

28 April, 2000

Hon. Sasenarine Kowlessar,  
Minister Responsible for 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 1998**

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 1998.

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**

**REPORT OF THE AUDITOR GENERAL**

**ON THE PUBLIC ACCOUNTS OF GUYANA AND  
ON THE ACCOUNTS OF THE MINISTRIES, DEPARTMENTS AND REGIONS  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 1998**

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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 1998**

**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 1998, as set out in pages 2/1 to 2/233. My 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, including assertions relating to their completeness, accuracy and validity and compliance with applicable laws and regulations, is the responsibility of the Accountant General, Accounting Officers and Principal Receivers of Revenue. My responsibility is to express an independent opinion on these statements based on my audit as well as these assertions and to report my opinion thereon.*

***Basis of Opinion***

*I conducted my audit in accordance with generally accepted auditing standards, including those of the International Organisation of Supreme Audit Institutions (INTOSAI). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.*

***Qualified Opinion Based on Limitation in Scope***

*Except for the adjustments which might have been shown to be necessary as a result of the observations contained in the relevant sections of my report, in my opinion, the financial statements properly present:*

*(a) the Receipts and Payments of the Consolidated Fund;*

- (b) *the Revenue Actually Paid into the Consolidated Fund as Compared with the Estimates of Revenue;*
- (c) *the Expenditure of the Consolidated Fund as Compared with the Estimates of Expenditure;*
- (d) *the Public Debt;*
- (e) *the Loans or Credits Guaranteed by the Government;*
- (f) *the Expenditure in respect of those Services which by Law are directly charged upon the Consolidated Fund;*
- (g) *the Receipts and Payments of the Contingencies Fund;*
- (h) *the Appropriation Accounts of Accounting Officers in respect of the votes for which they were responsible; and*
- (i) *the Receipts and Disbursements by Principal Receivers of Revenue*

*for the fiscal year ended 31 December 1998. 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; and*
- *the Balances held on Deposit by the Accountant General and Outstanding Advances made in pursuance of Section 23 of the Act,*

*I am unable to form an opinion whether they properly present their respective state of affairs as at 31 December 1998. In addition, the Statement of Current Assets and*

*Liabilities of the Government was not submitted to me by the Accountant General for audit examination and certification, as required by Section 7 of the Act.*

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

**28 April 2000**

**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 1998**

### **EXECUTIVE SUMMARY**

#### ***Financial Performance***

1. *For the period under review, a deficit of \$749.4M of current revenue over current expenditure was recorded. This performance compares favourably with that of 1997 where a deficit of \$2.450 billion was recorded. The reduction of \$1.701 billion in the recorded deficit resulted mainly from a combination of the following:*
  - (a) *a decrease of \$5.252 billion in the repayment and servicing of the Public Debt from \$20.231 billion to \$14.979 billion. This is in contrast to an increase of \$6.477 billion in 1997;*
  - (b) *an increase in current expenditure (excluding the repayment and servicing of the Public Debt) of \$2.599 billion from \$19.578 billion to \$22.177 billion; and*
  - (c) *a reduction of \$953M in current revenue from \$37.360 billion to \$36.407 billion.*
  
2. *The collection of current revenue fell below projected levels by 6.5%, compared with a 2.5% shortfall in 1997 and an excess of 4.17% in 1996. Estimated current revenue in 1998 totalled \$38.875 billion while actual collections amounted to \$36.407 billion, giving a budgetary deficit of \$2.471 billion. Of particular importance is the fact that the two main revenue generating agencies, the Inland Revenue and the Customs and Excise departments, failed to achieve their targets by \$2.063 billion and \$2.138 billion respectively.*
  
3. *Capital revenue collections from sale of assets, internal loans, external grants and loans, and from other sources, fell short of projected levels by \$5.219 billion. Actual amounts budgeted to be collected totalled \$16.339 billion while the recorded actual collections amounted to \$11.120 billion,*



*giving a percentage shortfall of 31.94%. This is in contrast to the performance recorded in 1997 where capital revenue collections exceeded the projected level of \$12.132 billion by \$3.268 billion or 27.0%. In 1996 and 1995, there were similar shortfalls of \$6.755 billion or 44.52% and \$5.068 billion or 34.85%, compared with estimated amounts.*

- 4. Capital expenditure also fell below estimated levels. Of a total amount of \$16.349 billion budgeted to be spent on capital projects, sums totalling \$13.229 billion were actually expended, giving a shortfall of \$3.120 billion or 19.08%, compared with a similar shortfall in 1997 of \$2.735 billion or 13.78% of the revised allocations.*

### ***The Public Debt***

- 5. 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\$302.368 billion as at 31 December 1998, the external portion accounting for G\$202.952 billion. In equivalent United States dollars, the Public Debt was US\$1.824 billion, the external debt accounting for US\$1.223 billion.*
- 6. Compared with 1997, the Public Debt has increased by G\$35.663 billion, the external portion accounting for G\$42.680 billion or US\$257.150M while the internal debt has been reduced from G\$106.433 billion to G\$99.416 billion. Expressed as a factor of current revenue, the Public Debt at the end of 1998 was 8.33 times current revenue, compared with a factor of 7.14 at the end of 1997 and 8.92 at the end of 1996.*
- 7. As mentioned above, there was a decrease of G\$5.252 billion in the repayment and servicing of the Public Debt. This decrease resulted mainly from a reduction in the repayment of internal debt from G\$5.936 billion to G\$315.011M. In particular, two(2) variable interest rate debentures issued in 1994 were redeemed in 1997 in the sum of \$5.395 billion.*
- 8. Expressed as a percentage of current revenue, the repayment and servicing of the Public Debt in 1998 represented 41.14% of current revenue, compared with 54.15%, 40.0% and 47.37% in 1997, 1996 and 1995 respectively.*

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

9. *The Consolidated Fund was overdrawn by \$52.568 billion as at 31 December 1998, compared with overdrafts of \$40.407 billion, \$38.229 billion and \$22.457 billion at the end of 1997, 1996 and 1995 respectively. These significant increases in overdraft over the years were 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 but excluding the balances on the bank accounts of special projects) reflected a positive balance of \$12.437 billion, compared with \$15.933 billion, \$16.093 billion and \$12.857 billion as at the end of 1997, 1996 and 1995 respectively. In the absence of the reconciliation of the vast majority of the Government's bank accounts, the positive balance of \$12.437 billion represents the best available estimate of the cash position of the Government as at 31 December 1998.*
11. *The following gives a breakdown of the bank balances in summarised form with comparative figures at the end of the preceding year:-*

<i>DESCRIPTION</i>	<i>AMOUNT 1997 \$M</i>	<i>AMOUNT 1998 \$M</i>
<i>Consolidated Fund</i>	<i>(40,407)</i>	<i>(52,568)</i>
<i>Deposits Fund</i>	<i>5,600</i>	<i>7,144</i>

<i>Contingencies Fund</i>	119	172
<i>General Account</i>	6,755	14,977
<i>Non-Sub-Accounting Ministries/Departments</i>	7,805	4,267
<i>Other Ministries/Departments' Accounts</i>	14,224	14,148
<i>Monetary Sterilisation Account</i>	21,837	24,297
<b>TOTAL</b>	<b>15,933</b>	<b>12,437</b>

12. *The above analysis of the cash position of the Government, however, does not include balances held in the Missions' bank accounts overseas as well as in any other overseas bank accounts held by the Government. Of particular importance are the overdrawn balances totalling £1.696M and US\$13.832M, equivalent to G\$464.473M and G\$2.296 billion respectively, as at 31 December 1998 in respect of the following accounts held at the Lloyds Bank in London:-*

ACCOUNT NO.	DESCRIPTION	OVERDRAFT AT 31.12.98	
		US\$	£
01055721	Guyana High Commission	-	200,212
01043855	G.H.C. Overdue Interest	-	1,496,053
01472607	GNTC Unpaid Loans	3,445,974	-
11879308	GNTC Overdue Interest	10,386,088	-
<b>TOTAL</b>		<b>13,832,062</b>	<b>1,696,265</b>

13. *As can be noted, the combined Guyana dollar equivalent of these liabilities is G\$2.764 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 have 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.*

14. *This matter was drawn to attention in my previous reports, and despite this, there was no evidence of any action taken to arrange for the discharge of these liabilities which increased in 1998 by G\$513M as a result of increased interest charges.*
15. *According to the audited accounts of Bank of Guyana for 1998, the total amount held in special accounts on behalf of the Government as at 31 December 1998 was \$20.762 billion. Of this sum, amounts totalling \$2.938 billion relate to foreign funded projects which are on-going, giving a balance of \$17.824 billion which appear to be funds which are transferable to the Consolidated Fund.*
16. *On the assumption that such funds represent moneys which should have been paid over to the Consolidated Fund, the cash position as at 31 December 1998 would increase to \$30.261 billion. If account is taken of the Government's liability of \$25.930 billion in respect of Treasury Bills as well as the liability to the Lloyds Bank, the figure of \$1.567 billion would represent the best available estimate of the Government's net cash position as at 31 December 1998. It should be noted that the Government has not produced a statement of current assets and liabilities since 1981, as required by Section 7 of the Financial Administration and Audit Act.*
17. *In my previous report, reference was made to the numerous bank accounts under the control of Ministries, Departments and Regions, the vast majority of which had not been reconciled for several years. Given the time period involved and the ensuing difficulty in effecting reconciliation to these accounts for the purpose of establishing accurate balances, I had recommended the following courses of action:-*
  - (a) *the closure of all accounts with positive bank balances and the transfer of the balances to the Consolidated Fund;*
  - (b) *in the case of bank accounts with overdrawn balances, a supplementary estimate be presented to the National Assembly so that funds can be voted to liquidate the overdrafts and to close these accounts;*

- (c) *the opening of new bank accounts for Ministries and Departments to avoid contamination with previous accounts and to start from a clean position. The minimum number of accounts should be opened for control purposes; and*
  - (d) *the reconciliation of these new accounts within thirty(30) days of the close of each month so as to avoid a repetition of the problems associated with the old accounts.*
- 18.** *As a result of these recommendations, 145 new bank accounts were opened. However, there was no evidence of any action taken to implement recommendation (b) and to take steps to close off the old accounts. As a result, instead of a significant reduction in the bank accounts under the control of Ministries and Departments, the number of bank accounts increased from 732 to 877. In addition, the majority of the new bank accounts, particularly those of the larger Ministries, had not been reconciled since they were established. It is with regret that I have to mention that several alleged fraudulent transactions now before the Courts were the direct result of the failure to reconcile the related bank accounts.*

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

- 19.** *In my previous reports, reference was made to the need for a complete re-organisation of the operations of the Central Tender Board to reflect membership from outside the Public Service e.g. the professional engineering bodies, trade unions, the Consumers' Association and the University of Guyana. However, it is again disappointing to note that no action was taken to implement this recommendation.*
- 20.** *In addition, with the assistance of consultants, draft legislation on public procurement had been prepared. However, at the time of the audit, there was no evidence of any action taken to reform the Government's tendering procedures by way of legislation, despite an assurance that this would be done. At the time of reporting, the Government did announce plans to have new legislation in place.*

### ***Review of the Financial Management System***

21. *Mention was made in previous reports of 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, cumbersome and over-centralised. The system is therefore in dire need of review.*
22. *Although the Government had initiated reforms in the budget process in the form of Programme Budgeting, there is need for a more comprehensive and all embracing approach to financial management reform, particularly as it relates to the accounting system of the Government, taking into account recent advances in information technology and trends towards a more decentralised system.*

#### ***Inadequacy of Staffing and the Absence of Internal Audits***

23. *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 continued to militate against an effective system of internal control and have contributed significantly over the years to the deterioration in financial management at both the ministerial and central levels.*
24. *As it relates to the Office of the Auditor General (OAG), notwithstanding the recent salary increases arising out of the Armstrong Tribunal Award, the compensation package is still inadequate to attract and retain the much needed skills. This is so because the salary differentials between the various grades are too small, having regard to the fact that promotion from one position to the next requires not only appropriate experience but also additional technical qualifications.*

#### ***Key Findings Relating to Ministries/Departments/Regions***

25. *Significant breaches in the Tender Board Regulations at the Guyana Defence Force were drawn to the attention of the Accounting Officer. These include the absence of a system of competitive bidding and numerous instances of contract splitting to avoid adjudication by the Central Tender Board. In addition, the involvement of the Departmental Tender Board appeared to be mere cosmetic to facilitate payments by the Sub-Treasury.*

26. *At the Ministry of Information, funds totalling \$1.641M were misappropriated because of a lack of segregation of duties and poor record keeping while at the Ministry of Legal Affairs, two(2) instances of apparent overpayments totalling \$3.191M to contractors were noted.*
27. *There were numerous breaches in the Tender Board Regulations at the Supreme Court of Judicature. In particular, there was evidence of contract splitting to avoid adjudication by the Departmental and Central Tender boards. In addition, seven(7) instances of apparent misappropriation of funds totalling approximately \$32M were uncovered in Georgetown and other magisterial districts due to the absence of proper segregation of duties and failure to reconcile bank accounts..*
28. *The Ministerial Tender Board at the Ministry of Home Affairs did not function for the entire period under review. As a result, the basis of the award of contracts entered into for goods and services and for works falling within the limits of \$180,000 and \$600,000 and \$450,000 and \$900,000 respectively, could not be determined. Vouchers and supporting documents to substantiate payments totalling \$56M were also not produced for audit examination. A similar observation was made in 1997 where the figure involved was \$133M.*
29. *There was evidence of manipulation of the voted provision at the Ministry of Agriculture to exhaust the budgetary allocation. In addition, the basis of the award of several contracts adjudicated by the Central Tender Board could not be determined because of the unavailability of the related files. A number of statutory bodies in receipt of subventions from the Ministry were also significantly in arrears in terms of financial reporting.*
30. *At the Ministry of Education, \$90M worth of vouchers and supporting documents to substantiate payments made, were not presented for audit examination. A number of breaches in the Tender Board Regulations were also noted.*
31. *Several of the larger Ministries have failed to refund unspent balances at the end of the year to the Consolidated Fund, especially in relation to Capital Programmes.*

32. *At Region 2, accountability for fuel continued to be a problem in that 2,558 gallons of dieselene were discovered short. It was previously reported that a total of 19,576 gallons of gasolene were short during the period 1996 to 1997. There were also a number of breaches in the Tender Board Regulations.*
33. *An amount of \$26M was spent on the Dormitory facilities at Region 7 during the period 1995 to 1998. The building was however, still incomplete. A similar observation was made in respect of the Resource Centre. \$12M was expended between 1995 and 1996 and only the foundation columns and retaining walls were constructed. The Region also has problems relating to accountability for fuel.*
34. *At the Customs and Excise Department 312 Permits for Immediate Delivery (PID's) valued at \$3.296 billion had not yet been perfected. In addition, an adequate system was not in place to monitor ships arriving in Georgetown. These two issues are significant enough to affect the collectibility of revenue. In relation to the Inland Revenue Department there were 800 registered active companies. However, only 264 submitted returns.*
35. *Amounts totalling \$754.25M was collected to proceeds from the Guyana Lotteries and were not paid in to the Consolidated Fund. The proceeds were being used to meet public expenditure without Parliamentary approval.*
36. *In relation to the Ministry of Public Works a special investigation into the importation of stone for road rehabilitation was undertaken. Several irregularities were uncovered. Irregularities were also uncovered in relation to certain overseas purchases.*



**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 1998**

**INTRODUCTION**

1. 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. It is my duty under Section 26 of the Financial Administration and Audit Act, Chapter 73:01 of the Laws of Guyana (hereinafter referred to as the FAA Act) 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 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. In addition, Section 31 of the FAA Act 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 said Act. These are:-

- (a) the Statement of the Receipts and Payments of the Consolidated Fund;
- (b) the Statement of the Revenue Actually paid into the Consolidated Fund as Compared with the Estimates of Revenue;
- (c) the Statement of the Expenditure from the Consolidated Fund as Compared with the Estimates of Expenditure;
- (d) the Statement of the Public Debt;
- (e) the Statement of the Outstanding Loans or Credits Guaranteed by the Government;
- (f) the Statement of 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. In order to assist me in the discharge of these responsibilities, Section 29(1) of the FAA Act provides for the employment in my Office such numbers and grades of officers as the National Assembly may, by resolution, direct.
  
7. As at 30 April 1999, the statutory deadline for the submission of the statements and accounts referred to above, eight(8) of the ten(10) sets of statements comprising the Public Accounts as well as eighty-two(82) of the one hundred and eighty-nine(189) appropriation and revenue accounts required to be submitted, were not received. Submissions were, however, made subsequently on varying dates, the last being the Statement of Balances held on Deposits by the Accountant General and Outstanding Advances made, which was received on 8 October 1999.
  
8. The lack of timeliness in the submission of these statements and accounts, needless to mention, has adversely affected my ability to meet the statutory deadline for the finalisation of the audit and for the delivery of my report to the Minister.
  
9. It is again very disappointing to note that up to the time of reporting, the Statement of the Current Assets and Liabilities of the Government, which is vital to an understanding and appreciation of the Public Accounts, had not been submitted to me. This statement was last prepared for the fiscal year 1981, and the continued failure to produce it should be viewed with the degree of seriousness which it deserves. The stewardship of the Government cannot be regarded as properly discharged without ensuring full and timely financial reporting, as required by the Law. In addition, in the absence of a statement of current assets and liabilities, the financial position of the Government could not be properly determined. This matter was drawn to attention in my previous reports, and despite this, there was no evidence of any action being taken to remedy this significant deficiency in financial reporting.
  
10. It is also important to mention that the gap in financial reporting covering the period 1982 - 1991 continued to exist in respect of not only the appropriation

and revenue accounts of Accounting Officers and Principal Receivers of Revenue but also eight(8) of the ten(10) Public Accounts statements. In relation to the latter, only the following statements were submitted for audit examination and certification:-

- (a) the Statements of Receipts and Payments of the Contingencies Fund for the years 1982 - 1991;
- (b) the Statements of Expenditure in respect of those Services which by Law are directly charged on the Consolidated Fund for the years 1982 - 1991; and
- (c) the Statement of the Public Debt for the years 1982 and 1983;

11. The first two(2) sets of statements were duly audited and the related reports were presented to the Minister on 6 June 1997 and 27 June 1997 respectively. Up to the time of reporting, however, they were not laid in the National Assembly. In respect of the Statement of the Public Debt for 1982 and 1983, submission by the Accountant General was made on 24 June 1997. However, given the staffing situation in the Audit Office, priority had to be given to current work, and up to the time of reporting the audit was still in progress.
12. In relation to the Appropriation and Revenue Accounts for the period 1982 - 1991, as previously reported, the Government had accepted my recommendation that the backlogged accounts be dealt with in the same manner as those for 1992 to 1997. In this regard, circulars had 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 very disappointing.
13. The Accountant General had explained that appropriation and revenue accounts were prepared for the years 1982 - 1984 but that Accounting Officers and Principal Receivers of Revenue had not uplifted them. This is indeed very disappointing in that this attitude militates against a genuine attempt to bridge the gap in financial reporting and hence public accountability.
14. In addition to reporting on the Public Accounts and the accounts of

Ministries/Departments/Regions, I have also provided general information with regard to the other areas for which I have audit responsibility. These include the audits of 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. Provision exists for the engagement of Chartered Accountants in public practice to audit on my behalf any of these entities, if I consider it desirable.

15. In keeping with normal practice, this 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 has been some improvement in this regard, a few accounting officers and principal receivers of revenue did not respond to these reports.
  
16. 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 in 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.
  
17. 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 in-depth review of all aspects of the financial operations of Government. Nevertheless, the Audit Office sought to give minimum audit coverage where a comprehensive review was not carried out.

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

18. 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 bank account relating to this Fund is held at the Bank of Guyana and is styled "Accountant General for Consolidated Fund".
19. 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.
20. 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.
21. 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 monthly transactions of the Consolidated Fund with effect from January 1994. However, in the absence of reconciliation for the intervening period, such later reconciliation could not be fully relied upon.
22. 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 1998, the overdraft on this account was \$52.568 billion, compared with \$40.407 billion at the end of 1997, an increase of \$12.161 billion. At the end of 1996, the overdraft on this account was \$38.229 billion, compared with an overdraft of \$22.457 billion at the end of 1995. In other words, over the period 1995 to 1998, the overdraft on the Consolidated Fund increased by \$30.111 billion!
23. Notwithstanding the overdraft on the Consolidated Fund, the sum total of all the Government bank accounts (including the overdrawn balance on the Consolidated Fund but excluding the balances on the bank accounts of special projects) reflected a positive balance of \$12.437 billion as at 31 December

1998, compared with positive balances of \$15.933 billion, \$16.093 billion and \$12.857 billion at the end of 1997, 1996 and 1995 respectively.

24. In the absence of the reconciliation of the vast majority of these accounts, the positive balance of \$12.437 billion represents the best available estimate of the cash position of the Government as at 31 December 1998.
25. The following gives a breakdown of the bank balances in summarised form with comparative figures at the end of the preceding year:-

DESCRIPTION	AMOUNT	AMOUNT
	1998 \$M	1997 \$M
Consolidated Fund	(52,568)	(40,407)
Deposits Fund	7,144	5,600
Contingencies Fund	172	119
General Account	14,977	6,755
Non-Sub-Accounting Ministries/Departments	4,267	7,805
Other Ministries/Departments' Accounts	14,148	14,224
Monetary Sterilisation Account	24,297	21,837
<b>TOTAL</b>	<b>12,437</b>	<b>15,933</b>

26. The figure of \$12.437 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 £1.696M and US\$13.832M, equivalent to G\$468.473M and G\$2.296 billion respectively, as at 31 December 1998 in respect of the following accounts held at the Lloyds Bank in London:-

ACCOUNT NO.	DESCRIPTION	OVERDRAFT AT 31.12.98	
		US\$	£
01055721	Guyana High Commission	-	200,212
01043855	G.H.C. Overdue Interest	-	1,496,053
01472607	GNTC Unpaid Loans	3,445,974	-
11879308	GNTC Overdue Interest	10,386,088	-
<b>TOTAL</b>		<b>13,832,062</b>	<b>1,696,265</b>

27. The combined Guyana dollar equivalent of these liabilities as at 31 December 1998 was \$2.764 billion. Interest charges were several times the actual overdrafts which is an indicator of the length of time the overdrafts had been in existence. In addition, these overdrawn balances have 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.
28. This matter was drawn to attention in my previous reports, and despite this, there was no evidence of any action taken to make arrangements to discharge these liabilities which increased by G\$513M in 1998 as a result of increased interest charges. It should be noted that GNTC was privatised some years ago, and it is not clear whether these liabilities were taken into account during the privatisation. In addition, the liabilities were not reflected in the Statement of the Public Debt not in the Statement of Loans or Credit Guaranteed by the Government.
29. According to confirmation received from the Bank of Guyana, the total amount held in special accounts on behalf on the Government as at 31 December 1998 was \$20.762 billion. Of this sum, amounts totalling \$2.938 billion relate to special foreign funded projects which were on-going, giving a balance of \$17.824 billion which appear to be funds which are transferable to the Consolidated Fund. The following gives a breakdown of the latter amount (in excess of \$100M):-

ACCOUNT NO.	DESCRIPTION	AMOUNT \$'000
1240	Accountant General	518,765
1638	UK Programme Aid - GNEA	474,482
1641	Republic of Germany Debts Resched.	102,497
1643	Petroleum Line of Credit	134,733



1644	Republic of France Debt Resched.	10,436,122
1663	Agriculture Rehabilitation Project	504,774
1681	Accountant General - GEC Wartsilia	127,138
1684	Main Road Rehab. Sub Account	461,138
1694	Infrastructure Development Fund A/c	371,573
1808	Ministry of Finance Sector Reform Proj.	1,812,304
1812	Ministry of Agriculture Sector Prog.	2,397,000

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<b>TOTAL</b>		<b>17,552,131</b>
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- 30.** On the assumption that such moneys are funds which should have been paid over to the Consolidated Fund, the sum total of all government bank accounts held at the Bank of Guyana (including the overdraft on the Consolidated Fund but excluding those relating to special on-going projects which are foreign financed) reflected a positive balance of \$30.261 billion as at 31 December 1998. If account is taken of the Government's liability of \$25.930 billion in relation to Treasury Bills as well as the liability of \$2.764 billion to the Lloyds Bank, the figure of \$1.567 billion would represent the best available estimate of the Government's net cash position as at 31 December 1998. As indicated earlier, the Government has not produced a statement of current assets and liabilities since 1981.
- 31.** Account No. 1240 was established as a clearing account for revenues remitted by the overseas missions, licences and application fees for cambios and treasury bills. Apart from the failure to pay over the balance held in this account to the Consolidated Fund, a cash book analysed to show the different types of receipts was not maintained by the Accountant General's Department. As a result, the accuracy and distribution of this balance could not be satisfactorily determined. Revenue would have also been understated to the extent of amounts held in this account.
- 32.** In relation to account Nos. 1638 and 1643, neither Bank of Guyana nor the Ministry of Finance was able to provide much information on the history of these accounts. Supporting documents to substantiate these balances were also not made available. Notwithstanding this, the fact of the matter is that the Bank of Guyana has reflected the balances on these accounts as liabilities to the Government of Guyana. Steps should therefore be taken to transfer these balances to the Consolidated Fund.
- 33.** The balances shown in account Nos. 1641 and 1644 resulted from deposits made on behalf of the importers of goods under various credit facilities made available to the local businesses in Guyana. The credit facilities were made by

a number of countries and were initially guaranteed by the Government of Guyana. However, as a result of foreign exchange shortages, which restricted the timely repayments of the loans, as well as a number of rescheduling agreements with the donor countries ending with the Paris Club Agreement on 23 May 1996, the Government took full responsibility for the repayment of the loans. Accordingly, the related loans were transferred to the Public Debt and are reflected in the Public Debt Statement. Therefore, in principle, the balances on these accounts should have been transferred to the Consolidated Fund.

- 34.** The balance held on account No. 1663 (ARSA A/c) resulted from local currency deposits made by importers under the Agriculture Rehabilitation Project Loan No. 839 SF/GY which was financed by the IDB and which had come to an end some years ago. The IDB was providing foreign currency for the purchase of agricultural equipment and the total amount disbursed was chargeable to the Public Debt. It follows that the balance on this account should have been transferred to the Consolidated Fund which services the Public Debt. Indeed, Section 15 of the FAA Act require such proceeds to be paid over to the Consolidated Fund.
- 35.** Despite the legal requirement to transfer the balance on the ARSA A/c to the Consolidated Fund, a memorandum of understanding was signed some years ago between the Ministry of Finance, the Bank of Guyana and the Inter American Development Bank to keep the proceeds of the Loan in this account to be used as counterpart expenditure for other IDB financed projects. Among the criteria for the utilisation of the funds generated from Loan 839 SF/GY were:

  - (a) the project to be financed out of the proceeds of the Loan has to be reflected in the National Estimates; and
  - (b) the amount to be utilised has to be transferred to the Consolidated Fund first. In other words, the amount to be utilised is required to be subject to appropriations and reported on under the relevant capital subheads in the Public Accounts.

- 36.** At the beginning of 1997, the local currency proceeds from the Loan as reflected in the ARSA A/c was \$2.344 billion. During 1997, five(5) amounts totalling \$1.107 billion were withdrawn from this account to meet expenditure relating to road rehabilitation. However, no amounts were paid over to the Consolidated Fund, as required by the Memorandum of Understanding. Instead, transfers were made directly to account No. 1684 - Main Road Rehabilitation Sub Account and account No. 980 - Main Road Rehabilitation Special Account. It was only when the expenditure was incurred that the relevant entries were made by way of exchange of cheques to record the transactions in the Consolidated Fund as capital revenue and corresponding capital expenditure.
- 37.** According to correspondence seen, the IDB approved the temporary transfer of the equivalent of US\$2M, i.e. G\$286M, in December 1997 to facilitate payments relating to the rehabilitation of Georgetown Roads which, it should be noted, was not an IDB funded project. The ARSA A/c was to have been reimbursed with this amount in 1998. However, up to the time of reporting, there was no evidence that this was done.
- 38.** In 1998, two(2) amounts totalling \$731.717M were transferred directly from the ARSA A/c to account No. 1684 to meet expenditure relating to road rehabilitation. No corresponding transfers were again made to the Consolidated Fund. This gives a total of \$1.839 billion which was transferred from the ARSA A/c to meet expenditure relating to road rehabilitation. As at 31 December 1998, account No. 1684 reflected a balance of \$461.138M. Therefore, during the period 1997 to 1998, expenditure totalling \$1.378 billion was met from ARSA funds.
- 39.** Account No. 1681 was established to facilitate payment for the Wartsilia Plant acquired by the Government for the Guyana Electricity Corporation (GEC). Having regard to the privatisation of the GEC and the non-utilisation of the balance held, the amount should be transferred to the Consolidated Fund.
- 40.** Account No. 1684 is a sub account of the ARSA account while account No 1694, like the ARSA account, was established some years ago to meet related project expenses. The continued maintenance of these two (2) accounts can provide avenues for the incurrence of extra-budgetary expenditure.

41. Account Nos. 1808 and 1812 were established to receive the local currencies proceeds of the first tranches on two(2) IDB Loan Nos. 956/SF/GY - Sector Reform Programme and 965/SF/GY - Agriculture Sector Programme. The proceeds are required to be paid over to the Consolidated Fund in accordance with Section 15 of the FAA Act.
42. It is a requirement of Section 36 of the FAA Act 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 the various Ministries' bank accounts, which totalled \$33.392 billion, that transfers were not being made over the years. The main reason for this most unsatisfactory state of affairs, indeed a serious breach of the Law, was the general failure to effect reconciliation 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.
43. The Statement of Receipts and Payments of the Consolidated Fund, comprising both capital and current accounts, is shown on pages 2/1 to 2/7 and is summarised below with comparative figures for the two(2) preceding years:-

	<b>1998 \$'000</b>	<b>1997 \$'000</b>	<b>1996 \$'000</b>
Current Receipts	36,095,199	37,311,207	34,316,311
Capital Receipts	11,120,425	15,399,669	8,417,660
	47,215,624	52,710,876	42,733,971
Current Payments	39,991,756	43,216,426	31,426,136
Capital Payments	13,244,447	17,923,492	16,289,619
	53,236,203	61,139,918	47,715,755
Excess of Receipts over Payments	(6,020,579)	(8,429,042)	(4,981,784)

44. As can be noted, there has been a deficiency of receipts over payments of \$6.021 billion, compared with deficiencies of \$8.429 billion and \$4.982 billion in 1997 and 1996 respectively. The main reasons for this deficiency

were:-

- (a) payments to meet current expenditure (including the repayment and servicing of the Public Debt) exceeded current revenue by \$3.897 billion; and
- (b) payments for capital expenditure exceeded capital receipts by \$2.124 billion, an observation similar to that of 1997 and 1996 where payments for capital expenditure exceeded capital receipts by \$2.524 billion and \$7.872 billion respectively.

It is important to note that these figures would be affected by the general failure to pay over sums due to the Consolidated Fund which, for the period under review, totalled \$3.171 billion.

- 45. An examination of the Cash Book of the Consolidated Fund kept by the Accountant General revealed that sums totalling \$63.889 billion were received and deposited into this account, compared with \$47.216 billion reported in the financial statements, giving a difference of \$16.674 billion.
- 46. A similar observation was made in respect of payments. The Cash Book reflected an amount of \$68.692 billion while the financial statements showed \$53.236 billion, a difference of \$15.456 billion. These differences were due mainly to the failure to report in financial statements the issue and redemption of Treasury Bills. This matter was drawn to attention in previous reports.
- 47. 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:-

	<b>BASED ON CASH BOOK \$`000</b>	<b>SHOWN ON STATEMENT \$`000</b>	<b>DIFFERENCE \$`000</b>
Receipts	63,889,429	47,215,624	16,673,805
Payments	68,691,766	53,236,203	15,455,563
Excess of Receipts over Payments	( 4,802,337)	(6,020,579)	1,218,242

- 48. In my 1997 Report, mention was made of amounts totalling \$3.521 billion

representing the sale of assets for the period 1995 to 1997 which were not paid over to the Consolidated Fund but were held in the Deposits Fund bank account. As a result, capital revenue for these years would have been understated by this amount. It was not until February 1999 that an amount of \$3.503 billion was transferred to the Consolidated Fund. The failure to pay over sums due to the Consolidated Fund is a violation of Section 17 of the FAA Act which requires all revenues to be paid over gross to the Consolidated Fund and in a timely manner.

