over the purchase and use of fuel.

**887.** An examination of the return of vehicles submitted revealed that of the twenty-two(22) motor vehicles owned by the Department, eleven(11) of these were not operational during the year. Of the eleven(11) which were operational, log books for four(4) vehicles and for part of the year were presented. Of the remaining seven(7) vehicles, two(2) each were assigned to the Ministry of Finance and the Berbice Anti-Smuggling Squad. In addition, two of the vehicles were not parked overnight in the Department's premises.

Instead, drivers were allowed to keep the vehicles at their homes overnight. In the circumstances, it could not be satisfactorily determined whether all the journeys undertaken were authorised and whether there was effective control over the use of vehicles.

**888.** It should be noted that amounts totalling \$2,286,000 were spent on the hire of two(2) vehicles to transport officers from Georgetown to Timehri and return and charged to subhead 307 Transport, Travel and Postage. Given that ten(10) vehicles were not operational as well as the observation relating to the apparent double benefit by a senior officer, it might have been more economical to repair and/or redeploy the Department's vehicles instead of hiring vehicles or alternatively to acquire new vehicles.

**889.** Amounts totalling \$3,737M were expended under Subhead 304 - Rental and Maintenance of Buildings. However, it was observed that a total of thirty-five(35) contracts valued at \$2,579,795 were awarded under this subhead to three(3) individuals without any system of tendering and adjudication by a tender board, as shown below:-

DESCRIPTION OF WORK -----	NO. OF CONTRACTS -----	AMOUNT -----
		\$
Janitorial services	12	765,000
Cleaning services	16	731,975
Repairs to air condition units & construction of wall	7	1,082,820
	--	-----
TOTAL	42	2,579,795
	--	=====

**890.** Two(2) of these contracts were awarded the same individual on the sole authority of the Comptroller and without a system of quotations, as shown below:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
16/11/95	68/95	Repairs to 25 ton A/c unit	361,560
22/12/95	79/95	Construction of wall	435,640

In respect of the contracts for janitorial and cleaning services, it should be noted that the Department had in its employ two(2) full-time cleaners. It would appear more of a cost saving device if additional cleaning staff were recruited, since the Department was paying on average \$124,748 per month for such services. It is therefore recommended that the contracting out of janitorial and cleaning serviced be reviewed by the Department.

**891.** Amounts totalling \$4.560M was shown as having been expended on electricity charges. However, an electricity register was not maintained to record actual consumption of electricity. In addition, the Department paid over the unspent balance of \$4.049M at the end of March 1995 on the voted provision to the Accountant General and charged it to final expenditure instead of liabilities. Adjustments should have been made at the end of the year to reflect actual consumption of electricity. In the circumstances, the amount of \$4.560M shown as electricity charges could not be substantiated.

**892.** Three(3) payments totalling \$827,820 were made in 1995 to effect repairs to vehicle PEE 6119 which was involved in an accident in July 1995. There was, however, no evidence of a system of quotations was followed before the repairs were effected. Three(3) other payments totalling \$293,755 were made in 1996 for the repairs to this vehicle. Given the high cost of repairs to this vehicle, it would appear more cost effective to dispose of it. It should also be noted that up to the time of this report, the vehicle was still not operational.

**893.** An examination of the expenditure recorded against Subhead 309 - Other Services Purchased, revealed misallocations totalling \$589,810, as shown below:-

DATE	CONTRACT NO.	PARTICULARS	AMOUNT	CORRECT SUBHEAD
------	--------------	-------------	--------	-----------------

			OF CHARGE	
			\$	
-				
12/04	18/95	Repairs to A/c unit	71,700	304
16/06	29/95	-do-	175,400	304
16/06	30/95	-do-	42,810	304
25/07	42/95	Repairs to UBU	70,400	304
25/07	43/95	Repairs to A/c unit	52,500	304
11/12	73/95	-do-	139,000	304
TOTAL			589,810	
			=====	

Had these amounts been charged to Subhead 304, there would have been an excess expenditure of \$126,810, even after taking into account a Contingencies Fund advance of \$500,000 under this subhead. In addition, two(2) payments totalling \$105,000 were made for the supply of assessment forms and were also charged to subhead 309 - Other Services Purchased instead of to subhead 304- Materials, Equipment and Supplies.

**894.** In April, 1995 the Department hosted the Caribbean Customs Tournament and expenditure totalling \$1,382,625 was incurred and charged to Subhead 314 - Other. An examination of the payment vouchers, however, revealed that alcoholic beverages and liquid refreshments purchased from a private supplier amounted to \$1,032,625 as follows:-

Quantity	Description	Unit price	Amount
-----	-----	-----	-----
44 cases	Royal stout	\$2,700	\$118,800
18 -do-	Dragon stout	2,700	48,600
20 -do-	McEwan stout	3,400	68,000
50 -do-	Polar beer	1,900	95,000
95 -do-	Heineken beer	3,225	306,375
65 -do-	Fruta juice	2,350	152,750
46 -do-	orange juice	1,900	87,400
4 -do-	Black Label whisky	36,000	144,000
Sub-total			1,020,925
bars and drums for three(3) days			11,700
Total			1,032,625
			-----

The approval of the Ministry of Finance was not seen for the use of public funds to purchase of alcoholic beverages. In addition, the number of participants, the duration of the Tournament and evidence on how the items were accounted for were not stated on the voucher. Further, evidence in acknowledgement of the amount paid to the supplier was not attached to the voucher.

### **Revenue Accounting and Control**

**895.** Customs entries and related transaction listings for the period April to December, 1995 were not produced for audit examination. The Comptroller explained that these documents were uplifted by the Police, and at the time of reporting were still with them for investigations into alleged irregularities. As a result, the revenue collected for the year and the allocation of such revenue to the subheads could not be satisfactory verified.

**896.** At the time of the audit, the Merchant's Overtime Register did not contain information such as date of payment, accounting machine number and amount paid. As result proper examination of this record could not have been carried out. The columns to record the entry number, date and amount of duty collected for the export of shrimp and fish were also not written up and there was no evidence of periodic supervisory checks. The Comptroller admitted this lapse and had since taken corrective action.

**897.** The system for the permit for immediate delivery of goods provides for the customs entries to be perfected/cleared within seven (7) working days of delivery/clearing of such goods. However, audit examination revealed that entries for goods totalling \$121,229,739 were perfected/cleared beyond the stipulated time ranging from periods between ten (10) to seventy-two (72) days. The Comptroller explained that the lapse, in some cases, was due to the delay by other Government Agencies in processing import documents.

**898.** Nine (9) defaulters were allowed further importations without perfecting/clearing their previous ones. The Comptroller agreed with this observation but explained that documents for previous importations were already in the system.

**899.** Six instances were noted where the value of bonds totalling \$2,500,000 were inadequate to cover the cost, insurance and freight (CIF) values of goods totalling \$719,538,668. The Comptroller agreed with the observation, but however explained that many importers who used the system did not have to pay the revenue on the cargo they import whenever the entries were perfected. He assured that action has been taken to review the

bonds with a view for upward adjustments in their values.

**900.** Bonds belonging to three (3) companies were used to clear goods valued at \$34,382,103 imported by three (3) other companies. The Comptroller admitted this discrepancy, but assured that checks have been made to prevent such recurrences.

**901.** Information in respect of the amount of duty payable and amounts transferred to revenue and /or refunded to importers from deposits made by them was not recorded in the bills of sight register for the year under review. Consequently, audit checks could not determine whether the provisional entries used to clear imports were subsequently perfected and the correct amount of revenue withdrawn from the deposits bank account and paid into the Consolidated Fund. The Comptroller agreed with the observation but had since taken action to maintain the bills of sight register.

**902.** The Deposits Fund bank account number 838 was not reconciled with the bank statement for the year although the bank account reflected an overdraft of \$715,490 whereas the cash book recorded a 'nil' balance. This was accepted by the Comptroller who promised to have the reconciliation brought up to date.

**903.** Statement of sales vouchers, consumption tax returns and related documents were not filed sequentially and cross-referenced in manufacturers' files to facilitate audit checks. In addition, an examination of three (3) of these files revealed that tax totalling \$31,124,327 remained outstanding at year end.

Further, twenty-three (23) manufacturers did not submit statement of sales and consumption tax returns for various periods during the year and no action was taken them to comply with the law or to have their bonds forfeited. Furthermore, bonds totalling \$16,449,300 lodged by three hundred and twenty-eight (328) manufacturers between the years 1982 and 1993 were not produced for audit checks nor was there any indication that they were cancelled.

**904.** Although remissions of duty and consumption tax were approved by the Minister of Finance for the year it was not possible to quantify the total revenue remitted since the register for the period May to December was not produced for audit examination. The Comptroller explained that the register was with the Police Department in relation to certain irregularities with regard to the importation of motor vehicles.

**905.** The register of ships and aircraft files for the year was not

produced for audit examination. However, one was reconstructed on 18,September, 1996. An examination of this register revealed that of a total of 1305 incoming ships files only 79 were submitted to the Custom House and none of them was examined by the Internal Audit Division.

906. The register of out-going ships, inbound and outbound aircraft manifests were not produced for audit examination. The Comptroller explained that the Department was in the process of preparing one.

**Other Matters**

907. The balance on the Imprest Bank Account no. 663 revealed a difference of \$1,910,713 between the cash book balance and that of the bank statement as follows:-

CASH BOOK BALANCE	BANK BALANCE	DIFFERENCE
-----	-----	-----
\$338,925CR	\$1,571,787DR	\$1,910,713

908. The bank account number 663 was not reconciled for several years as reported in my previous reports. The failure to reconcile bank accounts can lead to irregularities being perpetuated without early detection. Every effort should therefore be made to ensure the timely reconciliation of this account.

**HEAD 50**

**INLAND REVENUE DEPARTMENT**

**Employment Costs**

909. The Salaries Bank Account No. 454 was last reconciled to November 1995, and an examination of the reconciliation statement revealed that it was not properly prepared for the following reasons:-

- (a) The bank balance was not reconciled with the cash book balance but with the total deposits for each month;



- (b) Credits totalling \$774,736 were shown as being overstated in the bank statement, details of which were not provided. A similar situation was observed in relation to debits totalling \$262,469;
- (c) Twenty-two(22) cheques totalling \$115,813 listed as unpresented in October 1995 were not encashed in November 1995 but were not reflected as unpresented in the November reconciliation statement;
- (d) Four(4) cheques totalling \$40,139 which were encashed in November 1995 were listed as unpresented in the reconciliation statement; and
- (e) Cheque No. 821690 dated 2 November 1995 for \$369,420 drawn in favour of the National Insurance Scheme was reflected in the cash book as \$147,743, yet the reconciliation statement did not bring out this discrepancy.

It should be noted that the statement was prepared by an accounts clerk and checked by the Finance Officer. It is evident from the above, however, that there was superficial checking of the statement. It is recommended that the bank account be reconciled by a senior and more knowledgeable officer and greater care should be taken in its checking and certification. In addition, action should be taken to investigate the discrepancies highlighted above.

**910.** The Salaries Cash Book was not written up to show balances. Instead, the payments were summarised at the end of each month and reconciled with the receipts. It is recommended that this record be written up in the traditional form and balanced at the end each transaction or set of transactions.

**911.** The Salaries Deductions Register for the period January - May 1995 was initially presented for audit examination and returned to the relevant officer. However, when this record was requested for further rechecking, it could not be located. As a result, much difficulty was experienced in the verification of payment of deductions to the relevant agencies.

**912.** Thirteen(13) officers were in receipt of commuted travelling allowances and mileage. However, half-yearly statements of travelling were not prepared and submitted to the Public Service Management, as required by circular instructions.

913. NIS deductions are required to be paid over to the Scheme not later than the 10th day of the following month. However, several instances were noted where payments were not made within the stipulated period. The following are examples:-

MONTH	AMOUNT PAID	DATE PAID	NO. OF DAYS DELAY
-----	-----	-----	-----
	\$		
January	424,895	21/3/95	39
February	318,926	22/6/95	43
April	355,291	17/5/95	37
May	351,792	19/6/95	40
June	368,659	19/7/95	39
July	367,379	17/8/95	38

#### Other Charges

914. Twenty (20) contracts with a total value of \$5,722,047 were awarded for works and services falling within the limits of \$180,000 and \$450,000. However, there was no evidence that a system of quotations was followed before the contracts were awarded, as required by Tender Board Regulations.

915. Four(4) instances were observed where contracts were apparently subdivided to bring them within the adjudication limits of the Accounting Officer, contrary to the Tender Board Regulations. In each case, the contracts for each block of work were awarded to the same contractor. The following are the details:-

DATE	CONTRACT NO.	AMOUNT	DESCRIPTION OF WORK
----	-----	-----	-----
		\$	
10/10/95	58/95	313,700	Carpentry, painting & lacquering to counters at LRO.
06/09/95	61/95	271,550	-do-
03/10/95	69/95	55,680	Painting ceiling at LRO.
15/10/95	72/95	413,270	Repairs & painting to ceiling at LRO.

TOTAL		-----	1,054,200	
		-----		
01/12/95	73/95		167,618	Cleaning ceiling & polishing tiles at Corriverton Office.
10/12/95	74/95	202,919		-do-
10/12/95	75/95	204,088		-do-
		-----		
TOTAL			574,625	
		-----		
20/4/95	17/95		273,080	Cleaning & installing rubber tiles at LRO.
28/04/95	26/95	357,435		-do-
		-----		
TOTAL			630,515	
		-----		
31/03/95	13/95		322,560	Building counters & cupboards at IRD Registry
10/04/95	15/95	371,000		-do-
		-----		
TOTAL			693,560	
		-----		

**916.** The carpentry work at the Licence Revenue Office would have required public invitation to tender and adjudication by the Central Tender Board, while the remaining three blocks of work would have required adjudication by the Departmental Tender Board. The Department requested a waiver of Tender Board procedures for the work at the Licence Revenue Division, but there was no documentary evidence of this waiver from the Secretary to the Treasury.

**917.** A contract was awarded in the sum of \$131,000 for the binding of fifty-seven estate duty books. Work was scheduled for completion not later than 26 October 1995. However, up to the time of the audit in July 1996, only 10% of the work was completed although 50% of the contract sum was advanced to the contractor.

**918.** Amounts totalling \$1.310M were expended on fuel and lubricants. However, the log book for one(1) vehicle was not produced for audit inspection, despite repeated requests while an examination of the log books for the two(2) other vehicles revealed average consumptions of 11.49 and 13.14 miles per gallon. It would appear that all the journeys undertaken were not recorded in the log books.

**919.** Although a bank account (Account No. 112) was maintained to effect refunds to taxpayers, a cash book was not kept. As a result, the balance of \$15,563,710 shown as the cash book balance in the bank reconciliation statement for December 1995 could not be verified. It is recommended that a cash book be introduced as early as possible.

**920.** An examination of the bank reconciliation statement for December 1995 in respect of Account No. 112 revealed that it was not properly prepared for reasons similar to those mentioned in relation to the reconciliation of the salaries account. In particular, the reconciliation statement showed (a) receipts totalling \$10,209,572 were omitted from the cash book (b) debits totalling \$109,897 were overstated in the bank statement and (c) cheques totalling \$41,600,046 were unrepresented, details of which were not provided. The comments and recommendations mentioned in Paragraph 909 are therefore also relevant.

**921.** Refund cheques not delivered to taxpayers were kept for six months after which they became stale-dated. However, the dates were changed to current dates and were redeposited into Account No. 112. The practice of reopening cheques after they become stale-dated can lead to irregularities, and it would have been more appropriate to cancel the cheques and to make the adjusting entries in the cash book and in Votes Ledger.

**922.** The practice of the Department has been to cross all refund cheques payable to taxpayers. This is an important safeguard since the cheques are sent to the taxpayers through the post and the possibility exists for someone other than the taxpayer to receive the cheque, sign the payee's name and encash it. However, there was evidence that all refund cheques were not being crossed. These were not exceptional cases where the cheques were left open at the request of the taxpayer. It is therefore recommended that the practice of crossing refund cheques be strictly enforced.

### **Revenue Accounting and Control**

**923.** Hotel accommodation tax for January 1995 and from April to November 1995 in respect of one(1) hotel was calculated at 1% of the gross receipts instead of 10%, as required by Section 4(1) of

the Hotel Accommodation Act. As a result, there has been a short-collection of tax from this hotel totalling \$130,500.

**924.** PAYE remittances returns were not seen in twenty-one(21) employers' files for varying months of the year. In the absence of these returns, the accuracy of the entries in the PAYE Remittances Register could not be determined. At the time of reporting, it was explained that these returns were misfiled and that they had since been located and correctly filed.

**925.** Fourteen(14) instances were noted where PAYE for substantial sums were remitted to the Department and evidenced in the taxpayers' files. However, this information was not recorded in the PAYEE Progress Register. As a result, the year-end progress total would be understated by the amounts omitted from the Register. It was explained that reconciliation of the Form II was in progress and the Register was being updated accordingly.

**926.** PAYE remittances were not paid over promptly by several companies, and penalties totalling \$12,671,776 and interest in the sum of \$2,274,469 were raised and demand notices sent out. However, it was noted that a total of only \$2,716,939 in penalties and interest was collected. As a result, several companies at the time of the audit did not comply and the amounts demanded had not been paid. It was explained that the Department was in process of compiling a list of defaulters for prosecution.

**927.** The total taxable income was not stated on the remittance form for the month of June 1995 in respect of the Customs and Excise Department. As a result, the correctness of the amount of \$196,445 remitted could not be ascertained. In addition, PAYE remittances for this Department were paid over several weeks after the stipulated period in respect of February and November 1995.

**928.** According to the Entertainment Tax Register, entertainment tax totalling \$2,444,357 was owing by seven(7) proprietors for a considerable period of time. It was explained that legal action was instituted for recovery of the outstanding taxes in respect of four(4) proprietors while letters soliciting compliance were issued in respect of two(2) other proprietors.

**929.** Travel voucher tax totalling \$7,423,155 was received by a commercial bank and remitted to the Department in respect of certain airlines not operating in Guyana. However, it could not

be determined how these amounts remitted were arrived at, as no sales returns to support the payments were seen and there was no evidence of any check carried out by the Department to determine the accuracy of the amount remitted. It was explained that efforts were previously made to obtain the details from the bank apparently without success and that renewed efforts were being made.

**930.** Penalties totalling \$928,701 were raised and demand notices sent for certain airlines for the late submission of returns, and up to the time of this report the amount remained outstanding. Prompt follow-up action should be taken to collect the outstanding amount.

**931.** Travel Tax Tickets sold to passengers and surrendered at the immigration section at the Air Port and subsequently returned to the Department could not be checked because they were not in any particular order for checking. As a result it could not be determined whether this Tax was imposed on all out going passengers who were required to pay.

#### **Stores and Other Public Property**

**932.** A physical count of a sample of 43 stores items on 14 March 1996, revealed discrepancies in respect of five(5) items when comparison was made with the stock records. In addition, items were issued on sheets of paper instead of serially numbered requisition forms.

**933.** Sectional inventories were not kept by the various departments housed at the General Post Office Building. Efforts should be made to institute this record.

#### **Other Matters**

**934.** An examination of the bank reconciliation statement for the Imprest Account No. 111 for December 1995 revealed credits totalling \$328,550 were understated in the bank account. However, details were not provided. A similar situation was observed in relation to the Standing Imprest Account No. 998 where a number of unreconciled items were shown on the statement but details were not provided. In addition, both imprests were over-retired at the end of the year by \$17,612 and \$3,688 respectively.

#### **NEW AMSTERDAM BRANCH OFFICE**

**935.** Inventories of office equipment and for the staff quarters were not kept for the year under review. As a result it could not be determined whether all equipment in the office as well as at the staff quarters have been properly accounted for.

#### **SPRINGLANDS BRANCH OFFICE**

**936.** The comment at 935 above also apply to this branch office.

**937.** Fifty two(52) objections totalling \$19.880M in respect of traders were not finalised at the time of the audit inspection.

#### **LICENCE REVENUE OFFICE - GEORGETOWN**

**938.** Bank Account 491. This account was reconciled to December 1995 and an examination of the reconciliation statement revealed that deposits totalling \$11.6M were not credited in the bank statements. Some of these deposits dated as far back as 1985. Also, deposits totalling \$1.1M were not traced in the bank statements. It was explained that this matter was being investigated with the Bank of Guyana.

**939.** Twenty nine(29) cheques totalling \$1,719,176 were returned by the bank and at the time of reporting these cheques were not made good by the Tax payers.

**HEAD 51 & DIVISION 528**

**MINISTRY OF TRADE, TOURISM AND INDUSTRY**

**Current Expenditure**

**Employment Costs**

**940.** There was a lack of segregation of duties in relation to the countersigning of cheques, writing up of the cash book and the reconciliation of the bank account. These duties were all carried out by the same officer. In order to strengthen the internal controls, it is recommended that these duties be carried out by different persons. At the time of discussing the draft report, the Accounting Officer advised that corrective action was taken with effect from July 1996.

**941.** An amount of \$57,400 was deposited into the Salaries Bank Account, but up to April 1996 the account had not been credited by the Bank. Efforts should be made to contact the Bank with a view to ensuring that the account is credited. The Accounting Officer has since advised that the adjustment was made by the Bank in July 1996.

**Other Charges**

**942.** A contract valued at \$539,808 was awarded for the carpeting of the first and second floors of the Ministry respectively. However, there was no evidence of a system of tendering and adjudication by the Ministerial Tender Board, as required by the Tender Board Regulations. The Accounting Officer explained that the breach in the Regulations was an oversight.

**943.** Amounts totalling \$63.524M were expended on subsidies and contribution to local and international organisations, as shown below:-



NAME OF ORGANISATION -----	AMOUNT -----
	\$'000
Export Promotion Council	10,000
Guyana Office for Investment	23,000
Guyana National Bureau of Standards	18,000
Guyana Consumers' Association	500
Consumer Advisory Bureau	750
Guyana Tourism Association	1,200
World Trade Organisation	2,111
UNIDO	1,830
CTO Regional Marketing	3,532
CTO	2,601
	-----
TOTAL	63,524
	=====

**944.** The Export Promotion Council was established by Act No.5 of 1983. The last set of audited accounts was in respect of 1993. Draft financial statements for 1994 have been received and at the time of reporting the audit was in progress. The amount of \$10M was verified as having been received by the Export Promotion Council.

**945.** Guyana Office for Investment was established by Order No.38 of 1994 made under the Public Corporations Act 1988. Since its inception, no financial statements have been produced for audit. Notwithstanding this, the amount of \$23M was verified as having been received by GO INVEST. It should be noted that as a public corporation, GO INVEST is required to have its audited accounts laid in the National Assembly within six(6) months of the close of the financial year.

**946.** The Guyana National Bureau of Standards was established by Act No. 11 of 1984. The last set of audited financial statements was in respect of 1994 and at the time of reporting the audit of the 1995 accounts was in progress. The amount of \$18M was verified as having been received by GNBS.

#### **Other Matters**

**947.** The inventory records were not updated for the period under review. As a result, the submission of the Ministry's list of assets to the Audit Office did not agree with the inventory records. Efforts should therefore be made to update the inventory records.

## Capital Expenditure

### Subhead 25001 - Office Equipment

948. The sum of \$1M was voted for the purchase of equipment for the Ministry, the full amount of which was shown as having been expended. This amount was paid over to the Guyana National Bureau of Standards and was utilised to meet capital expenditure for that entity. However, there was no evidence that approval was granted for a change in programme to vary the capital works approved by Parliament. The Accounting Officer explained that verbal approval was obtained from the State Planning Division of the Ministry of Finance. Such approval should have been sought in writing.

### Subhead 41001 - Tourism Development

949. The sum of \$2.5M was voted for the promotion of eco-tourism through trade fairs and mass media campaigns, of which amounts totalling \$2.432M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Berlin Trade Fair	840,000
Local seminars	342,600
Promotion & advertisements	873,925
Miscellaneous	375,241
	-----
TOTAL	2,431,766
	=====

These expenditures were verified and were in conformity with the  
Capital  
Projects  
Profile.

### Subhead 47002 - Guyana Office for Investment

950. The sum of \$1M was voted for the purchase of equipment for the Guyana Office for Investment, the full amount of which was shown as having been expended. As mentioned above, since its

establishment in 1994, financial statements were not prepared and submitted for audit. Notwithstanding this, an attempt was made to verify the expenditure and it was observed that amounts totalling \$962,000 were expended on the purchase of computer hardware and software and an air conditioned unit. The difference of \$38,000 should therefore have been refunded for credit to the Consolidated Fund.

**HEAD 52 AND DIVISIONS 520 & 521**

**MINISTRY OF PUBLIC WORKS, COMMUNICATIONS  
AND REGIONAL DEVELOPMENT**

**Current Expenditure**

**951.** The accounting and other records of the Ministry of Works were destroyed in a fire on 8 February 1996, as a result of which the completeness, accuracy and validity of the amount of \$415.077M shown in the Appropriation Account could not be substantiated.

**952.** The Salaries Bank Account No. 931 reflected a balance of \$12,967,441 as at 31 December 1995. In the absence of the cash book and reconciliation statements relating to this account, the exact balance on this account could not be determined.

**953.** The Main Bank Account No. 929 also reflected a large positive balance of \$692.332M as at 31 December 1995. It is evident that unspent balances over the years were not paid over to the Accountant General but were allowed to accumulate in this account, resulting in the large balance on this account. However, in the absence of the cash book and reconciliation statements, the exact balance on this account could not be determined. It should be noted that in my Report for 1994, it was indicated that this account was not reconciled since August 1992, and it could not be determined whether the Ministry had made any progress to bring the reconciliation up-to-date.

**954.** Seven(7) Ministry vehicles were assigned to senior officers for their full-time use. However, the authority for the use of the vehicles in this manner was not presented for audit examination. The following are the details:-

VEHICLE NUMBER	ASSIGNED TO
-----	-----

PDD 4891		Deputy Permanent Secretary
PDD 2498		Chief Works Officer
PDD 6086		Chief Roads Officer
PEE 5683		Asst. Proj. Manager, Demerara Harbour Bridge
PCC 8953		Dep. Director, Civil Aviation
Dept	PCC 7755	Air Worthiness Surveyor
	PCC 3082	Chief Mechanical Officer.

**955.** In respect of PDD 2498, action was taken in 1996, based on a special report issued, to have the vehicle re-assigned for use by the Ministry. Similar action, according to the Accounting Officer, was subsequently taken in respect of vehicles PCC 8953 and PCC 3082.

He further explained that the employment contracts of the Assistant Project Manager of the Demerara Harbour Bridge and the Air Worthiness Surveyor of the Civil Aviation Department stipulated that they be provided with vehicles while the extent of travel by the other officers required the full-time use of vehicles.

**956.** In relation to electricity charges, the sum of \$12M was shown as having been expended, corresponding to the voted provision. It should be noted that in April 1995 the Ministry paid over the unspent portions of its allocation on electricity to the Accountant General and was charged to final expenditure instead of a liability. Adjustments should have been made at the end of the year to reflect the actual expenditure incurred.

**957.** Following the fire of 8 February 1996, the contents of the fire proof safe were examined in the presence of senior officials of the Ministry. A total of one-hundred and forty-four(144) cheques valued at \$23.081M and one(1) bank draft valued at US\$430 were found.

**958.** An examination of these cheques revealed that:-

- (a) Eighty-one(81) of these cheques were stale-dated, thirty-four(34) of which relate to the 1970's;
- (b) Seventy-four(74) cheques valued at \$1,454,051 were in respect of security deposits on contracts and salary deductions which should have been paid over to the relevant agencies; and
- (c) Seventy(70) cheques valued at \$21.627M were in respect of individuals and firms.

**959.** The Accounting Officer explained that this situation arose

from a retrenchment in 1982, the high attrition rate of staff and the lack of supervisory checks on the part of supervisors of the Central Accounting Unit.

960. It should be emphasised that the main purpose of a fire proof vault is to secure important records and documents at the end of each day. The fact that there were no such records in the vault at the time of the fire, would suggest apparent negligence on the part of those concerned.

### Capital Expenditure

#### Division 520 - Ministry of Public Works

##### Subhead 11001 - Demerara Harbour Bridge

961. The sum of \$768M was voted for (a) the reconstruction of flotation units and construction of anchor blocks (b) fabrication of buoys and rehabilitation of scow ends and (c) procurement of unifloat pins. Amounts totalling \$474M were shown as having been expended.

962. The latter amount was transferred to the Management and Monitoring Unit of the Demerara Harbour Bridge Rehabilitation Programme (MMU/DHBRP). This Project is subject to separate financial reporting and audit. At the time of reporting, the audit of the 1995 accounts was in progress.

963. According to the records of the MMU/DHBRP the funds received were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Technical Assistance by Sociedad Limitada De Consultores Espanoles (Advance Payment)	15,649
Supply of Spares by Damen Shipyard (Advance Payment)	290,351
Bridge Rehabilitation and other Infrastructure Improvement Works	115,929

Counterpart salaries and other administrative costs	16,065
	-----
TOTAL	437,994
	=====

964. The difference of \$36.006M was retained by the Management and Monitoring Unit of the Programme to be used during the financial year 1996. This amount should have been paid over to the Ministry for credit to the Consolidated Fund. As a result, the Appropriation Account has been overstated by this amount.

965. The advance payments to the Sociedad Limitada De Consultores Espanoles and Damen Shipyard which totalled \$306M were not supported by any documentation to substantiate the payments made.

966. It was explained that this was due to failure by the funding agency to provide necessary documents to enable the MMU/DHBRP in support of the transactions and to have them properly reflected in their accounting records. At the time of reporting, however, efforts were being made to correct this situation.

#### **Subhead 12001 - Government Buildings**

967. The sum of \$46M was voted for the rehabilitation of selected Government buildings as follows:-

- (a) Head Office Building
- (b) Kuru Kuru College
- (c) Amerindian Hostel
- (d) Public Service Appellate Tribunal
- (e) Caricom Statistical Building
- (f) Living Quarters at Plaisance and Timehri

968. Amounts totalling \$50.942M were shown as having been expended, resulting in an over-expenditure of \$4.942M which was financed by an advance of \$5M from the Contingencies Fund.

#### **Subhead 12002 - Buildings (Health)**

969. The sum of \$34M was voted for capital works on health facilities as follows:-

- (a) Rehabilitation and extension of Plaisance Health Centre;
- (b) Completion of Nabacalis, Leguan and Canal No. 2 Health Centres; and
- (c) Rehabilitation of Wakenaam District Hospital.

Expenditure totalling \$17.2M was shown as having been incurred. In the absence of records and supporting documents, the completeness and accuracy of the expenditure incurred could not be substantiated.

**Subhead 12007 - Timehri Airport**

970. The sum of \$50M was budgeted for the extension of the Airline Check-in Office at the Timehri Airport. An additional \$3M was approved as supplementary provision increasing the available funds to \$53M for the Project. Amounts totalling \$28.385M was shown as having been expended. The completeness and accuracy of this figure, however, could not be substantiated.

971. The records of the Regional Administration Office Region No. 4 - Demerara/Mahaica indicated that a warrant for \$3M was received from the Ministry of Works, Communications and Regional Development to acquire four hundred(400) utility poles and cross arms. Audit checks revealed that two (2) cheques valued at \$3M were drawn in favour of two(2) contractors on 29 December 1995 (i.e. the last working day of the year) and were held pending the supply of the items.

972. A physical verification exercise in July 1996 revealed that only three hundred and eighty (380) poles were received. Attempts to determine why the additional twenty (20) poles were not supplied revealed that one contractor who had short-supplied eight(8) poles was paid in full while the other contractor who had short-supplied twelve(12) poles was not paid and the cheque in his favour was refunded to revenue. At the time of reporting, it could not be determined whether the poles short-supplied were eventually delivered and whether the second contractor had been paid.

**Subhead 14001 - Mabura/Lethem Road**

973. The sum of \$40M was voted for the acquisition of equipment for the road maintenance programme to be carried out on the Mabura Hill/Lethem road. Total expenditure reflected in the Appropriation Account was \$37.434M which according the Accounting Officer was spent to purchase the following items of equipment:-

DESCRIPTION -----	QUANTITY -----
Fiat Allis Grader	1
Fiat Allis Tractor Backhoe	1
Massey Ferguson Tractor MF 240	1
Two (2) Ton Trailer	1
Ford Truck, Regn. No. PFF 3044	1

974. In the absence of supporting records the completeness and accuracy of the expenditure recorded in the Appropriation Account could not be substantiated.

**Subhead 14004 - Black Bush Polder Road**

975. The sum of \$150M was voted to enable the rehabilitation of critical sections of the inter-settlement road at Black Bush Polder. According to the Appropriation Account expenditure totalling \$74.021M were expended as follows:-

DESCRIPTION -----	CONTRACT SUM -----
	\$'000
Lesbeholden to Yakusari	41,197
No. 43 Village to Joanna	39,827
Lesbeholden to Adventure	40,000
	-----
TOTAL	121,024
	=====

**Subhead 14005 - Bartica/Issano/Mahdia Road**

976. The sum of \$20M was voted for the rehabilitation of the Bartica/Issano and Bartica/Mahdia roads. According to the Accounting Officer, the expenditure of \$7.306M reported in the appropriation account was for consultancy services and the preparation of an access road to the laterite pit. However, in the absence of records and supporting documents, the completeness, accuracy and the validity of the reported expenditure could not be established.

**Subhead 14006 - Bridges**

977. The sum of \$20M was voted to enable the rehabilitation of bridges at Grove, Nooten-Zuil, Mahaica and Bridge Rails between Peter's Hall and Soesdyke. However, the completeness and accuracy of the expenditure of \$19.969M reported in the Appropriation Account could not be determined.

**Subhead 14007 - Miscellaneous Roads**

978. The voted provision of \$450M was for the rehabilitation of roads in the Regions including Parika/Morashi, Wakenaam, Leguan,



Cane Grove, Whim, Better Hope, Enterprise, Beterverwagting, Fyrish, East Canjie, Montrose and Buxton/Friendship. However, the completeness and accuracy of the expenditure of \$407.454M as reported in the Appropriation account could not be determined.

**Subhead 14008 - Urban Roads/Drainage**

979. The sum of \$60M was voted for the rehabilitation of roads, drains and collection of garbage in the Municipalities. According to the Appropriation Account, the full amount was expended, which however, could not be verified in the absence of records and supporting documents.

**Subhead 14009 - Hinterland Airstrips**

980. The voted provision of \$30M was for the rehabilitation of airstrips at Baramita, Apoteri, Kopinang and the Ogle Aerodrome. Expenditure totalling \$29.858M was shown as having been expended. However, for reasons already mentioned, such expenditure could not be substantiated.

**Subhead 14015 - Amerindian Development**

981. The sum of \$20M was voted for the development of Amerindian Communities. The full amount was shown as having been expended, and according to the Accounting Officer, the expenditure was incurred as follows:-

- (a) Boats and engines for the Wai Wai Community in the Gunnstrip area, South Rupununi;
- (b) One (1) Sloop to ply the Moruca/Charity route; and
- (c) Power Saws for various Amerindian settlements.

**Subhead 16003 - Stellings**

982. The voted provision of \$40M was for the rehabilitation of the Parika, Kumaka, Rosignol and New Amsterdam Stellings. The entire sum was transferred by the Ministry to the Transport and Harbours Department, a separate entity subject to separate financial reporting and auditing.

983. According to the records provided by the Transport and Harbours Department, the entire sum was utilised on the rehabilitation of the Parika Stelling which was undertaken by the General Construction Company Limited. No works were, however, undertaken on the Kumaka, Rosignol and New Amsterdam Stellings. It

was explained that this was due to the insufficiency of funds.

**Subhead 17001 - Minor Works**

984. The voted provision of \$5M was for the implementation of minor programmes and projects to eliminate bottlenecks to Regional and National Development Projects. According to the Accounting Officer, the sum of \$4.998M reflected in the Appropriation Account was expended solely on the authorisation of the Prime Minister. However, in the absence of records and supporting documents, the completeness and accuracy of the expenditure incurred could not be determined.

**Subhead 19001 - Infrastructure Development and Buildings**

985. The sum of \$120M was voted for the development of new housing areas in Regions 3, 4, 5 and 10 and the upgrading of selected squatting areas. The expenditure of \$120M reported in the appropriation account represented a transfer of the voted amount to the Central Housing and Planning Authority, a separate entity which is subject to separate financial reporting and audit.

986. According to the records available at the Central Housing and Planning Authority actual expenditure for the year total \$65.860M. The difference of \$54.140M was retained by the authority to meet related expenditure in the year 1996. This latter amount should have been refunded to the Ministry for credit to the Consolidated Fund. As a result, the Appropriation Account has been overstated by \$54.140M.

987. According to the records of the CH&PA, the expenditure of \$65.860M was applied to cadastral surveys and infrastructure development works in the following areas:-

Cadastral Surveys

- |                              |                       |
|------------------------------|-----------------------|
| 1. Foulis                    | 7. Good Hope          |
| 2. Section B Non Pariel      | 8. Mon Repos          |
| 3. Section C Enterprise      | 9. Mocha/Arcadia      |
| 4. Eccles                    | 10. Sophia/Liliendaal |
| 5. Paradise                  | /Turkeyen             |
| 6. Blocks 11 & 12 Enterprise | 11. Meten-Meer-Zorg   |
| 12. Tushen                   |                       |

Infrastructure Development Works

- |           |                               |
|-----------|-------------------------------|
| 1. Foulis | 7. Sophia/Liliendaal/Turkeyen |
|-----------|-------------------------------|

- |                         |                  |
|-------------------------|------------------|
| 2. Section B Non Pariel | 8. Amelia's Ward |
| 3. Section C Enterprise | 9. Diamond       |
| 4. Eccles               | 10. Crane        |
| 5. Good Hope            | 11. Bath         |
| 6. Mocha/Arcadia        | 12. Uitvlugt     |
| 13. Region 2            |                  |

**Subhead 19002 - Urban Rehabilitation**

988. The voted provision of \$25M was to finance the design of an urban rehabilitation programme for the municipalities. A supplementary provision of \$8.627M was received during the year thus increasing available funds to \$33.627M. The expenditure of \$28.627M reported in the Appropriation Account was incurred by the Project Execution Unit of the Urban Rehabilitation Program, a project funded by the Inter American Development Bank under Technical Co-operation Agreement ATN/SF/JF-3829-GY. This project is subject to separate financial reporting and audit.

989. According to the audited accounts for 1995, expenditure totalling \$28.802M was incurred as follows:-

DESCRIPTION -----	AMOUNT -----
	\$ '000
Consultancy Fees	18,503
Vehicle and equipment purchases	5,124
Administration and office expenses	5,175
	-----
TOTAL	28,802
	=====

990. As can be noted, a difference of \$175,000 existed between the sum reported in the Appropriation Account and the records of the Program.

**Subhead 24001 - Land Transport**

991. The sum of \$5M was voted for the purchase of two (2) vehicles. An additional \$1.625M was obtained during the period as a supplementary provision increasing the available funds to \$6.625M. The expenditure of \$6.609M was incurred for the purchase of the undermentioned vehicles:-

VEHICLE NO. -----	ASSIGNED TO -----
PEE 9505	Prime Minister

**Subhead 25001- Office Equipment**

992. The voted provision of \$1M was for the purchasing of an air-conditioning unit, cabinets and typewriters. The accounting officer explained that the expenditure of \$996,000 represented the cost of these equipment and indicated that the items were destroyed by fire.

**Subhead 26001- Navigational Aids**

993. The sum of \$6M was voted for the provision of navigational facilities. The expenditure reported in the Appropriation Account represented the transfer of the entire sum voted to the Transport and Harbours Department.

994. An examination of the records kept at the Transport and Harbours Department revealed that the entire sum appropriated was expended on the acquisition of navigational aids and rehabilitation works on the Lighthouse.

**Subhead 27001 - Reconditioning of Ships**

995. The sum of \$60M was voted for the rehabilitation of the Motor Tug Anarika. A supplementary provision of \$15M was approved during the period, together with a Contingency Fund advance of \$39M thus making the availability of funds for the project \$114M.

Of this sum, \$75M was transferred to the Transport and Harbours Department and the difference of \$39M was retained by the Ministry and deposited into a special account entitled "Repairs of a special vessel SANDAKA" at the Guyana National Co-operative Bank.

The expenditure reported in the Appropriation Account of \$114M includes the \$39M which was not utilised during the financial year.

This unspent amount should have been refunded to the Consolidated Fund. As a result, expenditure under this subhead has been overstated by \$39M.

996. The amount of \$75M transferred to the Transport and Harbours Department was applied to the rehabilitation of Motor Vessels Torani, Makouria, Malali and Parakeet. Approval was seen for the change in program to accommodate this expenditure.

**Subhead 27003 - Reconditioning of Ferry Vessels**

997. The voted provision of \$12M was for the rehabilitation of motor vessels Makouria, Torani and Malali. A supplementary

provision of \$32M was approved during the period, increasing the sum available for the Project to \$44M. The amount reflected in the Appropriation Account represents the transfer of the total amount to the Transport and Harbours Department.

**998.** According to the records of the Transport and Harbours Department, the sum of \$13.152M was expended for repairs to the following vessels:

NAME OF VESSEL -----	AMOUNT -----
	\$
M.V. Torani	7,095,400
M.V. Malali	6,056,126
	-----
TOTAL	13,151,526 =====

**999.** As can be noted, no expenditure was incurred on the rehabilitation of Motor Vessel Makouria. In addition, the difference of \$30.848M was retained by the Transport and Harbours Department to meet expenditure in 1996. This amount should have been refunded to the ministry for credit to the Consolidated Fund. As a result, expenditure under this subhead has been overstated by \$30.848M.

**Subhead 27004 - Ferry Services**

**1000.** The sum of \$500,000 was voted for the reviewing and updating of the ferry services study. However, no expenditure was recorded during 1995. The Accounting Officer explained that the review of a previous study was not carried out in relation to the Transport and Harbours Department and as a result there was no request for a draw-down from the Ministry of Finance

**Subhead 27005 - Guyana/Suriname Ferry Project**

**1001.** The voted provision of \$1M was for the payment of consultancy services under the Project. However, no expenditure was recorded under this subhead during 1995. It was explained that the Ministry of Finance had paid for the consultancy service from its votes, resulting in there being no need to request funds under this subhead. The project was transferred to the Ministry of Finance in 1996.

**Division 521 - Road Rehabilitation Project**

## **Subhead 14001 - Essequibo Coast Road**

**1002.** The sum of \$940M was voted for the continuation of the rehabilitation of the Essequibo Coast road from Supenaam to Charity for approximately 38.25 miles of road of which amounts totalling \$520.334M were shown as having been expended during 1995. The Project is subject to separate financial reporting and audit.

**1003.** Work on the Essequibo Coast Road commenced on 20 January 1994 with funding from the International Development Association and the Government of Co-operative Republic of Guyana. The IDA's contribution was to be \$1.732 billion while that of the Government of Guyana's contribution was \$110.528M, giving a total of \$1.842 billion. Expenditure to the end of 1994 was \$614.901M, giving a cumulative expenditure at the end of 1995 of \$930.724M.

**1004.** Tenders were invited in January 1993 and nine bids were received. The bids were assessed by a committee comprising three (3) members from the Ministry of Public Works Communication and Regional Development, two (2) members from the Ministry of Finance and the Co-ordinator of the Project Execution Unit (Roads). The contract was awarded to Paranapanema S/A Mineracao Industria E Construcao from Brazil on 20 October 1993 for US\$9,462,748 equivalent to G\$1,203,478,626. The commencement date was 20 January 1994 and the completion date was to be 19 January 1996.

**1005.** A mobilisation advance of US\$1M was paid on 21 December 1993 with a guarantee from Banco Do Brasil. A performance bond for US\$955,000 was also issued by that Bank. The agreement required that a 10% retention be retained on monthly progress payments up to an aggregate of 5% of the contract price.

**1006.** The contract was terminated on 27 July 1995 on the grounds that the contractor committed fundamental breaches of the contract by, among other things, persistent refusal to remedy several defects. The works were re-advertised during 1996 and at the time of this report, the Ministry was in the process of awarding the contract for the completion of the road.

**1007.** At the time of the termination of the contract US\$500,000 was owed to Government of Guyana being the balance outstanding on mobilisation advance. When added to the performance bond proceeds, this gave a liability to Government of Guyana of US\$1.455M. However, the Government owed the contractor US\$530,716 and this resulted in a net indebtedness of US\$924,284.

**1008.** Settlement was arrived at on 28 February 1996 where the

contractor deposited the following with the Government of Guyana:-

DESCRIPTION	AMOUNT
-----	-----
	US\$
Cash	810,000
One Pneumatic Roller	22,500
One Asphalt Distributor	37,500
One Asphalt Paver	60,000
	-----
TOTAL	930,000
	=====

The cash received was deposited into the Projects Bank Account at the Riggs National Bank on the 5 April 1996.

**Subhead 14002 - Georgetown/Soesdyke/Rosignol Road**

**1009.** The sum of \$1.105 billion was voted for the rehabilitation of the Georgetown/Timehri and Georgetown/Rosignol Roads. Expenditure totalling \$428.705M was recorded in the Appropriation Account as having been expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$ '000
Construction and Supervision cost Georgetown/ Timehri Road	239,311
Railway Line Embankment Works	37,758
Maintenance of East Bank and Mahaica to Unity Roads	38,447
Preliminary Works:	
Georgetown to Mahaica Roads	6,035
Mahaica to Rosignol Roads	820
Miscellaneous Pot Hole Patching	27,365
Purchases:	
Lab and Construction Equipment	10,861
Bridge Elements	44,551
Three vehicles	9,275
Mobile Radios	1,346
One Computer and two Printers	643
Salary and Administration costs	12,293
	-----
TOTAL	428,705
	=====

**1010.** The contract for the construction works on the Georgetown/Timehri was awarded to a British Company in joint venture with a Trinidadian firm for \$693,015,930 equivalent to US\$5,031,895. It entails the rehabilitation of 22 miles of existing paved trunk road works and commenced on 13 March 1995 with an estimated duration of eighteen(18) months.

1011. During 1995 sums totalling \$196,485,279 were paid to the contractor for works completed on the road.

1012. The Government of the Co-operative Republic of Guyana also entered into a contract with an American company, in association with a Guyanese firm for the supervision of construction works for three lots of road, namely:

Georgetown/Timehri  
Georgetown/Mahaica  
Mahaica/Rosignol

1013. The contractor was awarded for a sum of \$240.170M equivalent to US \$1.645M and during 1995 payments to the contractor amounted to \$40,435,920 for works in relation to the Georgetown/Timehri road.

1014. The difference in expenditure of \$2,390,300 in relation the Georgetown/Timehri road was for the following:

DESCRIPTION -----	AMOUNT -----
	\$
Soil Tests	560,000
Traffic Census	1,355,000
Surveys and engineering drawings	475,300
	-----
TOTAL	2,390,300 =====

1015. The cost of \$37,757,574 incurred on the railway line embankment was for the following:

DESCRIPTION -----	AMOUNT -----
	\$
Advertisement	173,300
Survey works	1,045,685
Drawings	1,697,250
Soil Tests	3,543,851
Construction of bridge abutments	19,607,058
Bridge elements	11,690,430
	-----
TOTAL	37,757,574 =====

1016. The Bridge elements for the construction of bridge abutments, which cost \$11,690,430 were supplied by a public company in Guyana, and the construction works were done in the following areas:



DESCRIPTION	AMOUNT
-----	-----
	\$
Good Hope to Annandale, Buxton to Vigilance and Strathspey to Melanie	8,869,661
Plaisance to Atlantic Gardens and Sophia to Goedverwagting	7,992,963
Happy Acres to Chateau Margot, Chateau Margot to BV and BV to Mon Repos	2,744,434
	-----
TOTAL	19,607,058
	=====

**1017.** The contract for the maintenance of the East Bank and Mahaica to Unity roads was awarded to a firm from Trinidad and Tobago for a sum of \$128,575,200 equivalent to US \$970,055.

**1018.** Maintenance works began on 11 April 1994 and a final certificate of completion was issued on 11 May 1995. Expenditure recorded for works completed on the contract during 1995 totalled \$38,447,464.

**1019.** Pot hole patching works cost \$27,364,595 for the year ended 31 December 1995. However, a physical verification of these works could not be carried out due to the timing of the audit.

**1020.** The assets purchased totalling \$66,675,762, as detailed in Paragraph 1009 were physically verified and were properly brought to account. The completeness and accuracy of the salary and administration costs were also determined from an examination of related records, and where necessary these were in conformity with existing contracts.

**Subhead 14003 - Soesdyke/Linden Highway**

**1021.** The voted provision of \$34M was for the rehabilitation of the Soesdyke/Linden Highway. Of this sum \$1,490,976 was expended for preparatory works as follows:

DESCRIPTION	AMOUNT
-----	-----
	\$
Soil Tests	905,476
Engineering Drawings	381,500
Advertisement	204,000
	-----
TOTAL	1,490,976
	=====

**1022.** During 1995 the Government of Guyana invited contractors to bid for the rehabilitation works but this process was suspended because of a revision in the works to be undertaken which was to comprise the following:

- (a) Overlaying approximately 11.7 miles from Soesdyke to Kuru Kuru with asphaltic concrete;
- (b) Reconstruction and repairs of various sections totalling approximately 2 miles;
- (c) Slurry seal treatment of the remaining 30-8 miles;
- (d) Construction of four (4) off-highway parking areas at the Yarakabra, Kuru-Kuru, Hararuni and Bamia Creeks;
- (e) Replacement of the timber structures of eight bridges at Madewini, Kuru Kuru, Hararuni, Long, Loo, Kairuni, Bamia and Kara Kara Creeks;
- (f) Provision of road signs and marking;
- (g) Maintenance of existing drainage facilities; and
- (h) Diversion of services, if and when required.

**1023.** The project for the rehabilitation of the 44.5 miles of existing road from the junction of the Georgetown/Timehri road at Soesdyke to the Town of Linden was re-advertised during 1996. It was estimated that this project would cost \$1,344 M to complete.

**Subhead 14004 - Road maintenance Project**

**1024.** The voted provision of \$187M was for the maintenance of the West Bank and West Coast Demerara roads and the Corentyne highway. The expenditure reported in the appropriation account was in relation to the following:

DESCRIPTION -----	AMOUNT -----
	\$'000
Road Maintenance Works	150,296
Maintenance Works Supervision	2,199
Traffic Census	2,320
Soil Tests	1,915
Engineering Drawings	349
	-----
TOTAL	157,079
	=====

**1025.** The contract for the road maintenance project was awarded to a firm from Trinidad and Tobago in October 1993 for a sum of US\$2,186,282 equivalent to G\$276,564,440. The expenditure of \$150,296,368 recorded as the cost of road maintenance works for 1995 represents the total of payments to contractors for the year.

**1026.** The additional expenditure of \$6,782,712 charged to this subhead represents certified payments for related works computed on the existing agreements between those parties and the Government of Guyana.

#### **Subhead 14005 - Road Design and Maintenance Study**

**1027.** The voted provision of \$8.5M was for the conducting of a study for the rehabilitation of the main road network, together with the preparation of a maintenance program for the main roads.

**1028.** The project was estimated to cost \$137.820M and was to be mainly funded by the Inter-American Development Bank with an input of \$7M from the Government of the Co-operative Republic of Guyana. Prior to 1995 expenditure totalled \$129.320M, but no expenditure was incurred for the year ended 31 December 1995.

**1029.** A contract for CDN\$1,272,750 was entered into on 18 February 1993 between the Government and a Canadian firm for the provision of consultancy services in relation to the set goals of the project. However, the contractor failed to submit a final report as required on the expiration of the allotted time period for the study.

**1030.** The Government had however withheld CDN\$105,951 as a retention under the contract, but because of the inherent risk of a more significant loss if the contractor fails to meet the terms of the contract, the Accounting Officer was advised to seek the advice of the Attorney General with a view to obtaining specific performance of the contractors obligation under the contract.

#### **Subhead 14006 - National Port Authority Study**

**1031.** The voted provision of \$30M was for conducting a feasibility study aimed at the creation of a National Port Authority. In addition to the sum provided a Contingencies Fund advance of \$31.253M was issued under the subhead making the sum available for the project \$61.353M. The project was to be financed by the Inter-American Development Bank.

**1032.** The contract for the study was awarded in October 1994 to a firm from Belgium for an amount of US\$487,065.

1033. The expenditure of \$49,308,280 incurred during 1995 represents the equivalent of US\$352,202 in payments to the contractor for certified works under the agreement.

**Subhead 14007 - Environmental Assessment Study**

1034. The voted provision of \$18.690M was for the conducting of an environmental impact assessment study. The project was estimated to cost \$25.283M and was to be financed from the proceeds of a loan from the International Development Association. Prior to 1995 sums totalling \$6.593M was expended on the project.

1035. The contract for the environment impact assessment of the Linden / Lethem road was signed on 10 October 1994 between the Government of the Cooperative Republic of Guyana and a British firm after an evaluation of six (6) proposals received. The sum of the award was US\$161,595.

1036. The expenditure of \$14,441,820 incurred in 1995 was the equivalent of US\$102,463 paid to the contractor for certified works. The environment impact assessment study was completed during the year and a final draft report was submitted to both the Government and the International Development Association for review.

**Subhead 14008 - Highway Finance Studies**

1037. The voted provision of \$5M was for the establishing of a system to develop / install a road maintenance fund. A supplementary provision of \$1.882M received during the year increased the funds available for the project to \$6.882M.

1038. The project was estimated to cost \$9.027M and prior to 1995 expenditure totalled \$4.027M, which was financed from loans received from the International Development Association.

1039. The contract for the study was awarded in October 1994 to a Brazilian consultant for US\$76,694 and the expenditure of \$6.881M incurred in 1995 represents the equivalent of US\$48,395 paid to the contractor for certified works.

**Subhead 14009 - Technical Assistance CTPU**

1040. The voted provision of \$4M was for the institutional strengthening of the Central Transport Planning Unit (CTPU). The project was estimated to cost \$51.712M and prior to 1995 sums totalling \$0.455M was expended. The financing was from a loan received from the International Development Association under the Development Credit Agreement CR2477-GUY.

1041. The objective of the project was to incorporate environmental issues in the planning, design, construction and maintenance of the transport facilities as well as the training of the undermentioned local staff by a technical assistance team.

. One Environmentalist . One Transport Economist  
 . One Planner . One Civil Engineer

1042. However, of the staff requirement only the Environmentalist was hired and the Government was in the process of attracting proposals for the technical assistance team which would comprise a Transport Economist and a Senior Planner.

1043. The expenditure of \$928,280 incurred during 1995 represents fees paid to the Environmentalist under the terms of an existing employment contract.

**Subhead 14010 - Administration and Supervision**

1044. The voted provision of \$110M was for administration and service costs for road projects. Prior to 1995 sums totalling \$53,671M was expended in this regard. The expenditure of \$69,497,113 incurred during 1995 represents payments for the following:

DESCRIPTION -----	AMOUNT -----
	\$'000
Salaries	38,286
Administrative expenses	15,079
Vehicle and equipment	16,132
	-----
TOTAL	69,497 =====

1045. In terms of the expenditure for salaries the amount represents the total of payments to officers employed with the Project Execution Unit (Roads) for services rendered during 1995 which were computed in accordance with related employment contracts.

1046. The amount of \$15.079M shown as administrative expenses includes the following:

DESCRIPTION -----	AMOUNT -----
	\$'000
Vehicle expenses	3,037
Telephone & other communication expenses	1,784
Travelling & subsistence expenses	5,069

Office materials	2,002
Maintenance of building	1,431
Maintenance of office equipment	186
Other office expenses	1,570
	-----
TOTAL	15,079
	=====

**1047.** Log books, telephone registers, stock records and other appropriate documentation were maintained with respect to these expenses and where necessary items of stores and other purchases were subjected to adequate stores accounting.

**1048.** The equipment purchased during the period which cost \$16.132M was physically verified. These were also subject to adequate accounting measures and were inventorised. The following are details of these purchases:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
1 Weight Control Vehicle	3,010
20 Vehicle weighing scales	5,030
1 Inverter	417
5 Mobile Radios, 5 Antennae and	
1 Base Station	2,037
10 Acer Chips	243
1 Video Camera and Tapes	402
100 Orange Cones (Road Markers)	269
1 Printing Machine & Core Drill	1,679
1 Depth Reader	763
1 Density Guage	1,328
Computer Accessories	385
12 Triangular Flare Kits	73
1 Acer Pentium Computer	380
36 Light Weight Vests	116
	-----
TOTAL	16,132
	=====

**Subhead 14011 - Internal Audit**

**1049.** The voted provision of \$6.8M was for the strengthening of the internal audit office of the Ministry of Public Works, Communication and Regional Development. The project was estimated to cost \$14.2M and was to be funded by a loan under the Main Road Rehabilitation Project agreement between the Government of the Cooperative Republic of Guyana and the Inter-American Development Bank.

**1050.** No expenditure was incurred during 1995 and although a provision was made in 1994 the circumstances were observed to be similar. It was explained that advertisements were invited through use of the media for applications to staff the internal audit unit but no responses were received.

### **HEAD 53**

#### **CIVIL AVIATION DEPARTMENT**

**1051.** The accounting records of the Civil Aviation Department were destroyed in the Ministry of Works fire of 8 February 1996, as a result of which the completeness, accuracy and validity of the amount of \$193.244M shown as expenditure in the Appropriation Account could not be substantiated.

**HEADS 54 - 57 & DIVISION 531**

**REGION 1 - BARIMA/WAINI**

**Current Expenditure**

**Employment Costs**

**1052.** An examination of the Register of Contributors to the National Insurance Scheme revealed that thirty-two(32) employees were not registered with the Scheme. The Accounting Officer explained that these were casual employees who were stationed in remote areas and that steps had since been taken to have them registered.

**1053.** The Salaries Bank Account Nos 674, 675 and 860 were not reconciled for the period under review, and it could not be determined when last this was done. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer has advised that these accounts had since been closed and new ones were opened. Every effort should therefore be made to ensure the prompt reconciliation of the new accounts.

**Other Charges**

**1053.** Amounts totalling \$14.614M were expended on the purchase of fuel and lubricants. However, log books were not maintained for two(2) vehicles and seven(7) outboard engines which in total consumed 21,444 gallons fuel valued at \$5.361M. In addition, the Power Station and the Water Pump consumed in total 17,310 gallons of fuel valued at \$4.328M but no log books were maintained for the period January - June 1995. In the circumstances, a reconciliation of the fuel purchased and consumed with the stocks of fuel on hand could not have been carried out. In particular, in the absence of log books, it could not be determined whether effective control was exercised over the use of the vehicles and equipment.

**1054.** Bills/receipts were not seen in respect of six(6) payments for the purchase of fuel totalling \$382,750. The Accounting Officer explained that payments could not have been made without these documents and that they might have been misplaced at the Sub-Treasury. Efforts should be made to locate the bills/receipts.

**1055.** Amounts totalling \$16.984M were expended on Subhead 305 - Rental and Maintenance of Buildings, as follows:-



DESCRIPTION	AMOUNT
-----	-----
	\$ '000
Rental of buildings	168
Maintenance of thirty-three(33) buildings	3,476
Purchase of materials	12,333
Miscellaneous	1,007
	-----
TOTAL	16,984
	=====

The items purchased were verified as having been received and properly brought to account. The maintenance works were also physically verified.

**1056.** The sum of \$14.681M were expended on the maintenance of infrastructure as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$ '000
Maintenance of roads	4,606
" " Administration Building Compound	852
" " School compounds	509
Cleaning of Moruca River & Morawhanna Creek	590
Maintenance of Power House & water pump	167
" " bridges & revetments	310
Wages	1,029
Purchase of materials	5,969
Miscellaneous	649
	-----
TOTAL	14,681
	=====

**1057.** As noted above, wages totalling \$1,029,480 were charged to this subhead instead of Employment Costs. The Accounting Officer explained that when there were favourable weather conditions additional labour was employed to accelerate the work. The associated costs were not budgeted for under Employment Costs, hence the charge to Subhead 305. Approval should have, however, been sought for the virement of funds so that the expenditure could have been met out of Employment Costs.

**1058.** The items purchased were verified as having been received and properly brought to account. The maintenance works were also physically verified.

**1059.** Ninety-four(94) contracts valued at \$2,992,800 were executed for transporting officers and materials and charged to Subhead 307 - Local Travel and Subsistence, instead of Subhead 309 - Other Services Purchased. The Accounting Officer explained that this was due to the unavailability of funds under Subhead 309. However, approval should have been sought for a virement of funds to Subhead 309.

#### **Other Matters**

**1060.** An advances register was not maintained to monitor advances granted from the Imprest. Nine(9) instances were also noted of repayment of advances in instalment. In addition, advances were being cleared on average six(6) months later. At the time of reporting, the Accounting Officer had advised that an advances register was introduced.

**1061.** The Imprest Bank Account No. 992 was not reconciled since its inception in 1994, and therefore the comments at Paragraph 1053 are also applicable. In addition, there was an old imprest account No. 676 which had a balance of \$5,196. The Accounting Officer explained that the Accountant General's Department was written to with a view to closing this account but was advised that it had to be reconciled first.

#### **Capital Expenditure**

##### **Subhead 12002 - Buildings (Administration)**

**1062.** The sum of \$1.5M was voted for the rehabilitation of two(2) staff quarters at Mabaruma, the full amount of which was expended. However, only one(1) staff quarter was rehabilitated at a cost of \$1,036,642. The Accounting Officer explained that the original budget submission to the Ministry of Finance showed that only one(1) building was to be rehabilitated at a cost of \$1.1M. This would seem to suggest that the revised programme provided for additional funds so as to rehabilitate two(2) buildings, instead of one(1).

**1063.** The difference of \$463,358 represented purchases of paint, zinc sheets and other building material which were used on other buildings. However, there was no evidence that approval was granted for a change in programme to accommodate this expenditure. The Accounting Officer explained that it was decided to use the savings on the other buildings. However, approval should have been

sought to utilise the savings.

**Subhead 14001 - Roads**

**1064.** The sum of \$5M was voted for the resurfacing of one (1) mile of the Wauna Road, of which amounts totalling \$4.999M were expended. Included in this figure was the purchase of bitumen valued at \$495,600 which was used on the Kumaka Road. There was, however, no evidence that approval was granted for a change in programme to accommodate the expenditure on the Kumaka Road.

**1065.** The Accounting Officer explained that the savings were utilised on the Kumaka Road because it was in urgent need of repairs. However, approval was not sought to utilise the savings on this road.

**1066.** Physical inspection of the road revealed that 1,900 yards of the road of 16 ft. width was constructed and an additional 1,075 yards of 8 ft. width were resurfaced. The Accounting Officer explained that the savings were used to do additional rehabilitation. He acknowledged that the estimate was overstated because of the absence of a senior superintendent of works in the Region and that it was prepared with the assistance of the Road Overseer.

**Subhead 19001 - Agricultural Development**

**1067.** The sum of \$3.264M was voted for the construction of 400 ft of revetment at Barima Road of which amounts totalling \$3.263M were expended. Physical inspection of the works revealed that 520 ft of revetment were constructed. The Accounting Officer offered the same explanation as that in Paragraph 1066 above for the additional work undertaken. It is recommended that urgent steps be taken to appoint a senior superintendent of works for the Region.

**Subhead 24002 - Water Transport**

**1068.** The sum of \$1.350M was voted for the purchase of two(2) wooden boats and engines, of which amounts totalling \$1.341M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----

	\$
One 75 HP outboard engine	751,000
Two balahoos	280,000
Repairs to one balahoo	55,000
Purchase of spares	255,154
	-----
TOTAL	1,341,154
	=====

These items were verified as having been received by the Region and properly brought to account.

**Subhead 25001 - Office Equipment & Furniture**

1069. The sum of \$185,000 was voted for the purchase of one(1) typewriter and steel cabinet, of which amounts totalling \$184,000 were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Two desks & six(6) chairs	27,000
Two(2) steel cabinets	149,000
One electric fan	8,000
	-----
TOTAL	184,000
	=====

As can be noted, no typewriter was purchased. The Accounting Officer explained that this was due to the inadequacy of funds. However, two(2) desks, six(6) chairs, a steel cabinet and an electrical fan were purchased but there was no evidence that approval was granted for a change in programme to accommodate these purchases.