49. Amounts totalling \$178.756M representing dividends and transfers were paid into the Consolidated Fund and shown as current revenue. However, an investment register was not kept to monitor Government's investments. As a result, it could not be determined what amounts were collectible from the various State Agencies. It is again recommended that such a record be introduced so that sums due can be properly monitored and early action taken to collect them.
50. All gifts received by Ministries/Departments/Regions are to be valued and brought to account by the individual Ministries, Departments and Regions. Periodic returns are also to be submitted to the Ministry of Finance and the values of these gifts are 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 \$459.788M 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 again disappointing that no improvement can be reported.

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

51. 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 2/8 and is summarised below with comparative figures for the two(2) preceding years:-

	<b>1998 \$'000</b>	<b>1997 \$'000</b>	<b>1996 \$'000</b>
14			

**CURRENT REVENUE**

Revenue Actually Paid into Consolidated Fund	36,095,199	37,311,207	34,316,311
Estimates of Revenue	38,875,407	38,315,234	32,969,075
Over/(Under) the Estimates	<b>(2,780,208)</b>	<b>(1,004,027)</b>	<b>1,347,236</b>

**CAPITAL REVENUE**

Revenue Actually Paid into Consolidated Fund	11,120,425	15,399,669	8,417,660
Estimates of Revenue	16,338,807	12,131,991	15,172,624
Over/(Under) the Estimates	<b>(5,218,382)</b>	<b>3,267,678</b>	<b>(6,754,964)</b>

52. It should be mentioned that sums totalling \$311.398M were collected but were not paid over to the Consolidated Fund. Taking this figure into account, the collection of current revenue in 1998 fell below project levels by 6.35%, compared with a shortfall of 2.5% in 1997 and an excess of 4.17% in 1996. Estimated current revenue in 1998 totalled \$38.875 billion while actual collections amounted to \$36.407 billion, giving a shortfall of \$2.468 billion. Compared with 1997, total current revenue collections decreased by \$953M or approximately 2.55%.

53. It is significant to note that the two(2) main revenue collecting agencies, the Customs & Excise and the Inland Revenue departments, fell short of their targets by \$2.138 billion and \$2.063 billion respectively, as shown below:-

	<b>BUDGETED \$'000</b>	<b>ACTUAL \$'000</b>	<b>SHORTFALL \$'000</b>
Customs & Excise	17,121,403	14,983,689	2,137,714
Inland Revenue	16,260,340	14,197,285	2,063,055

54. Capital revenue collections from sale of assets, internal loans, external grants and loans and from other sources fell short of projected levels by \$5.219

billion or 31.94%, compared with an excess of \$3.268M or 27% in 1997 and a shortfall of \$6.755 billion or 44.52% in 1996. Estimated capital revenue from all sources totalled \$16.339 billion while actual revenue collected was \$11.120 billion.

- 55.** Proceeds from external loans and grants fell short projected levels by \$1.533 billion and \$1.690 billion respectively, compared with excesses of \$2.791 billion and \$2.439 billion respectively in respect of 1997. Of the amount of \$12.113 billion budgeted as inflows from external loans, actual inflows amounted to \$10.580 billion. In relation to external grants, of the amount of \$1.976 billion budgeted, actual inflows amounted to \$286.501M. These figures would be affected by the observations made in the relevant sections of this report on the capital programmes of individual Ministries and Departments where several instances were noted of disbursements made by funding agencies which had not been brought to account as capital revenue.
- 56.** Further analysis revealed that of the \$2.249 billion budgeted to be collected in respect of the sale of assets, only \$74.486M was shown as having been collected and paid over to the Consolidated Fund. Explanations obtained indicated that the Government's privatisation programme did not reach its anticipated level of activity since several of the entities identified for privatisation had not yet been brought to the point of sale. A similar observation was made in my previous reports.

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

- 57.** The Statements of Expenditure from the Consolidated Fund as compared with the Estimates of Expenditure, comprising both current and capital, are shown on pages 2/9 to 2/13, and are summarised below with comparative figures for the two(2) preceding years:-



	<b>1998 \$'000</b>	<b>1 997 \$'000</b>	<b>1996 \$'000</b>
<b>CURRENT EXPENDITURE</b>			
Actual Expenditure	37,155,960	39,809,414	29,187,915
Revised Estimates	41,537,975	43,502,418	31,972,215
Over/(Under) the Estimates	<b>(4,382,015)</b>	<b>(3,693,004)</b>	<b>(2,784,300)</b>
<b>CAPITAL EXPENDITURE</b>			
Actual Expenditure	13,220,627	17,113,033	14,440,578
Revised Estimates	15,637,550	19,848,101	17,657,459
Over/(Under) the Estimates	<b>(2,416,923)</b>	<b>(2,735,068)</b>	<b>(3,216,881)</b>

**58.** There has been an overall reduction of \$2.653 billion in current expenditure in 1998, compared with an increase of \$10.621 billion in 1997. This was due to the following:-

(a) a reduction of \$5.252 billion in the servicing and repayment of the Public Debt from \$20.231 billion to \$14.979 billion; and

(b) an increase of \$2.599 billion or 11.72% in expenditure by Ministries, Departments and Regions, compared with an increase of \$4.144 billion or 26.85% in 1997. The ministries of Health and Education alone account for \$1.041 billion of this increase, mainly due to the HIPC Agreement entered into by the Government. Employment costs have increased by \$173M or 2.13% while expenditure on Other Charges increased by \$2.426 billion or 22.56%: and

**59.** Capital expenditure has decreased by \$3.892 billion or 22.74%, compared with an increase of \$2.672 billion or 18.51% in 1997. Compared with the Revised Estimates, however, there has been a shortfall of \$2.417 billion or 15.46%, compared with a similar shortfall of \$2.735 billion or 13.78% in 1997. These figures would be affected by the observations made in the

relevant sections of this report on the capital programmes of individual Ministries and Departments where several instances were noted of disbursements made by funding agencies which had not been brought to account as capital expenditure. The main Ministries which have not achieved their anticipated levels of capital expenditure activity in 1998 are as follows:-

<b>NAME OF MINISTRY/ DEPARTMENT</b>	<b>REVISED ESTIMATES \$'000</b>	<b>ACTUAL EXPEND. \$'000</b>	<b>SHORTFALL \$'000</b>
Min. of Labour - SIMAP	1,079,595	922,993	156,602
Min. of Home Affairs	271,116	147,417	123,699
Min. of Works - Sea Defence	1,124,000	713,601	410,399
Min. of Works	1,104,000	901,559	202,441
Min. of Works - Roads	3,270,200	3,069,025	201,175
Min. of Housing - Water Project	1,120,000	812,585	307,415
Min. of Trade	250,000	147,431	102,569
Min. of Education - PEIP	1,111,742	927,448	184,294
Min. of Education	620,543	276,173	344,370
<b>TOTAL</b>	<b>9,951,196</b>	<b>7,918,232</b>	<b>2,032,964</b>

### **STATEMENT OF THE PUBLIC DEBT**

- 60.** 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.

61. 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 submits it for audit examination and certification.
62. In addition to the Public Debt Section of the Accountant General's Department, the Ministry of Finance 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.
63. 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.
64. The reported Public Debt as at 31 December 1998 (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 2/14 to 2/39 and is summarised below:-

<b>DESCRIPTION</b>	<b>EXTERNAL G\$`000</b>	<b>INTERNAL G\$`000</b>	<b>TOTAL G\$`000</b>
Unfunded	202,952,258	73,935,549	276,887,807
Funded	-	-	-
	19		

<b>Sub-total</b>	<b>202,952,258</b>	<b>73,935,549</b>	<b>276,887,807</b>
Treasury Bills			
(90 days)	-	2,700,000	2,700,000
(182 & 365 days)	-	23,229,680	23,229,680
<b>TOTAL</b>	<b>202,952,258</b>	<b>99,865,229</b>	<b>302,817,487</b>

- 65.** As can be noted, the total Public Debt stood at G\$302.817 billion at the end of 1998, compared with G\$266.705 billion at the end of 1997, an increase of G\$36.112 billion. In equivalent United States dollars, the total Public Debt as at 31 December 1998 was US\$1.824 billion. Expressed as a factor of current revenue, the total Public Debt at the end of 1998 was 8.33 times current revenue, compared with a factor of 7.14 at the end of 1997 and 8.92 at the end of 1996
- 66.** The External Debt at the end of 1998 was G\$202.952 billion, compared with G\$160.272 billion at the end of 1997, an increase of \$G42.680 billion. This increase was mainly attributable to a movement in the exchange rate from 1US\$ = G\$144.63 to 1US\$ = G\$165.973. In addition, the Government took over three(3) Bank of Guyana debts totalling \$11.069 billion. These relate to the Bank's indebtedness to Argentina, Kuwait and Libya.
- 67.** In equivalent United States dollars, the External Debt as at 31 December 1998 was US\$1.223 billion, an increase of US\$115M. The Internal Debt has, however, decreased by \$6.568 billion from \$106.433 billion to \$99.865 billion.
- 68.** Six(6) additional external loans denominated in various currencies were contracted during 1998 of which disbursements totalling G\$3.025 billion were made by the funding agencies. 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.

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

69. 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.
70. 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.
71. According to the Statement of Outstanding Loans or Credits Guaranteed by the Government, as set out on page 2/40, the total outstanding liability as at 31 December 1998 was \$30.373M, compared with \$560.411M at the end of 1997, a decrease of \$530.038M. This decrease resulted mainly from the discharge of liabilities totalling \$498.306M by Linden Mining Enterprise.
72. In my 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 1998, and it is again 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;
  - (b) An examination of the new register revealed that this record was only written up to show the maximum liability contracted and the outstanding liability as at 31 December 1998. There was no continuous

recording of disbursements by funding agencies and repayments made;

- (c) 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;
- (d) 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
- (e) The inadequate 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.

73. 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 in previous years.

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

74. 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, co-operative 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.

75. For several years no new loans and advances were made from the Consolidated Fund, except in five(5) cases during 1996 - 1998. 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 for the period 1982 to 1995, and therefore the full extent of the amounts of outstanding loans and advances granted by the Government could not be properly determined.
76. The statement of outstanding loans and advances made from the Consolidated Fund as at 31 December 1998 is shown on pages 2/41 to 2/45 and is summarised as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Public Corporations & Boards	1,770,386
Local Authorities	1,719
Municipalities	1,014
Other Statutory Bodies	806
Remigrated & Other Officers	680
Co-operative Societies	575
Other Loans & Advances	400
Students	146
Others	211
<b>TOTAL</b>	<b>1,775,937</b>

77. Included in the figure of \$1.770 billion shown as Loans to Public Corporations is an amount of \$1.304 billion representing two(2) loans granted to Linden Mining Enterprise in 1997 and 1998. However, a similar loan of \$518.874M was given to LINMINE in 1996 while \$15M was granted to the Guyana Broadcasting Corporation but these were neither reflected in the

Statement of Loans and Advances for 1996 nor for the period under review.

- 78.** In view of the financial difficulties of LINMINE as well as its impending privatisation, the recoverability of \$1.304 billion may be in doubt. A similar observation was made in respect of the former Guyana Airways Corporation which received an amount of \$438M from the Consolidated Fund as well as \$100M from the Deposits Fund.
- 79.** No records were maintained by the Accountant General in support of these figures, and there has been no movement between 1995 and 1996, indicating that no new loans and advances were granted and no repayments were made for this period. In addition, the amounts reported as outstanding at the end of 1996 were almost identical to those reported on in 1981 and 1992 - 1995, reflecting a small amount of repayment. In other words, these debts have been outstanding for a minimum of seventeen(17) years without evidence of any action being taken to recover them.
- 80.** Given the length of time the debts have been outstanding, coupled with the fact that the Accountant General had no records to substantiate them, much of the debts might no longer be recoverable. 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, Guyana Marketing Corporation, and from individuals who might no longer be residing in Guyana.
- 81.** 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.
- 82.** 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 \$1.776 billion shown as outstanding loans and advances made from the Consolidated



Fund as at 31 December 1998 could not be determined.

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

- 83.** 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.
- 84.** The Statement of Statutory Expenditure for 1998 is shown on page 2/46, and is summarised below with comparative for the preceding two(2) years:-

DESCRIPTION	1998 \$'000	1997 \$'000	1996 \$'000
Internal Debt - Principal	315,736	5,936,455	1,683,901
"    "    - Interest	3,092,239	3,534,202	5,042,989
External Debt - Principal	5,102,088	4,228,298	4,180,690
"    "    - Interest	6,469,082	6,532,262	2,846,022
<b>Sub-Total</b>	<b>14,979,145</b>	<b>20,231,217</b>	<b>13,753,602</b>
Constitutional Offices	169,916	152,248	115,918
Pensions & Gratuities	458,293	313,797	280,772
Payments to Dependents'			
Pension Fund	4,964	11,700	4,082
<b>Total Statutory Expenditure</b>	<b>15,612,318</b>	<b>20,708,962</b>	<b>14,154,374</b>

- 85.** As can be noted, the repayment and servicing of the Public Debt decreased substantially from \$20.231 billion to \$14.979 billion. This is in contrast to the increase of \$6.477 billion recorded in 1997. The main reason for this steep decrease is a reduction in the repayment of internal debt from G\$5.936 billion to G\$315.736M and a corresponding decrease in interest payments of G\$441.963M. In particular, two(2) variable interest rate debentures issued in 1994 were redeemed in 1997 in the sum of \$5.395 billion. However, there was an increase of G\$873.790M in the repayment of external principal.

86. Expressed as a percentage of current revenues, the repayment and servicing of the Public Debt in 1998 represented 41.14% of current revenue, compared with 54.15% , 40.0% and 47.37% in 1997, 1996 and 1995 respectively.
87. It should be noted that, for the period under review, interest charges relating to the servicing of the Public Debt totalled \$9.561 billion representing 63.83% of the total payments thereof, compared with \$10.066 billion or 49.75% made in 1997. In 1996, 57.35% of the repayment and servicing of the Public Debt represented interest charges. In other words, over the last three(3) years interest charges averaged 56.98% of the total payments made in respect of the repayment and servicing of the Public Debt.

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

88. The Contingencies Fund is established by Article 220 of the Constitution under the control of the Accountant General, and a bank account is 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.
89. In addition, in accordance with Section 25 of the FAA 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.
90. The statement of receipts and payments of the Contingencies Fund for the year ended 31 December 1998 is shown on pages 2/47 to 2/50. Total payments out of the Contingencies Fund amounted to \$1.859 billion, compared with \$1.605 billion in 1997, an increase of \$254M. Total receipts from the Consolidated Fund amounted to \$1.617 billion, compared with \$1.572 billion in 1997. This gives an excess of payments over receipts totalling \$242M in 1998.
91. As at 31 December 1998, thirty-four(34) advances totalling \$959.891M remained outstanding, of which eighteen(18) advances totalling \$7.634M

relate to the period 1986 to 1989. Taking into account the cash book balance of \$61.337M, the balance on the Contingencies Fund as at 31 December 1998 was \$1.021 billion.

92. 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.
93. For the period under review, a number of advances granted from the Contingencies Fund did not meet the above stated criteria. The following are examples:-

DATE	WARRANT NO.	PARTICULARS	AMOUNT \$
30/04	1/98	To purchase three(3) vehicles	9,571,000
18/06	4/98	“ “ revenue stamps for overseas missions	12,000,000
18/08	8/98	To purchase vehicles for GDF	8,400,000
18/08	10/98	Salaries & allowances - Supreme Court	12,551,000
17/09	12/98	Vehicle hire by GDF	17,000,000

**BALANCES HELD ON DEPOSIT BY THE ACCOUNTANT GENERAL  
AND THE OUTSTANDING ADVANCES MADE  
IN PURSUANCE OF SECTION 23 OF THE FAA ACT**

94. Section 23 of the FAA 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.

95. 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:-
- (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.
96. The Accountant General is responsible for managing the Deposits Fund, and a bank account is 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 FAA Act.
97. Prior to 1996, the last audited Statement of Deposit held by the Accountant General and Outstanding Advances made therefrom was in respect of 1981, and therefore a gap in financial reporting covering a period of fourteen(14) years existed. In addition, the ledgers relating to the Deposits Fund were not written up since September 1987 and therefore the exact balance on the Fund could not be properly determined. The financial statement for the period under review was, however, prepared based on submissions by Ministries, Departments and Regions but in the absence of a reconciliation with the Accountant General's records, the amounts shown in the statement could not be relied upon.
98. The Statement of Deposit held by the Accountant General and Outstanding Advances made therefrom is shown on pages 2/51 to 2/52 and is summarised below:-

Balances Held on Deposit	\$'000
28	

Held for Investments	785,829
" on behalf of Ministry of Finance	3,638,109
" " " " Other Ministries	541,290
" " " " Dependants' Pension Fund	93,345
" " " " Sugar Industry Welfare Committee	50,515
<b>TOTAL</b>	<b>5,109,088</b>
<b>Outstanding Advances</b>	
Motor Vehicles	2,239
Personal	121,609
Bicycles	2,192
Other	244,142
<b>TOTAL</b>	<b>370,182</b>

- 99.** As can be noted, the balance on the Deposits Fund as at 31 December 1998 was \$5.109 billion while the bank account reflected a balance of \$7.144 billion as at this date. However, although the cash book was written up-to-date, it was not cast and balanced for a number of years. In addition, it could not be determined when last the account was reconciled. Attempts were, however, made to reconcile the monthly transactions with effect from January 1995 but in the absence of reconciliation in the intervening periods, such later reconciliation could not be relied upon.
- 100.** The amount of \$785.829M shown as deposits held for investments relate to sums held on behalf of the Sugar Industry Labour Welfare Fund, the Sugar Industry Rehabilitation Fund and the Sugar Industry Price Stabilisation Fund. These entities were, however, last audited to 1990, 1980 and 1980 respectively and therefore it was not possible to properly verify the accuracy of the above amount using the entities' records.
- 101.** In my previous reports, mention was made of proceeds from the divestment of State entities which were held in the Deposits Fund bank account, instead of being paid over to the Consolidated Fund. As at 31 December 1998, amounts totalling \$3.503 billion were reflected in this account and represented proceeds from divestment covering the years 1995 to 1998. Transfers were, however, in February 1999 to the Consolidated Fund.

102. 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. As a result, the amount of \$370.182M shown as advances outstanding as at 31 December 1998 could not be substantiated.
103. The Statement also includes an amount of \$93.345M shown as deposits on behalf of the Dependants' Pension Fund. However, the last set of audited accounts in respect of this entity was in respect of 1995. As a result, the accuracy of this amount could not have been properly determined from the entity's records.
104. In view of the foregoing observations, the completeness, accuracy and validity of the amounts shown in the Statement of Deposits held by the Accountant General and Outstanding Advances made in pursuance Section 23 of the Act, could not be determined.

### **THE CURRENT ASSETS AND LIABILITIES OF THE GOVERNMENT**

105. The current assets and liabilities of the Government comprise mainly 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 as well as the issue of Treasury Bills. The FAA 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.
106. The Accountant General is responsible for administering these three(3) funds whose bank accounts are held in his name at the Bank of Guyana. He is required to maintain adequate records to ensure proper 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.
107. 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. Therefore, for the last seventeen(17) 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 1997 reports but also in my special reports for the years 1982 - 1985. Despite this, there was no evidence of any action taken to have financial reporting in respect of the financial position of the Government.

- 108.** In the absence of a statement of current assets and liabilities of the Government, the positive balance of \$12.437 billion on all the Central Government bank accounts referred previously, represents the best available estimate of the cash position of the Government as at 31 December 1998 in terms of funds held at the Bank of Guyana, excluding those relating to special projects.
- 109.** The following gives a breakdown of the bank balances in summarised form with comparative figures at the end of the preceding year:-

<b>DESCRIPTION</b>	<b>AMOUNT 1997 \$M</b>	<b>AMOUNT 1998 \$M</b>
Consolidated Fund	(40,407)	(52,568)
Deposits Fund	5,600	7,144
Contingencies Fund	119	172
General Account	6,755	14,977
Non-Sub-Accounting Ministries/Departments	7,805	4,267
Other Ministries/Departments' Accounts	14,224	14,148
Monetary Sterilisation Account	21,837	24,297
<b>TOTAL</b>	<b>15,933</b>	<b>12,437</b>

- 110.** According to confirmation received from the Bank of Guyana, the total amount held in special accounts on behalf on the Government as at 31 December 1998 was \$20.762 billion. Of this sum, amounts totalling \$2.938 billion relate to foreign funded projects which were on-going, giving a balance of \$17.824 billion which appear to be funds which are transferable to the Consolidated Fund. Assuming the latter amount represented moneys which should have been transferred to the Consolidated Fund, the cash

position as at 31 December 1998 would increase to \$30.261 billion. If account is taken of the Government's liability of \$25.930 billion in respect of Treasury Bills as well as the liability of \$2.764 billion to the Lloyds Bank, the figure of \$1.567 billion would represent the best available estimate of the Government's net cash position as at 31 December 1998.

- 111.** 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 reflected a large balance of \$14.977 billion at the end of 1998. 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 appear necessary for an assessment of its future need to be carried out. In this regard, consideration should be given as to whether it would not be more efficient and less cumbersome to have monthly releases of funds to be paid over directly to the bank accounts of the Ministries/ Departments.
- 112.** Non-Sub-Accounting Ministries and Departments are those Ministries and Departments which, because of their size and/or 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 the Non-Sub-Accounting Ministries and Departments Bank Account under the control of the Accountant General who makes payments on behalf of the concerned Ministries and Departments. As noted above, this account reflected a balance of \$4.267 billion as at the end of 1998, 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.
- 113.** 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 also 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 discernible 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 being in possession of vouchers and other supporting documents to substantiate the expenditures incurred.

- 114.** 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, cumbersome and over-centralised. The system is therefore in dire need of review.
- 115.** It should be noted that the Government had initiated reforms in the budget process in the form of Programme Budgeting which the Audit Office fully supports. In addition, at the time of reporting, draft legislation has been prepared on public procurement and contracting. However, there is need for a more comprehensive and all embracing approach to financial management reform, particularly as it relates to the accounting system of the Government.
- 116.** In respect of the bank accounts of Ministries, Departments and Regions, as can be noted, the sum total of all the bank balances amounted to \$14.148 billion at the end of 1998, of which the following reflected balances in excess of \$100M:-

ACCOUNT NO.	DESCRIPTION	AMOUNT \$'000
102	Accountant General Int. on Bonds	6,111,555
404	Treasury Bills Redemption Account	1,401,557
489	Customs & Excise Revenue Account	169,165
500	National Insurance Fund A/c	110,990
964	Gov't of Guyana Omai Royalties	341,455
975	Counterpart Funds - Road Project	406,229
981	Revenue & Deposits Fund Receipts	429,602
1010	Ministry of Public Works Main A/c	254,529
1012	Counterpart Funds Infra. Rehab. Project	100,107
3014	Customs & Excise Revenue A/c	268,444
3025	Inland Revenue Main A/c	1,641,853

3042	Region 2 Sub-Treasury A/c	105,485
3043	Region 3 Sub-Treasury A/c	101,254
3046	Region 6 Sub-Treasury A/c	171,945
3054	Ministry of Agriculture Main A/c	178,537
3079	Ministry of Health Main A/c	171,840
3119	New National Lotteries A/c	686,368

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<b>TOTAL</b>		<b>12,650,916</b>
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- 117.** Although there are fourteen(14) Ministries, thirteen(13) Departments and ten(10) Regions, the number of bank accounts under their control at the end of 1998 totalled 732, of which 321 became inactive during the period 1981 to 1994. In addition, apart from the overdrawn balance on the Consolidated Fund and excluding the inactive accounts, 176 accounts reflected overdrafts totalling \$1.178 billion (excluding the overdrafts on the Consolidated Fund and the non-operational Non-Sub Accounting bank account). Further, the vast majority of these bank accounts had not been reconciled for several years.
- 118.** Given the time period involved and the ensuing difficulty in effecting reconciliation to these accounts for the purpose of establishing accurate balances, I have been recommending to the Government for some time now the following courses of action aimed at resolving the problem:-
- (a) the closure of all accounts with positive bank balances and the transfer of the balances to the Consolidated Fund;
  - (b) in the case of bank accounts with overdrawn balances, a supplementary estimate be presented to the National Assembly so that funds can be voted to liquidate the overdrafts and to close these accounts. Overdrafts are prima facie expenditures over and above those approved by the National Assembly;
  - (c) the opening new bank accounts for Ministries and Departments to avoid contamination with previous accounts and to start from a clean position. The minimum number of accounts should be opened for control purposes; and
  - (d) the reconciliation of these new accounts within thirty(30) days of the close of each month so as to avoid a repetition of the problems

associated with the old accounts. Copies of such reconciliation are to be forwarded to me as soon as they are completed.

- 119.** I was very happy that my recommendations were eventually accepted by the Government. In this regard, the Ministry of Finance issued Circular No. 6/96 to Ministries and Departments to give effect to (a) and (c) above as from May 1996. There was compliance at varying dates and as at 31 December 1996, 145 new bank accounts were opened. My disappointment, however, was in the fact that there was no evidence of any action taken to transfers the balances to the Consolidated Fund nor were steps taken to close off the old accounts. As a result, instead of a significant reduction in the bank accounts under the control of Ministries and Departments, the number of bank accounts have increased from 732 to 877.
- 120.** I am further disappointed to note that the majority of the new bank accounts, particularly those of the larger Ministries, had not been reconciled since they were established. Needless to mention, the problems associated with the old bank accounts have been be repeated in respect of the new accounts, thereby not only compounding such problems but also defeating the purpose of opening new bank accounts and starting from a clean position.
- 121.** Section 22 of the FAA Act authorises the Minister of Finance to borrow in whole or in part, by means of advances from a bank, or by the issue of Treasury Bills, money for the purpose of meeting current requirements of the Government. In relation to the former, such power may be exercised by means of a fluctuating overdraft. In addition, in accordance with Section 13(3) of the said Act, the government is not liable for any overdraft incurred other than those authorised under this section of the Act.
- 122.** Despite this legal requirement, numerous bank accounts continued to be overdrawn without the authority of the Minister. As at 31 December 1998, the number of bank accounts of Ministries and Departments in overdraft stood at 176 with balances totalling \$1.178 billion (excluding overdrafts of \$52.568 billion and \$5.338 billion on the Consolidated Fund and the non-operational Non-Sub-Accounting Bank Account respectively), compared with 256 accounts with overdrafts totalling \$928.290M at the end of 1997 and 240 accounts with overdrafts totalling \$1.757 billion at the end of 1996.
- 123.** The Monetary Sterilisation Account was set up in 1993 to capture the

proceeds from the issue of medium term (i.e. 182 & 365 days) Treasury Bills. Previously, such proceeds were paid into the Consolidated Fund to meet current requirements within the meaning of Section 22 of the FAA Act, as is currently the practice in respect of short-term (i.e. 90 days) Treasury Bills.

124. It therefore appears inconsistent for the proceeds from the issue of short-term Treasury Bills to be paid over to the Consolidated Fund while those relating to the issue of medium-term Treasury Bills were being kept outside of the Consolidated Fund in a special bank account. Indeed, Section 22(5) of the Act stipulates that the principal and interest of all Treasury Bills and any related expenses are charged on and are payable out of the revenues. It follows therefore that the proceeds from the issue of Treasury Bills, whether short-term or medium-term, are required to be paid into the Consolidated Fund. The failure to do so in respect of medium-term Treasury Bills appears to be a violation of the Law.
125. It would also appear that the issuing of medium-term Treasury Bills was not fulfilling the requirement of Section 22 of the FAA Act in that the proceeds were not used to meet current requirements but were kept outside of the Consolidated Fund in this special bank account.
126. As can be noted, the Monetary Sterilisation Account reflected a balance of \$24.297 billion as at 31 December 1998, compared with \$21.837 billion and \$21.853 billion at the end of 1997 and 1996 respectively. However, according to the Public Debt Statement, as at 31 December 1998 amounts totalling \$23.230 billion were outstanding, giving an unexplained difference of \$1.067 billion.

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

127. The appropriation accounts of Accounting Officers for the year ended 31 December 1998 in respect of the votes for which they were responsible, comprising both capital and current, are shown on pages 2/53 to 2/214. 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**

128. The statements of receipts and disbursements by Principal Receivers of Revenue for the year ended 31 December 1998 are shown on pages 2/215 to

2/233. 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 01-01 & DIVISION 501

### OFFICE OF THE PRESIDENT

#### Current Expenditure

#### Employment Costs

- 129.** The salaries bank account No. 933, which became non-operational in June 1996, was not reconciled since 1992 and was overdrawn by \$517,054 as at 31 December 1998. Two(2) other non-operational salaries account Nos. 183 and 510 also reflected overdrafts of \$189,664 and \$19,351 respectively at the end of 1998. It is again recommended that these overdrafts be investigated and steps taken to close the accounts.
- 130.** At the time of reporting, the current salaries bank account No. 3007 was only reconciled to November 1997. A similar observation was made in respect of the current main bank account No. 3006 which was only reconciled to June 1998. Since the failure to reconcile bank accounts promptly can lead to irregularities being perpetrated without detection, the Accounting Officer is urged to ensure this activity is carried out in a more timely manner.

#### Other Charges

- 131.** The main bank account No. 932, which ceased to be operational in June 1996, was overdrawn by \$28.719M as at 31 December 1998. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 132.** Included in the amount of \$22.008M expended on Transport, Travel & Postage were sums totalling \$20.342M which were incurred in the repairs and maintenance of vehicles. An analysis of this latter expenditure revealed apparent excessive maintenance costs, compared with the cost of acquiring new or reconditioned vehicles. In such circumstances, it might have been more economical and cost effective to dispose of the vehicles concerned and to acquire new or reconditioned ones. The following table shows the maintenance costs for the year in respect of eleven(11) vehicles which incurred the most costs:

VEHICLE NO	ASSIGNED TO	AMOUNT
	34	

\$

PFF 3383	Presidential Guard	1,996,560
PDD 6727	Political Advisor	1,580,563
PDD 6819	Presidential Guard	1,441,653
PDD 4207	Administration Pool	1,436,964
GDD 6696	Presidential Guard	1,267,000
PDD 1923	Administration. Pool	1,070,693
PCC 6917	Presidential Guard	943,990
PCC 5901	Presidential Guard	768,035
PDD 6145	Presidential Guard	749,816
PBB 1921	Public Service Management	741,574
PDD 5913	Head, Presidential Secretariat	713,632

- 133.** Amounts totalling \$45.589M were expended on Education Subvention, Grants etc. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Tuition fees etc. for overseas students	23,232
Allowances for overseas & local students	13,947
Expenses for seminars	2,240
Tuition fees for UG students	1,909
PSM Career Training Programme	1,502
Contribution to CFTC	1,263
NDMA training	800
Others	696
<b>TOTAL</b>	<b>45,589</b>

- 134.** In my 1996 Report, it was stated that seven(7) students pursuing studies in Brazil had not returned to Guyana at the end of their studies. Evidence was seen that the students were written to and were given deadlines to return home. However, up to the time of reporting, only two(2) of them had returned and it could not be determined what action was taken in respect of the other five(5) students.