**Subhead 25003 - Furniture (Schools)**

1070. The sum of \$200,000 was voted for the construction of desks and benches. The full amount was expended in the construction of thirty-three(33) desks, fifty-three(53) benches, thirteen(13) chairs and five(5) cupboards. These were distributed to the various schools in Region.

**Subhead 25004 - Furniture (Staff Quarters)**

1071. The sum of \$110,000 was voted and expended on the purchase of furniture for residential staff members. The items purchased were verified as having been received and properly brought to account.

**Subhead 26003 - Power Plant**

1072. The sum of \$8M was voted for the rehabilitation of one(1) caterpillar diesel engine at Mabaruna of which amounts totalling \$7.926M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$'000
Contracts for labour and spares	7,183
Purchase of transformers	488
Transportation etc.	255
	-----
TOTAL	7,926
	=====

The transformers were received and duly brought to account and the rehabilitation works were physically verified.

#### HEADS 58- 61 & DIVISION 532

#### REGION 2 - POMEROON/SUPENAAM

#### Current Expenditure

#### Employment Costs

1073. A diary of pay changes was not maintained in respect of Heads 59 and 60. As a result, reliance had to be placed on pay changes forms, thus making the exercise tedious and time-consuming. In respect of Heads 58 and 61, the authority for pay changes was not always recorded in the Diary of Pay Changes. This record also bore no evidence of supervisory checks.

1074. The Salaries Bank Account No. 677 (Administration) was overdrawn by \$26,683,712 as at 31 December 1995. The overdraft balance at the beginning of the year was \$4,166,399 and therefore the additional overdraft of \$22,517,313 was incurred in 1995. This is a reflection of the apparent lack of proper monitoring of the balances on the bank account. The overdraft should therefore be investigated with a view to clearing it.

1075. At the time of the audit in June 1996, the Salaries Bank Account was not reconciled for the period August to December 1995. Failure to reconcile bank accounts promptly can lead to errors and irregularities being incurred without detection. Every effort should therefore be made to ensure that the account is promptly reconciled.

1076. At the time of reporting, however, the reconciliation of

the Salaries Account for Administration was done to December 1995, and an examination of the reconciliation statement revealed the following unsatisfactory features:-

- (a) Deposits totalling \$14,059,910 were not reflected in the bank statement, despite the lapse of a considerable period of time, as shown below:-

DATE	DEPOSIT SLIP NO.	AMOUNT
----	-----	-----
		\$
19/02/90	210559	80,978
21/09/93	675	53,302
28/04/95	1073	13,925,630
		-----
TOTAL		14,059,910
		=====

The latter amount was incorrectly credited to the Wages Account No. 678.

- (b) Nine(9) amounts totalling \$558,606 were shown as incorrectly debited by the Bank, seven(7) of which totalling \$506,054 were coming forward since 1994 and earlier years;
- (c) Three(3) amounts totalling \$165,365 were shown as amounts incorrectly credited by the Bank and have been coming forward since 1994 and earlier years;
- (d) Included in the list of unrepresented cheques were thirty-three(33) cheques totalling \$2,092,706 which had become stale-dated, thirty(30) of which totalling \$2,076,522 were coming forward since 1994 and earlier years. Efforts should be made to contact the payees failing which the transactions should be cancelled and refund made to the Accountant General; and
- (e) The statement bore no evidence of supervisory checks in that the person who prepared it also signed as having checked it.

**1077.** The Wages Account No. 678 was also overdrawn by \$1,467,138 at the beginning of the year but reflected a large positive balance of \$13,517,162 as at 31 December 1995. The cash book balance was, however, \$2,875. Further investigation revealed that an amount of \$13,925,630 was incorrectly credited to this account instead of Account No. 677.

**1088.** An examination of the bank reconciliation statement relating to the Wages Account for December 1995 revealed the following unsatisfactory features:-

- (a) Nine(9) deposits totalling \$1,438,205 were not reflected in the bank statement, three(3) of which totalling \$536,838 were outstanding for a considerable period of time, as shown below:-

DATE ----	DEPOSIT SLIP NO. -----	AMOUNT -----
		\$
26/06/89	211904	61,600
05/10/90	211945	91,282
18/04/94	211955	383,956
		-----
TOTAL		536,838
		=====

- (b) Apart from the amount of \$13,925,630 mentioned above, there was an unidentified credit of \$45,540 which has been coming forward since 1990;
- (c) There were five(5) unidentified debits totalling \$511,614, all of which have been coming forward since 1990 and earlier periods; and
- (d) Ten(10) unrepresented cheques totalling \$252,017 were stale-dated, nine(9) of which totalling \$199,921 have been coming forward since 1994 and earlier years.

**1089.** An examination of the reconciliation of the Salaries Bank Account No. 855 (Education) for December 1995 revealed the following unsatisfactory features:-

- (a) Ten(10) deposits totalling \$1,029,314 were not reflected in the bank statement, five(5) of which totalling \$716,571 have been outstanding for a considerable period of time, as shown below:-

DATE ----	DEPOSIT SLIP NO. -----	AMOUNT -----
		\$
22/05/89	211923	155,457
21/07/89	211924	654
22/07/89	211934	479,937
13/08/89	125300	6,854
19/08/90	211556	73,669
		-----
TOTAL		716,571
		=====

- (b) One(1) incorrect debit of \$88,812 has been coming forward since October 1994;
- (c) Four(4) unidentified credits totalling \$476,954 relate to 1994 and earlier years; and
- (d) There were fourteen(14) stale-dated cheques totalling \$165,835 relating to 1994 and earlier years.

**1090.** It is evident from the above that although the bank accounts were reconciled, albeit less timely, prompt action was not taken to investigate the discrepancies highlighted in such reconciliations. When the above matters were brought to the attention of the Regional Administration, the bank was written to but up to the time of reporting, there was no evidence of action taken in relation to the discrepancies observed.

**1091.** For the period under review, salaries were paid to three(3) Deputy Regional Executive Officers although the authorised establishment catered for only two(2) such persons. It was explained that the salary of Regional Executive Officer(REO) was lower than that of the Deputy Regional Executive Officer(DREO) and that it was decided that REO should continue to receive the salary of the DREO upon his appointment to act in the higher position. It should be noted that the salary of an REO is chargeable against the vote of the Ministry of Regional Development and not that of the Region and therefore the latter's vote was encumbered by the salary of a third DREO. The Accounting Officer had since advised that corrective action was taken with effect from 1996.

#### **Other Charges**

**1092.** Cheque orders are required to be cleared within sixteen (16) days of their issue. However, at the time of the audit in June 1996 eighty-four(84) cheque orders totalling \$3.095M remained outstanding. At the time of reporting, however, the Accounting Officer had advised that all but three(3) cheque orders have since been cleared.

**1093.** Twenty-eight(28) payment vouchers totalling \$3.528M 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.



**1094.** A physical survey of the Hardware Store at Anna Regina on 13 June 1996 revealed, among other discrepancies, an apparent shortage of 2,018 gallons gasoline valued at \$522,662. The Stock Ledger showed a balance of 2,693 gallons while the stock on hand was 675 gallons. The Accounting Officer was advised of this apparent shortage in a separate letter dated 30 July 1996 in which the Audit Office recommended that a special investigation be carried out.

**1095.** The Accounting Officer by letter dated 9 September 1996, responded as follows:-

*The cover for the underground gasoline tank was removed sometime around 1986 in order to take out fuel via a bucket with a rope due to the pump not working. This caused evaporation and spillage to further increase.*

*Several attempts to get the pump repaired failed until 1995 when a hand pump was modified and put into use. This hand pump was made to pump water and spillage continues because of the inappropriateness. It is still better than the bucket and rope situation.*

*In the Field Auditor Report of 1987, deficiencies in the amount of eight hundred and five(805) gallons were recorded based on evaporation and spillage accruing from 1982 when the stores were initially taken over by the Regional Administration.*

*In 1991, the amount increased and thus in the Field Auditor's Report, the amount moved to sixteen hundred and ninety-two (1692) gallons.*

*Your physical verification on 13.6.96 has been accepted as correct. However, from our analysis from 1982 to 1996, a period of fourteen(14) years, the amounts would show a yearly shortage of approximately one hundred and forty-five (145) gallons which when examined scrupulously is not considered exorbitant.*

*However, we should have been writing the Secretary to the Treasury for an annual write-off, but this appeared to have been overlooked.*

*SIMAP and Guyana Stores Limited have been approached for a new pump, but because of the rarity of the pump, we are still without.*

**1096.** According to the Appropriation Accounts, amounts totalling

\$12.274M were expended on the purchase of fuel and lubricants. However, fuel purchased for immediate use as well as fuel issued from stock was not always recorded in the log books of vehicles. In addition, of the fifteen(15) vehicles which were in use by the Region, log books for only six(6) vehicles were presented for the entire year while there were partial submissions in respect of five(5) vehicles, as shown below:-

VEHICLE NO.	PERIOD	VEHICLE NO.	PERIOD
-----	-----	-----	-----
PDD 6728	Jan.-May' 95	PCC 2052	Jan. - Mar.'95
	Nov.-Dec' 95	PDD 6713	Jan. - Feb.'95
PDD 7926	Feb.-Jul.'95	PEE 9172	May - Jul.'95
			Aug. - Dec.'95

**1097.** An examination of log books presented revealed that they were not properly written up. For example, the journeys undertaken were not authorised, the driver's signature was not shown and there was no evidence of supervisory checks on this record. In the circumstances, a reconciliation of the fuel purchased and consumed with the stocks of fuel on hand could not have been carried out. In particular, in the absence of log books, it could not be determined whether effective control was exercised over the use of vehicles.

**1098.** The Register of Government Buildings was not presented for audit examination. In the circumstances, it could not be easily determined the ownership and location of all public buildings in the Region, whether these were properly maintained and beneficially utilised and whether rents collectible were actually collected.

**1099.** Included in the amount of \$7.061M expended for the maintenance of infrastructure, were purchases of lumber, bolts and nuts and nails valued at \$2.746M. However, because of the unsatisfactory features which were observed in relation to storekeeping and stores accounting, as described below, it could not be satisfactorily determined whether items were received and duly accounted for. A similar situation was observed in respect of the purchases of spares valued at \$5.655M which were charged to Subhead 307 - Transport, Travel and Postage.

**1100.** There was also no evidence to indicate that a system of quotations was followed in relation to the awarding of contract No. 259\95 totalling \$253,990 for the construction of a fence at Suddie Hospital Compound.

**1101.** The accuracy of the amount of \$9.270M shown as electricity charges in the Appropriation Accounts could not be verified since this amount did not represent the actual charges for the year. According to the records the actual charges totalled \$4.916M. The main reason for this difference was that the Region was instructed in April 1995 to pay over all unspent allocations on electricity to the Accountant General. The payment to the Accountant General was charged to final expenditure. However, adjustments should have been made to the vote account to reflect actual charges and the unspent portion should have been paid over to the Consolidated Fund.

**1102.** Amounts totalling \$3.215M were expended on contributions to local authorities as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Annandale/Riverstown Neighbourhood Democratic Council	81,724
Anna Regina Town Council	3,133,000
	-----
TOTAL	3,214,724 -----

**1103.** The Annandale/Riverstown Neighbourhood Democratic Council was established on 17 September 1994 and is the successor organisation of Riverstown/Annandale District Council. The last set of audited accounts was in respect of 1992. Financial statements for the period 1993 to 16 September 1994 have, however, been received and at the time of this report, the audits were in progress.

Notwithstanding this, the amount of \$81,724 was verified as having been received by the Council.

**1104.** The Anna Regina Town Council is subject to separate financial reporting and audit in keeping with the Municipal and District Councils Act. Since its inception in 1990 there have been no audited accounts. Financial statements for the period 1990 - 1994 have, however, been received and at the time of this report the audits were in progress. Notwithstanding this, the amount of \$3.133M was verified as having been received by the Town Council.

**1105.** Amounts totalling \$729,000 were paid out of Head 59, Subhead 312 (Subsidies and Contributions to Local and International Organisations) to the Operations and Maintenance Section of the Region (formerly Drainage and Irrigation Board). This section maintained a separate bank account, and all revenues

derived from the hire of equipment and machinery were paid into this account, instead of the Consolidated Fund. Expenditures relating to wages, fuel and lubricants, spares etc. were also met out of this account, instead of being charged to the Appropriation Account. It should be noted that total revenue collected for the O & M Section for the period under review was \$46.365M while expenditure totalled \$44.705M. The bank account also reflected a balance of \$2.653M as at 31 December 1995.

**1106.** No authority was seen for the O & M Section to operate outside of the framework of Central Government activities. In any event such authority would have contravened the requirements of the Financial Administration and Audit Act, unless the operations are governed by separate legislation. In the circumstances, it is strongly recommended that all revenues derived from the O & M Section be paid over gross to the Consolidated and all expenditures be met out of voted provisions. At the time of reporting, however, the Accounting Officer had advised that steps were taken to close the account and to transfer the balance to the Consolidated Fund.

**1107.** Amounts totalling \$4.855M were expended on the purchase of dietary items and charged to Subhead 314 - Other. However, there was no evidence that Tender Board Regulations were followed before the purchases were made. Every effort should be made to ensure adherence these Regulations.

#### **Revenue Accounting and Control**

**1108.** A revenue control account was not maintained during the period under review, and verification of the Revenue Statement with the revenue accounts revealed several large differences. Differences were also observed between amounts shown on the Revenue Statement and the totals collected as per Collectors Cash

Book/Statement. Further, revenue returns were not prepared and submitted by sub-offices to the Regional Accounting Unit for the period under review. 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**

**1109.** A review of the operations of the Regional Hardware Store revealed the following main deficiencies:-

- (a) RTP's were not always raised when purchases were made, and LPO's were not used. GRN's were also not prepared. Entries

were, however, made in a goods received book;

- (b) There was evidence that credit purchases were being made, contrary to the Financial Regulations;
- (c) The Storekeeper acknowledged that items purchased were not always seen, but entries were made in the Goods Received Book. These relate mainly to stationery and materials delivered to site;
- (d) The vast majority of items purchased were not physically placed in the Store and requisitioned on a daily basis as and when needed. Instead, as they were received in bulk, they were simultaneously issued out to the various departments. This practice defeats the purpose of storekeeping and stores accounting and renders them ineffective;
- (e) The storekeeper did not have in his possession the specimen signatures of persons authorised to approve issues of stores items.
- (f) The stock records were not properly secured in that they were kept in a room in the lower flat of a building where several louvre blades for the windows were missing, thus rendering the records easily accessible to anyone who may wish to tamper with them;
- (g) The storekeeping staff also maintained the Stock Ledger. This record should have been kept by the Central Accounting Unit to provide for an independent check on the bin cards maintained by the storekeeper;
- (h) The actual store was kept in a very untidy state, was congested and items were strewn all over the floor, thus rendering a physical count of items very difficult; and
- (i) A new store was built in 1994, but up to the time of this report had not been put into operation.

**1110.** The following observations were made in relation to a visit of the Mechanical Store:-

- (a) The greater part of the Store contained obsolete spares neatly packed in racks;
- (b) Record keeping was virtually non-existent. No bin cards were maintained and the stock ledger was used as a daily journal of receipts and issues of stores items. There were no continuous records of receipts and issues of each item. The Storekeeper explained that in the absence of a proper record

keeping system, he improvised his own system;

- (c) Most of the purchases were made without RTP's. In fact at the time of the inspection in June 1996, only two(2) RTP's were raised although there was evidence of numerous purchases during the year; and
- (d) The Storekeeper was not in possession of the specimen signatures of persons who were authorised to approve of issues;

**1111.** Several unserviceable machinery and equipment such as landrovers, hymacs and buses were seen in the Mechanical Workshop. The Accounting Officer explained that a list of unserviceable items was compiled and approval from the Secretary to the Treasury would be sought to dispose of them by way of public auction.

**1112.** According to the stock records, 13,719 gallons of diesel valued at approximately \$3.2M were on hand. However, there was no calibrated dip stick which could be used to verify the quantity on hand.

**1113.** The following unsatisfactory features were observed based on an inspection of the records of the Suddie Hospital:-

- (a) There was no evidence that Tender Board Procedures were observed for the purchase of dietary items totalling \$4.855M. The Accounting Officer explained that with effect from 1996 corrective action was taken;
- (b) A stock ledger was not maintained at the Drug bond, and a physical verification of a sample of 42 items revealed discrepancies in respect of eight(8) items, as shown below:-

DESCRIPTION	UNIT	BIN CARD BALANCE	PHYSICAL COUNT	DIFFERENCE
Piriton tablets	each	22,000	23,000	(1,000)
Tetracycline capsule	each	27,500	27,000	500
Ferrol expectorant	bottle	12	11	1
Hydrogen peroxide	bottle	14	22	8
Seclophen injection	vial	490	489	1
Lasix injection	vial	349	355	(6)

Surgical tape	roll	9	7	2
Elastoplast	roll	1	3	(2)

The Accounting Officer explained that a stock ledger had since been introduced.

- (c) Several drugs in the Bond were also found to be expired, of which the following are examples:-

DESCRIPTION	UNIT	PHYSICAL BALANCE	EXPIRY DATE
-----	----	-----	-----
Tyroxine tablet	each	2,000	October 1995
Chloroquine tablet	each	2,000	July 1995
Thiabendazone tablet	each	2,300	July 1995
Dexamethasone injection	vial	100	January 1995

- (d) There was no evidence of cross-references between the Requisitions to Purchase, Stores Received Notes, Supplier's Book and the Stock Ledger. These omissions made verification very time-consuming and almost impossible in some instances. A Goods Received Book was also not kept and maintained for the period under review, and Requisitions to Purchase and Internal Stores Requisitions were not used for the purchase and issue of items at the institution. The Accounting Officer explained that a goods received book had since been introduced.

**1114.** A master inventory was not kept for fixed assets held by the Region, and instances were noted where sectional inventories were not updated. In the circumstances, it could not be satisfactorily determined whether all fixed assets under the control of the Region were duly accounted for. The Accounting Officer explained that a list of assets was currently being compiled and was about 75% complete.

### **Capital Expenditure**

#### **Subhead 12001 Buildings - Health**

**1115.** The sum of \$6M was provided for the rehabilitation of health facilities at Huist T'Deiren, construction of health centre at

Karawab and extension of health facility at Abrams Zuil, of which amounts totalling \$3.619M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Karawab Health Centre	1,471,485
Health facility at Abrams Zuil	470,530
Repairs to Hackney Health Centre & Medex quarters	908,264
Construction of tressle at PHD	197,548
2 Double beds & cookers for RHO	214,600
Purchase of Typewriter	108,500
Items supplied to Sub-Treasury	32,877
New stairway at Anna Regina Dispensary	69,660
20 Dressings tables & six benches	25,000
Windows for Cabacaburi Health Centre	12,000
Miscellaneous misallocations	108,932
	-----
TOTAL	3,619,396 =====

**1116.** No expenditure was incurred in respect of Huist T'Dieren health facilities. It was explained that the rehabilitation works were carried out by SIMAP and approval was given for change of programme to accommodate the expenditure on the Public Health Compound and the Hackney Health Centre and Medex Quarters. Approval was also obtained for the construction of a tressle at the Public Health Department, leaving expenditure totalling \$571,540 which was incurred outside the capital programme. There was, however, no evidence that approval was granted for a change of programme to accommodate the additional expenditure.

**1117.** In relation to the miscellaneous misallocations, these represent mainly travelling and subsistence which should have been charged to the relevant subhead under Current Expenditure.

**Subhead 12002 - Buildings (Education)**

**1118.** The sum of \$12M was voted for the rehabilitation of seven(7) primary schools, three(3) nursery schools, the District Education Officer's quarters and a headmaster's quarters. The full amount was expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$



Maraborough Primary School	491,727
Siriki Primary School	1,308,001
Dredge Creek Primary School	432,160
Ulele Primary School	967,994
Riverstown Primary School	1,519,035
Suddie Primary School	642,565
Abrams Creek Primary School	371,380
Akawini Primary School	381,310
Mainstay Lake Primary School	500,666
Queenstown Primary School	209,400
St. Monica Primary School	884,326
Mora Primary School	701,923
Huis't T Dieren Primary School	38,805
Better Success Nursery School	383,227
Anna Regina Nursery School	341,000
District Education Officer's Quarters	179,542
Akawini Headteachers' Quarters	627,645
Headmaster's Quarters - Mora	664,367
Headmaster Quarters - Wakapoa	501,430
Abrams Zuil Secondary School	704,027
VSO Quarters - Capoey	49,500
Travelling and Subsistence	8,375
Purchases of spares	12,595
Hire of Truck to transport workers	79,000
	-----
TOTAL	12,000,000
	=====

**1119.** As can be noted, thirteen(13) primary schools, two(2) nursery schools and one(1) secondary school were rehabilitated. However, there was no evidence that approval was granted for a change in programme to rehabilitate the five(5) additional primary schools and one(1) less nursery school. A similar situation was observed in respect of the rehabilitation of the Headmaster's quarters at Mora and Wakapoa and the VSO quarters at Capoey, while there were misallocations totalling \$99,970.

**1120.** Anna Regina Community Centre Pavilion was constructed at a cost of \$3,199,555. However, there was no evidence that approval was granted for a change in programme to accommodate this expenditure. In addition, as the voted provision was exhausted no payments were made to the two(2) contractors in 1995. Approval was sought and obtained in May 1996 to discharge the liabilities out of the 1996 voted provision. The Accounting Officer explained that the National School Athletic Championship necessitated the expenditure. This notwithstanding, approval should have been sought for the works to be undertaken and a request should have been made for a supplementary estimate to meet the expenditure.

**Subhead 12003 - Buildings (Administration)**

**1121.** The sum of \$3M was voted for the rehabilitation of the Administration Building and Store at Anna Regina. The full amount was expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Administrative Building	2,486,799
Stores Building	477,201
District Education Officer's Quarters	36,000
	-----
TOTAL	3,000,000
	=====

As noted above, the District Education Officer's Quarters were rehabilitated under Subhead 12001, which vote was exhausted. It is therefore evident that the amount of \$36,000 was charged to this subhead to avoid overrunning the vote on Subhead 12001.

**Subhead 13004 - Miscellaneous D & I Works**

**1122.** The sum of \$80M was voted for various D & I works, of which amounts totalling \$79.996M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Construction of 24 bridges	24,069,935
Construction of 18 revetments	18,368,488
Excavation of 19,079 rods of drains	13,491,500
Purchase of one(1) vehicle	3,350,000
Final payment for one(1) front end loader	5,856,000
Purchase of outboard engine & boat	360,000
Construction of 23 kokers	7,309,560
Purchase of lumber, bolts and nuts	6,076,499
Transportation of sand and loam	1,080,000
Advertisement of public auction	33,600
	-----
TOTAL	79,995,582
	=====

**1123.** In relation to the final payment of \$5.856M for the purchase of one(1) front end loader, it should be noted that the total cost of the loader was \$17.856M, the first payment of \$12M being made in December 1994. There was, however, no evidence that approval was granted for a change in programme to accommodate the payment of \$5.856M.

**1124.** Contract No. 32/95 dated 25 August 1995 for the sum of \$9.726M was awarded by the Regional Tender Board for the construction of four(4) bridges and revetment works. In view of the fact that contract sum exceeded the limit of \$9M, adjudication should have been done by the Central Tender Board. The Accounting Officer explained that "these jobs were individually recommended and approved by the Regional Tender Board and the Regional Finance Committee." Notwithstanding the explanation given, awarding of contracts for works in excess of \$9M without the involvement of the Central Tender Board is a serious breach of the Tender Board Regulations. Efforts should therefore be made to ensure strict compliance with the Regulations.

**Subhead 19001 - Land Development**

**1125.** The sum of \$3M was voted for the regularising of squatting areas and the provision of infrastructural works in housing areas at Charity, Bush Lot, Anna Regina and Pomona. Expenditure totalling \$2.997M was incurred as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Infrastructure works at Richmond	883,898
"                  "      " Bush Lot	267,802
"                  "      " Lima	24,725
"                  "      " Charity	987,470
"                  "      " Anna Regina	832,963
	-----
TOTAL	2,996,858 =====

However, there was no evidence that approval was granted for the infrastructural works undertaken at Richmond and Lima.

**Subhead 24002 - Land & Water Transport**

**1126.** The sum of \$3M was voted for the purchase of two(2) boats and engines for the riverain areas, of which amounts totalling \$2.925M were expended, as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Construction of three(3) boats	255,000
Purchase of three(3) engines	1,720,000
Construction of two(2) trailers	950,000
	-----
TOTAL	2,925,000

=====

Approval was granted for a change in programme for the construction of the two(2) trailers. However, no such approval was seen in respect of the additional boat and engine purchased.

**Subhead 25001 - Furniture & Equipment (Education)**

1127. The sum of \$2M was voted for the purchase of office equipment, duplicator and cabinets. The full amount was expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Purchase of furniture	1,473,500
Purchase of three(3) cabinets	526,500
	-----
TOTAL	2,000,000
	=====

As can be noted, no duplicating machine was purchased.

**Subhead 25002 - Office Equipment & Furniture**

1128. The sum of \$1M was voted for the purchase of furniture and equipment. The full amount was expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Purchase of three(3) typewriters	286,500
" " refrigerator & duplicating machine	607,833
" " video camera	100,000
" " calculator	5,654
	-----
TOTAL	999,987
	=====

These items were physically verified and properly brought to account.

**Subhead 26002 - Furniture & Equipment (Health)**

1129. The sum of \$5M was voted for the purchase of medical equipment for the Oscar Joseph District Hospital and the Cabacaburi Health Centre. The full amount was expended as

follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Three(3) television sets	175,500
Four(4) video cassette recorders	218,500
Two(2) compact disc players	119,600
Four(4) refrigerators	426,400
Five(5) gas cookers	301,291
Four(4) tape recorders	87,450
Two(2) typewriters	132,500
Three(3) freezers	375,000
Three(3) KL pots	116,832
Three(3) suites	102,000
Carpentry tools	137,105
Electrical items	112,022
Others	2,695,800
	-----
TOTAL	5,000,000
	=====

**1130.** As can be noted, the above purchases cannot be regarded as falling within the category of medical equipment. To this extent, the expenditure of \$5M was misallocated. It was explained that the Region did not have the expertise to purchase medical equipment and it was decided to purchase the above items instead. Notwithstanding the explanation given, approval should have been sought for a change in programme to accommodate the expenditure.

**1131.** These items were distributed to the various health posts and doctors' quarters. However, they were not inventorised. In addition, five(5) ceiling fans, one(1) hot plate, four(4) stand fans and one(1) CD player with a total value of \$109,594, could not be located. The whereabouts of these items should therefore be investigated.

HEAD 62 - 65 & DIVISION 533

REGION 3 - ESSEQUIBO ISLANDS/WEST DEMERARA

Current Expenditure

Employment Costs

1132. The Salaries Control Register and the authorities for pay changes were not presented for audit examination for the period under review. It was explained that these records were stored in the lower flat of the building and were damaged by seepage of water. As a result, verification of the monthly movement of the payrolls as well as individual pay changes had to be done through the tedious examination of individual payrolls.

1133. Of the eighty(80) personal files requested for audit examination, fourteen(14) were not presented because they could not be located. As a result, particulars of these persons could not be obtained to enable the verification of the emoluments paid to them. These files should therefore be reconstructed.

1134. Nine(9) instances were noted where paychange directives were forwarded to the Regional Accounting Unit (RAU) on average five(5) months later. This has resulted in the payrolls not being adjusted until several months later. In addition, the names of the following four(4) positions still appeared on the payroll at the time of the audit in March 1996:-

DESIGNATION	MONTH LAST WORKED	REASON FOR LEAVING
----- Storekeeper	July 1995	Seconded
Expeditor	January 1995	-do-
Plummer	July 1995	Retired
Superintendent - Lands & Surveys	October 1995	Died

**1135.** This state of affairs is considered very unsatisfactory and can lead to irregularities. It is therefore recommended that urgent steps be taken to ensure that pay changes are promptly processed so that the necessary adjustments can be made to the payrolls in a timely manner. The Accounting Officer had since advised that the names were taken off the payroll with effect from April 1996.

**1136.** A senior Regional official was overpaid salaries totalling \$304,260 covering the period September 1994 to October 1995. The official was initially seconded to the Region from his position as Headmaster and later appointed to a higher position. While he was enjoying a salary from the Ministry of Regional Development, he also continued to receive salary as Headmaster under the Region's Education Vote through payment to his personal bank account. The Principal Personnel Officer explained that the Education Department did not take steps to issue the necessary instructions so that the officer's name could be taken off the Education's payroll. This matter was brought to the attention of the Region, the Police were called in and the official was charged for simple larceny.

**1137.** An amount of \$27,031 was paid into another officer's bank account for four(4) months after his death. Recoveries were, however, made in respect of only one(1) month.

**1138.** As a result of the late notification of pay changes, 250 instances were noted where only the net salaries were refunded, the deductions totalling \$308,288 having been paid over to the relevant agencies. Action should be taken to recover this amount from these agencies. The Accounting Officer had since advised that the relevant agencies were written to with a view to obtaining refunds.

**1139.** Amounts totalling \$9,677,448 were refunded as unclaimed wages and salaries for 1995, of which sums totalling \$7,697,940 relate to the Education Department. However, an unclaimed wages register for that Department was not maintained at the Regional Accounting Unit to monitor all unpaid salaries. In addition, of the amount unclaimed, only \$7,432,056 was credited back to the votes. It was explained that the Votes Ledger Section did not receive all the receipts from the Revenue Section, hence the omission. This explanation is not considered satisfactory since the two(2) sections were in close proximity of each other and within the same building.

**1140.** The Travelling Register was not always written up to show information such as mileage ceiling, details of insurance coverage and reasons for the cessation of payment of travelling. Half-

yearly returns of travelling were also not prepared and submitted to the Public Service Management.

**1141.** During the period October - December 1995, a senior Regional official enjoyed an apparent double benefit in that he was assigned the full-time use of a State vehicle while at the same time he was paid a commuted travel allowance of \$8,289 per month for the use of his personal vehicle. An examination of the State vehicle's log book revealed that the official used the vehicle almost on a daily basis for official duties as well as for home to office travel. In relation to official's personal vehicle, an examination of records of the gatekeeper of the Regional Administration Compound revealed only four(4) instances where the vehicle was parked in the Compound. It should be noted that the official enjoyed duty free concession at the time of purchase of his personal vehicle on condition that he used it in the performance of his official duties.

**1142.** This matter was brought to the attention of the Accounting Officer who wrote the official requesting that (a) he refunds the commuted travel allowance of \$24,867 paid to him and (b) he arranges for the value of the duty free concession granted to him for his personal vehicle to be paid to the Comptroller of Customs and Excise. Up to the time of this report, however, the Accounting Officer has advised that the officer had not complied with the request.

**1143.** The cash books for the three (3) wages and salaries bank accounts showed significant balances instead of 'nil' balances at the end of the month, except for December 1995. This was mainly due to deductions not being not paid over promptly to the relevant agencies. In addition, during certain periods in the month, the cash books showed negative balances, mainly due to the payment of the salaries of certain officers into their bank accounts before the receipt of the cheques from the Sub-Treasury.

**1144.** In respect of Salaries Bank Account No. 680, thirty(30) instances were noted where the account was overdrawn. A similar situation was observed in respect of Salaries Account No. 854, where the account was overdrawn on ninety-three(93) occasions. This state of affairs resulted mainly from making payments before cheques were received from the Sub-Treasury.

**1145.** Although the reconciliations of the salaries bank accounts were done to December 1995, a number of deficiencies were observed:-

(a) The reconciliations were not done between the cash book



balances and the bank statement balances. Rather an adjusted brought forward balance for the year was reconciled with the bank statement balance;

- (b) There were 65 stale-dated cheques valued at \$912,625. Efforts should be made to contact the payees, failing which the transactions should be cancelled and refunds made to the Accountant General; and
- (c) There were 27 unidentified debits totalling \$2,614,769, most of which have been coming forward for some time without any evidence of action taken to investigate them. A similar situation was observed in respect of six(6) unidentified credits totalling \$588,994.

**1146.** An examination of the Register of Contributors to the National Insurance Scheme revealed:-

- (a) Ninety-six(96) instances where the employees' NIS numbers were not quoted in the Register. It was explained that these employees were not registered with the Scheme due to an oversight by the Personnel Department;
- (b) Fifty-five(55) instances were noted where NIS deductions in respect of fortnightly paid employees were paid over to the Scheme on average six(6) months later;
- (c) There were fifty-two(52) omissions of contributions in the Register, reflecting a lack of supervisory checks; and
- (d) Two(2) instances were noted where the amounts shown on the contribution schedules did not agree with amounts paid over to the Scheme, as shown:-

MONTH	AMOUNT ON CONTRIBUTION SCHEDULE	AMOUNT AS PER RECEIPT	DIFFERENCE
-----	-----	-----	-----
	\$	\$	\$
October-Dec '95	75,934	95,586	19,651
May- August '95	199,977	255,254	55,277

It was explained that some of the schedules might have been misplaced.

**Other Charges**

**1147.** A total of 17,804 gallons of fuel were issued to the

Region's motor vehicles and equipment for the year. The following table gives the average weekly consumption per vehicle/equipment:-

VEHICLE NO.	NO. OF GALLONS	AVERAGE WEEKLY CONSUMPTION
-----	-----	-----
		GLNS
PDD 6946	915.5	17.59
PDD 4893	724.7	13.94
PDD 6698	1,952.7	37.55
PCC 9365	1,111.8	21.38
PDD 7934	1,204.7	23.10
PDD 3598	510.0	13.09
PDD 6030	869.0	16.67
PEE 4503	234.0	6.75
PCC 8072	758.0	14.57
GCC 9369	1,092.0	22.93
22 RB Dragline	379.0	7.59
Bulldozer	2,521.0	72.69
Hymac	2,537.1	48.79
Grader	2,038.0	47.02
Water Tender	619.6	12.99
Outboard Engine	337.0	8.64

However, log books for only one(1) vehicle were presented and for part of the year only. In the circumstances, it could not be determined whether journeys undertaken were properly authorised and whether effective control was exercised over the use of the vehicles and equipment.

**1148.** An examination of the Telephone Register revealed that \$136,452 was incurred in private telephone charges, of which only \$80,953 was recovered. In addition, of the amount recovered, only \$57,375 was credited to the vote due to the failure to process the receipts issued. Entries were also made in the Register at the time of payment of the bills rather than at the time of their receipt, and differences were observed between the amounts recorded in the Votes Ledger and entries in the Telephone Register.

**1149.** Sixteen(16) contracts requiring adjudication by the Regional Tender Board i.e. between the limits of \$450,000 and \$9M, were awarded by the Region for maintenance works. The following unsatisfactory features were, however, noted in relation to the awards of these contracts:-

- (a) There was no evidence that the proposed works were advertised as widely as possible in the Region, as required by Tender Board Regulations. The Accounting Officer explained that

notices were posted up at the Regional Administration's notice board. Apart from the inadequacy of such advertisements, copies of the notices were not provided for audit examination;

- (b) Tender documents and Tender Board minutes were seen in respect of only eleven(11) contracts;
- (c) Of the Tender Board minutes seen, six(6) did not bear the signatures of all the members present; and
- (d) The Engineer's Estimate was not seen in respect of three(3) contracts. Those for which the Engineer's Estimate was seen, none bore the signature of the Engineer, raising doubts as to the authenticity of the estimate.

**1150.** An examination of the contract for work done on the Leonora Primary School revealed the following:-

- (a) The Engineer's Estimate was not prepared in an acceptable form in that it was unsigned and undated and had a number of uninitialled alterations. There were also several computational errors. This is a reflection of apparent negligence on the part of the Regional Engineer and the Superintendent of Works. It was therefore not possible to physically identify the individual items on the schedule of works. The Superintendent of Works himself, who prepared the estimate and who was present at the inspection, could not identify the scheduled works;
- (b) The Region accepted the obviously inadequate engineer's estimate and proceeded in the tendering, contracting, and incurrence of public expenditure. A copy of the tender notice was not presented for audit examination;
- (c) One (1) month after this Office requested the tender documents, they were supplied. Six (6) tenders were received. However, not all bore the initials of the members of the Regional Tender Board, at least two (2) of whom should have been present at the opening of tenders. It is therefore not possible to determine whether they were all received by the closing time of 2.00 p.m. on 25 May 1995;
- (d) The tenders were generally in unacceptable form, since many of them bore evidence of uninitialled alterations and many were found by the RDC's Assessment Committee to have arithmetical errors;
- (e) The Regional Tender Board held a meeting at 2.05 p.m. on 25 May 1995, immediately after the tender box was supposed to have been opened after the deadline for this particular

tender would have expired. However, the minutes of that meeting made no mention of the opening of tenders for this contract, although it mentioned the opening of tenders for another contract;

- (f) According to the minutes of a meeting of the Regional Tender Board on 17 August 1995, almost three (3) months after this tender was supposed to have been closed, this contract was considered. This would appear to represent an inordinate delay, if the closing date was applied.
- (g) The minutes listed only five tenders, one(1) tenderer having been omitted. In addition, the tenders listed were at the tendered prices, although the Assessment Committee had already found that a number of the tenders had significant computational errors.
- (h) The contract was awarded to the second lowest tenderer for \$4,082,107 whose tender did not bear the initials of Tender Board members present at the opening of the tender box. The reason given for the award was "based on dependability and work performance". However, at the same Tender Board meeting another contractor whose tender was \$817,307 less than that of the awardee, was awarded other contracts. That contractor's tender of \$3,264,800 was the only one below the Engineer's Estimate of \$3,341,248.50;
- (i) The contract was entered into on 19 September 1995 for the amount of \$3,769,738. However, no defects liability period was specified;
- (j) Progress and final payments, totalling \$3,767,413, were made to the contractor but were not supported by inspection reports. Instead, payments were made on the basis of the of the Superintendent of Works attesting to satisfactory completion with counter-signatures by the Regional Engineer and the Regional Executive Officer;
- (k) The Sub-Treasury approved payments based on incomplete supporting documentation, and there was at least one instance where it effected a double payment. In addition, the vouchers carried no tender board reference.
- (l) The works that were certified as having been satisfactorily completed could not have been properly inspected by the Superintendent of Works since the same officer could not identify, on a subsequent audit visit, the items he certified;
- (m) An inspection by this Office in the presence of the Superintendent of Works and the Contractor revealed that only

done work to the value of \$2,798,292.50, indicating that the Contractor had been overpaid an amount of \$969,120; and.

- (n) In addition, there remained substantial work to be done, e.g., underside of roof and several parts of school not painted, and that some items could not be satisfactorily verified e.g. number of zinc sheets replaced;
- (o) Although the contract provided for 10% retention, no sums were withheld pending satisfactory completion of works.

**1151.** In relation to work done at the Crane Primary School, a similar discrepancy was observed based on a physical verification of work done. The same contractor was overpaid the sum of \$111,895 on a contract valued at \$319,010. The overpayment resulted from an inflated schedule of works on which the contract was based, relating to:-

- . double counting of walls;
- . inclusion of a non-existent internal "stump" wall; and
- . failing to take account of the fact that the northern and southern walls have large meshed windows.

**1152.** The work described in the inflated schedule was certified as having been satisfactorily completed by the Regional Engineer, the Superintendent of Works and countersigned by the Regional Executive Officer. No inspection report was prepared.

**1153.** In relation to work done at Hague Primary School, the following unsatisfactory features were also observed:-

- (a) The Engineer's Estimate was prepared in an unacceptable form, reflecting apparent negligence on the part of the Regional Engineer and the Superintendent of Works. It was unsigned and undated and showed a number of uninitialled alterations;
- (b) Further, the Engineer's Estimate contained quantities and dimensions which were excessive in terms of the actual dimensions of the school. This Office's physical inspection of the site, at which one of the Region's SOWs was present, revealed that a number of items in the Engineer's bill of quantities were overstated;
- (c) The Regional Executive Officer accepted the obviously inadequate engineer's estimate and proceeded to tender,

contracting, and incurrence of public expenditure;

- (d) No advertisement was placed in the Official Gazette or the newspapers. According to the REO, a notice was placed on the RDC's notice board. However, a copy of this notice could not be located at the time of audit;
- (e) One (1) month after this Office requested the tender documents, they were supplied. This delay in submission has the potential to suggest that the tender documents may not have been in acceptable form, the delay providing opportunity for tampering.
- (f) According to the numbers of the documents submitted, eight (8) tenders were received. However, only seven (7) tenders were submitted. Further, not all bore the initials of the members of the Regional Tender Board, at least two (2) of whom should have been present at the opening of tenders. It is therefore not possible to determine whether they were all received by the closing time of 2.00 p.m. on 25 May 1995. In addition, most were not accompanied by tax compliance certificates.
- (g) The tenders were generally in unacceptable form, since many of them bore evidence of uninitialled alterations and many were found by the RDC's Assessment Committee to have arithmetical errors.
- (h) The Regional Tender Board held a meeting at 2.05 p.m. on 25 May 1995, immediately after the tender box was supposed to have been opened after the deadline for this particular tender would have expired. However, the minutes of that meeting made no mention of the opening of tenders for this contract, although it mentions the opening of tenders for another contract. This casts some doubt on whether this tender was actually closed on the agreed closing date.
- (i) No mention was made of this tender in Tender Board minutes until three months after the closing date. According to the minutes of a meeting of the Regional Tender Board on 17 August 1995, this contract was considered. This would appear to represent an inordinate delay, if the closing date was applied. The minutes also did not list all the tenders received, as required by regulations. It merely stated that the contract was awarded in the sum of \$660,053 to an individual without any mention of other bids or of the reason for the award;
- (j) On 21 November 1995, the contractor submitted an account for payment of \$417,961 under this contract. His account was not supported by details of the work he had completed. Payment was made on 23 November 1995, improperly based on

certificates of satisfactory completion by the Superintendent of Works and counter-signatures by the Regional Engineer and the Regional Executive Officer, and in the absence of inspection reports; This document showed that particular items from the schedule of works, indicated only by item number were satisfactorily completed. The document was signed by the SSOW and countersigned by the REO and the DREO on 17 November 1995.

- (k) This Office's physical inspection of the site established that the schedule of works was quite inaccurate. The Audit Office double-checked the items and discovered that there were significant discrepancies between the actual dimensions and the engineer's estimates. They were agreed by all present, including the SOW, who had prepared the estimate and who had certified the work.
- (l) The contractor was overpaid a sum of \$229,981 on this contract. It should be noted that several other instances have been observed where the Region overpaid other contractors in a similar manner. The repetition of this offence would tend to suggest the possibility of collusion with the relevant Regional authorities.

**1154.** Twenty-two(22) cheque orders totalling \$4,326,221 remained outstanding at the time of the audit in August 1996, sixteen (16) of which totalling \$4,310,895 relate to purchases. A check for evidence of receipt of the items which should have been purchased, was, however, made and purchases relating to four(4) cheque orders valued at \$1,893,370 had not been received. The following are the details:-

DATE	VOUCHER NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
13/11/95	5432	Printing of time attendance register	150,000
11/10/95	5352	400 tons quarry cleaning	1,486,400
13/11/95	5435	Purchase of lumber	225,080
29/12/95	6776	Purchase of medical equipment (part-payment)	31,890
			-----
	TOTAL		1,893,370
			=====

At the time of reporting, the Accounting Officer has advised that the quarry cleaning had since been received.

**1155.** In addition, fifty-five(55) cheque orders totalling \$5,172,434 relating to 1994 still remained uncleared, 54 of which totalling \$1,480,713 relate wages and salaries while the remaining one(1) valued at \$3,691,720 relate to the purchase of 1,780 tons of quarry cleaning. It was explained that the quarry cleaning was delivered at the Crane Compound. A examination of the delivery slips, however, showed that only 1,660.5 tons were delivered to this site, giving a discrepancy of 119.5 tons valued at \$247,843. Action should be taken to get the supplier to deliver the outstanding goods, failing which a refund should be sought.

**1156.** In September 1995 one of the Region's vehicle (PDD 3598) was involved in an accident with a motor tractor on the Hague Public Road. As a result of the accident, it was damaged beyond repair.

However, an accident report was not submitted to the Secretary to the Treasury to enable the Losses Board to consider the matter. Enquiries also revealed that:-

- . The vehicle was not marked as government property, as required by Stores Regulations;
- . No log book for this vehicle was presented for audit examination. The REO claimed that log books were maintained and the stores records indicated that log books were periodically issued to this vehicle. The REO suggested that the current log book might have been consumed in the accident. However, no used or expired log books for this vehicle were located; and
- . Records at the RDC's offices indicate that for a protracted period before the accident (at least from July 1995 to the date of the accident), the vehicle was not parked in the State Compound after working hours. This clearly indicates a lack of supervision, leading to potential abuse.

**1157.** Amounts totalling \$23.713M were expended on the maintenance of infrastructure, as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Construction of eight(8) fences	4,397,872
Construction and repairs to fourteen (14) bridges	2,923,440
Weeding and cleaning drains, canals	6,157,379



Operating river sluices	1,164,430
Construction and repairs of seven(7) river sluices and doors	2,225,495
Construction of toilets, repairs of winches and sea defences	2,530,348
Purchase of quarry cleaning	4,313,866
	-----
TOTAL	23,712,830
	=====

**1158.** Fourteen(14) contracts for the above works fell within the limits of \$180,000 and \$450,000, but there was no evidence that a system of quotations was followed in respect of ten(10) contracts valued at \$2.588M.

**1159.** The sum of \$19.615M was expended on the maintenance of buildings, as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Rental of buildings	306,650
Purchase of cleaning items	3,663,610
Maintenance of buildings	13,678,697
Miscellaneous	1,966,043
	-----
TOTAL	19,615,000
	=====

**1160.** Nine(9) contracts for the above works fell within the limits of \$180,000 and \$450,000. However quotations were only seen for six(6) contracts valued at \$1.564M.

**1161.** According to the Appropriation Account, amounts totalling \$3,646M were expended on electricity charges. The completeness and accuracy of this figure could, however, not be substantiated since the balances on the voted provisions at the end of March 1995 were paid over to the Ministry of Finance and charged to final expenditure. Adjustments should have been made to the Appropriation Account to reflect actual consumption of electricity.

**1162.** Excess expenditure totalling \$5,538M were incurred under the following heads and subheads:-

HEAD	SUBHEAD	DESCRIPTION	VOTED PROVISION	EXPENDITURE ACTUAL	EXCESS
----	-----	-----	-----	-----	-----
			\$'000	\$'000	\$'000

62	104	Clerical & Office Support	4,707	5,089	382
62	105	Skilled/Semi Skilled Operatives	7,107	9,118	2,011
62	201	Other Direct Labour	3,159	4,012	853
65	103	Other Technical & Craft Skilled	4,326	5,584	1,258
65	105	Skilled/Semi Skilled Operatives	12,443	13,274	831
65	203	Benefits & Allowances	7,523	7,726	203
		TOTAL			----- 5,538 =====

**1163.** It was explained that the excess expenditure resulted from insufficient funds being provided under these heads and subheads. However, although there would still have been a small amount of excess expenditure, approval should have been sought for the virement of funds, utilising the savings from the other subheads under employment costs.

#### **Stores and Other Public Property**

**1164.** The following unsatisfactory features were observed based on an evaluation of the operations of the three(3) Regional stores:-

- (a) Numerous damaged and unserviceable items were seen at the stores at Vreed-en-Hoop, Leguan and West Demerara Regional Hospital without evidence of action taken to dispose of them;
- (b) The Store at Vreed-en-Hoop suffered two(2) burglaries in 1995. However, up to the time of reporting, no loss reports were submitted to the Secretary to the Treasury for action to be taken to write off the losses; and
- (c) The stock ledgers at Vreed-en-Hoop Store and West Demerara Regional Hospital were still not properly maintained, despite previous reporting. A similar situation was observed in respect of the bin cards kept at West Demerara Regional Hospital;

**1165.** Thirty-two (32) vehicles and equipment which were not in working order for a considerable period of time, were found at Crane compound, Parika Marketing Centre and at Leguan. Efforts should be made to either rehabilitate these vehicles and equipment or to dispose of them.

#### **Revenue Accounting and Control**

**1166.** Amounts totalling \$238,789 were collected for rents and rates by the Land and Survey Department. However, these amounts were not entered in the Land Rent Register. As a result, the

amount of rents and rates outstanding at the end of the year could not be determined. In addition it was not possible to determine the extent of arrears rent owed.

### Capital Expenditure

#### Subhead 11001 - Bridges

**1167.** The sum of \$7.5M were voted for the construction of culverts at Leguan and bridges at Hubu, Bendorff and Orangefield, of which amounts totalling \$7.044M were expended, as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
One bridge at Hubu	1,062,195
One bridge at Bendorff	762,692
One bridge Orangefield	176,800
	-----
SUB-TOTAL	2,001,687
Repairs to Two Brothers Bridge	688,304
Repairs to Java Bridge	418,168
Construction of bridge at La Jalousie	61,338
Construction of two(2) bridges at Parika	1,863,824
Construction of bridge at Look Out	938,524
Materials for bridge at Leguan	272,448
	-----
TOTAL	6,244,293 =====

The difference of \$800,000 resulted from a duplication of an entry in the Votes Ledger, resulting in an overstatement in the Appropriation Account.

**1168.** As noted above, no culverts were constructed at Leguan, and for which a satisfactory explanation was not obtained. In addition, amounts totalling \$4,242,606 were expended on work outside the approved capital programme. There was, however, no evidence that approval was granted for a change in programme to accommodate these expenditures.

**1169.** In relation to the payments for the bridges at Bendorff, Orangefield, Two Brothers, Java and La Jalousie, these represented payments on contracts which were entered into in 1994. It was

explained that these contracts were awarded in late 1994 and the works were completed in 1995. In such circumstances, it would have been more appropriate to re-budget for the cost of these works or alternatively to seek supplementary estimates.

**1170.** One of the bridges at Parika was constructed at a cost of \$930,630. However, the contract was awarded to the second lowest tenderer but no reasons were stated in the minutes of the Regional Tender Board. In addition, a inspection of this bridge revealed that 48 3"x 12"x 14' greenheart planks were to have been erected. However, only two planks confirmed to the dimensions mentioned while 37 planks had dimensions of 3"x 9" x 14'. In addition, the contractor was required to provide 12 pieces 2"x12"x 24' greenheart liners. However, the dimensions supplied were 2"x 12"x 18'. Further, he was required to provide 4 pieces 4" x 8"x 24' curb rails. However, the dimensions supplied were 4" x 8" x 18'. These observations resulted in overpayments totalling \$155,280. A similar situation was observed in relation to the other bridge at Parika, and the bridges at Hubu and Lookout where there were overpayments of \$35,100, \$93,795 and \$65,679 respectively.

**Subhead 11001 - Buildings (Education)**

**1171.** The sum of \$17M was voted for the construction of nursery schools at Anna Catherina, Patentia and Jasso and the rehabilitation of the Malgre Tout Primary School, of which amounts totalling \$12.152M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Anna Catherina Nursery School	4,685,382
Patentia Nursery School	1,650,185
Jasso Nursery School	4,996,597
Cornelia Ida Nursery School	319,327
School Library at Leguan	500,020
	-----
TOTAL	12,151,511 =====

**1172.** No work was done on the Malgre Tout Primary School and for which a satisfactory explanation was not given. In addition, the school library at Leguan was constructed but there was no evidence that approval was granted for a change in programme to accommodate the expenditure of \$500,020.

**1173.** In relation to the rehabilitation of the Anna Catherina

Nursery School, a contract valued at \$419,400 was awarded for the construction of a fence. However, only one(1) quotation i.e. that of the contractor, was seen.

**1174.** The construction of the Patentia Nursery School was done by two(2) contractors. Contract No. 321/95 valued \$3,550,677 and dated 12 April 1995 was awarded for the actual construction of the school while Contract 305/95 valued \$90,150 was awarded for electrical works. The first contractor was paid 50% of the contract sum but up to the time of reporting the school was about 50% complete although the completion date was to have been 16 September 1995. As a result of the non-completion of the school, the electrical works could not have been done although the contractor was advanced the sum of \$50,000.

**1175.** In respect of the Cornelia Ida Nursery School, the amount \$319,327 represented a variation to a contract entered into in 1994. However, no approval was seen to utilise 1996 allocation to discharge this liability.

**Subhead 12002 - Buildings (Health)**

**1176.** The sum of \$9M was voted for the rehabilitation of the West Demerara Hospital and the construction of the Meten-Meer-Zorg Health Centre, of which amounts totalling \$7.474M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
West Demerara Hospital	4,078,715
Meten-Meer-Zorg Health Centre	3,299,997
Repairs to Leguan Hospital	94,800
	-----
TOTAL	7,473,512 =====

**1177.** Contract No. 127/95 dated 29 May 1995 and valued at \$2.991M was awarded for the rehabilitation of the West Demerara Hospital but there was no evidence that the works were advertised. It was explained that the invitation to tender was placed on the Region's notice board. However, a copy of the notice was not produced for audit. In relation to Contract No.97/95 dated 7 July 1995 and valued at \$291,990 for the guttering of the Hospital, there was no evidence that a system of quotations was followed before it was awarded.

**1178.** In respect of the construction of the Meten-Meer-Zorg Health Centre, a waiver of the Tender Board Regulations was sought from the Ministry of Regional Development because of the suspension of the Regional Tender Board activities in 1994 and its transference of its functions to the Central Tender Board as well as the "huge delays in the execution of planned projects". However, there was no documentary evidence that approval was granted. The contract valued at \$5.789M was awarded in October 1994 by the Ministry of Works in conjunction with the Ayangana Consultants Ltd. The sum of \$2.958M was paid in 1995, representing the final payment on the contract.

**1179.** In addition, the fence of the Meten-Meer-Zorg was constructed at a cost of \$297,880. However, the contract was awarded to the second lowest bidder without any reasons being stated.

**Subhead 12003 - Buildings (Administration)**

**1180.** The sum of \$2M was voted for the extension of the Regional Administration Office, of which amounts totalling \$1.519M were expended. The work was executed in four(4) contracts. However, Contract No. 335/95 for the painting of the building valued at \$433,400 was awarded without any evidence that a system of quotations was followed.

**Subhead 13001 - Agricultural Development (D & I)**

**1181.** The sum of \$41M was voted for the rehabilitation of channels at Wakenaam and Leguan, facade drains at Hogg Island, Wales, Bonasika and Makoura and sluices at Boesasirie and Maripa. Amounts totalling \$29.037M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$'000
Rehabilitation of nine(9) drains	2,539
Construction of greenheart boxes & check panels	10,716
Engineering surveys	990
Construction of nine(9) bridges	5,485
Construction of sluice door	559
Excavation of seven(7) canals and trenches	8,748
	-----
TOTAL	29,035
	=====

**1182.** Investigations revealed that seven(7) of the nine(9) drains were not rehabilitated although mobilisation advances totalling \$1,462,385 were paid to the two(2) contractors. One(1) of the

contractors had agreed to repay the mobilisation advance of \$226,265 but up to the time of reporting he had not done so.

The other contractor contended that he had mechanical problems with his machinery and promised to commence work in January 1996. However, at the time of reporting the work had not commenced.

**1183.** Sixteen(16) contracts were awarded for the construction of greenheart boxes and check panels, eight(8) of which were awarded to the only tenderer. In such circumstances, it would have been more appropriate to re-advertise for the works. In addition, four(4) contracts were awarded to an individual. However, his quotations were not presented for audit examination. Further, the contracts stipulated that the discarded material be returned to the Works Compound at Vreed-en-Hoop but there was no evidence that this was done in respect of four(4) check panels constructed.

**1184.** In relation to the construction of the nine(9) bridges, copies of advertisements were not seen in respect of seven(7) bridges. In addition, the contract for one(1) of the bridges was awarded to the third lowest tenderer without any reasons being stated in the Tender Board minutes. Further, the contracts stipulated that the discarded material be returned to the Works Compound at Vreed-en-Hoop but there was no evidence that this was done in respect of five(5) bridges.

**1185.** Physical inspection of the bridges against the bills of quantities as contained in the contract documents, revealed overpayments totalling \$237,890 in respect of five(5) bridges. This matter was brought to the attention of the Regional Administration, and recoveries totalling \$63,960 were made, leaving an amount of \$173,930 still to be recovered.

**1186.** Four(4) engineering surveys were carried out in the sum of \$990,000. However, quotations were not seen for one(1) contract valued at 296,600 while another contract was awarded for the sum of \$450,000 without a system of tendering and adjudication by the Regional Tender Board.

#### **Subhead 13002 - East Bank Essequibo Development Project**

**1187.** The sum of \$224.5M was voted for the institutional strengthening and evaluation of the Project and for the rehabilitation of drains and irrigation works. Amounts totalling \$134.286M were expended.

1187. The Project is funded jointly by the Government of Guyana and International Fund for Agricultural Development (IFAD) and is subject to separate financial reporting and audit. The last set of audited statements was in respect of 1995. According to these statements, however, the sum of \$155.537M were shown as having been expended on the Project, giving a difference of \$21.250M.

Investigations revealed that this resulted from foreign disbursements which were not brought to account in the Appropriation Account of the Region. As a result, both capital revenue and expenditure under this Project, have been understated by \$21.250M.

**Subhead 25001 - Equipment (Health)**

1188. The sum of \$8M was voted for the purchase of two(2) generating sets for Leguan and Wakenaam, of which amounts totalling \$7.886M were expended, as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Cost of two(2) generators	5,707,255
Construction of generator house	834,803
Purchase of filing cabinets and pagers	448,995
Purchase of electrical items	895,287
	-----
TOTAL	7,886,340 =====

1189. Approval was obtained for a change in programme to purchase the filing cabinets and pagers. The items were verified as having been received and were properly accounted for while the generators were installed and were operational.

**Subhead 25002 - Furniture & Equipment (Administration)**

1190. The sum of \$1M was voted for the purchase of office chairs, typewriters, duplicating machines etc. for the Regional Administration. Amounts totalling \$981,000 were expended. The items were verified as having been received and properly brought to account.

**Subhead 25003 - Furniture & Equipment (Education)**

1191. The sum of \$3M was voted for the purchase of furniture and equipment for schools and offices, of which amounts totalling \$2.204M were expended. The items were verified having been



received and properly accounted for.

**HEADS 66 - 69 & DIVISION 534**

**REGION 4 - DEMERARA/MAHAICA**

**Current Expenditure**

**Employment Costs**

**1192.** Test-checks of the payrolls revealed that supervisory checks were not evident. A diary of pay changes was also not kept to record details of pay changes in respect of individual employees, and verification of changes had to be done through the tedious examination of paysheets and personal files. The Accounting Officer explained that corrective action was taken with effect from 1996.

**1193.** An unclaimed salaries/wages register was not maintained for the period January to August 1995, although there was evidence of significant refunds of salaries totalling \$9,292,511 for the year as follows:-

HEAD OF ESTIMATE -----	AMOUNT -----
	\$
66-Administrative	306,554
67-Agriculture	198,549
68-Education	8,339,039
69-Health	448,369
	-----
TOTAL	9,292,511
	=====

**1194.** The above observation indicates apparent delays in notifying the Regional Accounting Unit when officers leave employment, especially in the case of the Education Department. This state of affairs can lead to irregularities. It is therefore recommended that steps be taken to reduce the period of time between officers leaving employment and the necessary adjustments to the payrolls.

**1195.** The three(3) salaries bank accounts operated by the Region were not reconciled since 1986. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore urged to take urgent steps to ensure that the reconciliation of these accounts is brought up-to-date.

**1196.** The cash books for two(2) of these accounts reflected negative balances of \$14,936 and \$990,791 as at 31 December 1995 instead of 'nil' balances while the balance on the other account was \$98,662. These accounts were also overdrawn by large amounts on some occasions during the year. These observations indicate an apparent lack of effective monitoring of the balances on these accounts. It is therefore recommended that an adequate system be put in place to avoid a recurrence of the deficiencies mentioned.

**1197.** During the period under review, the Regional Executive Officer was paid travelling allowances totalling \$244,760 from the Region's vote instead of from the Ministry of Regional Development. The authority for this change in arrangement was, however, not produced for audit examination. At the time of reporting, however, corrective action was taken with effect from 1996.

**1198.** The National Insurance Scheme Register was not maintained for the period under review. This record is necessary to monitor contributions by employees to the Scheme. The Register of cheques paid over to the Scheme was also not written up to show particulars of cheques remitted.

#### **Other Charges**

**1199.** Eleven(11) purchases totalling \$293,837 for cleaning materials and torchlight batteries were made from a shop at Lusignan. Investigations revealed that the business was licensed in the name of a close relative of one of the expeditors. In addition, in all cases three(3) quotations were obtained but those from the supplier were dated on or after the dates of the others, indicating an apparent manipulation of the system of quotations.

**1200.** One (1) vehicle assigned to a senior Regional official was issued with an average of 34 gallons of gasoline per week. Although there was a marked reduction from 65 gallons per week in

1994, this consumption, which in dollar value amounts to \$36,805 per month, appears high. Steps should therefore be taken to closely monitor and control the use of the vehicle with a view to reducing the current level of fuel consumption.

**1201.** The following table gives a breakdown of the consumption of fuel in respect seven(7) vehicles operated by the Region:-

VEHICLE NO.	NO. OF GALLONS ISSUED	NO. OF WEEKS IN USE	AVERAGE WEEKLY CONSUMPTION IN GALLONS
PBB 7403	644	39	16.51
PBB 8890	843	39	21.62
PCC 1138	882	35	25.20
PCC 1347	975	43	22.67
PDD 1962	366	52	7.04
PDD 4894	693	26	26.65
PDD 6089	1768	52	34.00

However, log books were only presented in respect of two(2) vehicles - PBB 7403 and PDD 4894. In the circumstances, it could not be determined whether all journeys undertaken were authorised and whether there was effective control over the use of the Region's vehicles.

**1202.** During the period under review, the Region provided transportation twice daily for security guards from Ann's Grove to a senior Regional official's residence in Georgetown, a distance of approximately 76 miles. It would appear more economical to recruit guards from Georgetown, thus effecting savings to the Region.

**1203.** According to the Appropriation Account, amounts totalling \$28.010M were expended on electricity. However, the Electricity Charges Register was only written up to March 1995 and reflected a balance of \$8.551M. It should be noted that the balance on the voted provision at the end of March 1995 was paid over to the Accountant General and charged to final expenditure instead of being treated initially as a liability. Adjustments should have

been made to the Appropriation Account to reflect actual charges for the year, and any excess should have been refunded to the Consolidated Fund.

**1204.** In December 1995 one(1) Yamaha outboard engine model E48 CL No. 670-369609 was repaired at a cost of \$314,954. The Region had earlier purchased a similar engine in October 1995 from the same supplier for \$495,000. It would therefore have been more economical if a new engine was purchased rather than effecting repairs to the old one. The nature of the repairs was also not stated on the payment documents.

**1205.** During the year the Region incurred expenditure totalling \$245,005 for the hire of four(4) vehicles for the purpose of conveying the paymaster on pay tours. Since the Region possessed suitable vehicles which could have been utilised for this activity, it is obvious the cost of hiring vehicles could have been avoided. One of the vehicles was also registered for private purposes and therefore the hiring of this vehicle was in breach of its insurance contract.

**1206.** The sum of \$5.2M was paid to the Regional Drainage and Irrigation Board as a subsidy/contribution to maintain the drainage systems in the Region. In the absence of adequate records and financial statements of the Board, it could not be determined whether the amount was properly spent.

#### **Stores And Other Public Property**

**1207.** Although there was a field auditor attached to the Region, there was no evidence of periodical physical verification of stocks and other assets. Copies of the field auditor's annual programme and inspection reports were also not submitted to the Audit Office.

**1208.** Despite comments in previous reports, the Region continued to operate with Government vehicles which were unmarked. This, as well as the fact that log books were not maintained, can contribute significantly to an abuse/misuse of such vehicles. At the time of reporting, however, action was taken to mark the vehicles.