- 135.** In 1997, it was further reported that three(3) students pursuing studies in Moscow, failed to return home at the completion of their studies. Evidence was also seen that the students were written to and were given deadlines to

return home. However, up to the time of reporting, they had not done so. For the period under review, an additional eight(8) students completed their studies in Brazil and Moscow, and up to the time of reporting, they had not returned to fulfil their contractual obligations although they were written to in relation to their obligations. This gives a total of sixteen(16) students who have not returned home to fulfil their contractual obligations.

- 136.** Amounts totalling \$184.145M were expended on Subsidies & Contributions to Local & International Organisations. The following gives a breakdown of the expenditure:-

<b>NAME OF ORGANISATION</b>	<b>AMOUNT \$'000</b>
Guyana National Energy Authority	24,000
Guyana Natural Resources Agency	24,380
Institute of Applied Science and Technology	15,450
National Data Management Authority	15,824
Guyana Management Institute	3,228
Head of Presidential Guard	79,324
Environment Protection Agency	13,192
Joint Intelligence Co-ordinating Agency	5,069
Miscellaneous	3,671
<b>TOTAL</b>	<b>184,145</b>

- 137.** The Guyana National Energy Authority (GNEA) was established by the Energy Act No. 2 of 1981 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of the year 1984, and therefore the Authority was in fourteen(14) years in arrears in terms of financial reporting. The amount of \$24M was verified as having been received by the Authority. However, in the absence of audited accounts, it could not be determined whether the amount given as subvention was properly expended.
- 138.** The Guyana Natural Resources Agency (GNRA) was established by Order No. 37 of 1986. The last set of audited accounts was in respect of 1998. These audited accounts are however required to be laid in the National



Assembly. The amount of \$24.380M was verified as having been received by GNRA and properly expended.

139. 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 sixteen(16) years in arrears in financial reporting. The amount of \$14.450M was verified as having been received by IAST. However, in the absence of audited accounts, it could not be determined whether the amount given as subvention was properly expended.
140. The National Data Management Authority (NDMA) 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 1998. The amount of \$15.324M was verified as having been received by NDMA and properly expended.
141. Guyana Management Institute (GMI) 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 1990. No financial statements for the years 1990-1998 were submitted for audit and therefore the Institute was in arrears in terms of financial reporting for nine(9) years. The amount \$3.228M was verified as having been received by the Institute but in the absence of audited accounts, it could not be determined whether this amount was properly expended. It should be noted that at the time of reporting GMI ceased operations and it is not clear what steps have been taken to have financial reporting for the outstanding years.
142. The Environmental Protection Agency was established by Act No. 11 of 1996 and is subject to separate financial reporting and audit. No financial statements were submitted for audit since its establishment. The amount of \$13.192M was, however, verified as having been received by the Agency but in the absence of audited accounts, it could not be determined whether the amount was properly expended.

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

143. A large quantity of unserviceable items were seen in the store, despite comment to this effect in previous reports. It is again recommended that the

items be examined by a board of survey with a view to their disposal.

### **Other Matters**

- 144.** The imprest bank account No. 935, which became non-operational in May 1996, was overdrawn by \$148,167 as at 31 December 1998. The overdraft should be investigated with a view to clearing it and steps taken to close the account. Another imprest account No. 934, which became non-operational in June 1996, reflected a balance of \$121,588 as at 31 December 1998. This balance was due to erroneous deposits being made, and evidence was seen that the Bank was written to with a view to effecting the necessary corrections. However, up to the time of reporting, it could not be determined what action was taken.

### **Capital Expenditure**

#### **Subhead 12001 – Guyana Defence Force**

- 145.** The sum of \$35M was provided for carrying out repairs and construction works to (a) CUPOCS ceiling, roof and ablution areas (b) Jaguar lecture hall, Dyers' flat and Officers' Mess at Camp Stephenson (c) Sub-Treasury Department and Officers' Cadet building at Camp Ayangana, and (d) Jaguar house in Berbice and bunkers at Eterebang.
- 146.** Approval was granted for a change of programme for (a) the rehabilitation of Mess Hall, Kitchen, Gun Shed, and Sentry Tower at Mabaruma Base (b) repairs to accommodation building, stores/kitchen at Camp Jaguar in the New River, training school, coast guard building, warrant officers' and senior non-commission officers' ablution area at Camp Stephenson (c) tiling of floor at Jaguar Lecture Hall at Camp Stephenson and (d) repairs to all ranks sports club at Camp Stephenson and senior officers' accommodation at Camp Stephenson.
- 147.** Funds to undertake these additional works were to be provided from savings resulting from a decision to reschedule the renovation of the Jaguar House to 1999. The full amount was shown as having been expended in the repairs/construction of the following:-

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DESCRIPTION	AMOUNT \$	AMOUNT \$
CUPOCS building - Camp Stephenson		7,392,054
Jaguar Lecture Hall – Camp Stephenson		3,528,661
Dyer’s Flat		2,260,082
Female SNCO & W/O’s Officers’ Building		1,299,975
Sub-Treasury Office - Camp Ayangana		3,862,879
Cadet Officers’ building - Camp Ayangana		1,216,110
All Ranks Sports Club		3,182,375
Purchases		6,190,954
<b>Sub-Total</b>		<b>28,933,090</b>
Repairs to Medical Centre - Tacama	1,766,366	
Repairs to Building No. A25	1,641,018	
Miscellaneous repairs (under \$1M)	2,655,321	<b>6,062,705</b>
<b>TOTAL</b>		<b>34,995,795</b>

**148.** As can be noted, amounts totalling \$6.063M were expended on the repairs to the medical centre at Tacama, Building A25 and on miscellaneous repairs. However, there was no evidence that approval was granted for a change in programme to accommodate this expenditure. This expenditure is therefore considered unauthorised.

**149.** The Tender Board Regulations provide for all contracts for works in excess of \$900,000 to be publicly advertised and adjudicated upon by the Central Tender Board. These regulations also specifically prohibit the sub-division of contracts to avoid adjudication at the appropriate level. However, in relation to the rehabilitation works to the CUPOCS building, these procedures were not adhered to in that there was no evidence of public advertisement and the involvement of the Central Tender Board. Instead, eleven(11) contracts valued at \$7.392M were awarded by the Departmental Tender Board to one(1) contractor for the works to be undertaken and without evidence of any form of competitive bidding. The following are the details:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
02/03	19/98	Demolition, concrete works etc.	327,950
09/03	20/98	Painting and plumbing	786,835
09/03	21/98	Ironmongery & carpentry	816,190
13/03	22/98	Form work & reinforcement	689,500

16/03	25/98	Repairs to ceiling	631,920
16/03	37/98	Plastering and screeding	681,565
02/05	38/98	Plumbing & painting	809,340
22/06	40/98	Preliminaries & additional works	719,420
02/07	46/98	Concrete & block works	732,574
22/07	47/98	Plastering & joinery	547,980
21/08	48/98	Tiling & carpentry works	648,780
<b>TOTAL</b>			<b>7,392,054</b>

- 150.** It is evident from the above that the works were subdivided to avoid adjudication by the Central Tender Board. In addition, the involvement of the Departmental Tender Board appeared to be mere cosmetic and was done to facilitate payments by the Sub-Treasury. Further, in the absence of a system of competitive bidding, it could not be determined whether the due economy was exercised in the execution of the works.
- 151.** The contract for the rehabilitation of the Jaguar Lecture Hall was awarded in the sum of \$2.351M without evidence of the involvement of either the Central Tender Board or the Departmental Tender Board. In the circumstances, the basis of the award as well as whether due economy was exercised, could not be determined. In addition, total payments made on this contract amounted to \$3.529M, a difference of \$1.178M which is more than half the contract sum. No documentary evidence to support this variation was, however, produced for audit examination.
- 152.** In relation to rehabilitation of the Cadet Officers' Building, the following two(2) contracts were awarded to the same contractor by the Departmental Tender Board again without evidence of a system of competitive bidding being adhered to:-

<b>DATE</b>	<b>CONTRACT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
16/06	35/98	Painting bath & roof	672,464
30/06	49/98	Repairs to verandah, toilet & stairs	441,707
<b>TOTAL</b>			<b>1,216,110</b>

- 153.** A similar observation was made in respect of the rehabilitation of the Senior NCO's and Warrant Officers' building where two(2) contracts valued at \$1.3M were awarded to the same contractor.
- 154.** In respect of the works undertaken at Sub-Treasury Office, six(6) contracts were awarded by the Departmental Tender Board to the same contractor without evidence of public advertisement and a system of competitive bidding. This is also evidence of apparent subdivision of contracts to avoid adjudication by the Central Tender Board. The following are the details:-

<b>DATE</b>	<b>CONTRACT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
11/05	90/98	Painting & Plumbing	887,820
11/05	91/98	Concrete works	994,865
11/05	92/98	Repairs roof & ceiling	688,146
11/05	93/98	Carpentry & Joinery	571,230
11/25	99/98	Additional works	537,918
12/22	108/98	Tiling floor	182,900
<b>TOTAL</b>			<b>3,862,879</b>

- 155.** A similar observation was made in respect of the rehabilitation of the All Ranks Sports Club which was executed by four(4) contracts awarded to same individual without public advertisement and a system of competitive bidding. The following are the details:-

<b>DATE</b>	<b>CONTRACT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
10/09	79/98	Carpentry works	690,000
10/28	82/98	Carpentry & joinery	765,827
10/28	83/98	Concrete works	861,318
10/28	84/98	Concrete works & tiling	865,230
<b>TOTAL</b>			<b>3,441,495</b>

156. In relation to the amount of \$6.191M shown as purchases of building material, the following gives a breakdown by authority limits:-

<b>AUTHORITY LIMIT</b>	<b>TO BE ADJUDICATED BY</b>	<b>NO. OF PURCHASES</b>	<b>AMOUNT \$</b>
Below \$90,000	Accounting Officer without quotations	11	891,012
\$90,000 - \$180,000	Accounting Officer with quotations	6	665,964
\$180,000 - \$600,000	Departmental Tender Board	9	3,221,790
Exceeding \$600,000	Central Tender Board	2	1,412,188
<b>TOTAL</b>		<b>28</b>	<b>6,190,954</b>

157. However, there was no evidence of adherence to the Tender Board Regulations before these purchases were effected. In the circumstances, it could not be determined whether due economy was exercised in relation to these purchases.

158. The amount of \$1.766M shown as having been expended on the repairs to the Medical Centre at Tacama represents the purchase of building material. The works were undertaken by personnel from the Army. In relation to repairs to Building No. A25, the following three(3) contracts were awarded to the same contractor by the Departmental Tender Board without evidence of public advertisement and a system of competitive bidding:-

<b>DATE</b>	<b>CONTRACT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
13/08	40/98	Electrical and painting works	766,440
21/08	41/98	Plumbing and repairs to doors	780,028
25/09	75/98	Repairs to walls	94,550
<b>TOTAL</b>			<b>1,641,018</b>

It is evident again that the contracts were subdivided to avoid public invitation to tender and adjudication by the Central Tender Board.

159. The amount of \$2.655M shown as miscellaneous repairs below \$1M, involves repairs to seven(7) buildings. However, there was no evidence of a system of competitive bidding and the involvement of the Departmental Tender Board in respect the following contract:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
25/11	98/98	Repairs to Col. Hinds building	635,840

**Subhead 12002 - Office & Residence of the President**

160. The sum of \$15M was voted for the rehabilitation of the State House and Castellani House. Expenditure totalling \$5.406M was incurred mainly on the rehabilitation of the first floor of Castellani House. However, no rehabilitation work was done on the State House. Provision was made in the 1999 Estimates of Expenditure for the work to be executed.

**Subhead 12003 – Marine Development (GDF)**

161. The sum of \$20M was allocated for the construction of a building to accommodate (a) mechanical, electrical and electronic outboard workshops (c) living and dining facilities and (d) a wharf, catwalk and ramp. No physical work was done but according to the records of the GDF amounts totalling \$1.207M were expended on architectural services. However, the Appropriation Account reflected an amount of \$3.5M, resulting in an over-statement of expenditure of \$2.293M. An amount of \$25M was provided in the Estimates for 1999 for the execution of these works.

**Subhead 17001 - Minor Works**

162. The sum of \$18M was provided to finance small ventures that are critical and essential to national development. Amounts totalling \$20.750M were expended, resulting in an over-expenditure of \$2.750M. This excess expenditure was met from an advance of \$3M from the Contingencies Fund. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Donations	8,935,604
University of Guyana prize for literature	6,968,500
Honorarium	1,500,000
Hotel accommodation, airfare, incentives, etc.	1,390,844
Purchase of office furniture & equipment	801,941
Outstanding payment for work done at PHG.	594,800
Dr. Cheddi Jagan Memorial event	558,400
<b>TOTAL</b>	<b>20,750,089</b>

- 163.** Included in the amount shown as donations were sums totalling \$4.432M representing Guyana's contribution to relief efforts to Caribbean countries which were affected by natural disasters. Other beneficiaries include the Guyana Defence Force (which received \$1.5M for the purchase of communication equipment) and the Guyana Police Force (which received \$750,000).
- 164.** The amount of \$1.391M shown as hotel accommodation, airfare etc. represents mainly the cost of repatriation of Guyanese seamen who were stranded in Nicaragua and compensation relating to an accident involving a vehicle from the Office of the President. Another vehicle from the Office of the President was involved in an accident and the amount of \$801,941 representing the purchase of furniture and equipment, was in compensation for loss suffered by the occupant of the building involved.
- 165.** The outstanding payment for work done at the PHG represents the settlement of a claim which was in dispute since 1993. The claim relates to the rebuilding of the Surgical Theatre.
- Subhead 25001 - Equipment**
- 166.** The sum of \$1.5M was allocated for the purchase of computers, printers and office equipment for the Head of the Presidential Secretariat and the Registry. Amounts totalling \$1.474M were expended in the purchase of office furniture and equipment including a copier, a UPS, and a micro-processor. The items were verified as having been received and properly brought to account.



### **Subhead 28001 – Pure Water Supply (GDF)**

- 167.** An amount of \$3M was provided for the laying of water mains, installation of booster pumps and construction of overhead tanks at Camp Stephenson, Tacama Battle School, Agriculture Corps and Camp Ayangana. Expenditure totalling \$2.898M was incurred in the purchase of a water cooler, four(4) pressure pumps, nineteen(19) water tanks, three(3) chargers and pipe fittings. The items purchased were verified as having been received and properly brought to account.

### **Subhead 28007 – Agriculture Development (GDF)**

- 168.** The sum of \$4.5M was voted for additional rehabilitation works to the diary pens/parlour, replacement of livestock, infrastructural development works and maintenance of the orchard at Garden of Eden. The full amounts was expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Construction of milking plant	2,402,630
Miscellaneous purchases	2,086,230
<b>TOTAL</b>	<b>4,488,860</b>

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

### **Subhead 34004 - Public Administration Project**

- 169.** The sum of \$206M was allocated for (a) the establishment of national revenue authority (b) strengthening of regional administration systems (c) recruitment of key and critical skills for the Public Service and (d) procurement of machinery and equipment. The full amount was shown as having been expended.

- 170.** The Project is funded by the International Development Association and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998 and an examination of these accounts revealed the following expenditure which was verified as having been properly incurred:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Purchase of 6 vehicles & 50 motor cycles	39,345
“    “ office equipment & furniture	7,903
Recruitment programme	32,418
International consultancy	105,475
Project consultancy	5,679
Operating expenditure	5,986
Training	2,029
Others	7,174
<b>TOTAL</b>	<b>206,000</b>

- 171.** Four(4) vehicles and fifty(50) motor cycles were handed over to the Ministry of Home Affairs while the other two(2) vehicles were assigned to the Project. The office equipment and furniture purchased were also handed over to the Inland Revenue Department. These assets were properly brought to account in the records of the relevant agencies.
- 172.** The recruitment programme involves attracting to the Public Service qualified Guyanese residing abroad as well as ninety(90) Guyanese residing locally. The amount \$32.418M represents a salary enhancement component for twelve(12) overseas recruited Guyanese and thirty(30) locally recruited persons attached to various ministries and departments, mainly the Ministry of Labour.
- 173.** The amount of \$105.475M expended on international consultancy represents payments for five(5) long-term and seven(7) short-term consultancy studies into various aspect of tax and customs administration based on an agreement between the Government of Guyana and the Inter American Centre of Public Administrators.
- 174.** The Project Consultancy expenditure of \$5.679M involves the employment of three(3) officers attached to the Project while the operating expenditure

represents the emoluments for three(3) other staff members and the rental of office space. In relation to amount of \$2.029M expended on training, this relates to the cost of various workshops conducted by the Caribbean Centre for Development Association (CARICAD) in accordance with the agreement with the Government of Guyana dated 27 June 1997.

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

- 175.** The sum of \$20M was voted for (a) rehabilitation of staff buildings at NOC (b) vocational training at NOC and Kuru Kuru (c ) agricultural development at NOC and (d) upgrading of playfields. Amounts totalling \$18.617M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>	<b>AMOUNT \$'000</b>
<b>Rehabilitation of buildings</b>		3,753
<b>Vocational Training</b>		
Training materials	2,234	
Two(2) computers	1,585	
One(1) vehicle & accessories	1,557	
Others purchases	4,513	9,889
<b>Agricultural Development</b>		
Livestock	2,584	
Other crops	1,425	
Others	558	4,567
<b>Upgrading of play-fields</b>		408
<b>TOTAL</b>		<b>18,617</b>

~~The items purchased were verified as having been received and properly brought to account while the works undertaken were physically verified.~~

### **Subhead 51003 – Equipment (GDF)**

- 176.** An amount of \$25M was provided for the purchase of communication equipment and vehicles. A supplementary provision of \$19.8M was approved for the purchase of three (3) Toyota pick-ups and for the repairs to the Bell 412 Helicopter, giving a revised allocation of \$44.8M. According to the

Appropriation Account, amounts totalling \$25M were expended. However, according to the records of the GDF, amounts totalling \$44.776M were expended. In the circumstances, the Appropriation Account would have been understated by \$19.776M. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Nine (9) telecommunications radios	5,303,300
Three (3) Toyota Hilux double cab pick-ups	8,624,853
One rotor set for helicopter	11,399,928
<b>Sub-Total</b>	<b>25,328,081</b>
Six (6) computers and accessories	4,662,552
Rehabilitation of 150KVA generator	2,949,000
Two (2) generator sets	2,548,048
Four (4) drill bit sets and four (4) battery chargers	1,391,455
Two (2) exercise machines	1,010,938
One (1) caravan engine	1,000,000
Purchases below \$1M	5,886,340
<b>TOTAL</b>	<b>44,776,414</b>

The above purchases were verified as having been received and properly brought to account by the Army. However, there was no evidence of adherence to Tender Board procedures before the purchases were effected.

### **Guyana Natural Resources Agency**

#### **Subhead 25002 - Equipment**

177. The sum of \$400,000 was allocated for the purchase of a computer and a photocopier. The full amount was shown as having been expended. The items purchased were verified as having being received and properly brought to account.

#### **Subhead 33001 - Hydropower Division**

- 178.** The sum of \$22.5M was provided for (a) the construction of a mini hydroelectric station at Moco Moco and (b) carrying out studies at Amaila and Tumatumari. A supplementary provision of \$4M was approved in November 1998, giving a revised allocation of \$26.5M. No studies were, however, carried at Amaila and Tumatumari.
- 179.** The construction of the station was undertaken through a loan agreement entered into between the Governments of Guyana and China in 1992. As a result of this agreement, the following two(2) contracts were signed:-
- (i) A contract between the Guyana Natural Resources Agency and the National Research Institute for Rural Electrification of the Peoples' Republic of China for site investigation and project design in the sum of 1.520M yuan, equivalent to G\$25.987M; and
  - (ii) Another contract between the Guyana National Authority and the China National Company Plant Import and Export Corporation for the Construction of the hydropower station in the sum 24.368M yuan, equivalent to G\$416.608M. This agreement was signed in November 1996.
- 180.** Work on the construction of the station commenced in May 1997. The station was completed in May 1999 and was commissioned in November 1999. The total cost of the Project at the end of 1998 was G\$211.465M. However, as stated in my 1997 Report, an amount of 12.517M yuan, equivalent to G\$205.517M, which was paid to the National Research Institute, was not included in the Capital Appropriation Account for that year nor was any action taken to have the amount brought to account in 1998. Provision was, however, made in the 1999 Estimates of Expenditure to regularise the matter.

#### **Subhead 34001 - Energy Conservation & Awareness**

- 181.** The sum of \$500,000 was voted for the production of education materials to facilitate energy awareness and conservation. However no expenditure was incurred.

#### **HEAD 01-02**

## GUYANA DEFENCE FORCE

### Current Expenditure

#### Employment Costs

- 182.** The salaries bank account No. 212005891 held at the Guyana National Co-operative bank reflected a balance of \$16.719M. However, the account was not reconciled since June 1996 although the Army had in place a full-time person to reconcile bank accounts. It should not be over-emphasised that the failure to reconcile bank accounts can lead to irregularities being perpetrated without detection.
- 183.** The unpaid salaries bank account No. 436 reflected a balance of \$9.721M as at 31 December 1998, resulting mainly from the accumulation of unclaimed salaries over the years. The cash book balance at this date was \$9.442M. It is again recommended that the balance relating to previous years be established so that transfers can be made to the Consolidated Fund.
- 184.** In my 1995 Report, mention was made of an unpaid liability of \$14.690M at the end of 1995 to the unpaid salaries bank account, resulting from the irregular use of this account to meet other appropriation account expenses. However, to date no evidence was seen that action was taken to settle this matter.

#### Other Charges

- 185.** Amounts totalling \$52.611M were expended on Materials, Equipment & Supplies. An analysis of the purchases made under the various authority limits is shown below:-

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$
Below \$90,000	561	15,611,708
\$90,000 - \$180,000	35	4,597,546
\$180,000 - \$600,000	29	8,953,511
\$600,000 - \$6,000,000	-	-
Exceeding \$6,000,000	2	23,448,139
	\$0	

<b>TOTAL</b>	<b>627</b>	<b>52,610,904</b>
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**186.** In relation to the purchases falling within the limits of \$90,000 and \$180,000, there was no evidence that a system of quotation was followed before the purchases were effected. There was also no evidence of the involvement of the Departmental Tender Board in respect of two (2) purchases totalling \$577,248.

**187.** Amounts totalling \$41.878M were expended on fuel and lubricants. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Cooking and welding gas	13,159,990
Aviation gas for aircraft	10,983,629
Gasolene and dieselene	10,946,162
Lubricants	4,631,971
Charcoal	2,156,250
<b>TOTAL</b>	<b>41,878,002</b>

**188.** A physical verification of fuel and lubricants carried out on 29 July 1999 revealed shortages totalling \$176,900 when comparison was made with the stock records. The officer in charge explained that these shortages were mainly due to discrepancies occurred between June and July 1998 and that the matter was engaging the attention of the Police. The following are the details:-

DESCRIPTION	LEDGER BALANCE	PHYSICAL BALANCE	DIFFERENCE	VALUE \$
Gasoline	516 gls.	2,595 gls.	760 gls.	159,600
Lube Oil #90	136 pts.	88 pts.	40 pts.	7,800
Grease	6 pails	5 pails	1 pail	9,500

**TOTAL**

**176,900**

At the time of reporting, the Accounting Officer has advised that two (2) ranks of the Force had been dismissed.

**189.** Amounts totalling \$34.658M were expended on the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Purchase of building materials	19,053,361
Janitorial & cleaning services	5,529,336
Repairs to buildings at Camp Ayangana	5,356,560
“ “ “ at Camp Stephenson	3,455,065
“ “ “ at Jats Makouria	744,280
“ “ “ at Garden of Eden	258,160
“ “ Coast Guard Building	261,661
<b>TOTAL</b>	<b>34,658,423</b>

**190.** In relation to the amount of \$19.053M shown as purchases of building materials, there was no evidence that a system of quotations was followed in respect of the thirty-six(36) purchases falling within the limits of \$90,000 and \$180,000. There was also no evidence that the Departmental Tender Board adjudicated on eleven(11) purchases falling within the limits of \$180,000 and \$600,000. Similar breaches were observed in relation to the purchase of cleaning materials.

**191.** Eighteen(18) contracts were awarded for the repairs to various buildings. There was, however, also no evidence that fourteen(14) of these contracts falling within the limits of \$450,000 and \$900,000, were adjudicated upon by the Departmental Tender Board.

**192.** Amounts totalling \$10.324M were expended on the maintenance of infrastructure. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Reconstruction of fence & handrails BCA	1,456,980
Weeding of compounds	1,178,829



Repairs of road / airstrip	1,069,205
Drainage & Irrigation works	750,664
Rehabilitation of one (1) bridge	532,560
Construction of septic tanks & sewerage	298,477
Miscellaneous purchases	629,113
<b>TOTAL</b>	<b>10,323,078</b>

- 193.** In respect of contracts for works falling within the limits of \$180,000 and \$450,000, there was no evidence that a system of quotations was adhered to for six(6) contracts. There was also no evidence of involvement of the Departmental Tender Board in respect of repairs to road at Camp Ayangana in the sum of \$637,455 nor was there evidence that a system of competitive bidding was followed before the contract was awarded.
- 194.** Amounts totalling \$60.250M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure :-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Hire of vehicles	43,722,977
Purchase of spares	4,965,166
Repairs to vehicles	5,270,291
Overseas conferences and visits	3,269,382
Travelling expenses	2,525,665
Postage and telex	469,092
Rental of photocopier	28,000
<b>TOTAL</b>	<b>60,250,573</b>

- 195.** As can be noted, sums totalling \$43.723M were expended on 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 hired should be reviewed with a view to effecting cost savings perhaps through the acquisition of new vehicles and/or the rationalisation of the use of existing vehicles. This matter was drawn to attention in my previous reports. In addition, tender procedures were not adhered to for the hire of vehicles nor were the registration numbers stated on all payment vouchers. Similar breaches of tender procedures were observed in relation purchase of spares and repairs to vehicles, especially in relation to the application of a system of quotations.
- 196.** In relation to overseas conferences and visits, there was no evidence that the approval of Cabinet was sought and obtained before the trips were undertaken. In addition, the expenditure incurred should have been charged to the Accountant General's allocation where provision is made for such expenditure to be incurred. The Accounting Officer explained that overseas visits of the Chief of Staff and other Army personnel are normally approved by the Office of the President and the Defence Board respectively.
- 197.** The sum of \$31.061M was expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Maintenance of equipment	15,749,357
Cleaning & extermination services	5,015,886
Slashing of grass	4,932,856
Purchase of computer spares	962,523
Legal fees	470,000
Rental of photocopier	458,000
Cleaning of septic tanks	120,500
Miscellaneous	3,351,491
<b>TOTAL</b>	<b>31,060,613</b>

**198.** The amount of \$15.749M shown as maintenance of equipment includes a payment of \$2.270M for the purchase of spares for the Bell 412 Helicopter. This represents a misallocation of expenditure since there was provision under Subhead 51003 - Equipment in the capital programme of the Office of the President for the purchase of such spares. In fact, an amount of \$11.4M representing the cost of rotor set was met out of this latter subhead which had a saving of only \$4,000. It is therefore evident that the charge of \$2.270M to current expenditure was done to avoid overrunning the voted provision. The purchase of computer spares is also not a proper charge against this subhead. In addition, there was no evidence of the involvement of the Central Tender Board in relation to this latter purchase nor was there evidence of adherence to Tender Board procedures in relation to the various services rendered.

**199.** Amounts totalling \$36.671M were expended on Education Subvention - Grants etc. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Allowances, meals and accommodation	28,399,359
Training and tuition fees	3,585,963
Airline tickets, transportation and visas	2,484,201
Warm clothing and books	1,731,165
Miscellaneous purchases	470,780
<b>TOTAL</b>	<b>36,571,468</b>

**200.** The above expenditure relates to academic training, both local and overseas. However, despite repeated attempts, information relating to number of students, institutions of learning and conditions under which the beneficiaries were granted awards, was not provided for audit examination. In the circumstances, the propriety of the expenditure could not be satisfactory established.

**201.** Amounts totalling \$311.206M were expended under Subhead 314 - Other. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
55	

Dietary supplies	162,694,025
Clothing and equipment	90,863,680
Farm supplies	29,666,060
Purchase of accommodation items	13,301,642
Entertainment and sports	12,407,522
Hire of vehicles for security services	906,888
Funeral expenses	802,375
Maintenance of music band corps	545,102
<b>TOTAL</b>	<b>311,205,254</b>

- 202.** In relation to the amount of \$90.694M expended on clothing and equipment, there was also no evidence of adherence to Tender Board procedures before the purchases were effected. In particular, eight(8) purchases totalling \$26.271M were made without adjudication by the Central Tender Board. A similar observation was made in relation to farm supplies where thirteen(13) purchases totalling \$18.929M were made without the involvement of the Central Tender Board or the Departmental Tender Board. The purchase of accommodation items was also not subject to Tender Board procedures.

### **Revenue Accounting and Control**

- 203.** 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. However, the agreement of sale and the agency agreement between the Army and the Agent had not been presented for inspection and up to the time of reporting this matter had not been settled.
- 204.** Revenue derived from the commercial operations of the Guyana Defence Force aircraft was used to defray expenses in connection with the aircraft

operations. Such revenue should have been paid over to the Consolidated Fund, as required by Section 17 of the FAA 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. This matter was drawn to attention in my previous reports, and despite this, there was no evidence that attempts were made to comply with the requirements of the Law. For the period under review, amounts totalling \$45.862M were received as revenue while payments totalled \$53.405M.

- 205.** The GDF had two helicopters, an islander and a sky van which were used for charter services. The local proceeds were banked in the Force's Central Bank Account No. 0203004143 kept at GNCB. The foreign currency earned was being banked in a foreign currency A/c No. F/C 011. However, in 1995, amounts totalling US\$196,770, equivalent to G\$27.548M, representing proceeds from charter services, 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. Confirmation had not been received from one(1) supplier in relation to payments to him totalling US\$92,338, equivalent to G\$12.927M. At the time of reporting, it is understood that this matter was still engaging the attention of the Director of Public Prosecution and the Defence Board.

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

- 206.** The Stores Regulations require that pre-printed and pre-numbered internal stores requisitions be prepared in triplicate and duly authorised when issues of stores are to be made. However, only one copy of stencilled issue forms was used for the issue of items, contrary to the above requirements. In addition, at the time of the audit in October 1999, the stock records for the expendable stores were approximately six(6) months in arrears.
- 207.** An examination of the records of the Clothing Store in October 1999 revealed the following discrepancies:-

ITEM	STORES LEDGER	ACTUAL	DIFFERENCE
	57		

	BALANCE	BALANCE	
Original Green caps	1025	329	696
Original Green Trousers	223	116	107
Key rings	1100	246	854
Camouflage caps	1050	13	1037

The officer in charge explained that he had recently assumed responsibility for the store and could not provide an explanation for the differences.

### HEAD 01-03

### GUYANA NATIONAL SERVICE

#### Current Expenditure

#### Employment Costs

- 208.** The salaries bank account No. 203007473 held at the Guyana National Co-operative Bank, which became non-operational in May 1996, continued to be overdrawn by \$999 as at 31 December 1998. The cash book as at this date, according to the bank reconciliation statement, also reflected a negative balance of \$1.297M instead of a 'nil' balance. This state of affairs was mainly due to three(3) cheques valued at \$1.4M which were fraudulently drawn and encashed in 1993. The Accounting Officer had explained that the perpetrator was charged by the Police, convicted and imprisoned. A losses report was filed with the Secretary to the Treasury with a view to writing off of the loss. However, up to the time of reporting, there was no further development on the matter.
- 209.** It is a requirement for the salaries cash book to reflect 'nil' balances at the end of each month as a control mechanism over the payment of salaries. However, for the period under review, the cash book for the current salaries bank account reflected significant balances at the end of each month, as can be seen from the following:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
	58		

January	169,102	July	3,402,470
February	790,491	August	2,699,050
March	1,401,505	September	3,954,294
April	3,600,479	October	3,065,325
May	2,744,835	November	3,935,384
June	2,812,076	December	410,224

- 210.** These balances resulted from the delay in paying over deductions to the relevant agencies as well as refunds of unpaid salaries which were not being paid over promptly to the Sub-Treasury. This matter was drawn to attention in my previous report. Every effort should therefore be made to ensure that deductions cheques are drawn before the end of each month so that the cash book can reflect 'nil' balances at the end of each month.
- 211.** As at 31 December 1998, the current salaries bank account reflected a balance of \$2.936M, of which \$847,097 represented unclaimed salaries which was paid over to revenue in January 1999. Had the refund been made before the close of the year, the expenditure shown in the Appropriation Account would have been reduced by this amount. This lapse should not be allowed to recur.
- 212.** At the time of the audit in October 1999, the Register of Contributors to the National Insurance Scheme was not written up for the period under review. However, at the time of reporting, this record has since been updated.

### **Other Charges**

- 213.** Amounts totalling \$7.748M were expended on Fuel & Lubricants, of which sums totalling \$5.363M relate to the purchase of fuel for use by the twelve(12) vehicles under the control of the Service. However, log books in respect of six(6) vehicles were not produced for audit inspection. As a result, it could not be determined whether the journeys undertaken by these vehicles were authorised and were done in public interest. In addition, an examination of the log books kept for three(3) vehicles revealed that the journeys undertaken by them were not authorised. The Accounting Officer gave the assurance that every effort would be made to ensure compliance with the Regulations.
- 214.** Amounts totalling \$4.975M were expended on the Rental & Maintenance of Buildings, of which sums totalling \$4.785M relate to the purchase of

building material. Although the items purchased were verified as having been received and properly brought to account, a system of quotations was not applied for the seven(7) purchases totalling \$907,903 falling within the limits of \$90,000 and \$180,000. One(1) instance was also noted where the Departmental Tender Board was not involved before the purchase was effected. The Accounting Officer acknowledged these lapses and promised corrective action.

## **HEAD 01-04 & DIVISION 513**

### **MINISTRY OF INFORMATION**

#### **Current Expenditure**

- 215.** Amounts totalling \$824,000 were expended on Fuel & Lubricants for the four(4) vehicles operated by the Ministry. However, a examination of the log books kept for these vehicles revealed that fuel received and consumed were not recorded therein. The Accounting Officer gave the assurance that this lapse would be corrected.
- 216.** Amounts totalling \$\$2.576M were expended on Transport, Travel & Postage, of which sums totalling \$\$1.849M relate to repairs and maintenance of vehicles, as shown below:-

<b>VEHICLE NO.</b>	<b>AMOUNT EXPENDED \$</b>
PDD 1940	805,206
PBB 54	451,610
PBB 5413	299,045
PFF 3671	293,135
<b>TOTAL</b>	<b>1,848,816</b>

- 217.** Included in the figure of \$805,026 is an amount of \$232,653 representing the cost of repairs to PDD 1940 which was involved in an accident in January 1998. The Police had advised that private action should be taken against the driver of the vehicle. However, there was no evidence such action was taken, and at the time of reporting, the person was no longer in the employ of the Ministry. Given the high cost of maintenance of PDD



1940 and PBB 54, consideration should be given to their disposal and the acquisition of new/reconditioned ones.

- 218.** The amount of \$10M expended on Subsidies & Contributions relates to a subvention which was paid over to the Guyana Television and Broadcasting Company Ltd. (GTV). The Company was incorporated in June 1993, and in accordance with the Companies Act, it is required to keep 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. The last set of accounts audited was in respect of the year 1995. Financial statements for 1996 and 1997 were received and at the time of reporting, the audit was in progress. The amount of \$10M was verified as having been received by GTV. However, in the absence of audited accounts for 1998, it could not be determined whether this amount was properly expended.

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

- 219.** A number of unserviceable items, including cassette recorders, cameras and computer keyboard were seen in the stores. It is recommended that action be taken to have these items examined by a board of survey with a view to their disposal.

### **Other Matters**

- 220.** In March 1995, Cabinet gave approval for Government agencies to utilise the services of the Government Information Services(GIS) to exclusively organise the publication of their official notices in the media. In this regard, a special bank account No. 1005 was opened at the Bank of Guyana as a clearing account for the cost of publication. At that time, GIS was a department under the Office of the President. In November 1997, the Ministry of Information was created and GIS was transferred to it along with the operations of the bank account.
- 221.** An examination of the records relating to this account revealed that amounts totalling \$1.641M were misappropriated mainly because of the absence of adequate segregation of duties and poor record keeping. In particular, the cash book was not written up for the period under review and the bank account was not reconciled since it was established. In addition, the person

collecting moneys and making payments was also preparing deposit slips and was doing the banking. The misappropriation resulted from the tampering of both cheques and deposit slips as well as short-depositing.

222. This matter was drawn to the attention of the Permanent Secretary and at the time of reporting, amounts totalling \$666,000 were recovered as a result of agreement with the Ministry for the repayment of the amount misappropriated. It is strongly recommended that the operations of this bank account be discontinued and Government agencies be made directly responsible for arranging and paying for publications with the media, as was done in the past.

### **Capital Expenditure**

#### **Subhead 25002 - Furniture and Equipment.**

223. The sum of \$1M was voted for the purchase of office equipment including filing cabinets, air conditioning units, computer desk and fax machine. Amounts totalling \$404,700 were expended. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 45001 - Guyana Television (GTV)**

224. The sum of \$25M was provided for the purchase of production equipment for GTV's expansion programme. Amounts totalling \$11.078M were shown as having been expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Acquisition and installation of transmitter at Long Creek	5,162,759
Purchase of editing suite and camera	2,266,110
“ “ translator	1,734,550
Acquisition and installation of transmitter at Mahaicony	1,914,498
<b>TOTAL</b>	<b>11,077,916</b>

- 225.** The contract for the expansion programme at Long Creek was awarded in the sum of US\$30,946.46, equivalent to G\$5.106M, and involved the design and installation of a transmitter to provide linkage to the Bartica and Linden areas. Two(2) contracts were also awarded for the expansion programme at Mahaicony in the sums of \$1.695M and \$656,404 and involved the construction of transmitting facilities at Cottage, Mahaicony and at Whim, Corentyne. At the time of reporting, these works were completed. The other items acquired were verified as having been received and properly brought to account.

## **HEAD 02-01**

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

- 226.** The expenditure of \$23.628M was verified as having been properly incurred and there were no material findings.

## **HEAD 03-01 AND DIVISION 505**

### **PARLIAMENT OFFICE**

#### **Current Expenditure**

- 227.** The imprest bank account No. 819, which has been inactive for a number of years, reflected an overdraft of \$177,656 at 31 December 1998. The overdraft should be investigated and steps taken to close the account.
- 228.** Included in the amount of \$5.485M expended on Transport, Travel & Postage were sums totalling \$1.352M incurred in the repairs and maintenance of the three(3) vehicles under the control of the Department - PEE 76, PEE 6784 and PDD 667. The Accounting Officer explained that this apparent high cost of maintenance was unavoidable because the vehicles were old and were used extensively for official purposes. It is recommended that the condition of the vehicles be assessed with a view to

determining whether it would be economical to retain them or to dispose of them and acquire new or reconditioned vehicles.

### **Capital Expenditure**

#### **Subhead 25003 - Equipment**

- 229.** An amount of \$5M was allocated for the rehabilitation of the roof of Parliament Buildings. Amounts totalling \$4.978M were expended. The contract was awarded in the sum of \$6.641M and at 31 December 1998, amounts totalling \$4.782M were paid to the contractor. The works were re-budgeted for in 1999. At the time of inspection, the works had been completed.

## **HEAD 04-01 & DIVISION 505**

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

#### **Capital Expenditure**

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

- 230.** The sum of \$500,000 was voted for the construction of a generator hut. Amounts totalling \$474,000 were expended. Approval was granted for a change in programme to undertake the construction of shed over the fire escape and replacement of tiles at the bottom flat of the building. However, because of the inadequacy of the amount allocated, only the recapping of the ground floor was undertaken. As a result, the works were re-budgeted for in 1999. At the time of reporting, both the tiling of the ground floor and the shed over the fire escape had been completed.

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

231. The sum of \$3M was allocated for the purchase of generator and radio system. Amounts totalling \$2.387M were expended in the purchase of the following:-

DESCRIPTION	AMOUNT \$
20 student chairs	280,000
5 desk top computers, 1 lap top & 5 printers	2,027,569
5 electronic calculators	79,650
<b>TOTAL</b>	<b>2,387,219</b>

232. As can be noted, neither the generator hut nor the radio system was acquired. The Accounting Officer explained that a 6 KVA generator was obtained from the Ministry of Local Government and it was decided not to proceed with the purchase. In relation to the radio system, a decision was taken not to proceed with the purchase because of the on-going cost implications. As a result, approval was sought and granted for a change in programme to purchase the above items which were verified as having been received and properly brought to account.

**Subhead 44001 - Institutional Strengthening**

233. An amount of \$7M was allocated for technical assistance provided to the Audit Office in 1997. Expenditure totalling \$6.564M was incurred. The programme was financed under a technical assistance agreement with the European Union and came to an end in December 1997. During 1997, the above amount was expended. However, no expenditure was recorded in the Appropriation Account.
234. The Accounting Officer had explained that this was due to a number of payments which were made in December 1997 as a result of which the transactions could not have been reflected in the Public Accounts in time for the closure of the Country's accounts. Accordingly, the expenditure was re-budgeted for in 1998. The following gives a breakdown of the expenditure of \$6.564M:-

DESCRIPTION	AMOUNT
65	

	\$
Local and overseas training	3,276,912
Completion of Local Area Network	3,102,761
Purchase of equipment	184,050
<b>TOTAL</b>	<b>6,563,723</b>

## **HEAD 04-02**

### **OFFICE OF THE OMBUDSMAN**

#### **Current Expenditure**

- 235.** The expenditure of \$2.267M was verified as having been properly incurred and there were no material findings.

#### **Capital Expenditure**

##### **Subhead 25005 - Furniture & Equipment**

- 236.** The sum of \$200,000 was allocated for the purchase of office furniture and equipment, including desks, typist chairs and filing cabinet. However, no expenditure was incurred.

## **HEAD 04 - 03 AND DIVISION 505**

### **PUBLIC AND POLICE SERVICE COMMISSIONS**

#### **Current expenditure**

- 237.** The salaries bank account No. 3028 was overdrawn by \$860,395 at 31 December 1998. The Accounting Officer explained that this was due mainly to the failure of the Bank to bring to account a deposit of \$1.437M made on 24 April 1998 and that the Bank was written in March 1999 in relation to

this matter. In May 1999, corrective action was effected by the Bank. Another salaries bank account No. 463, which became inactive in 1996, was also overdrawn by \$51,080 as at 31 December 1998. The overdraft should be investigated and steps taken to close the account.

- 238.** A similar observation was made in respect of the imprest bank account No. 3027 which was overdrawn by \$31,128 because of an error on the part of the Bank. Corrective action was, however, effected in April 1999. There is also an inactive imprest bank account No. 843 with a balance of \$4,955. This balance should be transferred to the Consolidated Fund and steps taken to close the account.
- 239.** A register of overseas telephone calls was not maintained, as required by financial instructions. The Accounting Officer explained that this was due to staff constraints and that a register had since been introduced.

### **Capital Expenditure**

#### **Subhead 25008 - Equipment and Furniture**

- 240.** An amount of \$400,000 was provided for the purchase of office furniture and equipment, including refrigerator, air conditioning unit, filing cabinet and chairs. Amounts totalling \$365,992 were expended. The items purchased were verified as having been received and properly brought to account.

### **HEAD 04 - 04**

#### **TEACHING SERVICE COMMISSION**

##### **Current expenditure**

- 241.** The salaries bank account No. 622, which became inactive in 1996, was overdrawn by \$646,000 at 31 December 1998. It is again recommended that the overdraft be investigated and steps taken to close the account.

242. The current salaries bank account No. 3065 reflected a balance of \$591,888 at 31 December 1998. However, it was not reconciled since it was established in July 1996. This matter was drawn to attention in my previous report and despite this, there was no evidence of any action taken to ensure that this important activity is carried out. It should not be over-emphasised that the failure to reconcile bank accounts in a timely manner can lead to irregularities being perpetrated without detection. It should be mentioned also that the current imprest bank account No. 3064 was only reconciled to September 1997 at the time of audit in April 1999.
243. The imprest bank account No. 623, which became non-operational in June 1996, reflected balance of \$628,109 at 31 December 1998. This balance should be transferred to the Consolidated Fund and steps taken to close the account.

### **Capital Expenditure**

#### **Subhead 25008 - Office Equipment**

244. An amount \$586,000 was allocated for the purchase of one(1) refrigerator and four(4) air conditioning units. Amounts totalling \$567,920 were expended in the purchase of three(3) refrigerators. However, there was no evidence that approval was granted for a change in programme to purchase the other two(2) refrigerators. The items purchased were nevertheless verified as having been received. However, they were not inventorised.

### **HEAD 04 - 05 & DIVISION 505**

#### **PUBLIC PROSECUTIONS**

##### **Current Expenditure**

##### **Employment Costs**



- 245.** The current salaries bank account No. 3173 was not reconciled since it was established in July 1998 and reflected an overdraft of \$858,581 at 31 December, 1998. In addition, at the time of inspection in March 1999, the cash book was not balanced for the months of October, November and December, 1998. The Accounting Officer explained that this was due to staff constraints.
- 246.** The old salaries bank account No. 456, which ceased to be operational in June 1998, was overdrawn by \$497,113 as at 31 December 1998. It is again recommended that the overdraft be investigated and steps taken to close the account.

### **Other Charges**

- 247.** The Register of Overseas Telephone Charges was not satisfactorily maintained. Entries were made in pencil and the record was not ruled up to show all the required columns. There was also no evidence of supervisory checks.
- 248.** Amounts totalling \$1.442M were paid to private attorneys for prosecuting cases for the Police at the rate of \$6,500 per day but written contracts were not entered into with the attorneys regarding terms and conditions of service and payments. At the time of audit in April 1999, attorneys' fees continued to be paid. The Accounting Officer explained that this arrangement had existed over a number of years and was in place because of the shortage of state prosecutors.

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

- 249.** Inventory records were not maintained by the Department. The Accounting Officer explained that this was due to staff constraints. Efforts should be made to introduce that this record to ensure proper accountability of the assets.

### **Capital Expenditure**

#### **Subhead 25007 - Buildings**

- 250.** An amount of \$2M was allocated for rehabilitation works to the roof, repainting of building and concreting of surrounding areas. However, no

expenditure was incurred. The Accounting Officer explained that there was no urgent need to execute the works planned.

#### **HEAD 04 - 06**

### **PUBLIC SERVICE APPELLATE TRIBUNAL**

#### **Current Expenditure**

- 251.** The expenditure of \$478,000 was verified as having been properly incurred and there were no material findings. It should be mentioned, however, that the Tribunal did not function in 1998 since it was appointed late in 1998.

#### **HEAD 04 -08**

### **PUBLIC UTILITIES COMMISSION**

#### **Current Expenditure**

- 252.** The amount of \$13.841M shown as Employment Costs does not include the emoluments of the Chairman and members of the Commission. These were charged directly to the Consolidated Fund and were accounted for in the Statement of Statutory Expenditure. However, the legal authority for this arrangement could not be ascertained. This matter was drawn to attention in previous reports.
- 253.** Amounts totalling \$3.038M were expended on Materials, Equipment & Supplies. However, stock records were not maintained for the evidencing of the receipt and utilisation of the items purchased. The Accounting Officer gave the assurance that these records would be introduced.
- 254.** Included in the amount of \$22.220M shown as Other Services Purchased were sums totalling \$12.554M paid to a consulting firm for advisory services to the Commission. However, there was no evidence of adherence

to Tender Board procedures nor was a formal contract entered into with the firm. These matters were drawn to attention in my previous reports. The Accounting Officer had explained that the then Minister of Trade approved of the recommendation to recruit this firm which was engaged on a case by case basis.

- 255.** The Commission has been in receipt of large sums from public utilities for hearings conducted. In my previous reports, attention was drawn to amounts in excess of \$50M which were held in a bank account. Withdrawals from this account were being made upon approval of the Commission to meet expenses relating to advertisements, overseas conferences and the purchase of assets for the Commission. However, efforts to access the records relating to the operations of this account, as well as any other related account, continued to be unsuccessful, despite repeated requests. In addition, to the extent that expenditure relating to the operations of the Commission would have been met out of this account, the Appropriation Account would have been understated.
- 256.** The Public Utilities Commission was established by the Public Utilities Commission Act No. 26 of 1990. Section 5(2) the Act states that the Commission shall be a body corporate, indicating that it is legally distinct from Central Government. The Commission should therefore receive an annual subvention from Central Government and be subject to separate financial reporting and audit, instead of receiving appropriations and accounting for them as a Central Government agency. This matter was drawn to attention in previous reports.

### **Capital Expenditure**

#### **Subhead 25006 - Furniture and Equipment**

- 257.** The sum of \$1.5M was provided for the purchase of office furniture and equipment, including computers, typist chairs, desks and filing cabinets. However, no expenditure was incurred. The Accounting Officer explained that the Ministry of Finance did not release sufficient funds to purchase the items required and a decision was taken not to effect any purchases.

### **HEAD 05-01 & DIVISION 514**

### **MINISTRY OF LEGAL AFFAIRS**

## **Current Expenditure**

- 258.** The old salaries bank account No. 468, which became non-operational in October 1996, reflected a balance of \$460,794 as at 31 December 1998. This balance should be transferred to the Consolidated Fund and steps taken to close the account. Another non-operational bank account No. 462 reflected an overdraft of \$1.647M as at 31 December 1998. The overdraft should be investigated with a view to effecting a closure of the account. These matters were drawn to attention in my previous reports.
- 259.** Supporting documents, such as bills and receipts, in respect of 58 payments totalling \$12.910M were not presented for audit. The Accounting Officer explained that these documents were submitted to the Ministry of Finance to be attached to related cheque orders. Efforts should be made to locate the documents and to have them affixed to the related cheque orders.
- 260.** Excess expenditure totalling \$80,000 was incurred in respect of two(2) subheads. Since there were savings in other subheads, it would have been more appropriate for a virement of funds to be sought. In addition, inasmuch as the budgetary allocations on a programme basis have not been exceeded, expenditure in respect of three(3) programmes exceeded amounts released from the Consolidated Fund by \$2.331M.

## **Other Matters**

- 261.** The State Solicitor's bank account No. 120 reflected a balance of \$37.148M as at 31 December 1998, compared with \$38.687M at the end of 1997. However, it could not be determined when last the account was reconciled. The ledger accounts were also not written up for the period under review. These matters were drawn to attention in my previous reports.
- 262.** The Public Trustee's bank account No. 270 and the Official Receiver's Insolvency Estates bank account No. 330 reflected balances of \$15.349M and \$4.424M respectively as at 31 December 1998. However, it could not be determined when last these accounts were reconciled. These matters were also drawn to attention in my previous reports.
- 263.** Payment vouchers in respect of the above-mentioned accounts were not pre-numbered for control purposes. Receipt numbers were also not quoted in the

Ledger for account No. 270. As a result, much difficulty was encountered in the verification of the related transactions. In addition, a register of used and unused receipts and cheques were not maintained for the period August to December, 1998 in respect of these accounts.

- 264. A total number of 5,851 applications were received by the Deeds Registry for the period under review in respect of the registration of business names. However, applications were not filed in a sequential manner to facilitate audit checks.
- 265. In relation to trade marks, a total of 1,210 applications were received for the period under review. However, no trade mark licences were issued in respect of these applications. The Accounting Officer explained that there was a huge backlog of applications due to staff constraints and that the earlier years were being given priority.
- 266. Numerous transports were issued in 1998 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 out before replacement transports were issued. This matter was also drawn to attention in my previous reports.
- 267. A sample of 54 files with respect to land titles were requested from the Land Registry Section in order to verify the accuracy of the amounts collected as fees and duties. However, 31 of these files were not produced for audit. As a result, a proper verification of the amounts received could not have been carried out.

### **Capital Expenditure**

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

- 268. The sum of \$2M was voted for the rehabilitation of the Head Office and the Official Receiver's building. Amounts totalling \$1.981M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of drains – Head Office	722,250
Refurbish floor at Official Receiver Office	766,100
73	

Repairs to car bay – Head Office	169,575
Construction of rooms under stairway – Head Office	273,400

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**TOTAL** **1,981,325**

The works undertaken were verified as having been completed.

**Subhead 12002 – Supreme/Magistrate Court**

- 269.** The sum of \$15M was allocated for the rehabilitation of buildings at the Supreme Court, Court of Appeal and painting of court-rooms. Amounts totalling \$8.018M were expended as follows:-

DESCRIPTION	AMOUNT \$	AMOUNT \$
Construction of wall at Supreme Court		853,250
Construction of pavement at Supreme Court		873,720
Fabricating of grill at the Library		242,000
Removing of tiles from Registrar’s Secretary Office	177,485	
Repairs to Victoria Law Court		1,010,956
<b>Sub-Total</b>		<b>3,227,681</b>
Construction of board/filing rooms at N/A	871,628	
Puttying & painting G/T court	593,896	
Repairs to Judge’s quarters & court rooms N/A	3,324,690	<b>4,790,214</b>
<b>TOTAL</b>		<b>8,017,895</b>

- 270.** As can be noted from the above, amounts totalling \$4.790M were expended on the construction of boardroom, courtrooms and filing rooms at New Amsterdam and the painting and puttying of Georgetown Magistrates’ Court. However, there was no evidence that approval was granted for a change of programme to accommodate these expenditures. The works were nevertheless verified as having been completed.

**Subhead 12003 - Buildings (Deeds Registry)**

271. The sum of \$2.5M was allocated for the completion of the vault at New Amsterdam, painting of Deeds Registry Offices at Georgetown and New Amsterdam. However, only \$82,781 was expended on consultancy fees. It should be mentioned that prior to 1998, amounts totalling \$4.117M were expended on the construction of the vault and a physical inspection had revealed that only the foundation and the columns were in place, although the contractor was paid 68% of the contract sum of \$6.064M. At the time of reporting, the position remained the same and there was no evidence of any recoveries being made from the contractor.

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

272. The sum of \$80M was voted for (a) the rehabilitation of Magistrates' courts at Vreed-en-Hoop, Whim and Georgetown and the Law Library, (b) training personnel in court reporting and (c) support to the Legal Aid Clinic. Amounts totalling \$31.686M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Rehabilitation of Vreed-en-Hoop Magistrate's Court	44,100
"    " Whim Magistrate's Court	5,137,685
"    " Georgetown Magistrate's Court	5,626,647
"    " Law Library	4,831,068
Consultancy fees – G/town & Whim Magistrate's courts	709,554
Training of Personnel in court reporting	5,966,364
Support to Legal Aid Clinic	9,000,000
<b>Sub-Total</b>	<b>31,315,418</b>
Rehabilitation at Providence Magistrate's Court	371,036
<b>TOTAL</b>	<b>31,686,454</b>

- 273.** The contract for the construction of the Law Library was awarded in November 1996 in the sum of \$21.354M. A variation of \$4.046M was approved in 1997 for additional works, giving a revised contract sum of \$25.400M. Again, in 1998 another variation of \$4.541M was approved for excavation works, giving a further revised contract sum \$29.941M. However, total payments made to the contractor amounted to \$32.790M, resulting in an apparent overpayment of \$2.849M. The Accounting Officer has been advised of this discrepancy.
- 274.** The contract for the rehabilitation of the Providence Magistrate's Court was awarded in November 1996 in the sum of \$6.980M. However, total payments made to the contractor to the end of 1998 amounted to \$7.322M, resulting in an apparent overpayment of \$342,000. In addition, the rehabilitation of the Providence Magistrate's Court was not budgeted for in the 1998 Capital Estimates and there was no evidence that approval was granted for a change of programme to accommodate the expenditure of \$371,036. This matter was drawn to the attention of the Accounting Officer. The works were nevertheless physically verified.

#### **Subhead 24001 – Land Transport**

- 275.** The sum of \$7M was allocated for the purchase of two(2) vehicles of which an amount of \$4.531M was expended in the purchase of a 4 x 4 vehicle. The asset purchased was verified as having been received and properly brought to account.

#### **Subhead 25002 - Equipment (Supreme Court)**

- 276.** The sum of \$2M was voted for the purchase of desks, chairs, calculators, air conditioning units and generator for the Supreme Court. Amounts totalling \$1.999M were expended. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 25003 - Equipment (Deeds Registry)**

- 277.** The sum of \$500,000 was allocated for the purchase of office equipment and replacement of plans. Amounts totalling \$484,000 were expended. The items purchased were verified as having been received and properly brought to account.



## **Subhead 25004 - Furniture and Equipment**

- 278.** The sum of \$500,000 was allocated for the purchase of office furniture and equipment for the Ministry including cabinets, desks, chairs, calculators, typewriters and air condition units. Amounts totalling \$495,000 were expended on the acquisition of two(2) air conditioning units, two(2) typewriters, one(1) filing cabinet and one(1) executive chair. The items purchased were verified as having been received and properly brought to account.

## **HEAD 05-02 – SUPREME COURT**

### **PROGRAMME 1 - SUPREME COURT OF JUDICATURE**

#### **Current Expenditure**

##### **Employment Costs**

- 279.** The salaries bank account No. 455, which became non-operational in July 1996, was overdrawn by \$4.471M as at 31 December 1998. It is again recommended that efforts be made to investigate the overdraft and to close the account.
- 280.** The new salaries account No. 4002, which became operational in July 1996, was not reconciled since it was established. This matter was drawn to attention in my previous reports. Since failure to reconcile bank accounts in a timely manner can lead to irregularities being perpetrated without detection, it is again recommended that urgent steps be taken to ensure that this important activity is carried out.
- 281.** An unpaid salaries register was not maintained by the Department to monitor all unclaimed salaries and to ensure their proper accountability. The absence of this record has rendered the verification of unclaimed salaries difficult and time-consuming. The Accounting Officer gave the assurance that a register would be introduced.

## Other Charges

- 282.** The main bank account No. 880, which became non-operational in July 1996, reflected a balance of \$91,425 as at 31 December 1998. This balance should be transferred to the Consolidated Fund and steps taken to close the account.
- 283.** The new main bank account No. 4004 reflected a large balance of \$90.618M as at 31 December 1998 and was not reconciled since it was established in July 1996. The cash book balance at this date was \$21.274M. This matter was also drawn to attention in my previous reports.
- 284.** In my 1997 Report, it was stated that amounts totalling \$222,996 were short-deposited into this account and that an employee was charged and placed before the Court. At the time of reporting, this matter was still not finalised.
- 285.** Amounts totalling \$6.724M were expended on Materials, Equipment & Supplies. However, seven(7) payments totalling \$262,425 for the purchase of stationery could not be traced to the Goods Received Book and the Stock Ledger. The Accounting Officer gave the assurance that these transactions would be investigated. In addition, four(4) instances were observed where purchases falling within the limits of \$90,000 and \$180,000 were not effected through the use of a system of quotations, as required by the Tender Board Regulations. Efforts should be made to ensure strict compliance with these regulations.
- 286.** Amounts totalling \$20.815M were expended on the maintenance of buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Supreme Court building	6,585,059
Nine(9) court rooms	5,659,105
Judicial & Accounting Unit	1,235,310
Court of Appeal building	562,385
N/A Supreme Court & Judges' quarters	1,653,450
Library	1,487,960
Land Court	2,069,216
Suddie Magistrate's Court	71,340
78	

Miscellaneous purchases

1,491,000

**TOTAL**

**20,814,825**

- 287.** The above works were undertaken through the award of 112 contracts to seven(7) individuals, eighty(80) or 71% of which valued at \$6.519M fell below the \$180,000 limit and were awarded without any form of competitive bidding.
- 288.** Although the works were physically verified, an examination of these contracts revealed apparent subdivision to avoid a system of quotations and/or public advertisement and adjudication by the Departmental and Central Tender boards. In particular, the following two sets of contracts were awarded to the same individual and on the same date:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
20/02	28/98	Repairs to toilet in Court IX	152,580
20/02	29/98	Repairs to toilet in Court IIIA	162,910
<b>TOTAL</b>			<b>315,490</b>

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
10/02	7/98	Installing sign board at Land Court	152,000
10/02	8/98	Renovation of floor at Land Court	447,960
<b>TOTAL</b>			<b>599,960</b>

- 289.** Other examples of apparent subdivision of contracts are as follows:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
10/06	144/98	Renovation to Court VII	102,995
10/06	145/98	Renovation to Court VI	177,435
<b>TOTAL</b>			<b>280,430</b>

06/02	2/98	Repairs to Land Court	446,540
10/02	3/98	Sanding & Lacquering at Land Court	434,530
<b>TOTAL</b>			<b>881,070</b>
20/02	32/98	Repairs to flooring at Court IA	325,445
02/03	35/98	Plumbing at Court IA	171,340
<b>TOTAL</b>			<b>496,785</b>

- 290.** Payment vouchers and supporting documents were not produced for audit examination in respect of two purchases of cleaning material valued at \$219,075. Alternative audit procedures to verify the receipt of the items also proved futile. The Accounting Officer gave the assurance that these transactions would be investigated.
- 291.** Excess expenditure totalling \$4,000 was incurred in respect of Subhead 305-Maintenance of Infrastructure. Since there were savings in other subheads, it would have been more appropriate for a virement of funds to be sought.
- 292.** Amounts totalling \$22.999M were expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$	AMOUNT \$
Refurbish & repairs of office furniture		4,375,139
Construct rostrums for court rooms		915,365
Clean court rooms, chambers and compound		1,520,542
Electrical works in court room		81,000
Repairs and servicing to typewriters	178,500	
Binding of legal documents		290,000
<b>Sub Total</b>		<b>7,360,546</b>
Security services	14,169,904	
Rental of photocopier	596,600	
Rental of sanitact unit	394,310	
Fees to Council	171,000	
Rental of chairs	27,000	
Miscellaneous	279,740	
		<b>15,638,554</b>

**TOTAL**

**22,999,100**

- 293.** An examination of the above expenditure revealed that the following sets of contracts, which were awarded to three(3) individuals, appeared to have been subdivided to avoid a system of quotations and/or public advertisement and adjudication by the Departmental/Central Tender boards:-

<b>DATE</b>	<b>CONTRACT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
12/05	104/98	Repairs to floor - Judicial Section	125,000
12/05	105/98	Cleaning & polishing floor tiles – Judicial Section	71,892
<b>TOTAL</b>			<b>196,892</b>
04/06	138/98	Cleaning & weeding court compound	30,000
04/06	139/98	Cleaning Library	75,000
04/06	140/98	Cleaning vault	150,000
<b>TOTAL</b>			<b>255,000</b>
25/02	33/98	Repairs to steel cabinets	392,390
25/02	34/98	Repairs to furniture	181,260
<b>TOTAL</b>			<b>573,650</b>
06/06	154/98	Building book shelf - Library	448,420
06/06	155/98	Building book stands - Library	201,475
<b>TOTAL</b>			<b>649,895</b>

- 294.** The amount of \$14.170M shown as expenditure on security services, included sums totalling \$8.129M paid in respect of arrears for the period January 1993 to May 1996. However, there was no evidence that approval was granted by the Secretary to Treasury to pay the arrears. In addition, the accounts submitted for payment bore no evidence of checking and certification in order to establish the accuracy of the charge.

**295.** Amounts totalling \$6.589M were expended under Subhead 314 - Other. Included in this figure were sums totalling \$3.922M expended on the supply of meals. An examination of the payments relating to the latter amount revealed the following discrepancies:-

- (a) There was no documentary evidence to indicate the distribution of the meals; and
- (b) The meals were purchased from one supplier who rendered monthly billings but there was no documentary evidence of adherence to Tender Board Regulations.

### **Revenue Accounting and Control**

**296.** The system provides for revenues to be deposited into the main bank account and for transfers to be made periodically to the Consolidated Fund. However, as at 31 December 1998 the main bank account reflected a balance of \$37.060M, representing revenues which had not yet transferred to the Consolidated Fund for the period 1995 to 1998.