**1209.** At the time of the inspection of the Triumph Store, nineteen(19) unused internal stores requisitions books (each containing 100 forms) were in the possession of the Storekeeper. The matter was drawn to the attention of accounting officer who subsequently took action to have these kept by the Regional Accounting Unit for control purposes.

**1210.** At the time of inspection in April 1996, many obsolete and slow moving items were lying in the Triumph Store, and several

unserviceable items, including vehicles, were seen in the compound exposed to the elements of the weather. These matters were previously reported on and, despite this, there was no evidence that appropriate action was taken to have the items boarded and disposed of accordingly.

**Other Matters**

**1211.** Several instances were noted where advances were not cleared within the specified periods and where further advances were issued without the previous ones being cleared. Action should be taken to clear advances promptly and to minimise the extent to which more than one advances are given.

**Capital Expenditure**

**Subhead 11001 - Bridges**

**1212.** The sum of \$7.5M was voted for the rehabilitation of bridges at Cane Grove, East Coast Demerara and the rehabilitation of Alliance, Timehri and Nabaclis pump stations, of which amounts totalling \$4.015M were expended follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Construction of two(2)bridges at Cane Grove	899,435
Construction of bridge at Alliance	1,695,444
Construction of bridge at Buxton	896,225
Purchase of lumber	523,800
	-----
TOTAL	4,014,904 =====

**1213.** An inspection of the bridges at Cane Grove on 25 April, 1996 revealed that they were in need of tarring. If this is not done early, they may deteriorate rapidly through constant use and exposure to the elements.

**1214.** In relation the construction of the bridge at Alliance, the

Engineer's Estimate was not presented for audit examination. As a result, it could not be determined whether the bills of quantities, etc., were in conformity with those shown on the contract documents. Notwithstanding this, the bridge was inspected and the work conformed to the specifications as contained in the contract documents.

**1215.** In relation to the construction of the bridge at Buxton, there was no evidence that approval was granted for a change in programme to undertake this work. A similar observation was made in respect of the purchase of lumber which was used to construct bridges at Buxton Primary school, Melani North and the Ann's Grove Community High School.

**Subhead 12001 - Buildings (Education)**

**1216.** The sum of \$10M was voted to rehabilitate the Education Office at Triumph and to complete the Covent Garden Secondary School. Expenditure totalling \$9.977M was incurred as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Rehabilitation of Education Office at Triumph (1st. Phase)	2,618,185
Rehabilitation of Covent Garden Secondary School	4,779,900
Provision and fitting of gutters at Education Office at Triumph	108,350
Rehabilitation of Education Office at Triumph (2nd Phase)	2,066,387
Replacement of zinc sheets at Covent Garden Secondary School	403,110
Purchase of pipe fitting	1,275
	-----
TOTAL	9,977,207 =====

**1217.** A physical inspection on 2 August 1996 on works done at the Education Office at Triumph revealed that many of the tiles which had been pasted on the ground floor of the building had become loose and the paste used had covered some sections of the surface. From the above observation, the quality of this work, which was done at a cost of \$283,200, would appear to be poor. Had proper

supervision been carried out this defect could have been detected and rectified early.

**1218.** The Engineer's Estimate was not produced for the rehabilitation of the Education Office at Triumph (Second Phase). Notwithstanding this, and except for the observation at Paragraph 1217 above, the work was completed in accordance with the specifications outlined in the contract documents.

**Subhead 12002 - Buildings (Administration)**

**1219.** An amount of \$2.5M was voted for the completion of the Regional Sub-Office at Triumph and the rehabilitation of Sub-Office and Stores at Timehri. Expenditure totalling \$2,339,118 was incurred as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Rehabilitation of Timehri Sub-office.	520,863
Completion of the Sub-Treasury and the Regional Accounting Unit	1,608,089
Carpentry and painting works at Timehri Sub-Office	210,166
	-----
TOTAL	2,339,118 =====

The works were physically verified and conformed to the specifications as contained in the contract documents.

**Subhead 12003 - Buildings (Health)**

**1220.** The sum of \$5M was provided for the rehabilitation of the Supply Health Centre and Medex Quarters. Expenditure totalling \$4.976M was incurred as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Rehabilitation of Victoria Health Centre.	929,230
Carpentry works at Supply Health Centre and Medex Quarters	4,003,854
Purchase of a water heater for Regional Executive Officer's residence	43,000
	-----
TOTAL	4,976,084 =====

1221. In relation to the purchase of the water heater, there was no evidence that approval was sought for a change in programme to accommodate this expenditure.

**Subhead 14001 - Roads**

1222. The sum of \$5M was voted to rehabilitate the Cane Grove main access road. Expenditure totalling \$992,000 was incurred for the purchase of fourteen(14) concrete tubings of various sizes for use on the road. An inspection carried out on 2 August 1996, however, revealed that the tubings were still in the Store Compound at Triumph. It was explained that the road was constructed by Ministry of Works and the tubings were no longer required for the road.

**Subhead 17001 - Agricultural Development**

1223. An allocation of \$30M was made to provide for the rehabilitation of (a) three(3) bridges at Cane Grove (b) diesel pumps at Golden Grove and Triumph (c) sluices at Cane Grove, Victoria, Mosquito Hall and Greenfield; and the construction of Craig/Milne relayed structure and regulatory canals. Expenditure incurred totalled \$24.838M as summarised below:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Deisel pumps - Golden Grove	836,800
Sluices at Cane Grove, etc.	7,430,534
Construction of Craig/Milne structure	2,340,082
Relayed structure and regulatory canals	3,354,156
Purchases of materials	551,900
Settlement of a previous year's account	178,000
	-----
SUB-TOTAL	14,691,472
Revetment at Garden of Eden.	3,392,700
Construction of regulator at Ann's Grove	790,815
Replacement of metal grid at Nabaclis pump	843,812
Revetment at Beterverwagting	1,197,920
Construction of regulator at	



Ann's Grove	2,314,800	
Excavation of trenches at Timehri	1,486,000	
Consultancy Services for Nabaclis Pump Station	30,750	
Consultancy Services for Ann's Grove regulator	80,000	
Supply of PVC pipes at the Regional Office, Paradise	10,000	
	-----	10,146,797
		-----
TOTAL		24,838,269
		=====

**1224.** As noted above, amounts totalling \$10.147M were expended on works outside of the approved capital programme and for which there was no evidence that approval was granted for a change in programme to undertake these works.

**1225.** The Engineer's Estimate was not seen for the following three(3) sets of works valued at \$3,347,732 and for which a satisfactory explanation was not obtained:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Construction of metal grid at Nabaclis Pump Station	843,812
Construction of 100 feet revetment at Beterverwagting	1,197,920
Excavation works at Timehri	1,306,000
	-----
TOTAL	3,347,732
	=====

#### **Subhead 19002 - Land Development**

**1226.** The sum of \$1M was provided to meet the cost of occupational surveys at Cane Grove and Long Creek and cadastral surveys at Cane Grove and Annandale. Expenditure totalling \$408,000 was incurred. However, copies of the surveyor's plans to support the above expenditure were not provided as evidence that the surveys were actually done.

#### **Subhead 24001 - Land and Water Transport**

**1227.** An amount of \$1.8M was voted to purchase one(1) wooden boat with shed for Upper Demerara River. Expenditure totalling \$1.376M was incurred as follows:-

DESCRIPTION	AMOUNT
-------------	--------

-----	-----
	\$
Construction of one (1) wooden boat	330,000
Provision of upholstery works	50,500
Construction of one (1) wooden boat	298,000
Provision of upholstery works	40,500
Purchase of outboard engine & related items	657,223
	-----
TOTAL	1,376,223
	=====

In October, 1995 the Chief Planning Officer approved of a change of programme for the purchase of one (1) Yamaha outboard engine from savings under this subhead. However, an additional boat was constructed without any evidence of such approval.

**Subhead 25001 - Furniture and Equipment (Education)**

**1228.** An amount of \$1M was voted under this subhead to provide for furniture and equipment for schools in the Region of which expenditure totalling \$999,260 was incurred as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Construction of 35 `B' type benches	98,000
Construction of 52 `B' type benches	162,240
Construction of 81 `A' type benches and desks each	526,500
Construction of 69 `B' type desks	212,520
	-----
TOTAL	999,260
	=====

According to the Stock Book and related records, the furniture was issued to various schools in the Region.

**Subhead 25002 - Office Furniture and Equipment**

**1229.** The sum of \$.5M was voted under this subhead to purchase office furniture and equipment for Administration staff and health personnel in the Region. Expenditure totalling \$354,000 was incurred to purchase items including one(1) Pentax camera, fifteen(15) sitting chairs, one(1) four drawer cabinet, one(1) typewriter and ten(10) fans. The items were verified as having been received and properly brought to account.

**Other Matters**

**1230.** Expenditure totalling \$2,999,850 was incurred on an Inter

Departmental Allocation Warrant of \$3,000,000 issued by the Ministry of Public Works, Communications and Regional Development for the supply of 400 utility poles and cross-arms. Investigations revealed that two(2) cheques were drawn in favour of two(2) contractors for the above amount on 29 December 1995 (i.e. the last working day of the year) and were held pending the supply of the items.

**1231.** Audit checks in July 1996 revealed that only 380 poles were received, and one(1) of the contractors who had short-supplied eight(8) of these poles was paid in full. The cheque for the other contractor, who had short-supplied twelve(12) poles, was refunded to revenue as it would have become stale-dated, and it could not be determined whether he was subsequently paid.

**1232.** It should also be noted that the cheques were drawn in December 1995 on the strength of the accounts rendered by the contractors to the effect that the items were delivered. The accounts were also annotated to the effect that the items were received and taken into stock but no stock ledger number was quoted.

**1233.** Engineer's inspection reports were not attached to payment vouchers when partial or final payments were made. Instead, a statement that "works satisfactory completed" or "sufficient work completed" was written on the payment documents and signed either the Superintendent of Works or the Overseer. In the circumstances, it could not be determined whether the cost of works completed was in accordance with the schedule of works attached to the contracts. It is recommended that description of works completed should be matched with the schedule on an item-for-item basis so that there is documentary evidence of physical verification of the amounts claimed by the contractors.

## **HEADS 70 - 73 & DIVISION 535**

### **REGION 5 - MAHAICA/BERBICE**

#### **Current Expenditure**

##### **Employment Costs**

**1234.** A diary of pay changes was not maintained to reflect adjustments made to salaries and wages of employees. Instead, a holder of post register, which is a by-product of the computerised

payroll, was maintained. The examination of this substitute record to verify adjustments was, however, very tedious and time-consuming. Efforts should therefore be made to introduce this record as early as possible.

**1235.** The Salaries Cash Book was not reconciled with the Votes Ledger. This reconciliation is necessary to ensure that the total payments are in agreement with the amounts shown in the Votes Ledger. It should be noted that expenditure credits totalling \$2,899,754 were reflected in the Votes Ledger, indicating the refund of unpaid salaries to the Sub-Treasury. This reinforces the need for a reconciliation.

**1236.** It could not be determined when last the Salaries Bank Account Nos 686 and 862 were reconciled while the Account No. 687 (Wages) was last reconciled to March 1983. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore advised to take urgent measures to have the reconciliation of these accounts brought up-to-date.

**1237.** Account No. 686 was overdrawn on several occasions during the year and as at 31 December 1995 the overdraft balance was \$2,486,289. The following gives the overdraft position at the end of each month:-

MONTH	OVERDRAFT	MONTH	OVERDRAFT
-----	-----	-----	-----
	\$		\$
January	2,156,631	July	2,777,623
February	1,982,755	August	2,327,197
March	2,265,870	September	2,170,360
April	1,677,012	October	2,049,253
May	2,287,037	November	1,464,194
June	2,640,719	December	2,486,289

**1238.** Account No. 687 was also overdrawn on several occasions during the year and as at 31 December 1995 the overdrawn balance was \$1,501,491. The following gives the overdraft position at the end of each month:-

MONTH	OVERDRAFT	MONTH	OVERDRAFT
-----	-----	-----	-----
	\$		\$
January	1,262,358	July	1,257,350
February	1,198,538	August	1,532,786

March	1,462,385	September	1,676,988
April	1,329,250	October	1,887,726
May	1,721,429	November	1,231,319
June	1,286,964	December	1,501,491

**1239.** It is evident from the above that the balances on the salaries and wages bank accounts were not being properly monitored, resulting in the overdraft positions mentioned. These overdrafts should therefore be investigated with a view to ascertaining their nature so that action can be taken to liquidate them.

#### Other Charges

**1240.** Amounts totalling \$2.286M were expended on fuel and lubricants. However, log books were not presented for audit examination in respect of one(1) of the four(4) of the vehicles used by the Region. In addition, an examination of the log books presented revealed that the journeys were not always authorised.

**1241.** The sum of \$15.424M was expended on the maintenance of buildings as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Mahaicony and Fort Wellington Cottage Hospitals	1,855,107
Health Centres	2,781,142
Schools	1,721,515
Resource Education Centre & Computer Room	3,190,842
RDC Board Room	1,712,311
Government Quarters	3,267,276
Miscellaneous	895,367
	-----
TOTAL	15,423,560
	=====

However, Contracts 377/95 and 378/95 valued at \$228,169 and \$186,182 respectively for the repairs to the Mahaicony Cottage Hospital were awarded without quotations.

**1242.** A similar situation was observed in relation to the following contracts which were awarded for the repairs to health centres:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
19/09/95	510/95	Repairs to High Dam Health Centre	422,783
12/06/95	431/95	Painting Lichfield Health Centre	448,283
18/08/95	434/95	Carpentry & Electrical work at Lichfield Health centre	188,200
18/08/95	435/95	Repairs to fence at Mora Point	378,050
TOTAL			1,437,316

It is evident that Contracts 431/95 and 434/95, which were awarded to the same contractor, were subdivided to avoid a system of tendering and adjudication by the Regional Tender Board.

**1243.** In relation to the maintenance of schools, the following contracts were also awarded without a system of quotations being followed. Again, it is evident that the electrical works, which were awarded to the same individual, were subdivided to avoid a system of tendering and adjudication by the Regional Tender Board:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
03/01/95	74/94	Electrical work at Bygeval	298,500
13/03/95	131/95	Electrical work at PIC	407,680
13/02/95	186/95	Electrical work at Bygeval, PIC	247,700
24/08/95	430/95	Rehab of Bygeval	334,405
TOTAL			1,288,285

**1244.** The following contracts were awarded without quotations for the repairs to Government quarters:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
02/02/95	54/95	Repairs to B105 & B106	209,500
05/05/95	209/95	Electrical works at Main Office	443,985
20/06/95	313/95	Repairs to B129 & B291	212,634
04/09/95	469/95	Painting B106	404,895
13/07/95	470/95	Carpentry & guttering at B105	444,159
14/06/95	473/95	-do-	449,483
05/08/95	478/95	Repairs to B105 living quarters	449,760
TOTAL			2,614,416

Except for Contract 313/95, the above contracts were awarded to

two(2) individuals, and it is evident that the piecemeal manner in which this was done was to circumvent the application of the Tender Board Regulations.

**1245.** Amounts totalling \$97.157M were expended on the maintenance of infrastructure as shown hereunder:

DESCRIPTION	AMOUNT
-----	-----
	\$
Mahaicony Branch Road	16,753,463
Burma Branch Road	3,138,563
De Hoop Road	4,193,810
Burma Airstrip	3,010,900
Access road at Fort Wellington	881,653
Repairs to public road	665,100
Shieldstown Road	926,606
Several other roads	1,914,120
Transportation of Road Building Materials	972,350
Hiring of Motor Vehicles	3,733,163
Wash Clothes Canal	2,814,264
Hansome Tree Canal	1,153,156
Perth Biaboo Canal	1,953,941
Other canals/sidelines	9,298,722
Maintenance of Health buildings	5,402,156
" " Education buildings	3,288,698
Construction works	4,788,866
Rehabilitation of drainage systems	22,358,732
Purchases of materials	6,182,221
Wages	2,374,526
Travelling & subsistence	1,349,990
	-----
TOTAL	97,157,000
	=====

**1246.** Similar breaches in the Tender Board Regulations were observed in relation to the Mahaicony Branch Road, as shown below:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
06/02	52/95	Supply of Burnt Earth to Mahaicony Branch Road	448,900*
20/02	101/95	-do- -do-	440,053*
17/02	62/95	-do- -do-	440,053*
20/02	87/95	Rehab. of Mahaicony Branch Rd.	229,000**
20/02	91/95	-do- -do-	437,960**
24/02	93/95	-do- -do-	429,320**
06/02	94/95	-do- -do-	429,320**

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
28/05	200/95	Supply Burnt Earth M/cony Br.Rd.	242,000*
05/04	246/95	-do- -do-	220,000*
30/08	419/95	-do- -do-	252,000
04/09	442/85	-do- -do-	234,000
17/09	447/95	-do- -do-	300,000
			-----
TOTAL			4,102,606
			=====

**1247.** Apart from the apparent subdivision of contracts, it should be noted that five(5) of these contracts valued at \$1,791,006 (indicated by \*) were awarded to one(1) contractor while four(4) other contracts valued at \$1,525,600 (indicated by \*\*) were awarded to another contractor. In addition, payments for all of the contracts were made without the supporting certificates from the Works Committee of the Regional Democratic Council indicating that works were satisfactorily completed.

**1248.** Subdivision of contracts was also observed in relation to the award of the following contracts for maintenance works at the Burma Branch Road:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
16/02	97/95	Supply of Burnt Earth	348,377*
13/03	107/95	-do- -do-	447,002*
21/03	120/95	-do- -do-	307,500*
11/03	112/95	Rehab. of Burma Branch Road.	
436,100**	21/03	152/95	-do- -do-
300,000**	02/08	393/95	-do- -do-
416,000**	08/08	456/95	-do- -do-
447,984**	09/10	502/95	-do- -do-
435,600**			
			-----
			3,138,563
			=====

**1249.** Three(3) of the contracts totalling \$1,102,879 (as indicated by \*) were awarded to one(1) contractor while five(5) contracts totalling \$2,035,684 (as indicated by \*\*) were awarded to the same contractor referred to in Paragraph 1246, as indicated by \*\*. In addition, payments were made in respect of all of the above contracts with the exception of Contract No. 456/95 without the supporting certificates from the Works Committee of the Regional Democratic Council.



**1250.** With regard to the maintenance works at the De Hoop Branch Road, the following contracts were subdivided and were awarded without a system of quotations being followed:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
03/01	05/95	Grading De Hoop Branch Road	267,890**
09/01	06/95	-do- -do-	229,620**
09/01	07/95	Supply Burnt Earth	
417,164***	03/01	08/95	-do- -do-
233,464***	05/01	09/95	-do- -do-
246,488***	09/01	34/95	-do- -do-
428,204*	03/01	68/95	Const. road shoulder
330,000	28/04	291/95	Patch and Seal
194,400	07/08	479/95	Supply Burnt Earth
448,140*	04/08	380/95	-do- -do-
448,140*			
04/08/95	387/95	Grading De Hoop Branch Road	407,400**
14/08/95	388/95	-do- -do-	407,400**
TOTAL			----- 4,058,310 =====

**1251.** Three(3) contracts totalling \$1,324,484 (as indicated by the \*) were awarded to one(1) contractor while four(4) contracts totalling \$1,312,310 (as indicated by \*\*) were awarded to another contractor referred to at Paragraph 1246. A third contractor was also awarded three(3) contracts totalling \$897,116 (indicated by \*\*\*). In addition, with the exception of Contracts 34/95, 379/95, 380/95, and 387/95, all of the above contracts were paid without the supporting certificates from the Regional Democratic Council.

**1252.** The following contracts were awarded for maintenance works at Burma Airstrip without a system of quotation being followed and it is evident that they were awarded in a piecemeal manner to avoid a system of tendering and adjudication by the Regional Tender Board:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
03/01	14/95	Square potholes at Airstrip	200,000
15/03	150/95	Prepare base course	422,000
17/04	190/95	Resurface Airstrip	422,000
22/05	321/95	-do-	432,000
25/04	385/95	-do-	448,320

09/05	389/95	-do-	448,320
05/07	390/95	-do-	197,760
02/08	386/95	Supply Burnt Earth for Airstrip	440,500
TOTAL			3,010,900

**1253.** All of the contracts were awarded to the same contractor whose other contracts were referred to in the previous paragraphs by \*\*. In addition, with the exception of Contracts 321/95, 385/95, and 389/95, all of the above contracts were paid without the supporting certificates from the Works Committee of the Regional Democratic Council.

**1254.** The following contracts were awarded to the same contractor referred to in the above paragraph for works done at Fort Wellington Access Road without a system of quotation:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
27/03	154/95	Construction of Access Road	432,360
24/04	191/95	-do- -do-	449,392
TOTAL			888,752

In addition, payments were not supported by any certificate from the Works Committee of the Regional Democratic Council.

**1255.** In relation to the maintenance works at Shieldstown similar observations were made as can be seen from the following:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
20/02	88/95	Supply Burnt Earth	285,708*
13/03	133/95	-do- -do-	256,168*
14/03	167/95	Construct section of road	384,730
TOTAL			926,606

Two(2) contracts totalling \$541,876 (as indicated by the \*) were awarded to the same contractor whose contracts were indicated by the \* in the previous paragraphs. In addition, all payments relative to the above contracts were not supported by any certificate from the Works Committee of the Regional Democratic

Council.

**1256.** The following contracts were awarded to one(1) contractor for maintenance works at Handsome Tree Canal without a system of quotations:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
05/01	79/95	Deweed Handsome Tree Canal	449,206
03/01	81/95	Shape Hansome Tree Embankment	256,950
			-----
TOTAL			706,156
			=====

Payments were also not supported by any certificates from the Works Committee of the Regional Democratic Council.

**1257.** In relation to the excavation works at the Wash Clothes Canal, no system of quotations was adopted and it is evident that they were awarded in a piecemeal manner to avoid a system of tendering and adjudication by the Regional Tender Board:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
16/01	44/95	Deweed Wash Clothes Canal	449,800
28/02	84/95	Rehab. Wash Clothes Canal	256,400
06/03	251/95	Excavate Wash Clothes Canal	319,500
31/03	252/95	-do- -do-	375,000
01/03	254/95	-do- -do-	373,333
03/03	256/95	-do- -do-	374,156
			-----
TOTAL			2,588,189
			=====

It should be noted that all of the above contracts were awarded to one(1) contractor. In addition, payments relative to Contracts 84/95, 251/95, and 256/95 were not supported by the required certificates from the Works Committee of the Regional Democratic Council.

**1258.** The following contracts were awarded to the same contractor referred to in the above paragraph for the deweeding and desilting of canal at Dundee Park Abary without a system of quotations:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
18/05	253/95	Deweed Dundee Park Abary	435,000
05/06	255/95	Desilt Dundee Park Abary	330,000
			-----
TOTAL			765,000
			=====

The payments on these contracts were also not supported by any certificate from the Works Committee.

**1259.** Similar observations were made in relation to the excavation works at the Recess/Calcutta embankment:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
31/05	280/95	Excavate Embankment	445,000
07/06	281/95	-do- -do-	446,000
22/05	282/95	Rehab.Recess/Calcutta Side Line	444,000
95/06/95	283/95	-do- -do-	448,000
			-----
TOTAL			1,783,000
			=====

**1260.** The following contracts, which were awarded to the same contractor construction works at Blairmont for Mashramani, were also subdivided and were awarded without quotations :-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
01/03	197/95	Construction of facilities for Mash.	443,440
27/02	198/95	-do- -do-	374,580
			-----
TOTAL			818,020
			=====

Payments in relation to the works were also not supported by any certificate from the Works Committee of the Regional Democratic Council.

**1261.** The following contracts were awarded for construction works at Moraikoobai Rest House without a system of quotation and it is evident that the contracts were awarded in a piecemeal manner to avoid a system of tendering and adjudication by the Regional Tender Board:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
------	--------------	-------------	--------

				----- \$
23/01	35/95	Construction works at Moraikoobai Rest House		440,308
06/01	36/95	-do-	-do-	414,083
15/04	205/95	-do-	-do-	435,463
27/04	223/95	-do-	-do-	433,371
15/05	325/95	-do-	-do-	325,375
TOTAL				----- 2,088,600 =====

It should be noted that all of the above contracts were awarded to one contractor, while payments on contract 35/95 and 223/95 were not supported by any certificate from the Works Committee of the Regional Democratic Council. Furthermore, expenditure of this nature could have been more appropriately charged to provisions made for Maintenance of Building in the Estimates for Current Expenditure. The sum of \$2,088,600 is thus considered as a misallocation.

**1262.** Similar observations were made in relation to the construction of a fence at Carlton Hall Primary school:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
18/04	286/95	Construction of fence	303,600
29/05/95	287/95	-do- -do-	287,295
TOTAL			----- 590,895 =====

Payments on these contracts were not supported by any certificates from the Works Committee of the Regional Democratic Council.

**1263.** In summary, seventy-eight(78) contracts totalling \$29,073,012 for maintenance works were deliberately subdivided to bring them within the limits of the Accounting Officer, thereby avoiding a system of tendering and adjudication by the Regional Tender Board. There was therefore a complete lack of transparency in the award of these contracts and it could not be determined on what basis the contractors were chosen. In addition, in the absence of the Works Committee certificates in many instances, it could not be determined whether the works were actually done, and if so, whether there was satisfactory performance under the various contracts.

**1264.** In addition to the subdivision of contracts mentioned above, nineteen(19) other contracts valued at \$5,815,348 were awarded without adherence to a system of quotations.

**1265.** Amounts totalling \$4.3M were shown as having been expended on electricity charges. However, the completeness and accuracy of this figure could not be verified as it did not represent actual consumption of electricity. The balance on the voted provision at the end of March 1995 was paid over to the Accountant General and charged to final expenditure instead of liabilities. Adjustments should have been made to reflect actual charges.

**1266.** In relation to Transport, Travel and Postage, ten(1) payments totalling \$483,750 were made for the supply of meals for Education workshops and meetings. However, the locations of these workshops/meetings were not stated on the payment vouchers. As a result, the validity of expenditure incurred in respect of these payments could not be satisfactorily determined.

#### **Capital Expenditure**

##### **Subhead 12001 - Buildings (Administration)**

**1267.** The sum of \$1M was voted for the rehabilitation of the Main Administration Building at Fort Wellington, of which amounts \$992,321 were expended. The works were physically verified and conformed to the specifications as detailed in the bill of quantities of the contract documents.

##### **Sub-Head 12003 - Buildings (Education)**

**1268.** The sum of \$12.5M was voted for the rehabilitation of No.10 Primary, Rosignol Secondary and Biaboo Primary Schools and the extension of Mahaicony Secondary School, of which amounts totalling \$12.496M were expended. However, no rehabilitation was done on the Biaboo Primary School. It was explained that SIMAP was to undertake the work and that approval was granted for a change in programme to accommodate the rehabilitation of the Rosignol Primary School.

**1269.** The contract for the extension of the Mahaicony Secondary School was awarded in the sum of \$5.2M to the second lowest tenderer without any reasons being stated in the minutes of the Regional Tender Board. The lowest bid was \$4.529M. A similar situation was observed in respect of the Rosignol Primary School

where the contract was also awarded to the second lowest tenderer. The lowest bid was \$1.9M while that of the Contractor was \$2.339M.

**1270.** In relation to the Rosignol Secondary School the following six(6) contracts with a total value of \$2.023M were awarded to the same contractor for electrical works:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
04/04/95	23/95	Electrical works	331,100
09/06/95	289/95	-do-	360,000
04/09/95	443/95	-do-	250,000
24/10/95	541/95	-do-	440,000
15/11/95	557/95	-do-	420,000
04/12/95	568/95	-do-	222,000
			-----
	TOTAL		2,023,100
			=====

**1271.** There was, however, no evidence that a system of quotations was followed before the contracts were awarded. In addition, had one contract been awarded, tenders would have had to be invited and adjudication would have had to be done by the Regional Tender Board. However, the contracts were awarded on the sole authority of the Accounting Officer. It is evident that the piecemeal manner in which the contracts were awarded was done to bring them within the limits of the Accounting Officer, thereby avoiding a system of tendering and adjudication by the Regional Tender Board. This is a serious manipulation of the Tender Board Regulations.

**1272.** The sum of \$49,279 was incurred for the cost of meals and subsistence which should have been charged to the relevant subhead under current expenditure. In addition, a sign board was constructed at Shieldstown Nursery School at a cost of \$6,400 and for which there was no evidence of approval for a change in programme to accommodate this expenditure.

**Subhead 12004 - Buildings (Health)**

**1273.** The sum of \$5M was voted for the construction of living quarters at Mahaicony and for the rehabilitation of the Bush Lot and No.28 Health Centres, of which amounts totalling \$4.990M were expended. There were, however, misallocations totalling \$42,280 representing the cost of meals and refreshments which should have been charged under the appropriate subhead under Current Expenditure. In addition, the amount of \$12,000 was expended for plumbing work at the Public Health Inspector's quarters and for which there was no evidence that approval was granted for a change in programme to accommodate this expenditure.

**1274.** In respect of the Bush Lot Health Centre, the contract was awarded in the sum of \$434,270. However, there was no evidence that quotations were sought before the award. A similar situation was observed in relation to the construction of a septic tank and additional painting work at the No.28 Health Centre at a cost of \$300,000.

**Subhead 13001 - Drainage and Irrigation**

**1275.** The sum of \$30M was voted for the excavation of channels at Washclothes, Perth/Biaboo and Industry Canal and repairs to the Abary River Sluice, of which amounts totalling \$29.9M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Excavation of channels at Washclothes, Mahaicony	2,220,233
Repairs to Abary River Sluice	6,807,999
	-----
SUB-TOTAL	9,028,232
Deweeding and desilting of channels in Area 5 (Fort Wellington/Cotton Tree Area)	10,450,362
Rehabilitation of bridge across Bellamy Canal	3,784,160
Construction of concrete structure at Chance, Mahaicony	2,033,279
Revetment works at Guysuco Canal at Bath	3,415,400
Repairs to sea dam at Bellamy Canal	397,907
Excavating canal at Broken Waterland	350,760
Miscellaneous misallocations	537,900
	-----
TOTAL	29,998,000 =====

As can be noted from the above breakdown of expenditure, amounts totalling \$20,969,768 were expended on works which were not reflected in the National Estimates and in the Capital Profile, and there was no evidence to indicate that approval was granted for a change in programme to accommodate this expenditure.

**1276.** There were misallocations of expenditure totalling \$537,900 representing the cost of meals, travelling and subsistence,



overtime, purchase of filing cabinet, tyres etc.

**1277.** In relation to the excavation works at Washclothes, the following six(6) contracts were awarded to the same individual on the sole authority of the Accounting Officer and without any form of quotations:-

DATE	CONTRACT NO.	PARTICULARS	AMOUNT
----	-----	-----	-----
			\$
13/02/95	146/95	Excavation of Washclothes Canal	300,000
20/03/95	147/95	-do-	445,000
03/03/95	230/95	-do-	404,500
13/03/95	231/95	-do-	444,000
02/03/95	232/95	-do-	447,500
14/04/94	233/95	Clearing of heavy bush	200,000
			-----
TOTAL			2,241,000
			=====

It is evident that the work was subdivided to avoid invitation to tender and adjudication by the Regional Tender Board. This is a serious breach of the Tender Board regulations, and it could not be determined on what basis the contractor was selected.

**1278.** Thirty (30) contracts valued at \$10,450,362 were awarded for the deweeding and desilting of Area 5. The proposed works were advertised on 20 February 1995. Invitations to tender closed on 27 March 1995 and the tenders were opened on 3 April 1995. The Regional Board met on 25 May 1995 and recommended the awards to the Finance Committee of the Regional Democratic Council which approved of the awards on 30 May 1995. It therefore meant that no contracts could have been awarded prior to 30 May 1995. However, the following ten(10) contracts valued at \$3,672,814 were awarded prior to this date:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT PAID
----	-----	-----	-----
			\$
06/02/95	144/95	Deweeding of No 7 East BD 8	422,148*
13/02/95	143/95	Rehabilitation of No 6 West BD 8	447,148*
21/02/95	208/95	Desilting of No 6 West BD 8	422,148*
24/02/95	145/95	Desilting of No 7 East BD 8	422,148*
05/05/95	258/95	Deweeding of No 10,11 BD 2	197,430
08/05/95	273/95	Clearing canal SC 23 A2 No. 7	752,840
22/05/95	277/95	Clearing burm of canal BD 10 No.5	134,100
Not stated	272/95	Clearing burm at No.5,4 BD 11	300,250*
29/05/95	268/95	Deweeding of No. 9,10 BD 3	175,000
29/05/95	395/95	Deweeding/desilting SC 23 A3 No.8	821,750*
			-----

TOTAL

3,672,814

=====

**1279.** It should be noted that six(6) of the these contracts (shown with the asterisks) valued at \$2,835,592 were awarded to one individual, excluding the one involved in a double payment, as detailed below. If the excavation of the Washclothes Canal were included, the individual executed twelve(12) contracts with a total value of \$5,076,592, all of which were awarded in a less than transparent manner.