**297.** The Accounting Officer explained that these amounts represent revenues which were not yet verified with the Collector's Cash Book/Statements for the various Magistrates' Courts. At the time of reporting, the position remained the same. As a result, the revenue statements for these years would have been understated by the respective amounts.

**298.** Revenue totalling \$1.204M was assessed and collected as a result of execution sales carried out during the year. However, there was no evidence that this amount was paid over from the execution sales bank account No. 4000 into the main bank account for transfer to the Consolidated Fund. As a result, the revenue statement would have been understated by this amount.

### **Other Matters**

**299.** The execution sales bank account No. 4000 reflected a balance of \$6.517M as at 31 December 1998. However, the account was not reconciled since it was established in July 1996. The cash book was also not cast and balanced for the period under review. In addition, the account was overdrawn on several

occasions during the year and at the end of August, September and November 1998, the overdrafts were \$829,665, \$4,619,363 and \$1,793,092 respectively.

300. A comparison of the amounts deposited into this account with the amounts shown in the bank statements for 1997 and 1998 revealed that amounts totalling \$17.958M and \$5.335M respectively were misappropriated through the falsification of the deposits slips. As a result, an officer was charged by the Police and at the time of reporting the matter was still not finalised. Had the bank account been reconciled in a timely manner and had effective supervisory checks been carried out, the irregularity would have been discovered much earlier or might have been avoided.
301. A similar irregularity was uncovered in respect of witness money account No. 4001 in respect of the year 1997 where the sum involved was \$22,000. This matter is also before the Court and is still not finalised. The account was also not reconciled since it was established and the cash book was not cast and balanced.

## **PROGRAMME 2 – MAGISTRATES’ DEPARTMENT**

302. Amounts totalling \$4.394M were expended on Materials, Equipment & Supplies. However, there was no evidence that a system of quotations was followed in respect of seven(7) purchases falling within the limits of \$90,000 and \$180,000. There were also two(2) purchases falling within the limits of \$180,000 and \$600,000 which were not adjudicated by the Departmental Tender Board.
303. Payment vouchers and supporting documents in respect of three(3) purchases of stationery totalling \$423,440 were not produced for audit examination, and attempts to verify that the items purchased were received and properly brought to account, proved futile. The Accounting Officer gave the assurance that these transactions would be investigated. Five(5) instances were also noted where payment vouchers were not stamped “paid” to avoid the possibility of the recycling of bills and receipts.

- 304.** Amounts totalling \$303,000 were expended on Fuel & Lubricants. However, five(5) payment vouchers and supporting documents totalling \$156,190 were not produced for examination. This matter was drawn to the attention of the Accounting Officer.
- 305.** Amounts totalling \$10.462M were expended on Rental & Maintenance of Buildings of which \$9.281M represents payments for carpentry, cleaning, painting and electrical works to Magistrates' Courts. Although the works were physically verified, an examination of these contracts revealed apparent subdivision to avoid a system of quotations and/or public advertisement and adjudication by the Departmental/Central Tender boards. The following are examples:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
19/05	112/98	Building rostrum & witness box - Charity Crt.	445,000
03/06	114/98	Removing & replacing door – Charity Crt.	444,930
		<b>TOTAL</b>	<b>889,930</b>
02/07	170/98	Repairs to Magistrate’s chambers	135,070
09/07	176/98	Repairs to Magistrate’s court room	3 80,780
		<b>TOTAL</b>	<b>515,850</b>
17/06	158/98	Repairs to floor – G/T Mag. Court	149,830
17/06	159/98	Laying of rubber mat on floor – G/T Mag. Crt.	123,500
		<b>TOTAL</b>	<b>273,330</b>
03/07	203/98	Electrical work – vault – G/T Mag. Court	124,770
03/07	204/98	Electrical work – G/T Mag. Court	215,680
		<b>TOTAL</b>	<b>340,450</b>

- 306.** Amounts totalling \$1.999M were expended on the maintenance of infrastructure. This involves the construction of fences and cleaning of compounds of magistrates courts. Two(2) payment vouchers and supporting



documents totalling \$199,695 were, however, not produced for examination. This matter was also drawn to the attention of the Accounting Officer.

- 307.** Amounts totalling \$2.671M were expended on Other Services Purchased. This involves mainly repairs to furniture and typewriters and cleaning of court rooms. Three(3) payment vouchers and supporting documents valued at \$33,420 were, however, not produced for examination. In addition, the related contracts appeared to have been subdivided to avoid a system of quotations and/or public advertisement and adjudication by the Departmental Tender Board. The following are examples:-

<b>DATE</b>	<b>CONTRACT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
19/03	61/98	Repairs to cabinets	448,035
19/03	62/98	Repairs to cabinets	268,560
		<b>TOTAL</b>	<b>716,595</b>
05/05	97/98	Repairs to furniture – Court IV	238,930
05/05	98/09	Repairs to furniture – Court V	214,240
		<b>TOTAL</b>	<b>453,170</b>

- 308.** Excess expenditure totalling \$103,000 was incurred in respect of three(3) subheads. Since there were savings in other subheads, it would have been more appropriate for the virement of funds to have been sought.

### **Georgetown Magistrates' Court**

- 309.** The salaries bank account No. 159, which became non-operational in August 1996, was overdrawn by \$11.698M as at 31 December 1998. It is again recommended that the overdraft be investigated and steps taken to close the account.

- 310.** The new salaries bank account No. 3113 was not reconciled since it was established in September 1996. Since failure to reconcile bank accounts in a timely manner can lead to irregularities occurring without detection, efforts should be made to ensure that this important activity is carried out.
- 311.** During the period under review, irregularities totalling \$946,575 were uncovered at the Providence Magistrate's Court. These irregularities resulted from the alterations in the amounts shown on the case jackets and on the receipts issued to defendants as well as short-banking. As a result, the Police were called, and at the time of reporting the matter was engaging the attention of the Courts.
- 312.** An examination of the Fines Register revealed that it was not written up at the time the fines were imposed. Instead, entries were made when the fines were paid. As a result, it could not be determined what fines were collectible and outstanding at any one point in time. This matter was drawn to attention in my previous reports.
- 313.** The Traffic Ticket Record Book was not written up for the period under review. As a result, it could not be determined whether all traffic tickets received from the Police Department have been paid or filed for court action. This matter was also drawn to attention in my previous reports.
- 314.** The Suitors' Deposits Account No. 157, which became non-operational in October 1996, reflected a balance of \$79.979M as at 31 December 1998. The cash book was, however, not cast and balanced, and the bank account was not reconciled for several years. In addition, although a new bank account No. 3114 was opened, there was no evidence of any attempts being made to reconcile it, nor was a new cash book introduced. These matters were drawn to attention in my previous reports.
- 315.** Irregularities totalling \$818,250 were also uncovered in respect of account No. 3114, resulting from the apparent tampering of receipts as well as short-banking. This matter is also engaging the attention of the Courts at the time of reporting.

- 316.** A daily record of used and unused receipts and cheques for the Suitors' Deposits Account was not maintained for the period under review. A similar observation was made in respect of the Bastardy Account.
- 317.** The Bastardy Account No. 158, which became non-operational in October 1996, was not reconciled for several years and reflected an overdraft of \$972,403 as at 31 December 1998. Although a new account No. 3115 was opened, a cash book was not introduced as a result of which no reconciliation could have been carried out. These matters were drawn to attention in my previous reports.

### **East Demerara Magisterial District**

- 318.** The old salaries bank account No. 142 reflected an overdraft of \$321,064 as at 31 December 1998. It is again recommended that this overdraft be investigated and steps taken to close the account.
- 319.** The new salaries account No. 3102, which was opened in October 1996, reflected a balance of \$54,538. However, the reconciliation statements prepared for this account were not done properly and there was no evidence of checking and certification of these statements.
- 320.** An examination of the civil/criminal records book revealed that a total of 5,257 cases were filed for the period under review. However, the case jackets in respect of 406 criminal cases and 9 civil cases were not produced for examination. In the circumstances, the outcome of these cases could not be determined.
- 321.** In respect of commitment warrants, a total of 1,064 warrants valued at \$994,362 were issued for the period under review. However, only amounts totalling \$47,225 were paid and there was no indication whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$947,137.
- 322.** The current Suitors' Deposits Account No. 3101, which was opened in October 1996, reflected a balance of \$14.405M as at 31 December 1998.

However, the account was not properly reconciled and there was no evidence of checking and certification of these statements.

- 323.** The old Maintenance and Bastardy Account No. 392 reflected a balance of \$73,309 as at 31 December 1998. This balance should be transferred to the new bastardy account No. 3103. The cash book for the latter account was also not maintained and the account which was not properly reconciled. In addition, there was no evidence of checking and certification of the reconciliation statements.
- 324.** A daily record of used and unused receipts and cheque books was not maintained for the period under review.

#### **West Demerara Magisterial District**

- 325.** The old salaries bank account No. 191 reflected an overdraft of \$4.957M as at 31 December 1998. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 326.** The current bank account No. 3110 reflected a balance of \$818,686 as at 31 December 1998. However, the cash book was not cast and balanced, and the account was not reconciled since it was established in October 1996.
- 327.** An examination of the civil and criminal records revealed that 3,027 and 654 cases respectively were filed during the period under review. However, the jackets relating to these cases as well as those relating to previous years were not filed in numerical sequence. In the circumstances, it could not be determined whether all the case jackets were accounted for.
- 328.** The old Suitors' Deposits Bank Account No. 192 reflected a balance of \$3.499M as at 31 December 1998. This balance should be transferred to the bank account currently in use.
- 329.** The current Suitors' Deposits Bank Account No. 3111, which was opened in September 1996, was not reconciled since it was established and reflected a balance of \$3.398M as at 31 December 1998. The cash book balance at this

date was \$3.243M. It should also be noted that no new cash book was introduced for this account and therefore the balance would have been contaminated with that of the previous account.

- 330.** The Suitors' Deposit bank account is to be used exclusively for the purpose of depositing and refunding of bail money. However, during the period 1989 to 1998, amounts totalling \$7.447M were withdrawn to defray expenses of magistrates and clerks for travelling and subsistence. These expenditures should have been met from the Supreme Court main bank account and charged to the related appropriation account. As a result, the appropriation accounts for above-mentioned years would have been understated. In particular, for the period under review, the Suitors' Deposits bank account was irregularly used to defray expenditure totalling \$550,222.
- 331.** Investigations at the Supreme Court in Georgetown and at the West Demerara Magisterial District Office revealed that payment vouchers totalling \$1.226M in respect of 1992 and 1993 were at the Supreme Court and the balance of \$6.222M could not be accounted for by way of vouchers, receipts or any other form of documentation. At the time of reporting, the Police were still investigating this matter.
- 332.** Two(2) cheques totalling \$308,180 were encashed in August 1998 by an employee from funds belonging to the Suitors' Deposit Account. These cheques were, however, dishonoured by the bank. The amount of \$308,180 is therefore owed to the Suitors' Deposit account. At the time of reporting, the Police were also still investigating the matter.
- 333.** The old Maintenance and Bastardy account No. 442 was overdrawn by \$123,771 as at 31 December 1998. The overdraft should be investigated and steps taken to close the account. The current Maintenance and Bastardy account No. 3112 was also not reconciled since it was established in October 1996. These matters were drawn to attention in previous reports.

#### **Essequibo Magisterial District**

- 334.** The old salaries bank account No. 337 was overdrawn by \$603,114 as at 31 December 1998. The overdraft should be investigated and steps taken to

close the account. The new bank account No. 3107 was also not reconciled since it was established in June 1996.

- 335.** An examination of the Civil/criminal records revealed that a total of 3,458 cases were filed for a year. However, case jackets in respect of 80 criminal cases and 21 civil cases were not produced for examination. In addition, 57 warrants totalling \$235,625 were issued for the year. However, only amounts totalling \$18,150 in respect of 10 warrants were paid and there was no indication whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$217,475.
- 336.** The old Suitors' Deposit account No. was overdrawn by \$1.164M as at 31 December 1998. The overdraft should be investigated and steps taken to close the account. The new Suitors' Deposit account No. 3108 was also not reconciled since it was established. A similar observation was made in respect of the Maintenance and Bastardy account No. 3109.

### **Corentyne Magisterial District**

- 337.** The old salaries bank account No. 299 was overdrawn by \$1.132M as at 31 December 1998. The overdraft should be investigated and steps taken to close the account. The current salaries bank account No. 3116 was also overdrawn by \$341,438.
- 338.** An examination of the civil/criminal records revealed that a total of 3,252 cases were filed for the period under review. However, case jackets in respect of 67 criminal cases and 9 civil cases were not produced for examination. In the circumstances, the outcome of these cases could not be determined.
- 339.** According to the Commitment Warrants Register, 192 warrants totalling \$1.715M were issued for the period under review. However, only amounts totalling \$367,925 were paid, and there was no indication whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$1.347M.

- 340.** The old Suitors' Deposit account No. 300 reflected a balance of \$4.477M as at 31 December 1998. This balance should be transferred to the new account No. 3117. A similar observation was made in respect of the old Maintenance and Bastardy Account No. 477 which reflected a balance of \$205,666.

### **Berbice Magisterial District**

- 341.** The old salaries bank account No. 297, which ceased to be operational in June 1996, reflected an overdraft of \$2.490M as at 31 December 1998. The overdraft should be investigated and steps taken to close the account. The current salaries bank account No. 3105 was also not reconciled since it was established in June 1996.
- 342.** An examination of the civil/criminal records revealed that a total of 6,185 cases were filed for the period under review. However, case jackets in respect of 545 criminal cases and 77 civil cases were not produced for examination. In the circumstances, the outcome of these cases could not be determined.
- 343.** According to the Commitment Warrants Register, 190 warrants totalling \$119,400 were issued during the year. However, the Register was not written up to indicate the amounts that were received from defendants and whether defaulters were subsequently imprisoned.
- 344.** The old Suitors' Deposit Account No. 296 was overdrawn by \$3.589M. The overdraft should be investigated and steps taken to close the account. The current Suitors' Deposit Account No. 3104 was also not reconciled since it was established in June 1996.
- 345.** The old Maintenance and Bastardy Account No. 298 reflected a balance of \$153,556 as at 31 December 1998. This balance should be transferred to the current bank account No. 3106. The latter account was also not reconciled since it was established and three(3) fraudulent transactions totalling \$54,000 were uncovered. As a result, an officer was charged by the Police, and at the time of reporting the matter had not yet been finalised.

## **HEAD 06-01 & DIVISION 506**

### **MINISTRY OF FOREIGN AFFAIRS**

#### **Current Expenditure**

##### **Employment Costs**

- 346.** The old salaries bank account No. 458, which became non-operational in July 1996, continued to reflect a large balance of \$84.547M at 31 December 1998. The Accounting Officer had explained that this balance 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 service officers and representative staff overseas. However, at the time of preparation of the paysheets, the Ministry was also in receipt of cheques from the Accountant General in respect of the salaries and allowances of these persons. The cheques were deposited into the salaries bank account and were not refunded to the Accountant General, thereby resulting in the build up of the balance in the account. It is again recommended that (a) a reconciliation be carried out to identify the total amount involved and to refund it to the Accountant General, and (b) steps be taken to close the account.
- 347.** The cash book for the new salaries bank account No. 3086, which became operational in July 1996, was not satisfactorily maintained and bore no evidence of supervisory checks. Several instances were noted where the amounts of the receipts as recorded in the cash book differed from those shown on the relevant payment vouchers. These differences were also not shown on the reconciliation statements, raising doubts as to whether or not the account was properly being reconciled. The Accounting Officer explained that the differences resulted from queries raised by the Accountant General's Department and that the vouchers were corrected but the entries in the cash book were not similarly adjusted. It was further



explained that the payments recorded on the bank statements were used instead in the reconciliation process.

**348.** This account also reflected a large balance of \$21.504M at 31 December 1998 for the same reason as that mentioned above. It is to be noted that with effect from June 1997 an appropriate system was put in place to avoid a recurrence of the problem.

**349.** At the time of the audit, six (6) unused cheque books relating to account No. 458 were found in the safe. These books should be returned to the Bank of Guyana for cancellation.

### **Other Charges**

**350.** Amounts totalling \$161.709M were expended on Subsidies & Contributions etc. The following gives a breakdown of the expenditure, compared with the budgeted amounts:-

<b>NAME OF ORGANISATION</b>	<b>BUDGETED \$000</b>	<b>ACTUAL \$000</b>	<b>VARIANCE \$000</b>
CARICOM - Contr. & International Organ .	80,000	77,378	2,622
CARICOM - Regional Negotiating Machinery	23,000	23,030	(30)
Commonwealth Fund for Technical Cooperation	11,779	12,250	(471)
Group of 77 Secretariat	143	8,500	(8,357)
United Nations Development Programme	2,000	8,372	(6,372)
Commonwealth Secretariat - Partial Payment	13,000	6,500	6,500
United Nations	5,794	5,793	1
Caribbean Export Development Agency	5,257	5,372	(115)
Organisation of American States	2,890	2,815	75
Others	20,881	11,698	9,183
<b>TOTAL</b>	<b>164,744</b>	<b>161,708</b>	<b>3,036</b>

**351.** The above amounts were verified as having been received by the various agencies. However, excess expenditure totalling \$8.5M was incurred under this subhead. This excess expenditure was met from an advance from the

Contingencies Fund which was cleared by way of supplementary estimates in April 1999.

### **Other Matters**

- 352.** The imprest bank account No. 353, became non-operational in July 1996, reflected a balance of \$56,319 as at 31 December 1998. This balance should be transferred to the Consolidated Fund and steps taken to close the account. In addition, the current imprest bank account No. 3085 was only reconciled to July 1998 at the time of the audit.

### **Capital Expenditure**

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

- 353.** The sum of \$2M was allocated for rehabilitation works on government buildings in China, Caracas, Ottawa and Washington. Amounts totalling \$1.5M were shown as having been expended in the rehabilitation of the following:-

<b>PARTICULARS</b>	<b>AMOUNT \$</b>
Chancery and Residence - Beijing	454,000
Guyana Embassy - Caracas	300,000
Chancery - Washington	96,000
Residence of High Commissioner - Ottawa	650,000
<b>TOTAL</b>	<b>1,500,000</b>

- 354.** Bills and/or receipts were, however, not presented for audit examination in support of the above expenditure. In the circumstances, it could not be determined whether the funds remitted were fully utilised and whether amounts should have been refunded to the Consolidated Fund.
- 355.** The above amounts were remitted to the overseas missions in March 1999. However, the rehabilitation works were to have been undertaken in 1998 in

accordance with the Ministry's capital programme. As a result, the Appropriation Account was overstated by \$1.5M since as at 31 December 1998 value was not received. In such circumstances, it would have been more appropriate for the rehabilitation works to be budgeted for in the 1999 Estimates of Expenditure.

- 356.** In relation to the rehabilitation of the High Commissioner's residence in Ottawa, at the time of inspection, the works were almost completed. The building was nevertheless in need of additional repairs and well as painting but an examination of the Ministry's capital programme for 1999 did not indicate that funds were provided for such works.

**Subhead 24001 - Land Transport**

- 357.** The sum of \$5.83M was allocated for the purchase of two(2) vehicles for the overseas missions in Brussels and Suriname. However, approval was granted for a change in programme for the funds to be utilised to purchase two(2) vehicles for Cuba and Toronto. The full amount was shown as having been expended, as follows:-

<b>PARTICULARS</b>	<b>AMOUNT \$</b>
One (1) Plymouth Grand Voyager - Toronto	2,532,355
One (1) 1998 Toyota Camry - Cuba	3,297,625
<b>TOTAL</b>	<b>5,829,980</b>

- 358.** The suppliers' receipts in acknowledgement of the amounts paid for the cars were not produced for examination. In the circumstances, it could not be determined what sums were actually expended for the amounts remitted. The vehicles were also not brought to account in the inventory records of the Ministry.

**Subhead 25001 - Office Equipment and Furniture**

359. The sum of \$6.17M was allocated for purchase of equipment for the overseas missions. The full amount was shown as having been expended, as follows:-

<b>MISSION</b>	<b>AMOUNT \$</b>
Beijing	2,806,000
Caracas	412,000
New York	236,000
Brazil	305,000
Brussels	1,622,000
Cuba	333,000
Toronto	90,000
Suriname	366,000
<b>TOTAL</b>	<b>6,170,000</b>

360. Again, supporting documents such as bills and receipts were not presented to substantiate the amounts remitted nor were the items purchased brought to account in the inventory records of the Ministry. It should be noted that these amounts were remitted in February 1999 and therefore the comments relating to the rehabilitation of buildings are also applicable.

#### **GUYANA MISSION TO THE UNITED NATIONS - NEW YORK**

361. An examination of the reconciliation statements of the main bank account No. 152-005048 revealed numerous discrepancies between amounts recorded in the cash book and those reflected in the bank statements. In particular, there is an unreconciled balance of US\$13,431.61 coming forward from prior to January 1995. It is recommended that this balance as well as the other items be investigated with a view to ascertaining their nature and steps taken to effect the necessary adjustments.
362. In addition, there was no evidence of certification of the bank reconciliation statements for the period under review. The Accountant explained that when the reconciliation was done, the Sub-Accounting Officer was out of the

United States on Government business and had not yet returned and that efforts would be made to have these statements certified as early as possible.

- 363.** During the period under review, remittances were received to meet operational expenditure, salaries and expenses relating to Group of 77 and China. These were banked in separate bank accounts. However, the receipts were written from the same receipt books and then posted to the related cash books. This practice has resulted in the audit of the various transactions to be time-consuming. It is recommended that separate receipt books be used.

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

- 364.** An evaluation of the operations the Passport Section revealed the following unsatisfactory features:-
- (a)** Adequate records was not maintained to effectively monitor the issue of new passports and the collection of the related fees. In this regard, a control record was designed and submitted to the Consulate for implementation;
  - (b)** Several persons had access to new passports after they were issued by the Executive Officer of the Finance Section in lots of 100. In addition, adequate records were not kept to monitor the movements of passports from one officer to another while preparation of the document was in progress. It is recommended that the Executive Officer ceases to issue passports in bulk and that issues be made based on completed application forms duly approved by the Consul General and after the relevant fees are paid;
  - (c)** It was observed that new passports were left on officers' desks even when such officers were away from their desks for long periods. The public also was allowed access to the inner part of the Consulate where passports were being processed and stored, without any supervision of their movements. It is strongly recommended that new passports be properly secured at all times and there should restricted and supervised access to the inner part of the Consulate;

- (d) Several instances were observed where officers were writing up the Passport Register and also signing as uplifting passports on behalf of applicants, even without authorisations. This practice should cease with immediate effect. Persons applying for new passports should appear in person to uplift same and under no circumstances, should staff of the Consulate sign and uplift passports on behalf of applicants;
- (e) Passport returns are required to be submitted to the Immigration Officer in Georgetown at least once a month so that the stock of passports at the Consulate can be replenished. However, at the time of inspection in July 1999, no returns were submitted for 1999. This has caused an acute shortage of new passports relative to the high demand. As a result, the issuing of new passports was several months in arrears; and
- (f) An additional charge of US\$10 and US\$25 was being imposed for renewed and new passports respectively. However, these additional charges were not authorised by the Immigration Officer in Georgetown. In addition, a receipt was not issued to the applicant for such charges and there was no record kept to indicate what amounts were received as revenue. As a result, it could not be determined how long this practice was in operation and the total amount of revenue collected and how it was utilised. At the time of reporting, it is understood that receipts were being issued for amounts collected.

**365.** The main bank account was overdrawn by US\$26,081.22 at the end of August 1998 and was only reconciled to this date at the time of the inspection in July 1999. Draft reconciliation statements were, however, prepared for the months of September to December 1998. The cash book also reflected negative balances at the end of September, October and December 1998, as shown below:-

	TOTAL	TOTAL	NEGATIVE
		98	

<b>MONTH</b>	<b>RECEIPTS US\$</b>	<b>PAYMENTS US\$</b>	<b>CASH BOOK BALANCE US\$</b>
September	23,344.38	25,341.74	1,997.36
October	22,686.68	24,867.96	2,181.28
December	26,028.07	34,770.94	8,742.87

- 366.** In addition, an examination of the bank reconciliation statement for August 1998 revealed that there are two stale-dated cheques totalling US\$469.50 dating back to 1989 and 1990. These cheques should be cancelled and written back to the cash book.
- 367.** Bank account No. EAB 046-03429-4 was maintained for the payment of salaries and allowances of the Consul General. However, this account was subject to an average monthly service charge of US\$32. In view of the fact that the Consul General is the only home based staff in the Consulate, it is recommended that this account be closed and the salaries bank account at the UN Mission (out of which a number of home based staff are paid) be used to effect payment to the Consul General.
- 368.** The total remittances from Head Office for the year 1998 amounted to US\$249,500, equivalent to G\$37.439M. However, expenditure totalled G\$44.999M, that is, G\$7.560M in excess of the remittances. The excess expenditure was met from an unspent amount of G\$5.428M brought forward from 1997 and by overdrawing the bank account. It is strongly recommended that (a) all unspent remittances at the end of the year be refunded to Head Office for credit to the Consolidated Fund and (b) greater care be exercised to keep expenditure within the approved budgetary allocations, thereby avoiding the incurrence of overdraft.
- 369.** In relation to the control of expenditure, the allocation letter for the year 1998 was sent to the Consulate on 3 June 1998, that is, almost three (3) months after the Budget was approved by the National Assembly. Revised allocation letters were also sent on 15 December 1998 and 8 January 1999. Despite this, the allocations for three subheads were exceeded at 31 December 1998, as shown below:-

<b>SUBHEAD</b>	<b>DESCRIPTION</b>	<b>REVISED ALLOCATION</b>	<b>EXPENDITURE</b>	<b>EXCESS</b>
		99		

		G\$	G\$	G\$
302-003	Office supplies	304,000	360,470	56,470
307-004	Vehicles spares etc.	1,388,000	1,440,887	52,887
308-000	Telephone	1,648,000	1,669,775	21,775

**370.** Amounts totalling G\$1.670M were expended on telephone charges during the period under review. Included in this figure were expenditure credits totalling G\$559,389. This latter amount represents payments made by applicants who had lost their passports and were requested by the Consulate to pay a fee of US\$20 and US\$40. This fee was to facilitate the Consulate contacting the Immigration Department in Guyana to obtain information pertaining to the applicants' original passports. However, a record of the telephone calls made to the Immigration Office in Georgetown was not kept and it is understood that in most cases one call may be made for a number of applicants. Further, in some instances, applicants were provided with new passports without the Consulate first checking with the Immigration Officials in Georgetown.

#### **GUYANA EMBASSY - WASHINGTON**

**371.** Remittances of revenue totalling G\$6.599M, equivalent to US\$44,406, for the period 1 January 1998 to 31 December 1998 were collected and remitted to the Accountant General's Department. However, at the time of inspection, acknowledgements from the Accountant General were not received by the Embassy. It is recommended that the Ministry of Foreign Affairs follows up with the Accountant General's Department to ensure that acknowledgement receipts are issued in a timely manner. These should then be forwarded promptly to the missions for filing and audit purposes.

**372.** At the time of the inspection, cancelled passport No. 08617711 was on hand. Nine(9) other passports received from Georgetown could not be used due to incorrect printing. At the time of reporting, efforts were being made to return these passports to the Immigration Office in Georgetown.

**373.** Twenty (20) new business passports were issued at the regular fee of US\$50 instead of the required fee of US\$100. As a result, there was an under collection of US\$1000 in revenue. It was explained that this was an oversight. It is recommended that attempts be made to contact the persons to whom the passports were issued to recover the under payments.



- 374.** In relation to the control of expenditure, the allocation letter for the year 1998 was sent to the Embassy on 9 June 1998, that is, almost three months after the budget was approved by the National Assembly. Revised allocation letters were sent on 15 December 1998 and on 8 January 1999. Despite this, expenditure for the under-mentioned subheads exceeded the revised allocations, as shown below:-

<b>SUB-HEAD</b>	<b>DESCRIPTION</b>	<b>REVISED ALLOCATION G\$</b>	<b>EXPENDITURE G\$</b>	<b>EXCESS G\$</b>
303	Fuel and lubricants	1,122,000	1,213,521	91,521
306	Electricity	987,000	1,051,346	64,346
307	Transport & travelling	3,059,000	3,066,543	7,543
308	Telephone	2,556,000	2,755,664	199,664
309	Other services	1,650,000	1,693,806	43,806
	<b>TOTAL</b>			<b>406,880</b>

### **GUYANA HIGH COMMISSION - LONDON**

- 375.** During the period under review, the High Commissioner performed the duties of Sub Accounting Officer. It was explained that the arrangement was put in place at a time when no officer above the level of Foreign Service Officer 11 was attached to the Mission. It is recommended that urgent steps be taken to ensure that a sub accounting officer is appointed to be in charge of the financial affairs of the Mission.
- 376.** Salary advances totalling £5,316.19 were granted from the Main Bank Account, contrary to financial instructions. It was explained that the late remittances in respect of salaries necessitated the issuing of such advances. Efforts should be made to ensure that funds for the operations of the Mission are remitted in a more timely manner.

- 377.** The main bank account was twice funded by loans from the salaries miscellaneous account with sums of £2,000 on each occasion. The initial loan was taken on 30 July 1998 with a view to repaying the amount on receipt of remittances for July 1998. However, on 11 August 1998, without the repayment of the outstanding sum, an additional amount of £2,000 was transferred to the account. At the time of inspection, the loans were yet to be repaid to the salaries miscellaneous account. In addition, the account was overdrawn by £1,458.41 and £6,117.59 at the end of July and October 1998 respectively. Efforts should be made to ensure that remittances are forwarded to the Mission in a more timely manner in order to avoid the account being overdrawn.
- 378.** The salaries miscellaneous bank account was originally set up to facilitate the payment of salaries and miscellaneous expenses of the Mission. However, with the introduction of a separate salaries account in 1997, this account was utilised to accommodate deposits while also facilitating miscellaneous payments. It is recommended that the balance on this account be transferred to the main bank account and steps taken to close the account.
- 379.** A scrutiny of the salaries miscellaneous account revealed that insurance compensation received during the years 1997 and 1998 totalling £91,327.24 was deposited into this account. The compensation was in respect of claims arising out of the flooding of the Chancery. Of this amount, sums totalling £86,476.56 were expended for the repairs and or refurbishment of the Chancery. As a result, the Appropriation Account has been understated by the Guyana dollar equivalent of \$20.408M. Revenue would have also been understated by \$21.521M. In addition, only \$195,880 was refunded to the Consolidated Fund. The difference of \$949,588 was retained in this account to meet expenditure of the Chancery.
- 380.** The United States dollar account ceased to be operational in June 1997 and reflected a balance of US\$595.60, equivalent to G\$107,208. This balance should be transferred to the Consolidated Fund and steps taken to close the account.

**381.** The following bank accounts held at the Lloyds Bank, which were heavily overdrawn over the years, reflected the overdrafts totalled US\$13.832M and £1.696M respectively as at 31 December 1998, as shown below:

ACCOUNT NO.	DESCRIPTION	OVERDRAFT AT 31.12.98	
		US\$	£
01055721	Guyana High Commission	-	200,212
01043855	G.H.C. Overdue Interest	-	1,496,053
01472607	GNTC Unpaid Loans	3,445,974	-
11879308	GNTC Overdue Interest	10,386,088	-
<b>TOTAL</b>		<b>13,832,062</b>	<b>1,696,265</b>

**382.** The combined Guyana dollar equivalent of these liabilities amounted to G\$2.764 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 have 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.

**383.** This matter was drawn to attention in my previous reports, and despite this, there was no evidence of any action taken to arrange for the discharge of these liabilities which increased in 1998 by G\$513M as a result of increased interest charges.