**1280.** In relation to Contract No. 395/95 for the deweeding and desilting of SC 23 A3 - No. 7, an identical contract - Contract No. 271/95 dated 19 June 1995 - was entered into with the same individual. This contract was found to be a duplication of Contract No.395/95, and payment was made using the duplicate copies of the measurement certificate of the Surveyor and the inspection certificate of the Works Committee pertaining to Contract 395/95. This matter was brought to the attention of the Regional Executive Officer who requested the Police to investigate the matter. As a follow-up, the Audit Office wrote the Ministry of Regional Development on 13 August 1996 urging that the matter be vigorously pursued.

**1281.** The following contracts which were not adjudicated by the Regional Tender Board and which fell within the limits of the Accounting Officer i.e. between \$180,000 and \$450,000, were awarded without any evidence of adherence to a system of quotations:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT PAID
----	-----	-----	-----
			\$
20/07	356/95	Deweeding/desilting canal at SC23/A5	290,240
04/08	384/95	Excavate drains at BD3	412,500
09/06	398/95	Deweeding BD11 No.4/5 Sideline	354,900

**1282.** Rehabilitation works relating to the following contracts were advertised and tenders were received, but there was no evidence that the Regional Tender Board approved of the awards:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
06/02	144/95	Deweeding of No 7 East BD 8	422,148
13/02	143/95	Rehabilitation of No 6 West BD 8	447,148
21/02	208/95	Desilting of No 6 West BD 8	422,148

24/02      145/95            Desilting of No 7 East BD 8            422,148

**1283.** As noted above, these contracts were among those which were awarded before the Regional Tender Board met to consider the tenders received and were awarded to the same individual who was paid twice on a contract. Two(2) of these contracts were awarded before the works were advertised on 20 February 1995.

**1284.** Of the nineteen(19) contracts which were advertised and which were adjudicated by the Regional Tender Board, the following three(3) contracts were awarded to persons who were not the lowest tenders and for which no reasons were stated in the Tender Board minutes:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
13/02/95	143/95	Rehabilitation of No 6 West BD 8	447,148
30/05/95	276/95	Clearing 23 A6 No.11 Middlewalk	248,837
20/06/95	309/95	Clearing burm of canal BD6A No.7/8	535,756

**1285.** Thirteen(13) payments totalling \$1,253,575 were made on duplicate Works Committee certificate while ten(10) payments totalling \$3,299,112 were not accompanied by any certificate from the Works Committee There was, however, evidence of inspection by the Surveyor and valuation by the Engineer.

**1286.** In relation to the repairs to Abary Sluice the following three(3) contracts were executed:-

DATE	CONTRACT NO.	PARTICULARS	AMOUNT PAID
----	-----	-----	-----
			\$
28/08/95	335/95	Construction of 350'greenheart revetment	5,063,000
13/11/95	569/95	Emergency repairs to Abary Sluice	1,237,280
02/10/95	571/95	To construct embankment	290,000

Tender Board Regulations were, however, not followed in relation to the award of Contract 569/95 nor was there evidence that approaches were made for a waiver of the procedures to facilitate the emergency works. In relation to Contract 571/95, there was no evidence that a system of quotations was followed before the award was made.

**Subhead 14001 - Roads**

**1287.** The sum of \$20M was voted for the resurfacing of the Mahaicony and Burma Branch Roads. The full amount was shown as having been expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Mahaicony Branch Road	4,352,000
Burma Branch Road	15,619,925
Miscellaneous misallocations	28,075
	-----
TOTAL	20,000,000
	=====

However, the contract for the Mahaicony Road (Contract No. 501/95 dated 8 November 1995) was awarded in the sum of \$8.5M and total payments amounted to \$6,177,625. The difference of \$1,825,625 was charged to current expenditure to avoid overrunning the capital vote. This represents not only a misallocation of expenditure but also unauthorised excess expenditure.

**1288.** Nine(9) contracts fell within the limits of \$180,000 to \$450,000 but there was no evidence that a system of quotations was followed before the contracts were awarded. Moreover, it is again evident that the contracts were subdivided to avoid invitation to tender and adjudication by the Regional Tender Board.

**1289.** In respect of the Burma Road, the following two(2) contracts were awarded to the same person:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT PAID
----	-----	-----	-----
			\$
02/05	178/95	Resurfacing Burma Branch Road	8,783,750
18/08	334/95	Rehabilitation of Burma Road	6,352,175
			-----
TOTAL			15,135,925
			=====

**1290.** It is evident that the works were broken down in two(2) lots to avoid adjudication by the Central Tender Board. In addition, the following two(2) contracts were awarded for the supply of burnt earth:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
------	--------------	-------------	--------

			\$
02/08/95	353/95	Supply burnt earth to burma	264,000
03/08/95	381/95	-do-	220,000
TOTAL			484,000

Had one(1) contract been awarded, the amount involved would have required adjudication by the Regional Tender Board. It is again evident that the work was subdivided to bring the values within the Accounting Officer's limit, thereby avoiding a system of system of tendering and the involvement of the Regional Tender Board.

**1291.** There were misallocations totalling \$25,543 representing the cost of meals, purchase of attache case and overtime which should have been charged to the relevant subheads under Current Expenditure.

**Subhead 17001 - Land development**

**1292.** The sum of \$3M was voted for the construction of roadways and improvement of infrastructure at Bath, Bush Lot and Blairmont, of which amounts totalling \$2.999M were expended as follows:-

DESCRIPTION	AMOUNT
	\$
Construction of roadways at Bath	1,110,300
-do-                    -do-                    at Bush Lot	1,727,580
Miscellaneous misallocations	161,120
TOTAL	2,999,000

As can be noted, no work was done at Blairmont.

**1293.** In relation to construction works at Bath, the following three(3) contracts were awarded:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
			\$
28/02	11/95	Clearing/levelling housing scheme	310,300
06/11	556/95	Transporting reef sand	400,000
07/11	559/95	-do-                    -do-	400,000
TOTAL			1,110,300

The latter two(2) contracts were awarded to the same individual, and it evident that the work was subdivided to avoid a system of tendering and adjudication by the Regional Tender Board. In addition, while there was evidence of delivery of the sand on Contract 556/95, no such evidence was seen in respect of Contract 559/95.

**1294.** In relation to the construction works at Bush Lot, the following six(6) contracts were awarded without any form of quotations, and it is again evident that the work was subdivided to avoid a system of tendering and adjudication by the Regional Tender Board:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
07/04/95	12/95	Scarifying, grading & shaping	130,118
07/04/95	13/95	Transporting reef sand	244,500
07/04/95	14/95	-do-	294,000
07/04/95	15/95	-do-	408,000
13/04/95	16/95	To construct road	446,600
17/04/95	216/95	Transporting sand	126,000
			-----
TOTAL			1,649,218
			=====

**1295.** There were misallocations totalling \$161,120 representing the cost of meals and transportation which should have been charged to the relevant subheads under Current Expenditure.

**HEADS 74 - 77 & DIVISION 536**

**REGION 6 - EAST BERBICE/CORENTYNE**

**Current Expenditure**

**Employment Costs**

**1296.** The inventory of staff was not updated for the period under review. As a result, it could not be satisfactorily determined whether the categories and numbers of staff employed were in conformity with the National Estimates. It was explained that the

lapse was due to staff constraints. Action should be taken to update the staff inventory as early as possible.

**1297.** Evidence of reconciliation of the Salaries Cash Books with the Votes Accounts was not done for the period under review, due to staff constraints. For more effective control, efforts should be made to reconcile these accounts on a monthly basis so as to ensure that the amounts of salaries paid are in agreement with the amounts charged to the Votes Accounts.

**1298.** In relation to the salaries bank accounts, the following sets out the position of the accounts as at December 31, 1995:

Account No.	Date last Reconciled	Cash Book Balance	Bank Statement Balance.
-----	-----	-----	-----
689	April 1987	nil	\$ (435,560)
690	October 1984	nil	34,653,681
863	November 1991	nil	2,904,904
870	December 1994	nil	4,646,783

**1299.** As can be noted, Account NO. 689 was overdrawn by \$435,560 as at 31 December 1995 while all four(4) accounts had not be reconciled for several years. It should not be over-emphasised that the failure to reconcile bank accounts promptly can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore urged to ensure that the reconciliations of these bank accounts are brought up-to-date.

**1300.** It was explained that the Account No. 689 became inactive in September 1991 when it reflected an overdrawn balance \$315,816. However, the overdrawn balance on this account has increased to \$435,560 as at 31 December 1995.

**1301.** Account No. 690 became inactive in July 1995 when there was an overdrawn balance of \$875,523. However, the cash book was not written up for the month of June 1995, and the overdrawn amount increased to \$907,280 as at the end of September which was due to the clearing of drawn cheques which were not presented earlier for payments. In addition, a deposit of \$35,560,969 was made into the account on 95.10.26. vide deposit slip number 010364, the source of which could not be established.

**1302.** The cash book for bank account number 689 was not presented

for audit, and as such the balance as at 31 December 1995 could not be established while the cash book for Account No. 863 was not balanced for the month of April 1995. In addition, an examination of the cash books for the Account Nos 863 and 870 revealed (a) deposit slip numbers were not always referenced therein thereby making audit examination time consuming (b) sub-totals were in many cases written in pencil and (c) there were instances of super-imposition of figures. Action should be taken to improve the record-keeping of the cash book and to institute greater supervisory checks.

**1303.** There was no evidence of reconciliation between the Travelling Register and the Votes Ledger. Efforts should be made to reconcile these records on a monthly basis. The Register was also not properly maintained as pertinent information such as allowance authorised, insurance policy number and sum assured, was not always recorded therein.

**1304.** Although a register of contributions made to the National Insurance Scheme was maintained relevant information such as officers' designations, dates of birth, sex and dates of appointment were not always recorded therein. It was explained that the lapse was due to an oversight and corrective action would be taken.

#### **Other Charges**

**1305.** Fifteen instances totalling \$6.9 million were noted where no valuation certificates were issued by the engineer in support of the payments. In the absence of the valuation certificates quantifying works completed, the scope for irregularities and fraud exists. Corrective action is therefore recommended as a matter of priority.

**1306.** Sixteen instances totalling \$10.8M were observed where the dates of commencement and completion were not stated in the contract documents. The absence of these could lead to inconvenience and undue increase in costs. Action should be taken to ensure that these relevant dates are included in future contracts.

**1307.** Three instances totalling \$2.2M were noted where the Engineer's estimates were not presented in support of the award of the following contracts:-

Rehabilitation of JCC Sec. School	\$801,638
Rehabilitation of No. 64 Health Centre	\$603,250
Rehabilitation of Mibikuri Hospital	\$771,249



**1308.** A list of all residential and office telephones was not presented. It was therefore difficult to determine whether all telephones were recorded in the Telephone Register and whether telephone payments for officers residential phones were a proper charge to current releases of appropriated funds.

#### **Stores and Other Public Property**

**1310.** The following unsatisfactory features were observed at the Whim Stores:-

- (a) Forty-four(44) instances were noted where Requisition to Purchase were used instead of Internal Stores Requisition for issues in breach of Stores Regulations;
- (b) The Internal Stores Requisition book in use was found to be in the possession of the Storekeeper instead of the Workshop;
- (c) The Loan Register was not properly maintained in that the signatures of officers borrowing and the dates when articles were returned were not always reflected therein;
- (c) Two(2) batteries were issued to a vehicle on 95.01.27 and 95.02.10. It was explained that the first battery was damaged when installed. Greater care should be exercised when such installation is made.

**1311.** At the Canje Stores, forty(40) unused Internal Stores Requisition books were in the position of the Storekeeper in breach of Stores Regulations which could lead to irregularities and fraud. Corrective action is recommended.

**1312.** Several instances were observed where the monthly totals of the Votes Ledger differed from the amounts reported in the compliance certificates submitted to the Ministry of Finance. These differences indicated that due care was not exercised in the preparation of the monthly compliance certificates and the Ministry of Finance was thereby misled. It is recommended that greater supervision should be exercised in the preparation of the monthly financial statements of expenditure.

**1313.** Several instances were noted where deletions and alterations were made in the Votes Ledgers without being initialled by the relevant officers. Initialling these entries constitutes evidence of authority for changes in the Votes

Ledger, and in its absence errors and irregularities could go on for a long time without being detected. Action should be taken to avoid such lapses in the future in order to strengthen the internal controls over the maintenance of the Votes Ledgers.

### **Other Matters**

**1314.** Seventeen(17) instances were noted where advances were not cleared within the specified time. Such delay could lead to a negative effect on the cash flow of the Imprest and thereby adversely affect the operations of the Regional Administration. Action should be taken to ensure the prompt clearance of advances in order to maintain a healthy cash flow of the Imprest. Also, advance forms were not always properly prepared in that advance numbers, receipt numbers, and dates of repayments were not always stated thereon. No satisfactory explanation was obtained. This indicates a lapse in internal controls. In order to achieve better internal controls over advances and to avoid the possibilities for irregularities, it is recommended that greater supervision should be exercised in the preparation of advance forms.

**1315.** Several instances were noted where cheque orders were not cleared within the stipulated period of sixteen (16) days, as required by financial instructions. Undue delay in clearing cheque orders could lead to irregularities, and as such action should be taken to have all cheque orders cleared within the specified time period.

**1316.** Half- yearly statements of balances on Deposits were not prepared and submitted to the Accountant General as required by financial instructions. It was explained that this lapse was due to staff constraints. Notwithstanding the explanation, action should be taken to comply with the provisions of financial instructions. Reconciliation of the records maintained for the Deposit Fund with those at the Sub-Treasury was also not done. For more effective control, action should be taken to reconcile the records at least on a monthly basis.

### **Land Development Office - Black Bush Polder**

**1317.** Acknowledgement receipts were not always presented for Land Rent remitted to Sub-Treasury. It was explained that these receipts were not uplifted. Action should be taken to uplift these receipts and present for audit examination.

**1318.** Bank deposit slips bore no evidence of having been checked

by a senior officer after banking thereby ensuring monies were banked intact. It must be pointed out that failure to have supervisory checks on deposit slips after banking could lead to mistakes and irregularities.

**1319.** It was noted that advances were not cleared within the specified time. Such delay could lead to a negative effect on the cash flow of the imprest and thereby adversely affect the operations of the Office. Action should be taken to ensure the prompt clearance of advances in order to maintain a healthy cash flow of the imprest. Also, advance forms were not always properly prepared in that dates of repayment were not always stated thereon. This indicates a lapse in internal control. In order to achieve better internal control over advances and to avoid irregularities, it is recommended that more supervision should be exercised over the preparation of advance forms.

#### **Education Department - New Amsterdam**

**1320.** Requisitions in respect of issues of exercise books and other stationery were not presented, and for which a satisfactory explanation was not obtained. In the circumstances, it was difficult to ascertain the authenticity of the issues. Action should be taken to locate and present these requisitions in support of the issues.

**1321.** Eleven(11) acknowledgement receipts totalling \$54,650. in respect of revenue submitted to the Sub- Treasury were not presented for audit. It was explained that these receipts were inadvertently misplaced and action would be taken to locate and present them for audit. In the circumstance, it was difficult to ascertain the accuracy of the amount remitted. It recommended that such receipts should be securely stored in order to facilitate retrieval and examination in the future.

**1322.** There was no evidence of supervisory checks on this record for the period January to September 1995. In the absence of supervisory checks on the Collectors Cash Book Statements, errors could go undetected for a long time and the data reflected therein could be inaccurate.

**1323.** The Daily Cash Composition Book was not maintained for the period January to May 1995. Furthermore, this record bore no evidence of supervisory checks for the period June to December 1995. The maintenance and rechecking of such a record need not to be over emphasised as a matter of good record keeping and internal control over the receipt and custody of money.

### New Amsterdam Hospital

**1324.** The original instead of the duplicate copies of the Imprest Cash Book were being sent for recoupment contrary to financial instructions. Furthermore, there was no evidence of supervisory checks on the Imprest Cash Book which indicated a breakdown in internal controls. Corrective action is recommended.

**1325.** An examination of the Outdoor Dispatch Book revealed the following discrepancies:

- (a) Reference was not made of the quantity of drugs issued from the main stock ledger, neither was the register balanced; and
- (b) Prescriptions were not presented for audit examination for the period under reviewed. It was explained that prescriptions were given back to patients after supplying drugs.

As a result of the foregoing, the accuracy of the quantity of drugs issued to out patients could not be determined. It is recommended that:-

- (a) prescriptions be prepared in duplicate; and
- (b) Out Patients Issued Register be balanced daily and that the quantity of drugs issued from the main stock ledger to out patients be recorded and cross-referenced to the Out Patients Dispatch Book so as to avoid irregularities.

**1326.** An examination of requisitions revealed the following:-

- (a) Pieces of papers instead of prescribed requisitions were used;
- (b) Evidence of approval, requisitioned by, issued to and collected by were not always recorded thereon;

The above practices are considered unsatisfactory and could lead to irregularities and fraud. Action should be taken to use the prescribed requisition forms and to have all details reflected thereon.

**Capital Expenditure**

**Subhead 11001 - Bridges**

**1327.** The amount of \$10M was voted for the rehabilitation of three(3) cattle bridges at Black Bush Polder of which the sum of \$8.3M was expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Yakusari (75' x 12')	2,690,792
Joannah (75' x 12')	2,842,875
Mibicuri (75' x 12')	2,769,382
	-----
TOTAL	8,303,049 =====

**1328.** The following unsatisfactory features were noted with regard to the above contracts:-

- . Dates of commencement and completion were not stated in the contracts;
- . No compliance certificates issued by the Commissioner of Inland Revenue were presented by the contractors with their tender documents for the awards of the Mibikuri and the Yakusari cattle bridges.

**1329.** In the absence of details on the dates of commencement and completion in the contract document, the execution of the works could be unduly delayed and thus lead to inconvenience and additional costs. It is, therefore, strongly recommended that such relevant dates should be included in all future contracts. The awards of the contracts for the two bridges without the accompanying compliance certificates were a breach of financial instructions. Action should be taken to comply with the laid down regulations in insisting on the presentation of compliance certificates from the Inland Revenue before adjudication and recommendation of tenderers for the award of contracts.

**1330.** In addition, valuation certificates on the details of works completed as per the bills of quantities were not presented in support of the following payments:

Mibikuri Cattle Bridge	\$2,769,382.
Yakusari Cattle Bridge	\$2,690,792.

The valuation certificate issued by the engineer is a pre-requisite for payments of contracted works since it gives details of works completed in accordance with the bills of quantities. In the absence of the valuation certificates, it was difficult to ascertain the quantity work completed warranting the payments. Action should be taken to have all contracted works paid on the support of valuation certificates issued by the engineer.

**Subhead 12001 - Buildings (Administration)**

**1331.** The sum of \$3M was voted for the rehabilitation of office and living quarters at New Amsterdam and Black Bush Polder of which the sum of \$2.748M was expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
State House, New Amsterdam	449,921
Regional Admin. Office, New Amsterdam	950,625
Mibicuri Rest House	1,347,900
	-----
TOTAL	2,748,446
	=====

**1332.** The following observations were made in relation to the above works:-

- (a) The dates of commencement and completion were not stated in two contracts for \$449,921 and \$1,347,900 for the rehabilitation of the Kitchen at Guyana House and Mibikuri Rest House respectively;
- (b) No compliance certificates issued by the Commissioner of Inland Revenue were presented in support of tenders for all three contracts awarded;
- (c) Valuation certificates on the details of works completed as per bills of quantities were not presented in support of the following payments:-

DATE	P.V. NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$

29/12/95	40022	Computer Room	25,000
29/12/95	40023	-do-	419,520
14/07/95	40010	Kitchen at Guyana House.	250,000

- (c) A certificate of works satisfactorily completed warranting payment from the Works Committee of the Regional Democratic Council was not seen in respect of the above payment of \$250,000. The certificate of the Works Committee is an independent check on the adequacy of works completed warranting payment. Immediate corrective action is recommended in order to strengthen the controls over payments for contracted works.
- (d) Engineer,s estimate was not presented for the rehabilitation of the Mibikuri Rest House. In the absence of the Engineer's estimate it was difficult to determine the basis of the award of the contract. Action should be taken to locate and present the estimate for audit scrutiny as early as possible.

**Subhead 12002 - Buildings (Education)**

**1334.** The sum of \$26M was voted for the rehabilitation of seven(7) schools. Eight(8) schools were rehabilitated at a total cost of \$22.223M, as shown below:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Winifred Gaskin Secondary	1,489,856*
Rose Hall Primary	2,145,000
Central Corentyne Secondary	2,043,593
Betsy Ground Primary	1,453,244*
Port Mourant Community High	1,377,736*
Cumberland Primary	1,899,897*
Berbice High (Phase 1)	8,665,135
Joanna Primary	2,299,338*
Consultancy services	854,155
	-----
TOTAL	22,227,954
	=====

**1335.** The following unsatisfactory features were noted in relation to the above works:-

- (a) The dates of commencement and completion were not stated in

the contracts for following schools:

Johanna Primary	\$2,299,338
Cumberland Primary	\$1,899,897
Betsy Ground Primary	\$1,453,244
Winifred Gaskin	\$1,489,856
Port Mourant Community High	\$1,377,736
Central Corentyne High	\$2,043,593
Rose Hall Primary	\$2,145,000

(b) No compliance certificates from the Inland Revenue were presented in support of tenders for five(5) contracts as indicated by \*;

(c) Valuation certificates on details of works completed as per bills of quantities were not presented in support of two payments:-

DATE	P.V.NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
05/09/95	40000	Port Mourant Comm.High	518,056
25/08/95	40011	Winifred Gaskin Sec.	556,748

(d) Certificates from the Works Committee were not presented in support of payments totalling \$3,325,416, viz:-

DATE	P.V. NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
04/08	40000	Johanna Primary	1,900,416
04/08	40001	Cumberland Primary	1,425,000

(e) Engineer's estimates for the rehabilitation of five(5) schools namely Cumberland Primary, Port Mourant Community High, Johanna Primary, Winifred Gaskin Secondary and Central Corentyne Secondary were not presented;

(f) Two cases were noted where one contractor was over paid by \$36,338 and \$49,864 for works executed at the Winifred Gaskin and Central Corentyne. Both of these payments were related to retention claims for which no deductions were made of inspite of the engineer's recommendations. It was explained that this was due to an oversight and the contractor made restitution after the overpayments were pointed out by the Audit Office; and

(g) One page of details of quantities was not included in the tender documents given to the tenderers for the rehabilitation of the Winifred Gaskin Secondary school. Notwithstanding that, the Regional Tender Board recommended



the award of the contract to the second lowest tender at his price of \$950,768 without stating any reason. However, the contract agreement was signed for \$1,820,768 but payments were made for the initial sum of \$950,768. plus variation of \$502,750 in relation to additional work. One would have expected the Regional Tender Board to re-advertise and provide the missing page of quantities. Also, the signing of the contract at a price which differed from the recommended sum is inconceivable.

**1336.** Furthermore, the files with the tender documents for Betsy Ground Primary, Rose Hall Primary and Berbice High School were not presented for audit scrutiny.

**1337.** The sum of \$2,299,378 was spent on the rehabilitation of the Johanna Primary School which was not included in the approved Capital Profile. However, no change of programme was seen for this expenditure.

#### **Subhead 12003 - Buildings (Health)**

**1338.** The sum of \$35M was voted for the rehabilitation of the New Amsterdam Hospital and the Orealla and Brothers Health Centres. However, only the New Amsterdam Hospital was rehabilitated at a cost of \$15.725M.

**1339.** In respect of the New Amsterdam Hospital the sum of \$30M was budgeted for various works, the main one being the New Casualty Department at an estimated cost of \$12M. However, at the end of the year, no expenditure was incurred. The Accounting Officer explained that there were delays in the awarding of the contract and that although work had commenced, enough work was not done to justify payment. He further explained that the works were rebudgeted in 1996 and that at the time of this report the works were completed.

**1340.** In respect of works at the Orealla Hospital, no expenditure was incurred. The Accounting Officer explained that there were delays in the awarding of the contracts because of the remoteness and inaccessibility of the area and that the works were rebudgeted in 1996.

**1341.** No expenditure was incurred on the Brothers Health Centre, as this work was to have been carried out by SIMAP. Approval was sought and obtained for the utilisation of the sum budgeted for the Orealla project.

#### **Subhead 13002 - Drainage and Irrigation**

**1342.** The sum of \$50M was voted for the excavation of facade drains and channels at No. 52-74 and for the reconditioning of sluice gates at No. 51/52 and sluices at East Bank Berbice, of which amounts totalling \$40.526M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Excavation of Lesbeholden/Eversham Channel	3,734,989*
Excavation of Mibicuri/Adventure Channel	1,687,100*
Excavation of Joppa Outfall Channel	3,630,318*
Excavation of Nos. 51-52 Outfall Channel	2,376,711
Rehabilitation of Nos. 52-61 Facade	5,563,120
Reconditioning of Nos. 61-74 Area	5,535,200
Reconditioning of CWC Facade Canal	2,690,787*
Const.of heavy duty bridges at Nos.63-64	2,695,970
Const.heavy duty bridges at Nos. 59-60	2,714,820
Construction of two(2) sluice doors	1,427,140
Construction of two(2) irrigation boxes	1,436,328*
Raising Crabwood Creek south dam	4,259,868*
Construction of Fence at Manarabisi	1,502,849
Rehab. Pump Station at Manarabisi	1,163,880
Miscellaneous Survey Fees	106,669
	-----
	40,525,749
	=====

**1343.** Six(6) sets of works valued at \$17,439,400 as indicated by the \* above were executed outside the scope of the Capital Profile for which no evidence of approval of change of programme was seen.

In addition, no work was done on the sluices at East Bank Berbice as approved in the Capital Profile for the Region.

HEADS 78 - 81 & DIVISION 537

REGION 7 - CUYUNI/MAZARUNI

Current Expenditure

Employment Costs

1344. The Salaries Bank Account No. 692 (Administration) was overdrawn throughout the period under review and as at 31 December 1995, it was overdrawn by \$5,896,457. Efforts should be made to investigate the overdraft with a view to clearing it.

1345. The Account was also last reconciled to September 1991. The failure to reconcile bank accounts can lead to irregularities being perpetrated with out detection. The accounting Officer is therefore advised to ensure that the reconciliation of this account is brought up-to-date.

1346. In addition, the cash book was not balanced for the period August 1995 it to December 1995 and for the period January 1995 to July 1995 reflected significant balances instead of 'nil' balances, as shown below:-

MONTH	BALANCE
-----	-----
	\$
January	94,424
February	330,212
March	258,550
April	99,361
May	487,049
June	131,509

July

1,358,978

**1347.** The Salaries Bank Account No. 859 (Education) was overdrawn on sixty-seven(67) occasions during the year and as at 31 December 1995, it reflected an overdraft of \$1,209M. The account was also last reconciled to September 1995. In addition, the cash book was only balanced up to September 1995 and showed significant balances instead of 'nil' balances at the end of each month, except in the month of March when it showed a negative balance, as detailed below:-

MONTH	BALANCE
-----	-----
	\$
January	342,285
Fenruary	431,695
March	(822,826)
April	316,184
May	282,641
June	865,185
July	590,900
August	383,269
September	382,193

It was explained that this was mainly due to deductions not being paid over promptly to the various agencies. No explanation was, however, obtained for the negative balance.

**1348.** An examination of the reconciliation statement for September 1995 revealed a number of discrepancies, as follows:-

- (a) Three (3) deposits dated 27-02-91 and 29-02-95 for \$3,547M were not reflected on the bank statement;
- (b) The amounts \$150,927 and \$1,078 were incorrectly credited to A/C 692 and 693 in 1988 and 1989 respectively; and
- (c) There were one hundred and thirty-two(132) stale-dated cheques totalling \$3,459M of which \$545,812 relate to years 1985 to 1994. No evidence was seen that action was taken to investigate and to make the necessary adjustments.

**1349.** The Wages Account No. 693 reflected a balance of \$1,133M as at the 31-12-1995 and was last reconciled up June 1995. The cash book was, however, balanced up to the month of June 1995 and reflected negative balances at the end of all months except May, as shown below:-

MONTH -----	BALANCE -----
	\$
January	(14,896)
February	(141,589)
March	(94,173)
April	(78,420)
May	48,740
June	(99,794)

A satisfactory explanation was not obtained in relation to the negative balances. Bank Statements for the months of October and December 1995 were also not presented.

**1350.** An examination of the reconciliation statement in respect of Account No. 693 for June 1995 revealed the following:-

- (a) Twelve (12) amounts totalling \$106,263 were shown as incorrectly debited to this account, eleven(11) of which totalling \$94,167 had been coming forward since 1993 and earlier years;
- (b) Nineteen (19) deposits totalling \$1,323M relating to 1992 and earlier years were credited in the Bank but were not reflected in cash book;
- (c) Forty four (44) stale-dated cheques totalling \$921,525 of which \$524,814 relate to 1992 and earlier years;

**Other Charges**

**1351.** An examination of contracts relating to the maintenance of roads revealed that the following two(2) contracts were awarded without the involvement of the Regional Tender Board:-

DATE ----	CONTRACT NO. -----	PARTICULARS -----	AMOUNT -----
			\$
11/05/95	144/95	Rehabilitation of 4th Avenue	4,921,709
30/11/95	298/95	-do- 5th Avenue	2,749,682

The available evidence indicated that the contract documents were

prepared by the Ministry of Public Works, Communications and Regional Development and were signed by the Regional Executive Officer. A letter dated 19 April 1996 from the Regional Chairman to the Audit Office complained about this breach in the Tender Board Regulations. The Accountant General had also alerted the Ministry of Works by letter dated 6 February 1996 to the Permanent Secretary.

**1352.** In relation to Contract No. 144/95, there was a provisional sum of \$700,000 in the bills of quantities, of which an amount of \$200,000 was paid as mobilisation. However, there was no evidence that the advance was recovered from the contractor.

**1353.** In respect of Contract No. 298/95, up to the time of inspection in August 1996, the contractor was not paid, as the transaction was queried by the Accountant General because of non-compliance with the Tender Board Regulations. This may result in funds allocated for 1996 being used to discharge the liability.

**1354.** At the time of audit 18-09-96, three(3) cheque order vouchers totalling \$255,595 for purchases and sixteen (16) totalling \$286,320 for salaries and wages still remained uncleared for the year 1995. It was explained that transactions relating to these vouchers were done at Kamarang and the supporting documents were not returned.

**1355.** The sum of \$10,764M was voted for the rental and maintenance of buildings of which expenditure totalling \$10,587M was incurred as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Repairs to schools	2,054,613
Repairs to office buildings	3,539,126
Repairs to Government Quarters	1,587,864
Repairs to Furniture	134,800
Construction of concrete pave - hostel	256,944
Items supplied	1,367,761
	1,096,757
Others	549,341
	-----
TOTAL	10,587,206
	=====

1356. Four(4) contracts awarded to two (2) contractors were apparently sub-divided to avoid the system of quotation since the combined value would exceed the \$180,000 limit as details below:

DATE ----	CONTRACT NO. -----	PARTICULAR -----	AMOUNT -----
			\$
10-08-95	204/95	Carpentry repairs building A - 39 Mongrippa Hill	178,690
24-08-95	233/95	- do -	79,559
TOTAL			----- 258,249 =====
21-02-95	12/95	Supply materials tools and labour to cut lay and fit carpet in REO Office	156,000
21-02-95	14/95	- do - REO Secretary Office	139,000
TOTAL			----- 295,000 =====

#### Stores And Other Public Property

1357. The following unsatisfactory features were observed in a survey of the stores:-

- (a) The last comprehensive inventory was done in 1991 and no adjustments were done to the stock records to bring them in line with the physical count after investigations of the discrepancies;
- (b) The storekeeper was maintaining both the bin cards and the stock ledgers. The latter were to be kept by the Accounting Department to provide for an independent check on the storekeeper's records;
- (c) The bin cards were last updated to July 1995 and were written up from the entries made in the stock ledgers instead of from the receiving and issuing documents;
- (d) The Storekeeper admitted that in several instances entries were made in the receiving records without seeing the items. Once she was presented with the bill or invoice and the Internal Stores Requisition (ISR) she would make the entry.

This was done mainly for items purchased for Kamarang and the Middle Mazaruni. This practice can lead to serious irregularities in that goods purchased for the Region could be diverted to private use;

- (e) During the period under review, heads of department were preparing Requisitions To Purchase (RTP's) instead of the Storekeeper. Although this has been corrected in May 1996, some RTP's were still being prepared by heads of department;
- (f) Stocks for the Education, Agriculture, Health and Lands & Surveys Departments were not held by the Storekeeper but were drawn out in bulk at the time of purchase and were kept by the respective departments. This practice defeats the purpose of storekeeping and stores accounting;
- (g) Stores received notes were not used to record receipt of goods by the storekeeper. Instead, they were used as a dispatch document for the various locations;
- (h) The Storekeeper was not in possession of the specimen signatures of persons authorised to approve of issues; and
- (i) A physical count of a sample of 20 items revealed discrepancies in respect 9 items.

**1358.** Inventory records were not presented for audit examination. As a result, it could not be determined what assets were under the control of the Regional Administration and whether there were properly accounted for and adequately safeguarded. At the time of discussing the draft report, however, the Accounting Officer has advised the inventory records had since been compiled.

#### **Other Matters**

**1359.** The Imprest Bank Account No. 694 was not reconciled since June 1995 and was overdrawn by \$29,420 as at 31 December 1995. In addition, during the year it was overdrawn on several occasions.

#### **Capital Expenditure**

##### **Subhead 11001 - Bridges**

**1360.** The sum of \$1.8M was voted to be spent on the rehabilitation of the Winiperu Bridge. However, no expenditure was incurred. By letter dated 29 March 1995, an approval for a change in programme was sought on the ground that the bridge was already rehabilitated by a logging company at Winiperu. Request was made to utilise the



amount to discharge an unpaid liability for 1994 in respect of the purchase of ten(10) radio sets. The Chief Planning Officer on 30 June 1995, however, advised that the proposed utilisation of the unspent amount did not constitute a change in programme and suggested that a supplementary estimate be sought.

**1361.** However, instead of a supplementary estimate, an advance of \$1.8M was granted from the Contingencies Fund on 30 August 1995. Given the nature of the proposed expenditure, the criteria for the granting of such an advance would appear not to have been fulfilled. This advance was, however, cleared by way of Supplementary Estimates in November 1995.

**1362.** The amount voted in 1994 for the purchase of the ten(10) radio sets was \$3.4M. However, the cost of these sets was \$5.2M, resulting in not only the unpaid liability of \$1.8M but also an unauthorised over-expenditure in 1994. No satisfactory explanation was given why the expenditure was not kept within the limit approved by Parliament by acquiring a lesser quantity of sets or in event the expenditure could not have been postponed why recourse was not made to seeking a supplementary estimate in 1994.

#### **Subhead 12001 - Buildings (Education)**

**1363.** According to the Capital Profile, teachers' quarters were to be constructed at Bartica, among other construction or rehabilitation works. In addition to the construction of the flats, one three(3) bedroom house was purchased for \$1.1M. However, no approval from the Chief Planning Officer was seen for a change in program to accommodate this purchase. A perusal of the files revealed that the Minister of Works, Communication and Regional Development, who is not the competent authority in relation to this matter, granted the approval.

**1364.** The Byderabo Nursery School in Bartica was rehabilitated at a cost of \$1M. However, this school was not listed in the Capital Profile and there was no evidence that approval was granted for a change in program to accommodate this rehabilitation.

#### **Subhead 12002 - Buildings (Health)**

**1365.** The sum of \$8M was voted for the rehabilitation of No. 72

Miles health workers' quarters and Kurupung Health Centre, the construction of health posts at Quebenang and Batavia and the completion of health posts at Paruima and Phillipai, of which amounts totalling \$7.999M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
No. 72 Miles health workers quarters	943
Kurupung Health Centre	1,454
Health post at Quebenang	1,554
Health post at Batavia	1,892
Health post at Paruima	812
Health post at Phillipai	474
Rehabilitation of Bartica Mortuary	870
	-----
	7,999
	=====

However, because of the inaccessibility of the area and the inclement weather, no physical verification of the works was carried out. In relation to the rehabilitation works at the Bartica Mortuary, approval was granted to utilise the unspent amount of \$870,000.

**1366.** Approval was also given for the discharge of an outstanding liability of \$350,000 for works done at the Phillipai Health Centre in 1994. The liability resulted from the failure to provide evidence to the Sub-Treasury of a system of quotation before the transaction was effected.

**Subhead 12003 - Buildings (Administration)**

**1367.** The sum of \$5M was voted for the rehabilitation of the Rest House at Paruima and Waramadong and the construction of Rest House at Phillipai, the full amount of which was expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Rest House at Paruima	1,426
Rest House at Waramadong	1,573
Rest House at Phillipai	2,001
	-----
	5,000
	=====

**1368.** The following contracts were executed for the construction

of the Government Rest House at Phillipai.

DESCRIPTION	AMOUNT
-----	-----
	\$
Supply materials, tools, transportation and labour to construct rest house at Phillipai.	1,061,967
Construct trestle for overhead tank, septic tank and plumbing works.	366,700
Construct galvanised gutters and pipes at Waramadong, Puruima and Phillipai.	75,017
Supply transportation, tools and labour to apply three (3) coats of paint to rest house at Phillipai	165,796
TOTAL	----- 1,669,479 =====

**1369.** At the time of inspection in September 1996, the construction of the rest house was almost completed, except that the front stairway, three(3) windows and some minor works remained to be done, although full payments were made to the contractors.

**Subhead 24002 - Water Transport**

**1370.** Two(2) boats were to be purchased for the Lands and Surveys and Administration Departments at a cost of \$200,000. However, one boat was purchased for the Education Department at Kamarang instead of the Administration Department and for which no approval was seen for a change in programme. In addition, an amount of \$64,980 was expended in the construction of one boat without approval.

**Subhead 25003 Furniture and Equipment-Education.**

**1371.** The sum of \$1M was voted and expended for the purchase of furniture for schools in Bartica, Cuyuni and Mazaruni Rivers. The sum of \$385,000 was paid to one (1) contractor for the supply of school furniture for the school at Kamarang. However, the Education Officer confirmed that at the time of the audit visit the furniture was not delivered to the school.

**HEADS 82-85 & DIVISION 538**

**REGION 8 - UPPER POTARO/SIPARUNI**

## **Current Expenditure**

### **Employment Costs**

**1372.** The Salaries Register was not written up to show relevant information such as date of appointment, reference to Government Order, N.I.S number and personal file reference. In addition, out of a sample of forty(40) personal files selected for audit examination, seven(7) files were not presented. It was explained that they might have been misplaced. Efforts should be made to locate these files, failing which they should be reconstructed. At the time of discussing the draft report, the Accounting Officer has advised that the files had since been located.

**1373.** A diary of paychanges to record appointments, promotions and dismissals was not maintained for the period under review. A salaries control register which shows the movement of the payrolls from one month to the next was also not kept. These records are essential for control purposes and will facilitate the auditing of the payrolls. In their absence therefore, the audit of employment costs was rendered time-consuming.

**1374.** An unpaid salaries register to record and monitor all unpaid salaries was not maintained for the period under review, although there was evidence of significant amounts of unpaid salaries. It is recommended that this register be introduced as a matter of priority.

**1375.** The two(2) wages and salaries bank accounts Nos. 698 and 699 were not reconciled for the period under review and it could not be determined when last this was done. The bank statements for Account No. 698 were also not presented for the entire year while those for Account No. 699 were not presented for the period April to December 1995. In addition, although the cash books were written up, they were not balanced and bore no evidence of supervisory checks.

These are serious lapses and, in particular, the failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore urged to have these deficiencies rectified as early as possible.

**1376.** A register of contributors to the National Insurance Scheme was not maintained, despite the fact that this matter was raised in my 1994 Report. This register is necessary to monitor employees' contributions to the Scheme for the purpose of ascertaining eligibility for benefits under the Scheme, and as

such it should be introduced as early as possible.

**Other Charges**

**1376.** The minutes of the Regional Tender Board were not produced in respect of the following two(2) contracts:-

DATE	CONTRACT NO.	PARTICULARS	AMOUNT
----	-----	-----	-----
			\$
11/04/95	12/95	Rehabilitation of 108-110 Miles Road	543,453
15/09/95	15/95	Repairs to Sub-Treasury Building	926,640

**1377.** Over-expenditure totalling \$176,000 were incurred in respect of the following heads and subheads:-

HEAD	SUBHEAD	DESCRIPTION	BUDGET	ACTUAL	EXCESS
----	-----	-----	-----	-----	-----
			\$'000	\$'000	\$'000
82	105	Semi Skilled/Unskilled Operatives	1,113	1,228	98
82	314	Other	1,600	1,678	78
TOTAL					176
					=====

Since there were savings under the other subheads, it would have been more appropriate to seek a virement of funds to these subhead.

**1378.** There was a lack of proper segregation of duties to the preparation and certification of vouchers, the signing of cheques and the maintenance of the Votes Ledger, the same officer having carried out these duties. The Accounting Officer explained that in 1995 there were only two officers in the Accounting Unit but that the staffing has increased to four(4) in 1996. It is recommended that vouchers be certified by the Assistant Secretary(Finance) and the cheques be countersigned by the Accountant.

**1379.** Thirty-four(34) payment vouchers totalling \$1,427,808 were not presented for examination. These relate to the payment of salaries and deductions to the National Insurance Scheme. The Accounting Officer explained that these relate to the payment of salaries to the various schools. However, the paysheets were not returned to the Regional Accounting Unit.

1380. It is a requirement that all cheque orders be cleared within sixteen(16) days of their issue. Test-checks of the Cheque Order Register, however, revealed that orders were being cleared on average two(2) months later. The Accounting Officer explained that this was due to the remoteness of the area.

#### **Revenue Accounting and Control**

1381. An examination of the revenue records revealed that amounts totalling \$92,790 representing mainly land rent were not paid over to the Sub-Treasury. The Accounting Officer explained that this amount was misappropriated by an officer who could not be located. This matter was engaging the attention of the Police.

#### **Stores and Other Public Property**

1382. A physical count of a sample of thirty-one(31) stores items on 22 June 1996 revealed shortages in respect of seven(7) items when comparison was made with the stock records. It was explained that these discrepancies had been coming forward for a considerable period. It is recommended that a comprehensive survey of the store be carried out to determine the full extent of the discrepancies. These discrepancies should be investigated after which approval should be sought to bring the stock records in line with the physical survey.

1383. Twenty-seven(27) unserviceable items were found in the Store. These items were in the store for a long time. It is recommended that these items be boarded with a view to disposing of them at the earliest opportunity.

#### **Capital Expenditure**

##### **Subhead 11001 - Bridges**

1384. The sum of \$12M was voted for the construction of 132 feet of revetment works at 103 miles and a bridge at 104 miles Bartica/Potaro Road, of which amounts totalling \$11.957M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$'000
Revetment works at 103 Miles	6,003
Bridge at 104 Miles	5,954

TOTAL

-----  
11,957  
=====

**1385.** Physical verification, however, revealed that only 100 feet of revetment was constructed. The Accounting Officer explained that the additional 32 feet was not necessary because of faulty engineer's estimate.

**1386.** Only one(1) tender was received for the construction of the revetment at a price of \$5.941M while the Engineer's Estimate was \$5.658M. The Tender Committee recommended that the contract be awarded at the Engineer's Estimate. The REO explained that this was an oversight.

**1387.** The adjusted cost for 100 feet was \$5.259M. However, there was a variation to facilitate earth reinforcement in the sum \$2.443M. The REO explained that this was an oversight by the Superintendent of works. This gives a total contract price of \$7.7M. Up to the time of inspection, the sum of \$1.698M remained unpaid. The REO could not explain why recourse was not made for supplementary or advance from contingency.

**Subhead 25001 - Furniture & Equipment (Education)**

**1388.** The sum of \$2M was voted for the purchase of one 12KVA lighting plant and steel cabinet for the Paramakatoi Live-in School, of which amounts totalling \$1.972M were expended as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
One(1) 10 KVA Lighting plant	1,375,000
One(1) four drawer steel cabinet	34,000
One(1) freezer	115,000
30 mattresses & pillows	150,000
Electrical items	298,000
	-----
TOTAL	1,972,000
	=====

**1389.** As noted above, sums totalling \$265,000 were expended outside of the approved capital programme and for which there was no evidence that approval was granted for a change in programme to accommodate this expenditure. The Accounting Officer explained that verbal approval was granted.

**HEADS 86 - 89 & DIVISION 539**

## REGION 9 - UPPER TAKATU/UPPER ESSEQUIBO

### Current Expenditure

#### Employment Costs

**1390.** The two(2) salaries bank accounts Nos. 695 and 696 were last reconciled to June 1985. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore advised to take steps to have the reconciliations brought up-to-date.

**1391.** Although the salaries cash books were written up to 31 December 1995, they were not balanced throughout the year. As a result, the balances on these accounts could not be determined. Efforts should be made to balance the cash books on a regular basis.

#### Other Charges

**1392.** The Votes Ledger was not properly written up in that relevant information such as approved estimates and the description of each head and subhead was not stated. In addition, the Ledger was not always balanced on a transaction basis, and the "total expenditure and liabilities" and "balance available" columns were not always written up.

**1393.** Amounts totalling \$13.567M were expended on the purchase of fuel and lubricants. However, the receipt and utilisation of the fuel could not be verified as the stores records were destroyed by fire in December 1995.

**1394.** Forty-seven (47) purchases at a total cost of \$926,520 of fuel and lubricants were made for the Lethem Hospital. However, the utilisation of the fuel could not be verified since stores records kept at the Lethem hospital were not written up for the period under review.

**1395.** The sum of \$524,000 was expended for the repairs of one of the Region's vehicles. Such a transaction would have required a system of tendering and adjudication by the Regional Tender Board. However, the transaction was entered on the sole authority of the Accounting Officer and without any form of tendering.

**1396.** A number of irregularities were noted in relation to the award of one hundred and ten(110) contracts valued at \$5,274,440 for the maintenance of buildings and other infrastructure:-



- (a) Twenty-six(26) contracts valued at \$1,054,410 were signed by the District Development Officer(DDO) stationed at Lethem instead of the Regional Executive Officer. In a written statement, the DDO claimed that authority for the signing of the contracts was delegated to him and that he would only sign the contracts when "the payment and contract documents were presented to me with the relevant signatures of all parties concerned". It is evident that the preparation and signing of the contracts were done as merely formality to facilitate the processing of the payments. Physical verification revealed that no work was done in respect of these contracts;
- (b) Inasmuch as the contracts originated from Lethem, the signing of all the contracts was purportedly witnessed by two (2) employees attached to the Aishalton Sub-District. These officers gave statements to the effect that they did not in fact witness the signing of the contracts but were coerced by the DDO of Aishalton to sign blank contract documents;
- (c) In twenty-five(25) cases totalling \$1,301,785, the persons mentioned as the contractors denied knowledge of entering into any contract with the Region;
- (d) One(1) contract valued at \$45,500 appeared to be fictitious as no-one could confirm the existence of this contractor. In this regard, a written statement from the Village Captain indicated that he had no knowledge of the existence of this person;
- (e) The payments were uplifted in cash by the DDO of Aishalton on the strength of authorisations purportedly issued by the contractors;
- (f) The signing of the authorisations was shown as having been witnessed by persons residing in Lethem and not Aishalton where the contractors were shown on contract documents to have resided;
- (g) Physical inspection as well as interviews conducted with various officials in charge of the institutions where the works were to have been carried out, revealed that no work was done in respect of the remaining fifty-eight(58) contracts valued at \$2,872,745. These officials have given written statements to the effect they had no knowledge of such works;

**1397.** It is clear from the above, that the contracts were fictitious in nature and that the DDO at Aishalton had rendered false documents purporting to indicate that work was done. In

addition, he falsified authorisations to uplift payments and misappropriated amounts totalling \$5,274,440. It should be noted that this officer was arrested and was in Police custody. The DDO

of Lethem was also negligent in signing the contracts after the works had been executed and for signing contracts which already had the signatures of witnesses. The REO should also accept some responsibility in relation to the contracts which he signed and which turned out to be fictitious and for delegating the signing of contracts to the DDO of Lethem.

**1398.** Because of the above, audit checks were extended to ascertain and quantify the full extent of the irregularity made on contract payments for the years 1994 to 1996 (September) and it was discovered that fictitious contract payments were made under similar circumstances mentioned at paragraph 835 above as follows:-

1994	-	\$ 529,772	-	17 contracts
1995	-	\$5,274,440	-	110 contracts
1996	-	\$ 287,305	-	6 contracts
-----				
\$6,091,517				
-----				

**1399.** Curtain material (including thread) valued at \$4,600 purchased for the Aishalton Hospital could not be traced as having been received by the Hospital. The officer in charge of the Hospital as well as the Medex confirmed that the items were not received.

**1400.** The following sets of purchases which were made from two(2) suppliers were in breach of the Tender Board Regulations in that that they were subdivided apparently to avoid adjudication by the Regional Tender Board. These purchases were made on the sole authority of the Accounting Officer and without any form of quotations:-

DATE	PV NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
10/12/95	3873	12 rolls barbed wire	144,000
-do-	4128	13 -do-	156,000
17/12/95	4129	13 -do-	156,000
13/12/95	4130	12 -do-	144,000
14/12/95	3796	13 -do-	156,000
			-----
			756,000
			-----

DATE	PV NO.	DESCRIPTION	AMOUNT
----	-----	-----	-----
			\$
27/12/95	4217	100 sacks cement	130,000
28/12/95	4209	100 -do-	130,000
			-----
			260,000
			-----
27/12/95	4218	11 drums diesel	165,000
-do-	4204	11 -do-	165,000
28/12/95	4205	8 -do-	120,000
			-----
			450,000
			-----

**1401.** In relation to Subhead 311 - Subventions to Local Authorities, amounts totalling \$2.425M were paid to the Ireng-Sawaruwau Neighbourhood Democratic Council. The Overseer explained that in addition to this amount, sums totalling \$2.3M were received from the Ministry of Regional Development, National Sports Council and the Ministry of Local Government, and that these amounts were deposited in a current account held at the GNCB. The bank statement for this account showed a balance of \$2.128M as at 31 December 1995. However, the cash book was not presented for audit examination. In the circumstances, a proper examination of the expenditure of this Council could not be carried out.

#### **Stores and Other Public Property**

**1402.** On the 12 December 1995 a fire of unknown origin started in the fuel section of the Region's store and completely destroyed the fuel stocks, the stores building and the stock records. The Stores Ledger, which should have been kept at the Regional Accounting Unit, was also consumed in the fire, resulting in no records being available to ascertain what items were destroyed. According to a letter dated 13 December 1995 from the REO, the Police were investigating the circumstances of the fire. However, there was no evidence that a formal loss report was filed.

**1403.** Inventory records were not presented for audit examination. The Accounting Officer explained that these records were destroyed by the fire referred to above. In the circumstances, it could not be determined what assets were under the control of the Region and whether they had been properly accounted for and adequately safeguarded.

**1404.** Log books for vehicles were not presented for audit examination. As a result, it could not be determined whether effective control was exercised over the use of these vehicles.

**1405.** A register of Government quarters was not maintained. As a result, the rent collectible from the occupants of these quarters could not be determined.

#### **Other Matters**

**1406.** The Imprest Bank Account No. 697 was last reconciled to June 1985 and therefore the comments at Paragraph 1390 are also applicable. In addition, the account was overdrawn by \$165,668 as at 31 December 1995.

**1407.** The cash book for the Economic Venture was not balanced since January 1995 and it could not be determined when last the bank account was reconciled. In addition, it could not be determined when last there was financial reporting and audit of this venture.

#### **Capital Expenditure**

##### **Subhead 11001 - Bridges**

**1408.** The sum of \$5M was voted for the construction of four(4) bridges at Araquai, Caedewan Creek, Jenny Pop Creek and Macaw Creek. However, none of these bridges were constructed and for which a satisfactory explanation was not given.

**1409.** Amounts totalling \$1,254,192 were expended on the construction of a 120' x 16' bridge at Moco Moco. However, there was no evidence that approval was granted for a change in programme to accommodate this expenditure. In addition, the bridge, when inspected in the presence of the Regional Executive Officer, the Deputy Regional Executive Officer and the Senior Superintendent of Works, was found to have dimensions of 110' x 14'. The latter admitted that he did not inspect the bridge for which he gave a certificate of satisfactory completion.

##### **Subhead 12001 - Buildings (Education)**

**1410.** The sum of \$2.96M was voted for the rehabilitation of

Awarewanau and Parishara Primary Schools, of which \$2,168,037 were expended. In respect of the Awarewanau Primary School, according to the contract the works were to have been completed on or before 14 December 1995. However, a physical inspection of the building on 2 September 1996 revealed that the works were approximately 50% complete. The works on the Parishara Primary School were inspected and confirmed to the specifications as contained in the bills of quantities.

#### **Subhead 14001 - Roads**

**1411.** The sum of \$5M was voted for repairs to selected roads, of which amounts totalling \$1,596,867 were expended on the road between Lethem and Point Ranch. However, the work, which was undertaken between 26 October and 6 December 1995, was executed in eight(8) contracts of \$176,000 each and awarded on the sole authority of the Accounting Officer. Had one contract been issued, the adjudication would have had to be done by the Regional Tender Board. It is therefore evident that the contract was subdivided to avoid competitive bidding and adjudication by the Regional Tender Board.

#### **Subhead 24001 - Land Transport**

**1412.** An amount of \$300,000 was voted for the purchase of a motor cycle. However, no expenditure was incurred and for which a satisfactory explanation was not given.

#### **Subhead 25001 - Furniture (Staff Quarters)**

**1413.** Two(2) stove connectors valued at \$3,000 were purchased on 7 November 1995 for the Aishalton Hospital but could not be traced as having been received by the Hospital. A statement from the officer in charge and the Medex confirmed that these items were not received up to the time of inspection on 20 July 1996.

#### **Subhead 26003 - Power Extension**

**1414.** The sum of \$2M was voted for the purchase of transformers, transmission cables and equipment for the Lethem Power Station in order to provide improved electricity supply to the residents. However, only the steel fuel tank was acquired and the starter repaired at a total cost of \$80,000. At the time of inspection the power plant remained non-operational, resulting in residents at Lethem being without electricity.

**HEADS 90 - 93 AND DIVISION 540**

**REGION 10 - UPPER DEMERARA/BERBICE**

**Current Expenditure**

**Employment Costs**

**1415.** A diary of pay changes was not maintained for the period under review. The absence of this record, coupled with the fact that the paysheets were not filed in an orderly manner, resulted in much difficulty being experienced in the verification of the employment costs. The Accounting Officer explained that a diary of pay changes was introduced in 1996 and that efforts were being made to ensure the orderly filing of the paysheets.

**1416.** An examination of the Travelling Register revealed that several pages were detached. Details of registration and insurance coverage were also not reflected in the Register in respect of three(3) officers.

**1417.** One hundred and one(101) instances were noted where insurance numbers were not quoted in the Register of Contributors to the National Insurance Scheme. This was mainly due to the failure to promptly register employees with the Scheme. Because of this state of affairs, a total of forty-six(46) cheques totalling \$715,459 could not have been paid over to the Scheme. These cheques relate to contributions covering varying periods from June 1989 to May 1996 and were still on hand at the time of inspection in June 1996. It should be noted that thirty(30) of these cheques valued at \$570,367 were stale-dated. The Register also bore no evidence of supervisory checks.

**1418.** The three(3) salaries bank accounts operated by the Region

were not reconciled for several years. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore urged to ensure that the reconciliations of these accounts are brought up-to-date.

**1419.** One(1) of these accounts - Account No. 861 - was found to be overdrawn at the end of every month and as at 31 December 1995 it was overdrawn by \$2,659,957. The following sets out the overdraft position at the end of each month:-

MONTH	AMOUNT	MONTH	AMOUNT
-----	-----	-----	-----
	\$		\$
January	7,650,344	July	2,658,483
February	3,001,860	August	2,414,010
March	2,814,450	September	11,045,704
April	11,190,689	October	20,066,362
May	10,860,697	November	9,161,278
June	1,450,447	December	2,659,957

#### **Other Charges**

**1420.** Two payments totalling \$7.1M were made to the Chief Pharmacist of the Ministry of Health for the supply of drugs. However, there were no invoices or other supporting documents to substantiate the payments made nor was there evidence of receipt and utilisation of the drugs.

**1421.** Amounts totalling \$5,168,673 were expended on the purchase of fuel and lubricants. The following unsatisfactory features were, however, noted in relation to these purchases:-

- (a) Purchases were done on a credit basis, contrary to the set financial requirements. It was explained that this practice was due to the late releases from the Ministry of Finance;
- (d) Storekeeping procedures were not followed in that entries were not made in the Goods Received Book. Instead, a fuel account was maintained from copies of the authorisation slips which were returned by the supplier; and
- (e) An examination of the fuel account revealed that there were

purchases totalling \$2,916,465 whereas the Appropriation Accounts showed amounts totalling \$5,168,673, giving a discrepancy of \$2,252,208; and

- (f) There were advance payments to the supplier totalling \$970,736 at the end of 1995.
- (g) This situation resulted in a failure to account for fuel and lubricants value at \$1,281,472.

**1422.** Log books for water transport were not presented for audit examination, despite repeated requests. In the circumstances, it could not be determined whether there was effective control over fuel issued for use in this regard.

**1423.** Amounts totalling \$412,000 were expended on the rental of buildings. However, copies of the rental agreements were not presented for audit examination. A rental register was also not kept.

**1424.** Two(2) contracts valued at \$847,520 and \$104,000 were awarded for the construction of a driveway at the Christianurg Court House. The estimates for current expenditure had provided for repairs to be done to the existing driveway but instead the Regional Administration had constructed a new driveway for the total cost of \$951,520. This expenditure was thus deemed to be capital in nature but was, however, noted to be charged to the Maintenance of Infrastructure subhead.

**1425.** In all cases where contracts were entered into for maintenance works falling within the limits of \$180,000 to \$450,000, such works would have required the application of a system of quotation. However, the use of this system was not seen for the award of the undermentioned contract.

DATE	CONTRACT NO.	DESCRIPTION OF WORKS	AMOUNT
----	-----	-----	-----
			\$
12/12/95	303/95	Construction of trestle & installation of reservoir & overhead tank	184,034

**1426.** The agreement between LINMINE and the Regional Administration as regards the supply of electricity by the former to the latter was not produced for audit. In the absence of this agreement proper verification of electricity charges could not be carried out.

**1427.** An authorised list of locations and meters for which electricity charges were paid was not maintained and information



on billings were not recorded to establish a proper basis for reconciliation. In addition, the supplier indicated that the unreconciled balance of \$74,048 remained unpaid at 31 December 1995.

**1428.** Historical records were not written up to include expenditure on vehicles totalling \$2,698,561 which was made during the year 1995. This was explained to have resulted from the institution of the record in the last quarter of the year.

**1429.** The telephone register was not written up to reflect actual monthly billings made. Entries were made in the record only when payments were processed. In addition the Regional Administration subscribed to seven residential telephones but an approved up-to-date list of residential telephones was not presented for audit scrutiny. It was therefore difficult to determine whether all telephones were recorded in the telephone register and whether payments for officers' residential telephones constituted a proper charge to public funds. Further according to a list of unreconciled balances provided by the Guyana Telephone and Telegraph Company the Region had a net indebtedness of \$85,573 at 31 December 1995.

**1430.** Security charges paid by the Region amounted to \$14,526,243 for the year 1995. However, only \$6,579,122 were subjected to Tender Board procedures. The difference to \$7,947,121 was explained to have been issued on monthly contracts because of the late passage of the budget, together with late access to budgetary funds which was initially obtained in May 1995.

**1431.** The expenditure of \$865,000 for education subventions, grants and scholarships was expended for the purchase of items for the various schools in the Region. However, the items purchased were not subjected to adequate stores accounting, since these were not brought on charge of the Regions stock registers before being issued to the schools. Instead these were passed through an immediate use book. The Regional Administration promised corrective action in this regards.

**1432.** During the year 1995 the Region transferred amounts totalling \$7.090M as subsidies to the Watooka Day School to meet the cost of salaries and other expenses associated with the running of the school. The payment of this amount was in keeping with the legend for this subhead which was included in the estimates of expenditure.

### **Revenue Control**

**1433.** The Sub Regional Office at Kwakwani had not submitted collectors cash book/statements to support revenue collections for

the period March 1995 to December 1995. This situation resulted in the omission from the appropriation account of revenues collected by that office during that period. In addition the Sub Regional Office had not accounted for balances on the stock of eleven (11) licence books received during the year.

#### **Stores and Other Public Property**

**1434.** An undesirable situation was observed where both the Bin Cards and Stock Ledgers were kept at the Regional Stores. The Regional Administration was advised that the stock ledgers should be maintained by the Regional Accounting Unit. The dual system of record keeping is intended to provide independent internal check on the accuracy of stores records. In addition a reconciliation between bin cards and stock ledgers was not carried out although differences were observed.

**1435.** An assessment of the status of the seven (7) vehicles which were out of operation could not be made in the absence of proper historical records. These vehicles were deemed to be unserviceable or in need of repairs. Proper records to show the date, cause and extent of repairs were not maintained. Where assets were deemed to be unserviceable they were not boarded with a view to being disposed.

#### **Other Matters**

**1436.** In addition to the forty six (46) cheques in favour of the National Insurance Scheme which totalled \$715,459 which was found in the Regional Administration safe, seventy six (76) cheques totalling \$1,190,241 was also found in the safe. An analysis of these cheques revealed that fifty six (56) of these represented deductions from salaries totalling \$1,105,844 which was payable to the Accountant General, Regional Executive Officer Region No. 10, and other agencies, while twenty (20) cheques totalling \$84,397 were payable to individuals. The failure to process and dispose of these cheques in a prompt manner was noted, together with the breach of the financial regulation regarding the disposal of the unpaid amounts.

**1437.** The ordinary imprest of \$225,411 was short retired by \$13,069 as a result of a failure to properly account for the imprest sum. Regional Administration undertook to have the situation regularise with a view to restoring the imprest to its authorised level. In addition the imprest bank account was not reconciled for several years and as at 31 December 1995 an overdraft of \$23,731 existed on the account. The failure to reconcile the account has resulted in the reasons for the overdraft not being disclosed.

## Capital Expenditure

### Subhead 12001 - Buildings (Administration)

**1438.** The sum of \$5M was voted for the rehabilitation of the Administration Office and Officers' Quarters. According to the Appropriation Account the full amount was expended, as follows:-

DESCRIPTION	AMOUNT
-----	-----
	\$
Administration Office	1,858,581
Officers' Quarters	2,813,629
	-----
TOTAL	4,672,210
	=====

The difference of \$327,790 was due to an error in the casting of the Votes Ledger.

**1439.** The contract for the rehabilitation of the Administration Office was awarded in the sum of \$5,696,302, of which amounts totalling \$5,188,263 were paid to the contractor. However, only \$1,582,101 was charged to this subhead, and the difference of \$3,606,162 was charged to Subhead 19001 - Infrastructure

Development. Approval from the Chief Planning Officer was obtained for a change in programme to accommodate the additional expenditure, but only \$1M was to be chargeable to Subhead 19001. Therefore, the difference of \$2,606,162 represented an unauthorised charge to Subhead 19001.