**384.** Excess expenditure was incurred in respect of the following subheads.

SUBHEAD	DESCRIPTION	ALLOCATION G\$	EXPENDITURE G\$	EXCESS G\$
302-003	Office supplies	290,000	406,721	13,721
302-004	Print & non-print material.	401,000	406,533	5,533
303-000	Fuel & lubricants	1,654,000	1,662,084	8,084
304-002	Maint. of Buildings.	2,477,000	2,447,469	469
306-000	Electricity charges	569,000	569,475	475
314-003	Refreshment & meals	24,000	26,217	2,217

Greater care should be exercised that the Mission is provided with realistic allocations.

### **THE GUYANA EMBASSY - BRUSSELS**

- 385.** The main bank account No. 310-1007345-86 was operated in two(2) currencies, i.e. United States dollars (US\$) and Belgian Francs (Bf). At 31 December 1998, this account had both a positive balance of US\$18,462.78 and an overdraft of Bf604,679. Enquires into the reasons for the overdraft revealed that amounts totalling US\$17,000 which were put on hold for specific and undisclosed purposes. As such, the Mission was not at liberty to utilise the sums to clear the Bf overdraft.
- 386.** The above account also included amounts totalling US\$5,132.67 which were refunded based on advances granted. However, an advances register was not maintained to monitor the granting and repayment of advances. In addition, a scrutiny of the cash book indicated that refunds totalling US\$1,846.61 related to advances which were issued from the account. This observation would reinforce the need for the maintenance of an advances register.
- 387.** Although a separate bank account was kept for the payment of wages and salaries, a cash book was not maintained and therefore the account could not have been reconciled. This record should be introduced urgently.
- 388.** According to the vote account book, the funds allocated to the under-mentioned subheads were overspent during the period reviewed. In addition, the various commitments on the voted provisions were recorded in the vote account book. In the circumstances, the related actual or estimated liabilities outstanding at 31 December 1998 was not determined. The recording of commitments forms an integral part of the system of budgetary control and should be adhered to.

SUBHEAD	DESCRIPTION	ALLOCATION G\$	EXPEND. G\$	EXCESS G\$
104-000	Clerical and office support	2,276,000	2,345,292	69,292
105-000	Semi-skilled operatives	2,276,000	3,225,898	949,898
201-000	Other direct labour costs	610,000	732,055	12,055
306-000	Electricity charges	520,000	544,740	24,740
	104			

307-003	Postage, telex & cablegrams	680,000	983,392	303,392
314-003	Refreshment & meals	14,000	51,760	37,760

- 389.** Nine(9) receipt books were on hand at the time of inspection, four(4) of which were in use. It is recommended that a register be introduced to monitor the use of these books.

### **GUYANA HIGH COMMISSION – OTTAWA**

- 390.** The main bank account No. 131-886-4 reflected a balance of C\$126,637 as at 31 December 1998. However, a cash book was not maintained for this account. As a result, the account could not have been properly reconciled and supervisory checks were lacking. The Executive Officer explained that this was due to staff constraints. It is recommended that the High Commission be staffed with such numbers so as to ensure that adequate checks and balances exist.
- 391.** At the time of the inspection, revenue stamps totalling G\$14,025 were on hand. However, a stamp register was maintained to account for the receipts and issues of stamps. Efforts should be made to introduce this record as early as possible.
- 392.** For the period under review, the High Commission did not obtain official receipt books from Head Office to account for moneys received. Instead, receipt books were purchased in Canada and were used for the collection of revenue for the sale of passport forms and for the issuing of visas etc. In addition, adequate stocks of forms for the issuing as well as renewal of passports were not kept. As a result, photocopied forms had to be used. These practices can lead to irregularities and therefore every effort should be made to ensure adequate stocks of official receipt books and passport forms are always on hand.
- 393.** The imprest bank account No. 131-887-2, which reflected a balance of C\$394.58 as at 31 December 1998, was not being used. Instead, the High Commission was operating a petty cash of C\$500. However, no cash book was maintained for the petty cash. It is recommended that the balance on account No. 131-887-2 be transferred to the main bank account and steps taken to close the account. A cash book should also be introduced for the petty cash and there should be daily supervisory checks on this record.

- 394.** Collector's Cash Books/Statements were not being used to record revenue collected. Instead, recordings were made in a note book which obviously is an unsatisfactory arrangement. In addition, revenue was not remitted to Head Office in a timely manner and at the time of inspection amounts totalling C\$1,792 covering the period January to May 1999 were on hand. Moneys collected were also not banked in a timely manner. These shortcomings should be addressed urgently.
- 395.** A register of remittances was not maintained to record amounts received from the Bank of Guyana through the Washington for the incurrence of expenditure. This record is necessary to monitor expenditures against remittances and as such every effort should be made to introduce it.
- 396.** At the time of inspection, an amount of C\$100 was found in the safe. The Executive Officer explained that the money represented the proceeds from the sale of an 1980 unserviceable vehicle. This amount should be transferred to the Consolidated Fund.

#### **GUYANA EMBASSY - VENEZUELA**

- 397.** Collectors' cash book/statements and the related receipt vouchers are required to be submitted on a monthly basis to the Ministry of Foreign Affairs for incorporation in the Ministry's accounts. However, that these vouchers were despatched on average three(3) months later. A similar observation was in respect of payment vouchers and supporting documents. The Accountant explained that this was due to difficulties in obtaining flight on a more regular basis. This delay would obviously cause the both the appropriation and revenue accounts at any one point in time to be understated.
- 398.** An examination of the Vote Account Book at the end of August 1998 revealed that expenditure exceeded allocations under six(6) subheads, as shown below:-

<b>SUB HEAD</b>	<b>DESCRIPTION</b>	<b>ALLOCATION</b>	<b>TOTAL EXPENDITURE</b>	<b>EXCESS EXPENDITURE</b>
		\$	\$	\$
303-000	Fuel & Lubricants	135,000	233,390	98,390
306-000	Electricity Charges	370,000	5 38,914	168,914
307-000	Local Travel & Subs.	774,000	1,355,395	611,395
308-000	Telephone Charges	3,100,000	3,309,569	209,569
309-001	Security Charges	42,000	66,213	24,213
314-005	Others	195,000	350,934	155,934
<b>TOTAL</b>				<b>1,268,415</b>

- 399.** The Accountant explained that allocations proved to be inadequate in most cases and that from time to time personal funds had to be used to meet official expenditure. It is recommended that the Ministry carries out a careful review of the financial needs of this as well as other missions with a view to ensuring that adequate funds are always available to meet official expenses.
- 400.** The remittance of revenue to the Accountant General's Department via Head Office was done on a half yearly instead of on a monthly basis. The Accountant explained that this practice has been place for some time and that efforts would be made to ensure that remittances are made on a more regular basis.

## **HEADS 04-07 & 07-01 AND DIVISION 507**

### **ELECTIONS COMMISSION & MINISTRY OF HOME AFFAIRS (EXCLUDING POLICE)**

#### **Current Expenditure**

##### **Employment Costs**

- 401.** The old salaries bank account No. 508, which became non-operational in June 1996, reflected a balance of \$1.463M as at 31 December 1998. It is again recommended that the balance be transferred to the Consolidated Fund and steps taken to close the account.
- 402.** The current salaries bank account No. 3022 reflected a balance of \$50.433M. However, although the cash book was written up to December 1998, it was not cast and balanced, and therefore the exact balance on this account could not be determined. It should be noted that it is a requirement for the cash book to reflect 'nil' balances at the end of each month as a control mechanism for the payment of wages and salaries. Therefore, the failure to cast and balance the cash book at least on a monthly basis would have meant that an important aspect of internal control over the operations of this account would have been lost. This practice can lead to irregularities.
- 403.** The Accounting Officer attributed this state of affairs to staff constraints. It is therefore recommended that the staffing of accounting unit of the Ministry be reviewed urgently with a view to ensuring that adequate checks and balances exist in relation to not only the operations of the salaries bank account but also the entire accounting operations of the Ministry.
- 404.** As a result of the above observation, the salaries bank account could not have been reconciled. In fact, this was not done since the establishment of the account in June 1996. Since the failure to reconcile bank accounts can lead to irregularities being perpetrated without detection, every effort should be made to ensure that this activity is carried out with due diligence and in a timely manner.



- 405.** Amounts totalling \$6.370M were refunded to the main bank account as unclaimed salaries. However, an examination of the Unclaimed Salaries Register revealed that in ten(10) instances amounts totalling \$269,818 were refunded but were not credited to the relevant expenditure subheads. As a result, expenditure under the respective subheads under Employment Costs was overstated by these amounts. Greater care should be exercised to avoid a recurrence of this lapse.
- 406.** Amounts totalling \$71.055M were expended on Benefits and Allowances. Included in this figure were purchases totalling \$14.847M, shown below according to the various authority limits:-

<b>AUTHORITY LIMIT</b>	<b>NUMBER OF PURCHASES</b>	<b>AMOUNT \$</b>
Below \$90,000	113	4,219,748
\$90,000 - \$180,000	22	2,998,845
\$180,000 - \$600,000	22	7,628,483
<b>TOTAL</b>	<b>157</b>	<b>14,847,076</b>

- 407.** The following unsatisfactory features were, however, observed in relation to these purchases:-
- (a) There was no evidence to indicate that the twenty-two(22) purchases totalling \$7.628M and falling within the limits of \$180,000 to \$600,000 were adjudicated by the Ministerial Tender Board, as required by the Tender Board Regulations; and
  - (b) In relation to purchases falling within the limits of \$90,000 and \$180,000, there were twelve(12) instances of apparent subdivision of purchases to avoid adjudication by the Departmental Tender Board.
- 408.** The Accounting Officer explained that the Ministerial Tender Board was not functioning for the period under review and that steps had been taken in 1999 to remedy this deficiency. A satisfactory explanation was, however, not given why such an important body was not in place to ensure that goods were acquired at the most competitive prices, having regard to quality and other associated factors.

## **Other Charges**

- 409.** The main bank account No. 881, which ceased to be operational in June 1996, reflected a balance of \$4.461M as at 31 December 1998. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the account.
- 410.** The current main bank account No. 3020, which was established in June 1996, reflected a balance of \$28.243M as at 31 December 1998. However, as in the case of the salaries bank account, the cash book was not cast and balanced and the account was not reconciled since its establishment. These are significant shortcomings in the system of internal control which, if not remedied urgently, can result in irregularities being perpetrated without detection.
- 411.** Cheque orders are required to be cleared within sixteen(16) days of their issue through the submission of bills, receipts and other supporting documents. However, an examination of the Cheque Order Register revealed that a total of six hundred and ninety (690) cheque orders valued at \$56.241M were not cleared at the time of the audit in October 1999. 648 of these totalling \$43.084M relate to purchases while the remainder was in respect of employment costs.
- 412.** In relation to the amount of \$43.084M representing outstanding cheque orders for goods supplied, it could not be determined whether value was received, as attempts to verify the receipt of the items purchased through the use of alternative auditing procedures, proved futile. A similar observation was made in my previous report where it was stated that 634 cheque orders totalling \$133.816M remained outstanding. This state of affairs is considered most unsatisfactory and represents a lack of accountability for sums expended and for which a serious view should be taken. It is therefore recommended that a special investigation be carried to determine to what extent value was received in respect of the outstanding purchases not only for the period under review but also for the previous period.
- 413.** Amounts totalling \$41.478M were expended on Materials, Equipment & Supplies. Included in this figure were purchases totalling \$32.411M, analysed under the various authority limits, as follows:-

<b>AUTHORITY LIMIT</b>	<b>NUMBER OF PURCHASES</b>	<b>AMOUNT \$</b>
Below \$90,000	174	6,049,182
\$90,000 - \$180,000	39	6,017,180
\$180,000 - \$600,000	13	3,375,818
\$600,000 - \$6,000,000	6	16,968,890
<b>TOTAL</b>	<b>232</b>	<b>32,411,070</b>

- 414.** In relation to purchases falling within the limits of \$180,000 and \$600,000, there was no evidence of involvement of the Ministerial Tender Board before the purchases were made for reasons already mentioned. A similar situation was observed in respect of the six(6) purchases totalling \$16.969M falling within the limits of \$600,000 and \$6M in that there was evidence of the involvement of the Central Tender Board. These observations represent significant breaches of the Tender Board Regulations. In the circumstances, it could not be determined whether due economy was exercised in relation to these purchases.
- 415.** Amounts totalling \$24.661M were expended for the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Rental of buildings	6,528,000
Maintenance of buildings	8,414,634
Purchases of building materials	9,718,013
<b>TOTAL</b>	<b>24,660,727</b>

- 416.** In respect of the rental of buildings, the amount of \$6.528M represents payments to the Guyana Post Office Corporation for the area occupied by the General Registrar's Office and the Linden Community Development Association for use of the building housing the National Registration Centre.

- 417.** In relation to the amount of \$8.415M representing the cost of maintenance of buildings, there was no evidence that a system of quotations was followed before ten(10) contracts falling within the limits of \$180,000 and \$450,000 were awarded. The basis of the award of these contracts as well as whether due economy was exercised, could not therefore be determined. Similar breaches in the Tender Board Regulations were observed in respect of the purchase of building material.
- 418.** Amounts totalling \$2.309M were expended on the Maintenance of Infrastructure, mainly relating to fences, compounds and minor purchases. There was also no evidence of adherence to tendering procedures before the contracts were awarded for the works which were executed.
- 419.** Amounts totalling \$6.509M were expended on Telephone Charges. However, only two(2) of the seven(7) departments maintained a telephone register, especially to record overseas telephone calls. In the circumstances, it could not be determined whether all overseas calls were made in the public interest and whether there should have been recoveries in respect of private calls.
- 420.** Amounts totalling \$119.824M were expended under Subhead 314 - Other. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Dietary Items	76,804,516
Honorarium and Salaries	17,211,603
Repairs to cameras	9,366,675
Refreshment and meals	5,283,638
Rental of buildings	3,610,124
Printing of electoral materials	2,689,000
Miscellaneous (below \$500,000)	4,858,890
<b>TOTAL</b>	<b>119,824,446_</b>

- 421.** In relation to the dietary items purchased , again it is to be reported that there was no evidence of adherence to the Tender Board Regulations. In particular, there were nine(9) purchases falling within the limits of \$600,000 and \$6M but there was no evidence of the involvement of the Central Tender Board.

### **Other Matters**

- 422.** The balances on the following bank accounts, which became non-operational several years ago, remained static throughout the year:-

<b>ACCOUNT NO.</b>	<b>DESCRIPTION</b>	<b>BALANCE \$</b>
208	Main bank account	(13,885)
210	Imprest account	416
377	National Registration Centre imprest	1,152
702	Main bank account	(2,376)
836	Special imprest	59,485
983	National Registration Centre imprest	(252)

- 423.** It is recommended that transfers be made to the Consolidated Fund in respect of those accounts with positive balances while the overdrawn balances should be investigated. Thereafter, steps should be taken to properly close the accounts.

## Capital Expenditure

### Subhead 12001 - Buildings (Prisons)

424. The sum of \$52M was voted for (a) the rehabilitation and reconstruction of at Mazaruni Prison, the purchase of a generator and installation of security lights and (b) rehabilitation of Georgetown and Timehri prisons. Expenditure totalling \$21.559M was incurred, as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of Mazaruni Prison	8,659,446
Purchase of generator for Georgetown Prison	3,218,719
Acquisition & installation of security system at Georgetown Prison	4,709,344
<b>TOTAL</b>	<b>21,559,474</b>

425. As can be noted, the Georgetown and Timehri prisons were not rehabilitated and for which a satisfactory explanation was not given. The works were nevertheless re-budgeted for in 1999.
426. The contract for the rehabilitation of the Mazaruni Prison was awarded in June 1998 to the second lowest bidder in the sum of \$32.043M on the grounds that the lowest bidder did not meet all the requirements. The lowest bid was \$31.039M while the Engineer's Estimate was \$34.463M. As at 31 December 1998, amounts totalling \$8.659M were expended and at the time of inspection in October 1998 the work was still in still in progress.
427. The contract for the acquisition of a generator for the Georgetown Prison was awarded in the sum of \$3.960M through a waiver of the tendering procedures by Cabinet on the grounds of emergency. As at 31 December 1998, amounts totalling \$3.219M were expended. The item purchased was verified as having been received and properly brought to account. Similarly,

the contract for the acquisition and installation of the security system at the Georgetown Prison was awarded through a waiver of the tendering procedures. The work was also physically verified.

### **Subhead 12002 - Police Stations & Buildings**

- 428.** The sum of \$35M was provided for the rehabilitation of Cane Grove Police Station, TSU training wing, marine police station and wharf, Alberttown Police Station, TSU barracks (eastern and western blocks) and Administration building 'C' Division. However, no physical work was undertaken, and an amount of \$812,200 was expended on advertisement and consultants' fees.
- 429.** The Accounting Officer explained that the proposed work was advertised on 25 October 1998 and the Central Tender Board did not adjudicate on the award. An examination of the related advertisement, however, revealed that contractors were given only two days' notice in which to bid for the works. Some of the above works were re-budgeted for in 1999.

### **Subhead 12003 - Fire Ambulances and Stations.**

- 430.** The sum of \$15M was allocated for the rehabilitation of the Central Fire Station building and residential quarter at West Ruimveldt. However, no expenditure was incurred for the period under review, and the work was re-budgeted for in 1999.

### **Subhead 12004 – Buildings (Home Affairs)**

- 431.** The sum of \$3M was voted for the extension of Head Office to accommodate offices for immigration and drug related issues. However, no expenditure was incurred for the period under review, and the work was re-budgeted for in 1999.

### **Subhead 12005 - National Registration Centre.**

- 432.** The sum of \$1.348M was provided for the payment of liabilities incurred in 1997. The full amount was expended as final payment for the construction of a storeroom at the National Registration Centre based on a contract

entered into in 1995 in the sum \$3.758M. There was a variation of \$1.192M, giving a revised contract sum of \$4.950M. At the end of 1995, amounts totalling \$4.188M were paid on the contract, leaving a balance of \$762,000 owing to the contractor. Therefore, the contractor would have been overpaid by \$585,629. This matter was drawn to the attention of the Accounting Officer.

**Subhead 17001 - General Registrar's Office.**

433. The sum of \$5M was allocated for the reconciliation of birth and deaths registers, preservation and binding of records, purchase of furniture, printer and a vehicle. Amounts totalling \$4.997M were expended as follows:-

DESCRIPTION	AMOUNT \$
Preservation and binding of records	2,117,954
Purchase of furniture	2,114,956
Reconciliation of births and deaths registers	764,057
<b>TOTAL</b>	<b>4,996,957</b>

434. As can be noted, the printer and the vehicle were not acquired because of the inadequacy of the funding. In respect of the amount expended on the preservation and binding of records, the work was contracted to a number of persons and at the time of the audit, the records were bound up to 1997. In addition, nine(9) filing cabinets, eight(8) executive and twelve(12) office chairs and eight(8) wall fans were acquired. These items were verified as having been received and properly brought to account.
435. The amount expended on the reconciliation of registers represents payments to an individual to reconcile the amounts collected by the Post Office Corporation on behalf of the General Registrar's Office in respect of applications for birth, death and marriage certificates. This exercise was undertaken to determine the Agency Fees claimed by the Corporation.

**Subhead 24001 - Land and Water Transport (Police)**

436. An amount of \$20M was provided for the purchase of one(1) truck, two(2)



prison vans and two(2) buses. Amounts totalling \$1.657M were expended in the purchase of a prison van and three(3) ballahoos. However, there was no evidence that approval was granted for a change in programme to purchase the latter item.

#### **Subhead 24003 - Land and Water Transport (Fire)**

437. The sum of \$11M was voted for the purchase of a motor car, minibus and coaster bus. The full amount was expended. The assets purchased were verified as having been received and properly brought to account.

#### **Subhead 24005 - Land and Water Transport (Prisons)**

438. The sum of \$6.6M was provided for the construction of a motor launch for the Mazaruni Prison and purchase of life jackets. However, no expenditure was incurred, and an amount of \$10.8M was provided in the 1999 Estimates for the purchase of a lorry and the construction of a motor launch.

#### **Subhead 25001 - Equipment and Furniture (Police)**

439. An amount of \$10.5M was voted for the purchase of office chairs, filing cabinets, beds, typewriters, photocopiers, gas stoves and fans. Expenditure totalling \$6.153M was incurred. While the items purchased were verified as having been received and properly brought to account, the purchases were effected in a piecemeal manner (There were fifty purchases from fourteen suppliers.) and it would appear that this was done to avoid adjudication by the Departmental and/or Central Tender Board. There was also no evidence of competitive bidding.

#### **Subhead 26001 - Equipment (Police)**

440. The sum of \$20M was provided for the purchase of equipment for the fingerprint, ballistic, handwriting, communication, computer, forensic, photographic and narcotics sections. A supplementary provision of \$75.868M was approved to purchase one(1) radio system, giving a revised budgetary allocation of \$95.868M. Amounts totalling \$89.566M were expended in the purchase of the following:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
One(1) Motorola radio system and batteries	76,649,500
Arms and ammunition	4,960,000
Four(4) computers	1,760,640
Six(6) protective jackets	522,000
Miscellaneous equipment	2,705,949
<b>TOTAL</b>	<b>89,566,332</b>

- 441.** There was, however, evidence of apparent subdivision of purchases to avoid adjudication by the Departmental Tender Board in respect of twenty-two(22) purchases falling within the limits of \$180,000 and \$600,000. A similar observation was made in respect of three(3) purchases falling within the limits of \$600,000 and \$6M and requiring adjudication by the Central Tender Board. The items purchased were nevertheless verified as having been received and properly brought to account.

**Subhead 26002 - Communication Equipment (Fire)**

- 442.** The sum of \$1M was voted for the purchase of VHF mobile and hand held radio sets, pagers, telephones, and VHF spare batteries. Amounts totalling \$997,070 were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 26003 - Tools and Equipment (Fire)**

- 443.** An amount of \$3M was voted for the purchase of fire fighting equipment. Expenditure totalling \$2.990M was incurred for the purchase of tools, equipment and other items. However, supporting documents such as bills and receipts were not produced for audit examination and attempts to verify the receipt of the items proved futile. In the circumstances, the propriety of the expenditure could not be determined.

#### **Subhead 26004 - Other Equipment (Prisons)**

444. The sum of \$6.1M was provided for the purchase of water pump, generator and switch board for Mazaruni prisons. Expenditure totalling \$4.751M was incurred. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 26005 - Agriculture Equipment (Prisons)**

445. The sum of \$4.1M was voted for the purchase of a tractor and trailer for the Lusignan Prison. However, no expenditure was incurred for the year under review and the sum of \$4M was provided in the 1999 Estimates for the purchase of agricultural equipment and tools.

#### **Subhead 26006 - Equipment (Home Affairs)**

446. An amount of \$1M was provided for the purchase of a computer and filing cabinets of which expenditure totalling \$969,640 was incurred. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 26007 - Office Equipment and Furniture (Fire)**

447. The sum of \$600,000 was provided for the purchase of office equipment and furniture, including office and sitting chairs, typewriter and electrical fans. Amounts totalling \$588,262 were expended. The items purchased were verified as having been received and properly brought to account.

### **HEAD 07-01 MINISTRY OF HOME AFFAIRS**

#### **PROGRAMME 2 – GUYANA POLICE FORCE**

##### **Current Expenditure**

448. The old salaries bank account No. 542, which ceased to be operational in April 1996, reflected a balance of \$6.844M as at 31 December 1998. This balance was transferred to the Consolidated Fund on 29 January 1999. A similar observation was made in respect of the old main bank account No. 834 which reflected a balance of \$27.360M. Steps should, however, be taken to formally close these accounts.

- 449.** Amounts totalling \$24.992M were expended on Telephone Charges. However, a register to record overseas telephone calls was not maintained for the period January to May 1998. In the circumstances, it could not be determined whether overseas telephone charges for this period were in the public interest and whether there should have been an recoveries in respect of private calls. In addition, an examination of the Register maintained for the period June to December 1998, revealed that it was not properly maintained in that entries were not made at the time the calls were made but at time of receipt of the telephone bills. As a result, information relating to the nature of the calls and the officers making and authorising them, was not reflected in this record. In this regard, a format has been given to the Accounting Officer in order to rectify this deficiency.
- 450.** Excess expenditure totalling \$991,000 was incurred in respect of Subhead 304. Since there were savings under other subheads, it would have been more appropriate for a virement of funds to have been sought to accommodate the excess expenditure.
- 451.** Although the stock records at the at the Quartermaster’s Store were written up to date to reflect receipts and issues, they were not balanced for the period under review at the time of the audit. The Quartermaster explained that this was due to staff constraints. At the time of reporting, this deficiency has been corrected.
- 452.** The balances of the following inactive bank accounts held at the Bank of Guyana remained static throughout the period under review:-

<b>ACCOUNT NO.</b>	<b>DESCRIPTION</b>	<b>BALANCE \$</b>
114	Establishment Account	659,937
115	Special Imprest	122,892

These balances should be transferred to the Consolidated Fund and steps taken to close these accounts.

## **HEAD 08-01 & DIVISIONS 508, 510 & 512**

### **MINISTRY OF AGRICULTURE**

#### **Current Expenditure**

##### **Employment Costs**

- 453.** Two(2) new salaries bank accounts (Account Nos. 3056 and 3057) were opened in June 1996 because of the problems associated with the two (2) previous accounts, mainly in relation to the lack of reconciliation over the years. However, despite this effort to start from a clean position and the Minister's intervention in 1996 to persuade the Accounting Officer to give reconciliation of bank accounts the priority it deserves, there was no evidence that attempts were made to reconcile these accounts. As a result, the main purpose of the opening of the new bank accounts has been defeated and there is danger that the problems associated with the old accounts will be repeated in respect of the new accounts.
- 454.** This state of affairs is considered most disheartening in the failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore again advised to ensure that the reconciliation of these accounts is brought up-to-date.
- 455.** The old salaries bank account No. 940, which became non-operational in May 1996, was overdrawn by \$4.978M at 31 December 1998. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 456.** The old wages deductions account No. 941, which ceased to be operational in May 1996, reflected a balance of \$2.753M at 31 December 1998. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the accounts.

- 457.** Two(2) other salaries bank accounts (Account Nos. 509 and 578), which were not operational since 1991, reflected balances of \$1.827M and \$302,004 respectively as at 31 December 1998. It is again recommended that these balances be transferred to the Consolidated Fund and steps taken to close the accounts.
- 458.** An examination of the Register of Contributors to the National Insurance Scheme revealed fifty-six(56) names without NIS numbers. Most of these names relate to persons who were employed prior to 1998. As in previous years, it was explained that most of these persons were transferred from the Regions and that their NIS particulars were not submitted to the Ministry. Since contributions to the National Insurance Scheme have implications for social security benefits for employees, concerted efforts should be made to ensure that all employees are properly registered with the Scheme.

### **Other Charges**

- 459.** The current main bank account No. 3054, which was established in June 1996, was last reconciled to December 1996 and reflected a large balance of \$178.537M as at 31 December 1998. The cash book balance at this date was \$51.572M. Detail examination of this account revealed that 554 cheques totalling \$119.261M were drawn to 31 January 1999 but were back dated to 31 December 1998. This represents a manipulation of the budgetary allocations in that the voted provisions for any particular year lapse at the end of the year, as provided for by Section 36 of the FAA Act.
- 460.** The old main bank account No. 938, which became non-operational in May 1996, was overdrawn by \$6.554M as at 31 December 1998. It is again recommended that the overdraft be investigated and steps taken to close the account. In addition, 162 cheques valued at \$1.970M drawn on this account continued to be on hand. A similar observation was made in respect of 316 cheques valued at \$2.091M drawn on account No. 705. It is again recommended that these cheques be cancelled to avoid the possibility of unauthorised re-opening of the cheques and encashing them.
- 461.** Another main bank account No. 705, which was not operational since July 1991, reflected a large balance of \$40.428M as at 31 December 1998. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the account.

- 462.** Amounts totalling \$8.104M were expended on Fuel & Lubricants. However, of the thirty-seven(37) vehicles and nine(9) motor cycles for which log books were required to be maintained, log books were not presented in respect of two(2) vehicles and the nine(9) motor cycles. 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 vehicles for which log books were not presented.
- 463.** The sum of \$6.829M was expended on Electricity Charges. However, the Electricity Charges Register was not updated for the period under review. A similar observation was made in respect of 1997.
- 464.** Amounts totalling \$37.246M were expended on Transport, Travel & Postage. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Travelling & subsistence	23,919,648
Purchase of spares	1,103,655
Hire of vehicles	3,608,775
Repairs to vehicles	7,198,603
Miscellaneous	1,415,189
<b>TOTAL</b>	<b>37,245,870</b>

- 465.** The spares purchased were verified as having been received and properly brought to account while, based on test-checks carried out, the other expenditures were verified as having been properly incurred.
- 466.** The sum of \$18.6M was expended for Other Services Purchased. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Security services rendered	7,409,500
Equipment maintenance	6,156,571
Sanitation services	2,022,466
Purchase of computer accessories	986,870
Rental of photocopier	678,000
Janitorial Services	534,569
Fees for radio system	373,000
Cleaning and extermination services	132,573
Miscellaneous	306,528
<b>TOTAL</b>	<b>18,600,077</b>

The computer accessories were verified as having been received and properly brought to account while, based on test checks carried out, the other expenditures were verified as having been properly incurred.

- 467.** Amounts totalling \$318.816M were expended as Contributions to Local & International Organisations of which sums totalling \$271M were granted as subventions to the following state agencies:-

<b>NAME OF ORGANISATION</b>	<b>AMOUNT \$</b>
National Agricultural Research Institute	158,664,000
Guyana School of Agriculture	42,804,000
New Guyana Marketing Corp.	19,304,000
National Dairy Development Programme	17,377,000
Pink Mealy Bug Co-ordinating Unit	32,851,000
<b>TOTAL</b>	<b>271,000,000</b>



- 468.** The National Agricultural Research Institute (NARI) was last audited in respect of 1996. Financial statements for 1997 were submitted for audit but were withdrawn because of certain adjustments which were required to be made. The amount of \$158.664M was verified as having been received by NARI but in the absence of audited accounts for 1998, it could not be determined whether the amount granted as subvention was properly expended.
- 469.** The Guyana School of Agriculture was last audited for the year 1994. Financial statements for subsequent years were not received and therefore the School was four(4) years in arrears in terms of financial reporting. The amount of \$42.804M was verified as having been received by the School but in the absence of audited accounts, it could not be determined whether the amount granted as subvention was properly expended.
- 470.** In relation to the New Guyana Marketing Corporation Ltd, the last set of audited accounts was in respect of 1996. Financial statements for 1997 were received and at the time of reporting the audit was in progress. The amount of \$19.304M was verified as having been received by the Corporation but in the absence of audited accounts, it could not be determined whether it was properly utilised.
- 471.** The National Dairy Development Programme (NDDP) was last audited to 1987. Financial statements were submitted in August 1997 for the years 1991- 1996 but because of the gap in financial reporting for the years 1988 to 1990 as well as their incomplete nature, the statements were returned to NDDP. Resubmission was made on 23 October 1998 in respect of these years. However, a scrutiny of these statements again revealed incomplete financial reporting since no balance sheets were prepared. The amount of \$17.377M was nevertheless verified as having been received by NDDP but in the absence of audited accounts, the proper utilisation of this amount could not be determined.
- 472.** The Pink Mealy Bug Co-ordinating Unit was established by a Cabinet decision in 1997 and an amount of \$38M was transferred to the bank account of the Unit on 31 December 1997. During 1998, an additional amount of \$32.851M was transferred to the bank account of this Unit, giving a total of \$70.851M. Expenditure totalling \$41.050M was incurred in 1998, giving an unutilised balance of \$29.811M which should have been transferred to the Consolidated Fund. As a result, the Appropriation Account would have been

overstated by the latter amount.

**473.** The following is a breakdown of the expenditures incurred:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Purchase of four(4) vehicles & seven(7) motor cycles	14,541,500
Employment costs	11,926,397
Maintenance of building	3,845,536
Travelling and subsistence	3,710,680
Purchase of office furniture	2,339,328
Vehicle operating expenses	1,916,609
Stationery and office supplies	1,438,702
Purchase of field equipment & supplies	835,682
Miscellaneous	495,488
<b>TOTAL</b>	<b>41,049,932</b>

The items purchased were verified as having been received and properly brought to account while the other expenditure were verified as having been properly incurred.

**473.** In relation to contributions to international organisations, the following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Caribbean Meteorological Institute	23,920,160
United Nations Development Programme	3,766,000
Food and Agriculture Organisation	5,272,000
World Meteorological Organisation	1,702,215
Caribbean Meteorological Organisation	2,664,000
Others	10,491,625
<b>TOTAL</b>	<b>47,816,000</b>

The above amounts were verified as having been received by the respective organisations. However, included in the figure of \$23.920M is an amount of \$1.836M was paid to the Caribbean Meteorological Institute which was recorded twice in the Votes Ledger. This duplication has resulted in the overstatement of expenditure in the related appropriation account.

### **Other Matters**

- 474.** According to the records of the various deposit accounts kept by the Ministry, there was a decline in the balance from \$202.905M to \$38.331M between 1997 and 1998. This decline was mainly due to the transfer of an amount of \$168.188M from the Wildlife Deposit Fund to the Office of the President as approved by a Cabinet decision in May 1998. The funds were to be used to finance the operations of the Wild Life Trade Unit. As at 31 December 1998, the Ministry still had a balance of \$38.331M under its control.
- 475.** In previous reports, a recommendation had been made for the transfer of the balance on the Wildlife Fund to the Consolidated Fund since the proceeds are considered public revenues. It is disappointing that this recommendation was ignored.
- 476.** The balance on the various deposit accounts does not include transactions relating to work done for private parties because the related ledger could not be located. This record had reflected a balance \$3.987M at the end of 1997. It is recommended that the ledger be reconstructed to ascertain the indebtedness involved by either party.

## Capital Expenditure

### Division 508 - Ministry of Agriculture

#### Subhead 13002 - Agriculture Sector Loan

- 477.** The sum of \$86M was allocated for institutional strengthening of the D & I Board and the reorganisation of land management and administrative systems. Amounts totalling \$84.686M were shown as having been expended. The Project is funded jointly by the Inter American Development Bank and the Government of Guyana under Loan Agreement Nos. 965 and 966 and is subject to separate financial reporting and audit. The last set of audited accounts were in respect of 1996 and 1998 respectively.
- 478.** An examination of the audited accounts of Loan Agreement No. 966 for 1998 revealed an expenditure of \$160.295M, giving a difference of \$75.609M. This difference resulted from five(5) disbursements made by the IDB which had not yet been brought to account in the Public Accounts. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Institutional strengthening of D & I Board	68,950,556
Land administration & regularisation tenure	58,226,728
Financial costs	6,378,671
Operating costs of Co-ordinating Unit	13,595,509

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Purchase of two(2) vehicles, computer equipment etc.	8,456,976
Local administrative costs	4,686,187

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<b>TOTAL</b>	<b>160,294,627</b>
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- 479.** The amounts of \$68.951M and \$58.227M shown as expenditure on the institutional strengthening of the D & I Board and land administration and regularisation tenure respectively represent payments to four(4) consultants undertaking various studies and preparing draft legislation and related material. These and the other expenditures were verified as having been properly incurred and in accordance with the loan agreements.

### **Subhead 13003 - Rehabilitation of D & I Areas**

- 480.** The sum of \$410M was voted for (a) on-going construction of sluices at Bellamy, Georgia, Pearl and Devonshire Castle (b) rehabilitation of sluices at Mahaica, Unity, Cane Grove, Essex, No. 65, 66, 67, and 73 villages, Charity, Three Friends and Cozier - Onderneeming. A supplementary provision of \$100M was approved, giving a revised allocation of \$510M. Amounts totalling \$508.303M was expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Rehabilitation of main drains, canals, conservancy etc.	221,540,573
Rehabilitation of twenty (20) sluices	73,119,125
Construction of thirteen (13) sluices	43,359,290
Emergency works in Region 3, 5,6 and 10	12,361,427
Construction of seven (7) head regulators - Essequibo Coast	3,567,243
Construction of tail structures - Hubu/Maripa in Region 3	3,434,820
Emoluments to D & I Staff	80,738,785
Fuel and lubricants	22,439,601
Purchase of spares and repairs to vehicles	20,548,294
Stationery & office supplies	11,894,942
Purchase of two (2) vehicles	7,595,040
Hire of low bed etc.	1,298,275
Repairs to D & I Office	824,471
Miscellaneous	5,580,637
<b>TOTAL</b>	<b>508,302,523</b>

- 481.** Included in the amount of \$221.541M shown as rehabilitation of drains, canals, conservancy etc. is the sum of \$96.291M expended on the rehabilitation of Canals Nos. 1 & 2 main drains. The contract was awarded in June 1998 in the sum of \$118.4M. However, the basis of the award could not be determined because the records kept at the Central Tender Board were not presented for audit examination. In addition, there was no evidence that approval was granted for a change in programme to undertake these works which were nevertheless physically verified.
- 482.** Also included in the figure of \$221.541M are payments totalling \$70.759M for the rehabilitation of the Boerasirie Conservancy. The contract was awarded in May 1998 to the highest of three(3) bidders in the sum of \$110.047M which was the Engineer's Estimate. The lowest bid was not considered because it was \$40M below the Engineer's Estimate while the second lowest tenderer failed to submit details relating to financial standing, past performance and information on plant, equipment and personnel. However, there was no evidence that approval was granted for a change in programme to undertake the works which were nevertheless physically verified.
- 483.** A payment of \$21.924M was made for the rehabilitation of the Torani Canal and included in the figure of \$221.541M. The contract was awarded in March 1996 in the sum of \$174.760M and a variation of \$52.888M was approved in September 1997, giving a revised contract sum of \$227.648M. As at 31 December 1997, amounts totalling \$195.991M were expended. Therefore, total payments under the contract amounted to \$217.915M. However, there was no evidence that approval was granted for a change in programme to facilitate the payment of \$21.924M. The rehabilitation works were nevertheless physically verified.
- 484.** The contract for the rehabilitation of the Shanks Canal structures was awarded in the sum of \$41.746M. However, the basis of award could not be determined as the records pertaining to this contract were not submitted by the Central Tender Board. As at 31 December 1998, an amount of \$16.052M was expended on this project. The work was physically verified.

- 485.** The contract for the construction of an intake structure on the East Demerara Water Conservancy at Cane Grove was awarded in June 1998 for \$13.037M. However, the basis of award could not be determined since records at the Central Tender Board could not be located. As at 31 December 1998, amounts totalling \$7.960M were expended. The works were physically verified.
- 486.** The contract for the rehabilitation of the Manarabishi and Seaforth Canals was awarded in 1996 in the sum of \$27.460M and at the end of 1997, amounts totalling \$20.407M. During 1998, payments totalling \$6.464M were made. The works were physically verified.
- 487.** 1,500 rods of drain at Leguan were also rehabilitated. However, the basis of the award of the contract in the sum of \$1.625M, could not be determined for reasons already mentioned. At the end of 1998, amounts totalling \$1.386M were expended. In addition, a pall-off at the East Coast Demerara Water Conservancy at Cane Grove was constructed at a cost \$705,100. The works were physically verified.
- 488.** The contract for the rehabilitation of sluices at Nos. 65, 66, 67, 73 and Essex villages was awarded in the sum of \$30.314M and as at 31 December 1998, amounts totalling \$14.689M were expended. Four(4) sluices in Region 4 – Unity, Greenfield, Helena and Cane Grove- were also rehabilitated. The contract was awarded in the sum of \$36.413M but the basis of the award could not be determined for reasons already mentioned. As at 31 December 1998, amounts totalling \$22.479M were expended. The works were physically verified.
- 489.** Four(4) sluices in Region 2 were also rehabilitated through the award of a contract for \$14.380M. However, the basis of the award could not be determined since the related records could not be located at the Central Tender Board. As at 31 December 1998, amounts totalling \$11.033M were expended, including supervision and consultancy of \$2.531M. The works were physically verified, except the one at Cozier in the Pomeroon River.
- 490.** In relation to the contract for the rehabilitation of the three (3) sluices in Region 3, the contract was awarded in February 1998 in the sum of \$5.366M.

The basis of award of this contract could not be determined for reasons already mentioned. As at 31 December 1998, amounts totalling \$5.221M were expended. The works were physically verified.

- 491.** In relation to the rehabilitation of Hope River Sluice – Region 4, the contract was awarded in April 1998 for \$2.187M. The basis of award could not, however, be determined for reasons already mentioned. As at 31 December 1998, amounts totalling \$1.817M were expended. The works were physically verified.
- 492.** In relation to the contract for the rehabilitation of Abary River Sluice, the contract was awarded in January 1998 in the sum of \$7.550M. The basis of award could not be determined because the related records could not be located at the Central Tender Board. As at 31 December 1998, amounts totalling \$7.173M were expended. The works were physically verified.
- 493.** The contract for the rehabilitation of the Bagotville Sluice in Region 3 was awarded in October 1997 in the sum of \$1.428M. The basis of award could also not be determined for reasons already mentioned. As at 31 December 1998, amounts totalling \$1.413M were expended. The works were physically verified.
- 494.** In relation to the contract for the rehabilitation of the New Hope koker, the contract was awarded in December 1996 in the sum of \$1.127M. The basis of award could not be determined for reasons already mentioned. As at 31 December 1998, amounts totalling \$466,840 were expended. The works were physically verified.
- 495.** In relation to the construction of reinforced concrete outfall sluice at Craig, the contract was awarded in the sum of \$22.339M in 1997 to the second lowest bidder on the grounds that the lowest tenderer did not provide compliance certificate and performance bond. At the end of 1997, amounts totalling \$7.953M were expended. However, there was no evidence that approval was granted for a change in programme to accommodate the expenditure of \$14.077M incurred in 1998. The works were nevertheless physically verified.
- 496.** The contract for the construction of concrete sluice at Devonshire Castle was awarded in the sum of \$26.641M in 1997. However the basis of award could not be determined because of the fire at the Ministry of Finance which reportedly destroyed most of the records at the Central Tender Board Office.



As at 31 December 1998, amounts totalling \$26.513M were expended. The works were physically verified.

- 497.** In relation to the contract for the construction of a two(2) door concrete sluice at Georgia/Kamuni/Postosi, the contract was awarded in July 1998 in the sum of \$23.955M. There was only one tender for \$39.524M and the Central Tender Board decided to award the contract to the lone tenderer provided he agreed to undertake the work at the Engineer's Estimate of \$23.955M. At the end of 1998, \$1M was paid as mobilisation advance. The works were re-budgeted for in 1999 and at the time of inspection in October 1999, they were completed.
- 498.** In relation to the contract for the construction of concrete outlet structure at Zeelandia/Caledonia, the contract was awarded in June 1998 in the sum of \$8.376M. As at 31 December 1998, amounts totalling \$5.867M were expended. The works were re-budgeted for in 1999 and at the time of inspection they were completed.
- 499.** The contract for the tie in of the main outfall channel to the reinforced concrete sluice at Letter Kenny was awarded in June 1998 in the sum of \$3.376M. The basis of award could not be determined because the related records could not be located at the Central Tender Board. At the end of December 1998, amounts totalling \$3.038M were expended. The work was physically verified.
- 500.** In relation to the contract for the construction of concrete outfall sluice at Letter Kenny, the contract was awarded in 1996 in the sum of \$18.824M. As at 31 December 1998, amounts totalling \$18.782M were expended. However, there was no evidence that approval was granted for a change in programme to accommodate the payment of \$1.878M which was made in 1998. The work was nevertheless physically verified.
- 501.** The contract for the construction of a new concrete interior of sluice at Windsor Castle was awarded in August 1997 in the sum of \$4.090M. In November 1997, there was a variation of \$652,640, giving a revised contract sum of \$4.743M. As at 31 December 1998, amounts totalling \$2.420M were

expended. However, there was no evidence that approval was granted for a change in programme to accommodate the payment of \$2.420M which was made in 1998 nor was the work re-budgeted for in 1999. At the time of inspection the work was completed.

- 502.** The contract for the construction of concrete sluice at Garden of Eden was awarded in 1996 for \$16.371M. As at 31 December 1997, amounts totalling \$12.080M were expended. The contract was terminated early in 1998 because the contractor failed to complete the works in the stipulated time. A new contract valued at \$1.805M was awarded in May 1998 to complete the works. However, the basis of award for the completion of the sluice could not be determined for reasons already mentioned. At the end of December 1998, amounts totalling \$1.673M were expended. The works were physically verified.
- 503.** A contract for design studies for a new sluice at Pearl was awarded in April 1997 in the sum of \$1.825M. The basis of award, however, could not be determined for reasons already mentioned. As at 31 December 1998, amounts totalling \$458,258 were expended. Another contract for the supervision of construction works of the La Retraite outfall sluice in West Bank Demerara was awarded in the sum of \$1.928M in April 1998. As at 31 December 1998, amounts totalling \$1.088M were expended.
- 504.** The contract for the construction of a seven(7) head regulator on the Essequibo Coast was awarded in the sum of \$5.994M in 1996. In 1997, there was a variation of \$2.476M, giving a revised contract sum of \$8.470M. The contract was awarded to the second lowest bidder since the lowest bid of \$2.485M did not comply with the tender instructions and was also unrealistic compared with the Engineer's Estimate of \$5.436M. As at 31 December 1998, the full amount of \$8.470M was expended. The construction work was physically verified.
- 505.** The contract for the design studies of the construction of a sluice at Bellamy Canal – Region 5 was awarded in August 1997 in the sum of \$1.977M. The basis of award could not be determined for reasons already mentioned. As at 31 December 1998, amounts totalling \$1.025M were expended.
- 506.** The contract for the construction of a tail structure at Hubu/Maripa in Region 3 was awarded in the sum of \$4.119M in April 1998. The basis of award of

this contract could not be determined for reasons already mentioned. At the end of December 1998, amounts totalling \$3.435M were expended. However, because of the inaccessibility of the area, the works could not be physically verified.

- 507.** The amount of \$12.361M expended on D & I works represents inter departmental warrants issued to the various regions. Financial returns were seen attesting to the expenditure incurred. The other items and equipment purchased were verified as having been received while, based on test checks carried out, the other expenditures were verified as having been properly incurred.

**Subhead 13005 - Agriculture Sector Hybrid Programme**

- 508.** The sum of \$320M was allocated for the upgrading of farm access roads in Regions 2, 3, 5 and 6. Amounts totalling \$301.973M were shown as having been expended. 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.
- 509.** An examination of the audited accounts for 1998, however, revealed that expenditure totalling \$519.216M was incurred, giving a difference of \$217.243M. This difference was due to (a) the charging of \$69.273M to Division 519 Subhead 15002 - Sea Defences (Corentyne and Essequibo) as a result of the transfer of the Hydraulics Division to the Ministry of Public Works and (b) disbursements totalling \$147.970M by the IDB which had not been brought to account in the Public Accounts.
- 510.** The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$
Upgrading & Maintenance of farm access roads in Regions 2, 5 & 6	246,900,811
Repairs to sea defences	69,273,496
Engineering and Administration	17,904,035

Financial costs	20,291,792
El Nino Emergency	143,622,090
Technical Co-operation	17,683,977
Design Studies	2,916,101
Acquisition of equipment etc.	623,962
<b>TOTAL</b>	<b>519,216,264</b>

### **Subhead 17004 - National Agricultural Research Institute**

- 511.** The sum of \$10M was voted for the development of plant nurseries in the coastal, riverain and hinterland areas. The full amount was expended on plant nurseries in the following area:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Charity Nursery	2,143,528
Bartica Nursery	1,572,420
Pouderoyen Nursery	1,034,946
Fort Wellington Nursery	1,017,980
Benab	3,045,386
Timehri	1,355,032
<b>TOTAL</b>	<b>10,169,292</b>

- 512.** It was, however, observed that the contracts for the above expenditure were awarded to contractors on a selective basis. It is recommended that there should be strict observance of the Government's tendering procedures. The works were nevertheless physically verified. The difference of \$169,292 was met from funds generated by the Institute.

### **Subhead 17005 - Guyana School of Agriculture**

- 513.** The sum of \$5M was budgeted for the construction of a soil science laboratory. Amounts totalling \$3.954M were expended. The contract was awarded to the highest from among four (4) tenders for \$4.285M because it was closest to the Engineer's Estimate of \$4.464M. The lowest bid was \$3.510M. The works were physically verified.

**Subhead 17009 - National Dairy Development Programme**

514. The sum of \$7M was allocated for (a) the purchase of a hay bailer, a forage chopper and three (3) motor cycles and (b) the establishment of pastures at Hague Backdam, Stewartville, Mon Repos, Hopetown, Manarbishi and Courtland. The full amount was shown as having been expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Establishment of pastures	4,252,488
Purchase of hay bailer	2,369,801
“ “ forage chopper	473,585
“ “ semen	164,667
“ “ office furniture	1,535
<b>TOTAL</b>	<b>7,262,076</b>

515. The works were physically verified while the items purchased were verified as having been received and properly brought to account. The additional expenditure of \$262,076 was met from current releases.

**Subhead 17011 - Rural Support Project**

516. The sum of \$33M was provided for the rehabilitation of drainage and irrigation infrastructure and upgrading of basic support services/facilities in Regions 2 and 3. Amounts totalling \$12.999M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
138	

Salaries	8,229,426
Rehabilitation of Project's office	1,562,644
Security expenses	1,541,252
Purchase of computer and accessories	793,055
Telephone, electricity and postage charges	318,727
Stationery and office supplies	205,303
Advertisement	172,395
Maintenance of vehicles	61,076
Miscellaneous expenditure	115,227
<b>TOTAL</b>	<b>12,999,105</b>

**517.** The Project is funded by the International Fund for Agricultural Development and the Caribbean Development Bank based on an agreement entered into on 18 April 1997. As can be noted, no physical work was, however, done. The above expenditure represents administration costs of the Project Unit. The works were re-budgeted for in 1999.

**Subhead 21001 - Hydrometeorology**

**518.** The sum of \$1M was budgeted for the rehabilitation of the hydrometeorological station at Kaitour. However, no expenditure was incurred. The Accounting Officer explained that the allocation was inadequate and that an amount of \$2.5M was allocated in 1999 for the rehabilitation works to be carried out.

**Subhead 25001 - Project Evaluation & Equipment**

**519.** The sum of \$1.5M was allocated for the purchase of two(2) computers, one(1) fax machine and an air conditioning unit. Amounts totalling \$1.489M were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 33002 - Geodetic Surveys**

**520.** An amount of \$6M was allocated for the reproduction of maps, establishment of first order controls and institutional strengthening. Expenditure totalling \$5.659M were expended as follows:

DESCRIPTION	AMOUNT
139	

	\$
Purchase of computer and accessories, training etc.	4,186,113
Reproduction of 6,000 maps	1,137,000
Establishment of first order controls	335,496
<b>TOTAL</b>	<b>5,658,609</b>

The items purchased were verified as having been received and properly brought to account while the expenditure were verified as having been properly incurred.

### **Subhead 33003 - National Land Registration**

- 521.** The sum of \$10M was budgeted for occupational and final surveys, issuing of freehold titles and topographic surveys in Morasi to Aliko and Potosi to Hopetown. Amounts totalling \$9.547M were expended, as follows:-

DESCRIPTION	AMOUNT \$
Occupation & final surveys in Regions 7 & 10	6,354,048
Issuing of freehold titles	1,423,960
Topographic surveys	1,769,359
<b>TOTAL</b>	<b>9,547,323</b>

The above expenditure was verified as having been properly incurred.

### **Subhead 33005 – Intermediate Savannahs Agricultural Project**

- 522.** An amount of \$13M was provided for the promotion of agricultural development in the intermediate savannahs. Amounts totalling \$797,811 were expended on administrative expenses. The Accounting Officer explained that the Project commenced late in the year and that the works was re-budgeted for in 1999.

### **Subhead 33006 – New Guyana Marketing Corporation**

523. The sum of \$4.3M was allocated for the purchase of a 3-ton truck, cooling chambers and churns and air conditioning units. Amounts totalling \$4.146M were expended in the purchase of the following:-

DESCRIPTION	AMOUNT \$
One (1) Toyota Hilux Pickup	1,476,000
One (1) Nissan Truck	1,400,000
Two (2) air conditioning units	436,000
Two (2) chillers	306,455
One (1) cooling chamber	296,925
One (1) freezer	167,600
Ten (10) churns	63,405
<b>TOTAL</b>	<b>4,146,385</b>

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

**Division 510 - Ministry of Agriculture (MMA III)**

524. The sum of \$44M was voted for (a) dredging of Mahaica, Mahaicony and Abary Rivers and other development works and (b) land titling programme, land registration surveys and (c) state services. Amounts totalling \$9M were shown as having been expended.
525. The MMA/ADA was established by Act No. 27 of 1977 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998. An examination of these audited accounts revealed a capital expenditure of only \$7,000. The difference of \$8.992M was utilised to meet the Authority's operating expenses.
526. Further examination of the audited accounts of the MMA/ADA revealed that the Authority has recorded a cash flow deficit of \$29.581M. Operating revenue, inclusive of the subvention of \$58.817M from Central Government, totalled \$136.151M while actual expenditure, excluding depreciation, was \$165.732M. The accumulated cash flow deficit of the Authority as at 31 December 1998 was \$290.645M.
527. The Authority's audited accounts were required to be laid in the National



Assembly within six(6) months of the close of the financial year. 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 - Ministry of Agriculture (Artisanal Fisheries)**

**Subhead 12005 – Caribbean Resource & Management Programme**

528. The sum of \$22M was allocated for (a) developing the capability to manage marine fisheries resources (b) distribution, collection and summarisation of log sheets (c) collection of data at all landing sites and (d) provision of management, consultancy and technical assistance. Amounts totalling \$20.607M were expended as follows:-

DESCRIPTION	AMOUNT \$
Operating cost of Managerial Support Marine Unit	10,419,920
Management consultancy & technical assistance	5,535,330
Distribution, collection, summarisation and assessment of data	4,651,750
<b>TOTAL</b>	<b>20,607,000</b>

The expenditure above was verified as having been properly incurred.

**Subhead 12006 - Aquaculture Development in Schools**

529. The sum of \$10M was voted for the construction of fish farms and promotion of aquaculture programme in schools at different locations, including Mon Repos, Fort Wellington, Leonora, Bygeval, Annandale and REPAHA. Amounts totalling \$2.670M were expended in the construction of a fish culture station at Anna Regina and fish ponds at NARI and Zeeburg and Mibicuri secondary schools. The works were physically verified.

**HEAD 09-01 & DIVISION 515**

**MINISTRY OF HEALTH & LABOUR**

**Current Expenditure**

**Employment Costs**

- 530.** Pay change directives were not forwarded promptly to the Central Accounting Unit (CAU) to enable changes to be made to the payrolls. This has resulted in persons' names remaining on the payrolls in excess of two(2) months after they ceased to be employed. This undue delay in processing of pay changes can lead to irregularities. The Accounting Officer is therefore again advised to ensure that all pay change directives are promptly forwarded to the Central Accounting Unit to enable the speedy adjustment to the payrolls.
- 531.** The salaries bank account No. 945, which became non-operational in July 1996, continued to be overdrawn and as at 31 December 1998 the overdraft was \$6.984M. The cash book was also not cast and balanced and it could not be determined when last the account was reconciled. This matter was drawn to attention in my previous report. It is again recommended that the overdraft be investigated with a view to clearing it and steps taken to close the account.
- 532.** The new salaries bank account No. 3083 reflected a balance of \$8.327M as at 31 December 1998 while the cash book balance at this date was \$4.104M. However, at the time of reporting, the account was only reconciled to December 1998. Since failure to reconcile bank accounts in a timely manner can lead to irregularities, the Accounting Officer is advised to ensure that this important activity is carried out with due diligence.
- 533.** An examination of the bank statements relating to account No. 3083 revealed that the account was overdrawn by significant amounts on several occasions. This resulted mainly from delays in depositing the monthly salaries cheques. The following gives the overdraft position at the end of the respective months:-

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MONTH	OVERDRAFT \$	MONTH	OVERDRAFT \$
May	10,720,115	August	6,213,166
June	12,910,789	September	4,961,798
July	6,301,489	October	1,160,202

- 534.** In addition, several items appearing on the reconciliation have been coming forward for a considerable period of time. Evidence was seen that the Bank was written to in relation to these items, but up to the time of reporting only one(1) item had been cleared. Assurance has been given that the outstanding issues would be followed up with the Bank.
- 535.** It is a requirement for the salaries cash book to reflect 'nil' balances at the end of each month as a control mechanism over the payment of wages and salaries. However, the cash book reflected large balances at the end of each month, as shown below:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
January	1,352,784	July	10,857,101
February	8,159,586	August	9,462,815
March	2,525,849	September	10,210,229
April	718,179	October	12,717,642
May	909,455	November	15,630,004
June	6,671,494	December	4,104,473

This state of affairs was mainly due to the failure to pay over deductions in a timely manner to the relevant agencies. Efforts should be made to ensure strict compliance with the regulations.

### **Other Charges**

- 536.** In my 1997 Report, mention was made of an overdraft of \$102.899M in the old main bank account No. 946 as at 31 December 1997, a situation which continued in 1998. The Accounting Officer is again advised to investigate the reason(s) for this large overdraft and to take steps to close the account.

- 537.** The new main bank account No. 3079 reflected a large balance of \$171.840M as at 31 December 1998. However, at the time of reporting, this account was only reconciled to December 1998. Since failure to reconcile bank accounts in a timely manner can lead to irregularities, the Accounting Officer is advised to ensure that this important activity is carried out with due diligence.
- 538.** There is an old main bank account No. 440 which became non-operational in July 1991 and which reflected a balance of \$5.335M as at 31 December 1998. Steps should be taken to close this account and to transfer the balance to the Consolidated Fund.
- 539.** Amounts totalling \$744.968M were expended on the Materials, Equipment & Supplies, of which sums totalling \$651.150M relate to the purchase of drugs and medical supplies. Of the latter amount, \$626.686M relate to overseas purchases. Cabinet had given approval in May 1997 for purchases to be effected from the Pan American Health Organisation, International Dispensary Association and UNICEF. However, drugs and medical supplies valued at \$102.253M were purchased from ten(10) other foreign suppliers and without adherence to tender board procedures and in particular a system of competitive bidding.
- 540.** The Accounting Officer explained that the items purchased were specialised items which were not available from the suppliers approved by Cabinet. Notwithstanding the explanation given, it would have been more appropriate for the Central Tender Board and Cabinet to approve of a waiver of the tender procedures to facilitate these purchases. The items purchased were, however, verified as having been received and properly brought to account.
- 541.** In respect of drugs and medical supplies purchased locally, the following is an analysis under the various authority limits:-

<b>AUTHORITY LIMIT</b>	<b>NO. OF PURCHASES</b>	<b>AMOUNT \$</b>
Below \$90,000	164	6,007,000
\$90,000 - \$180,000	51	6,227,413
\$180,000 - \$600,000	30	10,346,925
\$600,000 - \$6M	2	1,382,600
<b>TOTAL</b>	<b>247</b>	<b>24,463,938</b>

- 542.** In relation purchases falling within the limits of \$180,000 and \$600,000, there was, however, no evidence of adjudication by the Ministerial Tender Board in respect of twenty(20) purchases valued at \$6.076M nor was a system of competitive bidding followed before the purchases were made.
- 543.** The following is a breakdown of the remainder of the purchases made under this subhead by authority limits:-

<b>AUTHORITY LIMIT</b>	<b>NO. OF PURCHASES</b>	<b>VALUE</b> \$
Below \$90,000	1,093	34,054,621
\$90,000 - \$180,000	163	25,663,391
\$180,000 - \$600,000	77	34,100,892
<b>TOTAL</b>	<b>1,333</b>	<b>93,818,904</b>

- 544.** Included in this expenditure were amounts totalling \$25.181M representing the purchase of office furniture and equipment such as computers, facsimile machine and refrigerator. These items are of a capital nature and should have been acquired under Subhead 25001- Office Furniture & Equipment. It is evident that the purchases were effected under current expenditure to avoid overrunning the voted provision under the Ministry's capital programme.
- 545.** Copies of requests for purchase (RTPs) and goods received notes (GRNs) along with suppliers' invoices were not always affixed to payment vouchers to substantiate payments made. In addition, a stores ledger was not maintained at the Central Accounting Unit to provide for an independent check on the accuracy of the bin card entries. Instead, the Ledger was kept at the Pharmacy Bond where the bin cards were maintained. For improved internal controls, it is again recommended that the Stores Ledger be transferred to the Central Accounting Unit.
- 546.** Amounts totalling \$41.551M were expended on Fuel & Lubricants, of which sums totalling \$21.337M relate to fuel and lubricants purchased for the thirty-nine(39) vehicles and thirteen(13) motor cycles under the control of the

Ministry. However, log books were not presented in respect of seven(7) vehicles. In addition, an examination of the log books presented revealed that they were not properly maintained and there were partial submissions in respect of nine(9) vehicles. 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 these vehicles.

**547.** Amounts totalling \$68.071M were expended on Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Cleaning & janitorial supplies	19,017,039
Rental of buildings	8,714,278
Repairs to eleven(11) buildings at PHG Compound	9,038,214
“    “ eight(8) health centres	6,148,311
“    “ Ministry of Health building - Head Office	5,084,294
“    “ Food & Drugs Department	3,034,545
“    “ Vaccination Clinic	2,774,574
Miscellaneous repairs	7,673,819
Purchase of building materials	6,586,507
<b>TOTAL</b>	<b>68,071,581</b>

**548.** The above maintenance works were undertaken by 135 contracts totalling \$33.754M. The following is an analysis of these contracts by authority limits:-

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<b>AUTHORITY LIMIT</b>	<b>NO. OF CONTRACTS</b>	<b>AMOUNT \$'000</b>
Below \$180,000	95	13,980
\$180,000 - \$450,000	20	5,080
\$450,000 - \$900,000	19	12,624
Above \$900,000	1	2,069
<b>TOTAL</b>	<b>135</b>	<b>33,754</b>

- 549.** There was, however, no evidence that a system of quotations was applied in respect of sixteen(16) contracts falling within the limits of \$180,000 and \$450,000. A similar observation was made in respect of five(5) contracts falling within the limits of \$450,000 and \$900,000 in that there was no evidence of the involvement of the Ministerial Tender Board before the contracts were awarded. The works were nevertheless physically verified.
- 550.** Amounts totalling \$5.034M were expended on Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Construction of bridge, driveway, fence, etc.	2,017,845
Weeding and maintenance of compound	1,975,325
Plumbing works - Food & Drugs Dept.	721,200
Land survey at PHG	320,000
<b>TOTAL</b>	<b>5,034,370</b>

The above works were physically verified while the other expenditures were verified as having been properly incurred.

- 551.** The sum of \$30.970M was expended on electricity charges. An examination of the Electricity Charges Register, however, revealed that the locations of the meter numbers were not stated. As a result, the charges could not be traced to the relevant buildings owned by the Ministry.
- 552.** Amounts totalling \$87.065M were expended on Transport, Travel & Postage.

The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Travelling & subsistence	62,317,863
Repairs to vehicles and purchase of spares	17,782,547
Postage & telex	567,795
Others	6,396,895
<b>TOTAL</b>	<b>87,065,100</b>

**553.** An examination of the expenditure on repairs to vehicles revealed that a total of 269 contracts totalling \$3.906M were issued, 166 of which totalling \$1.7M were awarded to two officers who were employed as mechanic and lighting plant operator. The Accounting Officer explained that it was more cost effective to engage these officers to do the repairs than to award contracts to private workshops.