**1440.** The rehabilitation of the Administration Office was to have been completed on or before 28 October 1995. However, physical inspection on 31 July 1996 revealed that work was still in progress. In addition, the contract stipulated a retention of 10%. However, an examination of the payments to the contractor revealed that no such retentions were made.

**1441.** Included in the payment of \$5,188,263 the contractor was an amount \$370,000 representing electrical works which were performed by another contractor, resulting in an overpayment.

**1442.** In relation to the rehabilitation of the Officers' Quarters, a contract was awarded in the sum of \$2,200,561. However, there was variation of \$613,068. It was explained that the variation was necessary because at the time of consideration of the award, the

building was vandalised and as a result additional work had to be undertaken. However, documentary evidence was not seen in support of the explanation.

**Subhead 12002 - Buildings (Education)**

**1443.** The sum of \$12M was voted for the rehabilitation of the Regional Education Officer's Quarters, Sand Hills and Kimbia (Atonement) Nursery Schools and the construction of a nursery school at Wiruni, the full of which was expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Regional Education Officer's Quarters	2,680,292
Sand Hills Primary School	1,535,017
Wiruni Nursery School	4,283,750
Construction of Wiruni Stelling	1,023,094
Rehabilitation of Atonement Primary School	2,096,061
Consultancy services	125,000
Repairs to Rivers View Primary School	256,300
	-----
TOTAL	11,999,514 =====

**1444.** Amounts totalling \$1,279,394 were expended on other works and for which there was no evidence that approval was granted for a change in programme to accommodate the additional expenditure.

**1445.** The contract for the Sand Hills Primary School was awarded in the sum of \$2,894,208. However, as noted above, payments to the contractor totalled \$1,535,017, leaving a liability of \$1,359,191 at the end of 1995. Physical verification of the work could not have been undertaken because of the flooding in the riverain areas of the Region. A similar situation was observed in respect of the rehabilitation of the Atonement Primary School where there was a liability of \$685,604 to the contractor at the end of 1995.

**1446.** The award of the contract for the construction of the Wiruni Stelling was not in conformity with the policy of the Regional Tender Board of disregarding tenders with values falling outside 10% of the Engineer's Estimate. In this case the successful tenderer's bid was 55% below the Region's Estimate, although there were other bids within the 10% range.

**1447.** In relation to the repairs to the Rivers View Primary School, the amount of \$256,300 represented the discharge of a liability in 1994 and for no approval was seen.

**Subhead 12003 - Buildings (Health)**

**1448.** The sum of \$12M was voted for the construction of health centres at Wiruni and De Veldt and staff quarters at Upper Demerara Hospital, of which amounts totalling \$11.995M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
	\$
Construction of Wiruni Health Centre	7,219,719
" " De Veldt Health Centre	4,596,082
Installation of grillwork at flats at Upper Demerara Hospital	178,940
TOTAL	11,994,741 =====

**1449.** As can be noted from the above, no staff quarters were constructed at the Upper Demerara Hospital. This was explained to be as a result of the inadequacy of funds under the subhead which resulted in the approval to make the project for the De Veldt Health Centre and ongoing project. The works could not have been physically verified because of flooding in the area.

**Subhead 12004 - Buildings (Agriculture)**

**1450.** The sum of \$1M was voted for the rehabilitation of agricultural office at Christianburg, the full amount was expended. The contract for the rehabilitation was awarded in the sum of \$899,900. However, there was a variation of \$525,321, giving a revised contract sum of \$1,425,221, leaving an outstanding liability of \$425,221 at the end of 1995.

**Subhead 19001 - Infrastructure Development**

**1451.** The sum of \$23M was voted for the rehabilitation of the Wisroc/Suribana Road Phase II and other infrastructure, of which amounts totalling \$22.426M were expended as follows:-

DESCRIPTION -----	AMOUNT -----
----------------------	-----------------

	\$
Rehabilitation of West Watooka Road	5,916,410
" " Winifred Gaskin Road	2,491,603
" " Ituni/Tacama Road	2,709,988
" " Administration Office	3,606,162
Construction works at Ida Sabina	3,587,873
" of driveway at Upp.Dem.Hospital	793,650
Preparation works for Amelia's Ward/Dallawalla	266,400
Purchases of furniture and equipment	2,838,213
	-----
TOTAL	22,210,299
	=====

**1452.** The difference of \$216,086 resulted from an overstatement in the Appropriation Account due to the inclusion of an amount which was not paid. In addition, no work was done on the Wisroc/Suribana Road and according to explanation received this was as a result of cost over runs estimated in the vicinity of \$125M and a consequent decision of the Regional Democratic Council to deem the project low priority.

**1453.** Contract No. 260/95 valued at \$3,661,853 for the rehabilitation of the West Watooka Road was not awarded in conformity with the Regional Tender Board's policy of disregarding tenders which were not within 10% of the Region's Estimate. In this case, the successful tenderer's bid was 24% below the Engineer's Estimate, although there was evidence of other bids falling within the 10% limit. In addition, the contract included an amount of \$477,633 as contingencies. However, the Regional Tender Board had taken a decision to disallow this as an item of expenditure.

**1454.** Payments under Contract 260/95 for 1995 totalled \$5,329,577, and therefore there was an excess payment of \$1,667,724 on the contract sum. A variation of \$5,333,444 was, however, approved by the Regional Finance Committee on 2 February 1996. In addition, at the time of the audit, a request for a further variation on the contract was being Central Tender Board.

**1455.** Contract No. 245/95 valued at \$1,174,004 for the rehabilitation of the Ituni/Tacama Road was also not awarded in conformity with the Regional Tender Board policy of disregarding bids outside the 10% limit of the Engineer's Estimate. In this case the contractor's tendered sum was 63% below the Engineer's Estimate. However, the contractor's bid was the only one, and it would have been more appropriate for the works to be re-advertised. In addition, a variation of \$1,369,000 was approved

by the Accounting Officer. However, there was no documentary evidence indicating the justification of the variation and whether it was within the authority of the Accounting Officer to approve such a variation. Further, discussion with the Senior Superintendent of Works and the Accounting Officer in July 1996 revealed that the works had not been completed although full payment (including the variation) was made to the contractor. No retentions were also withheld to cater for defective work.

**1456.** In relation to the purchase of furniture and equipment, a change in programme was approved for such purchases to the value of \$1M. However, amounts totalling \$2,094,607 were expended on furniture and equipment. A computer was also bought at cost of \$678,106. However, at the time of the audit these items were not placed in the Master Inventory.

**Subhead 21003 - Land and Water Transport**

**1457.** The sum of \$510,000 was voted for the purchase of wooden boats, of which an amount of \$92,000 was expended in construction of four(4) wooden boats and on the purchase of an outboard engine.

**Subhead 25001 - Furniture and Equipment - Education**

**1458.** The sum of \$1M was voted for the purchases of furniture and equipment for schools and hostel of which a sum of \$997,800 was expended to purchase the following items:-

DESCRIPTION	QUANTITY	AMOUNT
-----	-----	-----
		\$
Complete Double Beds	8	196,000
Chest of Drawers	8	76,000
Sitting Chairs	14	35,000
Small Writing Desks	8	144,000
Suite of Chairs	1	76,500
Executive Chairs	3	90,000
Typewriters	3	283,500
Centre Table	1	6,800
Electric Stove	1	90,000
		-----

TOTAL 997,800  
=====

However, these purchases were not properly inventorised at the time of the audit.

**Subhead 25003 - Furniture and Equipment - Health**

**1459.** The sum of \$1M was voted for the purchase of furniture and equipment for Hospital, Health Centres and Offices of which \$997,580 was expended to purchase the undermentioned items. The items purchased were not subjected to adequate store accounting as they were not included in the permanent stores register or master inventory.

DESCRIPTION -----	QUANTITY -----	AMOUNT -----
		\$
Typist Chair	1	30,000
Two (2) seater Oxford Suite	3	207,000
Four (4) drawer metal filing cabinets	5	182,000
Metal writing desk	2	66,000
4'6" x 6' ribbed foam mattress	2	49,990
3'6" x 6' ribbed foam mattress	6	119,970
Office chairs without arms	12	61,200
Cougar radio recorder	1	12,000
16" Pedestal Fans	6	23,970
8'6" cubic feet refrigerator	1	82,550
GRL refrigerators	2	162,900
TOTAL		997,580 =====

**Subhead 26001 - Equipment - Agriculture**

**1460.** The sum \$400,000 was voted for the purchase of furniture and equipment for the Lands and Surveys Department of the Region. Of this amount \$398,200 was expended to purchase the undermentioned items. It was noted that the Region had not completed the inventorisation of these assets at the time of the audit.

DESCRIPTION -----	QUANTITY -----	AMOUNT -----
		\$



Double writing desks	4	132,000
Executive type chairs	3	90,000
Typewriter	1	94,500
Filing cabinet	1	36,400
Typist chair	1	30,000
Sitting chairs	3	15,300
		-----
TOTAL		398,200
		=====

**Subhead 28001 - Water Supply**

**1461.** The sum of \$10M was provided for the rehabilitation of the water supply system in the Region. However, no expenditure was incurred during 1995 and this was explained to have resulted from a disagreement by the Accountant General of the method of transfer of the sum to Linden Mining Enterprise for the conduct of the related works. The disagreement resulted in a failure by the Ministry of Finance to release funds for the rehabilitation works.

## OTHER ENTITIES

### AUDIT OF PUBLIC ENTERPRISES

**1462.** The Financial Administration and Audit (Amendment) Act 1993, which received Presidential Assent on 25 November 1993 appoints me to audit public corporations and other corporate and incorporate bodies in which the controlling interest vests in the State. Prior to the 1993 amendment, the Financial Administration and Audit Act, Chapter 73:01 of the Laws of Guyana, provided for me to audit these bodies only under direction of the Minister or by resolution of the National Assembly. Under the previous situation, very few of these entities were audited by my Office.

**1463.** Given the provisions of the amended Act, I am presently responsible for the independent external audit of some fifty (50) public enterprises, including all the financial institutions constituted under the Cooperative Financial Institutions Act, Chapter 75:01 of the Laws of Guyana.

**1464.** An initial area of concern is the fact that there does not appear to be a consistent policy as to the constitution of these entities. Public enterprises are variously constituted under the Public Corporations Act 1988, the Companies Act, Chapter 73:01 of the Laws of Guyana, the Cooperative Financial Institutions Act, Chapter 75:01 of the Laws of Guyana and several other individual statutory instruments. Table I also details the statutory instrument under which each entity is constituted.

**1465.** While this situation may be necessary in the case of some specialised institutions, it does not lend itself well to ease of supervision and administration of public enterprises since different statutes may require different administrative and operational arrangements.

**1466.** It is again recommended that consideration should be given to the possibility of bringing all public enterprises under a single comprehensive regulatory regime in order to facilitate ease of administration and supervision.

**1467.** The National Industrial and Commercial Investments Limited was registered under the Companies Act, Chapter 73:01 of the Laws of Guyana, on 18 July 1990. This Company is listed as holding the State's shares in a number of public enterprises and in a number of other entities in which the State has a minority shareholding. In other words, this Company appears to have been operating as the Company responsible for holding all State investments.

**1468.** However, at present there are a number State investments which have not yet been vested in this Company. If the principal object of the Company is to hold State investments then the present exceptions and anomalies should be corrected.

Further, the fact that this Company's audit is in backlog is a source of grave concern and is of consequence to the quality of supervision over public enterprises.

**1469.** The uncertainty that surrounds the creation, ownership, supervision, and general administration of public enterprises is compounded by the fact that legislation does not presently require the preparation of a Consolidated Statement of Government Investments. Consideration should be given to the introduction of such a statement as a primary public account to be submitted for audit and presentation in the National Assembly.

**1470.** The Financial Administration and Audit (Amendment) Act 1993 requires me to transmit my report on each entity under the purview of that Act to the appropriate Minister for presentation, together with the comments of the entity concerned on any matter to which I call attention, to the National Assembly. Since the implementation of that Act, I have forwarded twenty three(23) such reports to appropriate Ministers. At the time of reporting, I am not aware that any of these reports have been presented to the National Assembly as required by the Act.

**1471.** At this stage, it can be said that it has become apparent that mere financial audits do not sufficiently serve the cause of public accountability. While attestation of financial statements is important, it has now become necessary for public enterprises to be subject to performance auditing. This would provide the public with assurances as to the effectiveness of the operation of public enterprises.

**1472.** In order for proper monitoring and performance auditing to be implemented, it would first be necessary for each public enterprise to be set specific performance criteria. Mission statements, along with clear strategic and operational objectives, should be articulated and periodically reviewed and updated for each enterprise. This would give respective managements a clear direction as to the expectations had of them and would inevitably enhance performance.

**1473.** In any event, the fact that many public enterprises have not submitted financial statements for audit for several years should not be tolerated. Immediate action should be taken to ensure that public enterprises are subject to timely financial audits.

NO.	PUBLIC ENTERPRISES	STATUS OF AUDIT
1.	Aroaima Mining Company Limited	not known
2.	Ayanganna Consultants Limited	1989
3.	Bauxite Industry Development Company Limited	1992
4.	Berbice Mining Enterprise Limited	1992
5.	BIDCO (America) Incorporated	not known
6.	Design and Graphics Limited	1987
7.	General Construction Company Limited	1990
8.	Global Travel Service Limited	1995
9.	GNCB Trust Corporation	1995
10.	Guyana Air Travel Incorporated	not known
11.	Guyana Airways Corporation	1993
12.	Guyana Broadcasting Corporation	1994
13.	Guyana Cooperative Agricultural and Industrial Development Bank	1994
14.	Guyana Cooperative Financial Service	1995
15.	Guyana Cooperative Insurance Service	1994
16.	Guyana Cooperative Mortgage Finance Bank	1994
17.	Guyana Electricity Corporation	1993
18.	Guyana Fisheries Limited	1990
19.	Guyana Glass Works Limited	not known
20.	Guyana Korea Joint Mining Company Limited	1987
21.	Guyana Libya Arab Agricultural Development Company Limited	1994
22.	Guyana Libya Arab Fisheries Development Company Limited	1992
23.	Guyana Liquor Corporation	1988
24.	Guyana National Cooperative Bank	1994
25.	Guyana National Engineering Corporation	1994
26.	Guyana National Newspapers Limited	1995
27.	Guyana National Printers Limited	1994
28.	Guyana National Shipping Corporation	1995
29.	Guyana Oil Company Limited	1995
30.	Guyana Pharmaceutical Corporation	1995

31.	Guyana Post Office Corporation	1988
32.	Guyana Quarry Products Limited	1995
33.	Guyana Stockfeeds Limited	1995
34.	Guyana Stores Limited	1995
35.	Guyana Sugar Corporation Limited	1995
36.	Guyana Television Broadcasting Company Limited	1992
37.	Guybridge Civil Engineering Company Limited	1990
38.	GUYBULK Shipping Limited	not known
39.	GUYMINE Engineering and Technical Services Limited	not known
40.	Hinterland Road Construction Company Limited	1990
41.	Hope Coconut Industries Limited	1988
42.	Linden Mining Enterprises Limited	1993
43.	Mahaicony Agricultural Rice Development Scheme Workshop	not known
44.	National Bank of Industry and Commerce Limited	1995
45.	National Edible Oil Company Limited	1988
46.	National Industrial and Commercial Investments Limited	1990
47.	New Guyana Marketing Corporation Limited	1993
48.	Sanata Textiles Limited	1992
49.	Sijan Plaza Limited	1989
50.	Soy Bean Company Limited	1988
51.	Surapana Agricultural and Allied Service Limited	not known
52.	Torontours Limited	not known

#### **MUNICIPAL AND DISTRICT COUNCILS**

**1474.** The Municipal and District Councils Act, Chapter 28:01 of the Laws of Guyana, requires the accounts of those councils to be made up yearly, not later than four months after the end of the financial year to which they relate, and for those accounts to be audited by me as soon as practicable. Under the Act, a treasurer shall be guilty of an offence if he neglects to make up accounts as described above.

**1475.** Virtually all the municipal and district councils have been violating the provisions of the Law relating to timely financial reporting and auditing. In fact, several councils are greatly in arrears with respect to their financial audit.

**1476.** Notwithstanding their failure to prepare financial statements for audit, many of these councils have continued to be granted Central Government subventions. Subventions should

not continue to be granted to councils which persistently fail to account adequately for previous subventions.

**1477.** Arrangements should be made for all councils to meet the statutory deadline for submission of accounts for audit. In addition, sanctions should be imposed by the Law against those officers of councils guilty of offences. Should the deadline be considered too rigorous, an amendment to the Act should be considered. Under no circumstances should violations of the Law in force be tolerated or condoned as has been the case over the years.

NO.	MUNICIPAL COUNCILS	STATUS OF AUDIT
1.	Anna Regina Town Council	1990
2.	Corriverton Town Council	1982
3.	Georgetown City Council	1986
4.	Linden Town Council	1984
5.	New Amsterdam Town Council	1983
6.	Rose Hall Town Council	1981

NO.	DISTRICT COUNCILS	STATUS OF AUDIT
1.	Bush Lot/Adventure	1989
2.	Canals Polder	1993
3.	East Mahaicony	1989
4.	Foulis/Buxton	1988
5.	Grove/Haslington	1989
6.	Hogstye/Lancaster	1994
7.	Klien Pouderoyen/Best	1993
8.	Leguan	1993
9.	Mahaica/Unity	1987
10.	Naarstigheids/Union	1993
11.	Plaisance/Industry	1992
12.	Riverstown/Annandale	1992
13.	Rosignol/Zeelust	1991
14.	Sheet Anchor/Cumberland	1991
15.	Toevlugt/Potentia	1990
16.	Triumph/B.V	1989
17.	Upper Corentyne	1985
18.	Wakenaam	1992

19.	Whim/Bloomfield	1994
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#### VILLAGE AND COUNTRY COUNCILS

1478. The Local Government Act, Chapter 28:02 of the Laws of Guyana, authorises me to examine the accounts of Neighbourhood Democratic Councils. I perform annual audits of these councils. It would be observed that these councils are in arrearage in respect of their financial reporting. This situation should be corrected as soon as possible.

NO.	VILLAGE AND COUNTRY COUNCIL	STATUS OF AUDIT
1.	Bartica	1977
2.	Bel Air/Woodlands	1993
3.	Blankenburg/Hague	1993
4.	Cane Grove	1993
5.	Crabwood/Molesen	1985
6.	Craig/Caledonia	1988
7.	Dartmouth	1992
8.	East Coast Berbice	1990
9.	Eccles/Ramsburg	1984
10.	Enmore/Hope	1986
11.	Farm	1986
12.	Fyrish/Gibraltar	1980
13.	Gelderland/Blairmont	1993
14.	Goed Fortuin	1992
15.	Good Hope/Pomona	1992
16.	Hampshire/Kilcoy/Chesney	1983
17.	Herstelling/Grove	1986
18.	Johns/Port Mourant	1993
19.	Kwakwani	1980
20.	La Grange/Nismes	1989
21.	La Reconnaissance/Mon Repos	1992
22.	L.B.I/Better Hope	1992
23.	Mabaruma/Hosororo	1981
24.	Mocha/Arcadia	1983
25.	Nouvelle Flanders/La Jalousie	1993
26.	No. 51 Good Hope	1988
27.	Parika/Salem	1990

28.	Queenstown	1992
29.	Rising Sun/El Dorado	1977
30.	Sisters - East Bank Berbice	1993
31.	Soesdyke/Coverden	1986
32.	Stewartville	1989
33.	Tempe/Seafield	1989
34.	Vergenoegen	1989
35.	West Mahaicony	1989
36.	Woodley Park/Bath	1993

#### **AUDIT OF STATUTORY BODIES**

**1479.** The Financial Administration and Audit (Amendment) Act 1993 also appoints me to audit all statutory bodies being public authorities and all other bodies administering public funds. As a result, my Office performs financial audits of several supervisory, regulatory and other statutory bodies.

**1480.** It will be noted from the table below that most of the statutory bodies are significantly in arrears in respect of their audits in defiance of their respective establishing or governing statutes. This situation is completely unacceptable and must be remedied immediately. My Office stands ready to perform the said audits as soon as financial statements are submitted for this purpose.

**1481.** Several statutory bodies have continued to be granted contributions from Central Government despite the fact that they have not been audited for protracted periods. In other words, several statutory bodies have continued to receive contributions from public coffers although they have not satisfactorily accounted for previously granted contributions.

**1482.** The following table illustrates the fact that Central Government has budgeted substantial sums to be contributed in 1995 to several statutory bodies which have flouted the requirement of timely audits. One should note that the table provides information only on budgeted current grants and does not include capital grants or grants from foreign funding.

**1483.** Statutory bodies should not enjoy grants unless they have accounted satisfactorily for previous contributions and until this is certified by my Office. This would ensure that contributions are properly utilised and would encourage these entities to ensure that they are audited in a timely manner. They would therefore properly be held accountable for the public funds granted to them.



**1484.** It would be noted also that Central Government has budgeted to grant substantial sums to a few entities which either no longer legally exist or no longer function. Cases in point are the Guyana Agency for Health Sciences, Education, Environment and Food Policy and the Guyana Rice Export Board. This would appear to suggest that the system for budgeting for Government contributions is severely flawed.

NO	STATUTORY BODIES	STATUS OF AUDIT	BUDGETED CONTRB'N `95
1.	Bank of Guyana	1995	-
2.	Dependants Pension Fund	1990	-
3.	Fire Service Fine Fund	1989	-
4.	General Nursing Council	1976	200,000
5.	Georgetown Sewerage and Water Commissioners	1992	150,000,000
6.	Guyana Agency for Health Sciences, Education and Food Policy	1988	-
7.	Guyana Export Promotion Council	1993	13,000,000
8.	Guyana Forestry Commission - Marketing Unit & Resource Centre	1989	-
9.	Guyana Geology and Mines Commission	1992	-
10.	Guyana Gold Board	1995	-
11.	Guyana Management Institute	1984	9,500,000
12.	Guyana National Bureau of Standards	1995	25,000,000
13.	Guyana National Energy Authority	1981	-
14.	Guyana Natural Resources Agency	1995	30,000,000
15.	Guyana Office for Investment	1994	20,000,000
16.	Guyana Public Communications Agency	1989	-
17.	Guyana Relief Council	1994	1,500,000
18.	Guyana Rice Development Board	1994	70,000,000
19.	Guyana Rice Export Board	1994	-
20.	Guyana Rice Milling and Marketing Authority	1992	-
21.	Guyana School of Agriculture	1993	46,032,000
22.	Guyana Water Authority	1993	-
23.	Housing Fund	1970	27,000,000
24.	Institute of Applied Science and Technology	1982	12,315,000
25.	Local Authorities Guarantee Fund	1983	-

26.	Mahaica Mahaicony Abary Agricultural Development Authority	1995	46,000,000
27.	National Padi and Rice Grading Centre	1993	-
28.	National Agricultural Research Institute	1989	145,000,000
29.	National Dairy Development Programme	1987	17,100,000
30.	National Data Management Authority	1983	10,000,000
31.	National Frequency Management Unit	not known	-
32.	National Library	1988	34,466,000
33.	National Lottery Control Committee	1976	-
34.	National Museum	not known	6,300,000
35.	National Parks Commission	1990	40,000,000
36.	National Science Research Council	1982	-
37.	National Sports Council	1994	35,000,000
38.	New Amsterdam Water Enterprise	1994	-
39.	Police Fine Fund	1990	-
40.	Prison Fine Fund	1990	-
41.	Social Impact Amelioration Programme	1993	-
42.	State Planning Secretariat	1991	43,296,000
43.	Sugar Industry Labour Welfare Fund Committee	1974	-
44.	Sugar Industry Price Stabilisation Fund	1980	-
45.	Sugar Industry Rehabilitation Fund	1980	-
46.	Transport and Harbours Department	1992	-
47.	University of Guyana	1995	-
48.	University of Guyana Pension Scheme	1994	-

#### AUDIT OF TRADE UNIONS

**1485.** The Trade Unions Act, Chapter 98:03 of the Laws of Guyana, appoints me to audit the accounts of Unions registered under that Act. I also audit the accounts of the Trades Union Congress and a number of staff associations and similar organisations.

**1486.** It will be observed that some Unions have been making efforts to have their accounts audited others were in severe arrearage in respect of their financial audits. This situation should not be entertained.

**1487.** The Registrar of Unions should consider invoking the

penalties described in the Trade Unions Act, Chapter 98:03 of the Laws of Guyana, for failure to submit annual returns by 1 May following the close of the year. In addition, the Registrar should consider cancelling the registration of delinquent Unions.

NO.	TRADE UNIONS	STATUS OF AUDIT
1.	Guyana Trade Union Congress	1993
2.	Amalgamated Transport and General Workers Union	1974
3.	Association of Masters and Mistresses	1979
4.	Clerical and Commercial Workers Union	1994
5.	General Workers Union	1974
6.	Guyana Agriculture and General Workers Union	1994
7.	Guyana Bauxite and General Workers Union	1993
8.	Guyana Bauxite Supervisors Association	1978
9.	Guyana Cooperative Mortgage Finance Bank Staff Association	1986
10.	Guyana Deep Sea and Costal Workers Union	1990
11.	Guyana Labour Union	1989
12.	Guyana Local Government Officers Association	1990
13.	Guyana Mine Workers Union	1974
14.	Guyana Mining Supervisors Association	not known
15.	Guyana National Cooperative Bank Staff Association	1978
16.	Guyana National Engineering Corporation Sports Club	1993
17.	Guyana Public Service Union	1988
18.	Guyana Seafarers Union	1987
19.	Guyana Teachers Union	1987
20.	Guyana Women's Public Health Officers Association	1985
21.	National Association of Agricultural, Commercial and Industrial Employees	1994
22.	National Union of Public Service Employees	1992
23.	National Workers Union	1992
24.	Printing Industry and Allied Workers Union	1992
25.	Union of Agricultural And Allied Workers	1980
26.	University of Guyana Senior Staff Association	not known
27.	University of Guyana Staff Association	1979
28.	University of Guyana Workers Union	1979

## FOREIGN FUNDED PROJECTS

During the year funds were received from:

- (a) United Nations Development Programme
  - (b) International Development Association
  - (c) European Commission
  - (d) Inter-American Development Bank
  - (e) International Fund for Agricultural Development
  - (f) Canadian International Development Agency
  - (g) United States Agency for International Development
- for projects undertaken by the Government. Given below is the status of these projects at the time of report.

	<b>United Nations Development Programme</b>	<b>STATUS</b>
1	GUY/89/004/19/99 - Resource Mobilisation for the Economic Recovery Programme	1995
2	GUY/91/001 - Population Census	1991
3	GUY/91/002/A/01/99 - SIMAP Institutional Strengthening and Targeting of Vulnerable Group	1995
4	GUY/91/003/A/01/99 - Agency Programming Mission for the Fifth Cycle Country Programme	1995
5	GUY/91/004/A/01/99 - Macro-Economic Management Programme Co-ordination	1995
6	GUY/91/006/A/01/99 - Advisory Service to the Presidential Secretariat on Administrative and Economic Matters	1991
7	GUY/92/001/A/01/99 - Strengthening of National Execution Capacity	1995
8	GUY/92/002/A/01/99 - Advisory Services to the Ministry of Finance	1994
9	GUY/93/001/A/01/99 - Development of a Personnel Record Keeping System - Public Service Management Office of the President	1992
10	GUY/94/002 - Technical Cooperation among Developing Countries	1995
11	GUY/94/743 - Sustainable Human Development	1995
12	GUY/92G31/A/1G/99 - Iwokrama Rain Forest Programme	1995
13	GUY/94/007/A/01/99 - Guyana National Bureau of Standards Project	1995

14	GUY/95/001/A/01/99 - Strengthening National Capacity for the Executions and Implementation of Development Projects	1995
<b>International Development Association</b>		
1	Credit No. 2169-0 GUA - Third Technical Assistant Project	1990
2	Credit No. 2358 GUA - SIMAP - Health, Nutrition and Water and Sanitation Project	1995
3	Credit No. 2477 GUA - Infrastructure Rehabilitation Project	1995
4	Credit No. 2477 GUA - Guyana Sea Defences Project	1995
5	Credit No. 2480 GUA - Public Administration Project	1994
6	Credit No. 2480 GUA - Public Administration Project (Special A/C 967 (BOG))	1993
7	Credit No. 2545 GUA - Sugar Industry Restructuring and Privatisation	Project
29/9/93		
8	Credit No. 2559 GUA - Water Supply Technical Assistance and Rehabilitation	Project
5/01/94		
9	Credit No. 4145 GUA - Infrastructure Rehabilitation	Programme
21/6/88		
10	Credit No. 2879 GUA - Secondary School Reform Project	1996
11	Grant No. D -003 GUY - Preparation of Commercial Debt Reduction	Programme
96/06/92		
12	Japanese Grant Agreement - Trust Fund No.23020 Water Supply Technical Assistance and Rehabilitation	Project
13/10/93		
<b>European Commission</b>		
1	General Import Programme I	1996
2	Infrastructure Rehabilitation Programme - Ministry of Finance	1989
3	Small Business Credit Initiative	1995
<b>Inter-American Development Bank</b>		
1	ATN/SF-2370-GY - Programme of Advisory Services and Training of Personnel on Managerial and Technical Aspects of the Foundry Industry	Industry
21/02/84		
2	ATN/SF-2608-GY - Institutional Strengthening of the Guyana Electricity Corporation in its Financial Resources and Cash Flow, Human	

	Resources and Distribution System Areas	1/11/85
3	ATN/SF-2923-GY - Alternatives for Sugar Cane Development	12/8/87
4	ATN/SF-3206-GY- Grant - Strengthening of the Ministry of Health (Health Care II)	1995
5	ATN/SF-3380-GY - Primary Education Improvement Programme	1995
6	ATN/SF-3614-GY - N=Macroeconomic Managerial and Strengthening of Environmental Agency	1995
7	ATN/SF-3829-GY - Urban Rehabilitation Programme	1995
8	ATN/SF/JF-3933-GY - Preparation of Road Maintenance and Rehabilitation Programme	1995
9	ATN/JF-3640-GY - Georgetown Sewerage and Master Plan	1995
10	ATCN/SF-2974-GY - Studies for the Improvement of Sugar Cane Bagasse Utilisation in Generating	Electricity
22/12/87		
11	822/SF-GY - Health Care II Project Programme Loan Agreement	1995
12	827/SF-GY - Primary Education Improvement Programme	1995
13	839/SF-GY - Agriculture Rehabilitation Programme	1995
14	877/SF-GY - Agriculture Sector Hybrid Programme	1995
15	890/SF-GY - Main Road Rehabilitation Project	1995
16	909/SF-GY - Remedial Maintenance Project for Georgetown Sewerage and Water Supply	1995
17	912/SF-GY - Social Impact Amelioration Programme	1995
18	965/SF-GY - Agriculture Sector Programme	
19	Contract for the Establishment of a Line of Credit	1995
20	966/SF-GY and ATN/SF-5098-GY - Technical Co-operation Contract and Agriculture Sector Programme	
21	154/IC-GY - Industrial Reactivation Programme	1994
22	163/IC-GY - Programme for the Rehabilitation of the Guyana Electricity Corporation	
23	PPF/010-GY - Establishment of Line of Credit for the Preparation of Projects	
24	LO 956/SF-GY - Financial Sector Programme	
24/3/96		

**International Fund for Agricultural Development**

1	190-GY - East Bank Essequibo Development Project	1995
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**Canadian International Development Agency**

1	Agreement No. 440/08105 - Artisinal Fisheries Infrastructure Project	1991
2	Forestry Sector Project - CIDA I	1994
3	Forestry Sector Project - CIDA II	1994

United States Agency for International Development

1	PL 480 Title I	1995
2	PL 480 Title III	1995

**ACKNOWLEDGEMENTS**

**1488.** I wish to record my sincere and grateful appreciation and heartfelt thanks for all the effective and conscientious work that my staff at the Audit Office have provided to produce this Report. It has not been easy. Many difficulties, problems and resource restraints have had to be resolved and overcome to achieve this result. I am happy that the Audit Office continues to strive hard and determinedly to try and help institute improvements in financial reporting, internal control and accountability.