**554.** Amounts totalling \$13.957M were expended on Telephone Charges. However, an overseas telephone register was not maintained for the period under review. As a result, it could not be determined whether all overseas telephone calls were made in the public interest and whether recoveries should have been in respect of private calls. A format of this register has been submitted to the Ministry for implementation.

**555.** The sum of \$173.048M was expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Maintenance of equipment	57,040
Security services	46,609
Cleaning services	19,181
Removal & burial of dead	17,980
Transportation of patients from Interior	8,651
Carpentry services	7,365



Purchase of newspapers & other daily publications	5,485
Extermination services	4,308
Workshop and seminars	3,039
Airfare for Cuban doctors	1,992
Binding of ledgers	1,398

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**TOTAL** **173,048**

- 556.** The amount of \$57.040M shown as expenditure on the maintenance of equipment, represents the purchases of spares, repairs to chiller, steam plant, refrigerators, generators and other equipment.
- 557.** Included in the amount of \$46.609M shown as security services were sums totalling \$16.223M which were paid to three(3) security services firms. However, the contracts for rendering the service had not been renewed since 1995 although there was provision for annual renewal.
- 558.** Amounts totalling \$41.229M were expended on Education, Subvention & Training. This expenditure relates mainly to the training of health workers in their appropriate skills under the Health Sector Reform Programme. Several workshops were held in first aid techniques, midwifery, AIDS education and food and nutrition.
- 559.** Amounts totalling \$277.278M were expended on Subsidies and Contributions to Local & International Organisations. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Wismar/Mc Kenzie Hospital	131,000
National Parks Commission	80,000
Fort Canje Mental Hospital	10,000
Ptolemy Reid Rehabilitation Centre	8,000
Caribbean Food and Nutrition Institute	7,251
Caribbean Epidemiology Surveillance Centre	5,865
Caribbean Regional Drug Testing Lab.	5,216
AIDS Secretariat	5,051
World Health Organisation	4,632
Pan American Health Organisation	3,898
Commonwealth C'bean Medical Research Council.	3,563
Board of Industrial Training	3,155

Others	9,647
<b>TOTAL</b>	<b>277,278</b>

- 560.** 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 up to August 1996. The Ministry of Health had since taken over the operations of the Hospital with effect from September 1996.
- 561.** The amount of \$131M was transferred to a special bank account operated by the Hospital, out of which the following expenditures were met, according to the records of the Hospital:-

DESCRIPTION	AMOUNT \$
Wages and salaries	85,630,873
Maintenance of building	10,351,577
Expenses in relation to Nursing School	7,998,197
Utility Charges	7,668,869
Purchase of dietary items	6,314,274
Purchase of drugs and medical supplies	6,223,354
Maintenance of equipment	4,555,872
Fuel & maintenance of vehicles	2,972,554
Purchase of office supplies	2,860,395
Miscellaneous	5,718,255
<b>TOTAL</b>	<b>140,294,220</b>

- 562.** According to the National Estimates, the sum of \$122M was voted as contribution to the Wismar/Mc Kenzie Hospital. Therefore, payments to the Hospital exceed its budgetary allocation by \$9M. In addition, in view of the

fact that the Hospital has not been given statutory status, it should not have received a subvention. Instead, the allocation should have been done on a programme basis either under the Ministry or Region 10.

- 563.** 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 1998. The amount of \$80M was verified as having been received by the National Parks Commission and properly expended.
- 564.** In relation to the Fort Canje Mental Hospital, the amount of \$10M was transferred to a Committee of Management of the National Psychiatric Hospital. A chartered accounting firm was appointed auditors of the Hospital without the involvement of the Audit Office, in contravention of the FAA Amendment Act. In the circumstances, Audit Office cannot comment on whether the amount granted as subvention has been properly expended. It should also be noted that the Hospital is not a separate legal and therefore ought not to have been in receipt of a subvention. Funds should have been voted and expenditure should have been incurred and accounted for in the normal manner, perhaps as a programme under the Ministry.
- 565.** The Ptolemy Reid Rehabilitation Centre has been functioning as a non-governmental organisation since December 1992 as a result of a Cabinet Decision. However, it could not be determined whether this entity had been producing audited accounts. In addition, the salaries of some of the technical staff continued to be 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 \$8M was, however, verified as having been received by the Centre.
- 566.** According to the Estimates, the sum of \$1.326M was voted as contributions to the Pan American Health Organisation. Therefore, payment to this organisation exceeded its budgetary allocation by \$2.572M. A similar observation was made in respect of the Cheshire Home where payments exceeded the budgetary allocation by \$750,000. In addition, an amount of \$150,000 was paid as a grant to the Infant Welfare and Maternity League. This expenditure was not catered for in the National Estimates.
- 567.** Amounts totalling \$83.998M were expended on Subhead 314 - Other. The

following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Purchase of dietary items	56,725
Medical treatment for 86 persons	17,163
Transportation of patients	1,836
Miscellaneous	8,274
<b>TOTAL</b>	<b>83,998</b>

- 568.** The dietary items were purchased for the Georgetown Hospital while eight-six(86) persons, including thirty-five(35) children, received medical treatment. Twenty(20) of these persons were treated locally while the remainder were sent overseas.
- 569.** Excess expenditure totalling \$37.756M was incurred in respect of all nine(9) programmes. Since there were savings under various subheads, it would have been more appropriate for a virement of funds to have been sought.

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

- 570.** During the period under review, the Ministry was in receipt of large quantities of gifts. However, although the Gifts Register was updated, there was no evidence that the gifts were valued and the Accountant General so informed so that the values could be recorded in the Public Accounts. This matter was drawn to attention in my previous reports and it is disappointing that no action was taken to ensure compliance with these instructions.

### **Other Matters**

- 571.** The imprest bank account No. 944, which became non-operational in July 1996, reflected a balance of \$22,284 as at 31 December 1998. This balance should be transferred to the Consolidated Fund and steps taken to close the account.

### **Capital Expenditure**

### **Subhead 12014 - Buildings (Health)**

**572.** The sum of \$25M was allocated for (a) the rehabilitation of Maternity Unit ground floor (b) rewiring of Medical & Surgical wards and (c) rehabilitation of Tuberculosis Clinic at the Georgetown Hospital. Amounts totalling \$5.890M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Consultancy fees for rehabilitation of Maternity Unit	748,834
Rewiring of surgical wards - PHG	310,000
Electrical work at Suddie Hospital	2,900,000
Purchase of two(2) transformers	1,807,500
Consultancy fees for rehabilitation of Eye Clinic	123,750
<b>TOTAL</b>	<b>5,890,084</b>

**573.** The transformers purchased were verified as having been received and were installed at the Georgetown Hospital while the works undertaken were physically verified. In relation to the rehabilitation of the Maternity Unit the works were re-budgeted for in 1999. However, no re-budgeting was done in respect of the Eye Clinic.

### **Subhead 19001 - Sector Programme (Health)**

**574.** The sum of \$50M was voted for the completion of the National Dental Centre, Blood Transfusion Centre and the BV Health Centre. Amounts totalling \$22.484M were shown as having being expended.

**575.** The Project is funded by the European Community General Import Programme and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1997. Financial statements for 1998 were received and at the time of reporting the audit was in progress.

576. An examination of the unaudited accounts for 1998 revealed an expenditure of \$75.660M, as shown below:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Completion of National Dental School	50,635,133
Rehabilitation of Blood Transfusion Unit	12,118,852
Construction of BV Health Clinic	10,510,619
Rehabilitation of Suddie & Moruca hospitals	2,394,959
<b>TOTAL</b>	<b>75,659,563</b>

The difference of \$53.176M was due expenditure incurred by the Project which had not been brought to account in the Public Accounts.

#### **Subhead 24001 - Land & Water Transport**

577. An amount of \$4.7M was voted for the purchase of four(4) motor cycles, four(4) boats, two(2) outboard engines and two(2) radio sets for Vector Control Division. However, no expenditure was incurred. The Accounting Officer explained that approval was not given by the Central Tender Board for the purchase of the specific type of cycles/outboard engines required. In addition, an examination of the estimates for 1999 revealed that there was no provision for the purchase of these items.

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

578. The sum of \$3M was allocated for the purchase of office equipment for the Hospital, health centres and Dental School. Amounts totalling \$2.708M were expended in the purchase of the following:-

155
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DESCRIPTION	AMOUNT \$
Chairs, tables, filing cabinets etc.	1,262,100
Norstar telephone system	651,365
Six(6) refrigerators	390,000
Three(3) television sets and VCR's	315,998
One(1) air conditioning unit	88,000
<b>TOTAL</b>	<b>2,707,463</b>

**579.** The items purchased were verified as having being received, except two(2) chairs, one(1) television set and one(1) VCR and one(1) air conditioning unit. This matter was drawn to the attention of the Accounting Officer. In addition, the items were not inventorised nor were they marked to identify them as Government property.

#### **Subhead 25002 – Equipment (Medical)**

**580.** The sum of \$15M was allocated for the purchase of equipment for regional X-ray services, vector control, operating theatre and the Analyst Department. Amounts totalling \$5.480M were expended in the purchase of one(1) liquid chromatograph and ten(10) X-PERT sprayers. The items purchased were verified as having been received and brought to account but the chromatograph had not yet been installed at the time of reporting.

**581.** The contract for the supply of liquid chromatograph was awarded in the sum of US\$44,448 equivalent to G\$7.334M to the highest of three(3) bidders on the grounds that the lowest bidder, whose tendered sum was US\$41,350, was blacklisted for not honouring a previous contract. The second lowest bidder was also rejected since its tender did not meet the required specifications.

**582.** In my 1997 Report, mention was made of the purchase of micro-biological

and laboratory equipment valued at \$5.084M which had not been received. Up to the time of reporting, the micro-biological equipment valued at \$1.678M had still not been received, despite the lapse of twenty-five(25) months. Evidence was seen that the supplier in Trinidad was written to in November 1998 but it could not be determined what further action was taken.

**Subhead 25003 – Equipment**

**583.** The sum of \$2M was voted for the purchase of equipment for the Occupational Safety and Health Division. Amounts totalling \$1.991M were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 44001 – Technical Assistance**

**584.** The sum of \$10.5M was allocated for (a) reorganisation and strengthening of the institutional structure of the health sector (b) development of an integrated health service delivery, health financing options and resource allocation strategy and (c) development of human resources and managerial capacity. Amounts totalling \$480,000 were shown to have been expended.

**585.** The Project is funded jointly by the Government of Guyana and the Inter-American Development Bank under the grant agreement No. ATN/SF-5834 GY and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of the 1998 and an examination of these accounts revealed an expenditure \$3.221M. The difference was due to disbursements in 1998 (both foreign and counterpart) which had not been brought to account in the Public Accounts.

**586.** The following gives a breakdown of the audited expenditure of \$3.221M:-

DESCRIPTION	AMOUNT \$
Emoluments of Project Co-ordinator	2,049,300
Rehabilitation of premises	970,599
Purchases of supplies	94,888
157	



Emoluments of support personnel	106,646
<b>TOTAL</b>	<b>3,221,433</b>

## **HEAD 10-01 & DIVISIONS 542 & 543**

### **MINISTRY OF EDUCATION**

#### **Current Expenditure**

##### **Employment Costs**

- 587.** The salaries bank account No. 927, which became non-operational in May 1996, was overdrawn by \$3.634M at 31 December 1998. At the time it ceased to be operational, the overdraft was \$5.832M. This account was also last reconciled in July 1996. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 588.** The current salaries bank account No. 3060 was consistently overdrawn by significant amounts during the year and as at 31 December 1998, it reflected an overdraft of \$89.055M. This state of affairs was due mainly to untimely deposits being made. In addition, the cash book was not balanced for the period February to December 1998. It should be noted that it is a requirement for the cash book to reflect 'nil' balances at the end of each month as a control mechanism over the payment of wages and salaries. The failure to balance this record and to ensure that it reflects a 'nil' balance would have meant that an important control mechanism has been lost. This practice can lead to irregularities.
- 589.** It is obvious from the observations contained in the preceding paragraph that the bank account could not have been reconciled in the absence of a properly maintained cash book. Attempts were, however, made to reconcile this account using a computed cash book balance. Such reconciliation, needless to mention, cannot be regarded as reliable. In particular, an examination of the

December 1998 reconciliation statement revealed that while a positive cash book balance of \$10.154M was arrived at, this balance was reconciled with an overdraft of \$76.331M, instead of \$89.055M as shown in the list of balances submitted by the Bank of Guyana. There was also no evidence of checking and certification of the reconciliation statement.

- 590.** There is also an old salaries bank account No. 480 which ceased to be operational in July 1991 and which reflected a balance of \$32.830M as at 31 December 1998. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the account.
- 591.** In my previous report, mention was made of six(6) instances of apparent misappropriation of funds totalling \$136,637. As a result, two(2) officers were interdicted from duty and at the time of reporting the Police were still investigating the matter.
- 592.** A comparison of the authorised staff as shown in the 1998 Estimates of Expenditure with the actual staff employed by the Ministry in December 1998, revealed that the authorised staff was exceeded by 836, as shown below:-

<b>DESCRIPTION</b>	<b>AUTHORISED</b>	<b>ACTUAL</b>	<b>EXCESS</b>
Administration	275	373	98
Senior Technical	1,067	1,049	-
Other Technical & Craft Skilled	187	240	53
Clerical & Office Support	346	103	-
Semi-skilled	304	982	678
Contracted Employees	0	7	7
<b>TOTAL</b>	<b>2,179</b>	<b>2,754</b>	<b>836</b>

Attempts to obtain an explanation in relation to this discrepancy were unsuccessful.

### **Other Charges**

- 593.** Up to the time of reporting, eight hundred and eighty-one(881) payment vouchers totalling \$80.193M were not presented for audit examination. These payments relate to expenditure under Other Charges. As a result, a proper examination of these payments and whether value was received, could not have been carried out. It is recommended that a special effort be made to locate these vouchers and supporting documents and present them for audit examination. A similar observation was made in 1997 where, based on sample checks carried out, thirty-eight(38) payment vouchers totalling \$15.402M were not presented for audit.
- 594.** It is a requirement for cheque orders to be cleared within sixteen(16) days of their issue through the submission of bills/receipts and other documents in support of the payments made. However, an examination of the Cheque Order Register revealed that cheque orders were being cleared on average sixty-five(65) days later. In addition, at the time of reporting, seventy-one (71) cheque orders totalling \$10.531M remained outstanding. The Accounting Officer is advised to investigate urgently this discrepancy with a view to ensuring that value was received by the Ministry.
- 595.** The main bank account No. 926, which ceased to be operational in May 1996, was overdrawn by \$78.115M as at 31 December 1998. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 596.** The current main bank account No. 3061 reflected a positive balance of \$133.377M as at 31 December 1998. However, this account was overdrawn on 217 occasions during the year by large amounts. In addition, at the time of the audit in October 1999, the account was only reconciled to December 1998.
- 597.** An examination of the bank reconciliation statements for January to December 1998 revealed that the cash book balances stated in the reconciliation statements did not agree with the balances reflected in the cash book, as can be seen from the following:-

MONTH	BALANCE PER RECONCILIATION STATEMENT \$	ACTUAL CASH BOOK BALANCE \$	DIFFERENCE \$
		160	

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January	70,016,235	30,254,850	39,761,385
February	148,703,793	61,766,597	86,937,196
March	198,183,567	89,417,415	108,766,152
April	14,739,737	(56,331,831)	(71,071,568)
May	(216,666,114)	(282,832,544)	(65,716,430)
June	75,727,240	(139,657,136)	(215,384,376)
July	145,413,917	37,542,314	(107,871,603)
August	47,672,155	(3,597,107)	(51,269,262)
September	50,024,449	932,517	(49,091,932)
October	115,305,820	57,927,593	57,378,227
November	81,575,797	(195,157,286)	(276,733,083)
December	(130,619,782)	(68,563,686)	(62,056,096)

**598.** In the circumstances, the reconciliation statements cannot be regarded as reliable, especially in view of the fact that there was no evidence of checking and certification of these statements. In addition, as can be seen from the above, the cash book reflected large negative balances at the end of certain months. It is evident that payments were being made before funds were released from the Ministry of Finance, resulting in the bank account being overdrawn.

**599.** The minutes of the Ministerial Tender Board were not kept in consolidated form to provide a complete picture of the matters discussed at each meeting and the decisions taken in relation to the award of contracts. Instead, a stereotype form indicating the matter to be adjudicated on, the date of the meeting, members of the Tender Board, the bids received, the Engineer's Estimate and the Tender Board's decision, was prepared and kept in individual files. As a result of this practice, the following critical information relating to the award of contracts could not be ascertained:-

- number of matters adjudicated at each meeting, the matters finalised and those put down for review or additional information; and
- matters raised by members during the consideration of each award, together with their arguments and/or reservations.

- 600.** Amounts totalling \$159.392M were expended on Materials, Equipment & Supplies. The following gives a breakdown of the expenditure by authority limits:-

<b>AUTHORITY LIMIT</b>	<b>NO. OF PURCHASES</b>	<b>AMOUNT \$</b>
Below \$90,000	1,629	35,180,981
\$90,000 - \$180,000	122	15,738,558
\$180,000 - \$600,000	61	18,954,126
\$600,000 - \$6M	17	89,518,304
<b>TOTAL</b>	<b>1,829</b>	<b>159,391,979</b>

- 601.** Nine(9) purchases falling within the limits of \$600,000 and \$6M were not adjudicated by the Central Tender Board, details of which are dealt with below. In addition, four(4) amounts totalling \$16.829M were transferred on 9 December 1998 to one of four business cash management accounts held at a commercial bank for the purchase of text books, chemical and laboratory equipment. Payments were not made to the suppliers until March 1999 and the items were received during the March - April 1999. However, supporting documents such as bills and receipts were not presented for audit examination.
- 602.** It should be noted that budgetary allocations lapse on 31 December every year and all unspent balances are required to be refunded to the Consolidated Fund. The transfer of funds to the business cash management account on 9 December 1998 would suggest that this was done to exhaust the voted provision. In such circumstances, it would have been more appropriate for the transaction in question to have been re-budgeted for in 1999. In addition, the authority for the use of BCM accounts could not be ascertained, and the account in question reflected a balance of \$89.773M as at 31 December 1998.
- 603.** In August 1998, the Accounting Officer requested approval from the Central Tender Board for a waiver of tender board procedures to allow the purchase 1,100 copies of books entitled “Young Man” and “Young Woman” from a local book store at a cost of \$1.980M. In September 1998, the Central Tender

Board declined to approve of the waiver and advised that the purchase must be subject to public tendering. This advice was given in October 1998. The Accounting Officer, however, ignored the advice given and proceeded to purchase the books from the book shop.

- 604.** Two (2) instances were observed where the Ministerial Tender Board had adjudicated over the acquisition of 4,386 reams of 8½” x 11” duplicating paper costing \$3.166M, as shown below. It is evident that the purchases were sub-divided to avoid adjudication by the Central Tender Board for adjudication, since in both instances the transactions were done on the same day and the supplier was the same.

<b>DATE</b>	<b>PURCHASE ORDER NO.</b>	<b>DATE OF PURCHASE</b>	<b>QUANTITY</b>	<b>COST \$</b>
18.02.98	0296029	06.03.98	446	334,500
18.02.98	0296030	06.03.98	750	562,500
18.02.98	0296031	06.03.98	750	562,500
<b>Sub total</b>			<b>1,946</b>	<b>1,459,500</b>
13.11.98	404614	31.12.98	740	518,000
13.11.98	404616	31.12.98	850	595,000
13.11.98	404617	31.12.98	850	595,000
<b>Sub-total</b>			<b>2,440</b>	<b>1,708,000</b>
<b>TOTAL</b>			<b>4,386</b>	<b>3,167,500</b>

- 605.** The Ministerial Tender Board had also in one (1) instance adjudicated over the award of a contract for supplies, which had exceeded \$600,000. The matter involved the purchase of 75 Ampex tapes at a cost of \$637,500. This matter should have been referred to the Central Tender Board.
- 606.** During October 1998, the Ministry effected the purchase of nine (9) Risograph duplicators from its Current Estimates at a total cost of \$11.750M. This expenditure should have been met from the Capital Estimates since the transaction is of a capital nature. In addition, there was no evidence of the involvement of the Central Tender Board before the purchase was made.
- 607.** An advance payment of \$30.375M, equivalent to 50% of the total cost, was made for the purchase of three(3) million exercise books in November 1998.

At the time of the inspection 30 September 1999, only one million, seven hundred and eighty four (1,784,000) of the books were received at the BDU.

- 608.** Similarly, the Ministry arranged for the purchase of Nursery books valued at \$20.416M without referring the matter to the Central Tender Board for approval. Two (2) cheques totalling \$20.416M were drawn on 31 December 1998 against the voted provision for the year 1998. However, the actual payments were only effected in March 1999 and April 1999. The delivery of the books was done in January 1999 and March 1999. It is again evident that the purchase was effected to exhaust the voted provision.
- 609.** The sum of \$7.361M was expended on fuel and lubricants. However, of the twenty-six(26) vehicles in use by the Ministry, log books in respect of fourteen (14) 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.
- 610.** Fuel was being purchased on credit from the Guyana Oil Company. However, a fuel account was not maintained by the Ministry to monitor the receipt of fuel with the amount paid and to reconcile with the statements submitted by GUYOIL. As a result, the Ministry was not in a position to properly determine whether it had received all the fuel for which payments were made.
- 611.** The sum of \$17.904M was expended on Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Weeding & cleaning of compound, landfilling etc.	9,551,834
Carpentry & Plumbing NCERD, CPCE	4,718,882
Purchases - Building Materials	2,276,755
Cleaning floor, septic tanks etc.	1,356,708
<b>TOTAL</b>	<b>17,904,179</b>

- 612.** Two(2) contracts totalling \$1.272M were awarded and the works were completed before the matters were referred to the Ministerial Tender Board for approval. It was explained by the Accounting Officer that these works

were for emergency repairs.

- 613.** Amounts totalling \$46.138M were expended on Transport, Travelling & Postage. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Travelling and subsistence	31,181,823
Purchase of spares	8,466,714
Repairs to vehicles	6,489,675
<b>TOTAL</b>	<b>46,138,212</b>

- 614.** Included in the amount of \$8.467M relating to purchase of spares are several payments totalling \$206,855 for the purchase of tape deck, speakers, car equalisers and other accessories for building large speaker boxes for two vehicles of the Ministry. These expenditures are not considered proper charges to public funds since they can be considered in the nature of extravagance within the meaning of Section 26(c) of the FAA Act.
- 615.** During the period under review, amounts totalling \$14.976M were expended on repairs to vehicles, including the purchase of spares. Included in this amount, were two hundred and six (206) payments totalling \$9.264M where the vehicles numbers were not stated on the vouchers. In the circumstances, these payments would not have been satisfactorily substantiated. In addition, a record of spares returned was not kept to enable a physical verification to be carried out.
- 616.** Included in the amount of \$8.467M shown as repairs to vehicles were three(3) payments totalling \$1.050M where supporting documents such as bills and receipts were not presented for audit. As a result, the propriety of the expenditure could not have been satisfactorily determined.



- 617.** Amounts totalling \$99.341M were expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Security services	75,500,426
Repairs & services to equipment	14,915,585
Payments for workshops, broadcast to schools	5,061,135
Marking of examination papers	2,150,660
Termite treatment	1,241,838
Miscellaneous	471,551
<b>TOTAL</b>	<b>99,341,195</b>

These expenditures were verified as having been properly incurred.

- 618.** Amounts totalling \$489.220M were expended on Education Subvention, Grants etc. The following gives a breakdown of the payments made:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
University of Guyana	160,000,000
President's College	91,000,000
Queen's College	58,483,326
Government Technical Institute	48,377,013
Examination subsidies	40,777,570
Grants to schools	25,344,840
Workshops, conference and training expenses	20,991,224
Linden Technical Institute	15,920,325
Kuru Kuru Co-operative College	11,055,000
Critchlow Labour College	10,383,000
Adult Education Association	5,200,000
166	

Others

1,687,831

**TOTAL**

**489,220,129**

- 619.** The University of Guyana is subject to separate financial reporting and audit. The audit has been contracted to Chartered Accountants, KPMG Peat Marwick, under supervision of the Audit Office. The last set of audited accounts was in respect of academic year ended 31 August 1999. The amount of \$160M was verified as having been received by the University and properly expended.
- 620.** The President's College was established by Act No. 11 of 1990 is also subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1994. Financial statements for subsequent years were not presented for audit and therefore the College was four(4) years in arrears in terms of financial reporting. The amount of \$91M was verified as having been received by the College but in the absence of audited accounts for 1998, it could not be determined whether it was properly expended.
- 621.** The Queen's College is also subject to separate financial reporting and audit and a private firm of auditors has been appointed the external auditors in contravention to Section 33 of the FAA Act, as amended in 1993. It is understood that the last set of audited accounts of the College was in respect of 1997. The amount of \$58.483M was verified as having been received by the College but in the absence of audited accounts for 1998, it could not be determined whether it was properly expended.
- 622.** Amounts totalling \$139.008M were expended on Subsidies and Contributions to Local & International Organisations. The following gives a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$
Caribbean Examinations Council	77,947,000
National Sports Commission	14,000,000
National Library	38,061,000
Trade Union Congress	4,500,000
Central Mashramani Committee	4,000,000

Race Relation Committee

500,000

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**TOTAL**

**139,008,000**

- 623.** The National Sports Commission was established by Act No. 23 of 1993 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998 and the expenditure was verified as having been properly incurred.
- 624.** 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 audited and reported on was in respect of 1991. Financial statements for the period 1992 to 1997 were submitted for audit and at the time of reporting, the audit was in progress. The amount of \$38.061M was verified as having been received by the Library but in the absence of audited accounts for 1998, it could not be determined whether the amount granted as subvention was properly expended.
- 625.** Amounts totalling \$151.986M were expended under Subhead 314 - Other. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Manufacturing cost of biscuits	34,948,836
Purchase of flour, milk and sugar	56,190,155
CPCE meals supplied	27,595,186
Mash celebrations	2,722,196
Cost of workshops	5,325,269
Subsistence	14,289,515
Transportation & distribution of schools feeding items	10,915,063
<b>TOTAL</b>	<b>151,986,220</b>

- 626.** The items purchased were verified as having been received and properly brought to account while the other expenditures were verified as having been properly incurred.
- 627.** Excess expenditure totalling \$24.745M was incurred under Programmes 3, 4 and 5. Since there were savings under other subheads in respect of these programmes, it would have been more appropriate for a virement of funds to be sought to accommodate the excess expenditure.

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

- 628.** A review of the operations of the store at Head Office revealed the following unsatisfactory features:-
- (a) At 21 Brickdam, stock ledgers and bin cards were not kept. Only a goods received book was maintained. The storekeeper explained that items purchased were made by the various sections and were stored and issued by the respective superiors;
  - (b) At the National Centre for Education Resource and Development, the stock ledger was only written up to May 1998. The storekeeper explained that this was due to staff constraints;
  - (c) A permanent stores register was not kept, and inventory records were not presented for audit;
  - (d) At the Book Distribution Unit, the stores ledger was not properly written up, as several purchases were not entered therein and the ledger was not always balanced. There was also no evidence of supervisory checks.

### **Capital Expenditure - Division 542**

#### **Subhead 12002 - Primary Education Improvement Programme**

- 629.** The sum of \$1.112 billion was allocated for (a) development of human

resources (b) curriculum development and education technology improvement and (c) the improvement of physical infrastructure of primary schools. Amounts totalling \$927.448M were expended as follows:-

DESCRIPTION	AMOUNT \$	AMOUNT \$
<b>Development of Human Resources</b>		
Staff training	7,295,564	
Consultancy	1,634,260	8,929,824
<b>Curriculum Development etc.</b>		
Purchase of equipment & furniture	28,888,407	
Purchase of teaching material	170,003,269	198,891,676
<b>Improvement of Physical Infrastructure</b>		
Rehabilitation of schools	306,273,473	
Construction of new schools	305,004,697	
Design and supervision	40,726,744	652,004,914
<b>Other</b>		
Administrative expenses	46,417,809	
Credit Fee & Interest	21,203,668	67,621,477
<b>TOTAL</b>		<b>927,447,891</b>

- 630.** The Project is financed jointly by the Inter American Development Bank and the Government of Guyana under Loan Agreement No. 827/SF-GY and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998.
- 631.** The amount of \$7.296M shown as expenditure on staff training represents payment to the Cyril Potter College of Education for the training of hinterland teachers while the amount of \$1.634M shown as expenditure on consultancy represents payments to five(5) consultants undertaking various workshops at the Cyril Potter College and in the hinterland areas.
- 632.** Four(4) contracts valued at \$28.093M were awarded in 1997 for the purchase of equipment and furniture. The items purchased were verified as having been received and properly brought to account. Similarly, three(3) contracts valued at \$171.014M were also awarded in 1997 for the purchase

of teaching material, including text books, manuals, projectors, duplication, laboratory equipment. These were also verified as having been received and properly brought to account.

- 633.** The amount of \$306.273M shown as expenditure on the rehabilitation of schools represents payments in respect of twenty-two(22) schools, thirteen(13) of which commenced renovation works prior to 1998. The following unsatisfactory features were observed in relation to these works:-
- (a) Two(2) contracts valued at \$37.322M were awarded in 1997 for the rehabilitation of St. Gabriel's Primary School. There was a variation of \$3.741M, giving a revised contract sum of \$41.062M. At the end of 1998, the full amount was expended. Physical inspection, however, revealed that on the ground floor, the concrete flooring was deteriorating as large amounts of sand had become loose. The Engineer, who was also part of our inspection team, confirmed that the work was poorly done. This matter was drawn to the attention of the Project Director who gave the assurance that this defect would be remedied; and
  - (b) A contract valued \$4.194M was awarded for the rehabilitation the Seafield Primary School. Physical verification carried out the 4 June 1999, however, revealed that the roof at the entrance of the top flat was leaking. In addition, according to the bills of quantities, the contractor was required to supply 30 chairs and 30 desks for teachers. However, at the time of inspection only 15 chairs and 15 desks were supplied. This was confirmed by the Headmistress. It is recommended that this matter be followed up with the contractor to ensure that he complies with the terms of the contract before the retention due to him is paid.
- 634.** The amount of \$305.005M expended on the construction of schools represents payments in respect of sixteen(16) new schools, twelve(12) of which commenced construction prior to 1998. Except in the case of West Demerara Secondary School, at the time of inspection, work was still in progress.
- 635.** During the period 1995 to 1998, two(2) contractors constructed and/or rehabilitated a total of fourteen(14) primary schools. The actual costs of construction/rehabilitation were below the contract prices, as the contractors were paid on the basis of certified valuation certificates. However, they

were claiming the differences. The matter was referred to arbitration and at the time of reporting a ruling had not been made.

- 636.** The amount of \$40.727M expended on design and supervision represents payments to six(6) consultancy firms for the design of the buildings, preparation of bills of quantities, evaluation of bids, supervision and certifying the works. Four(4) contracts valued at US\$2.106M were awarded during the period 1994 to 1996 to one firm which was involved in all aspects of the works, from the design of buildings to the certification of the works. In addition, there were two(2) variations totalling US\$293,000, giving revised contract sums totalling \$2.399M. The Audit Office is of the view that no one firm should have been involved in all aspects of design and supervision and that each firm should have been contracted to oversee separate components. However, engineering advice tendered suggests that this practice is not uncommon.

### **Capital Expenditure - Division 543**

#### **Subhead 12001 - Nursery, Primary and Secondary Schools**

- 637.** The sum of \$110M was voted for (a) construction of Stewartville Secondary School (b) rehabilitation of Tutorial High School and Oswald Parry Hall of Bishops High School (c) construction of bond for the Book Distribution Unit and (d) rehabilitation of building at 68 Brickdam. Amounts totalling \$86.813M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Construction of Stewartville Secondary School	39,385,849
Rehabilitation of Oswald Parry Hall at Bishop's	10,921,692
Construction of Bond at Book Distribution Unit	6,105,484
Rehabilitation of building at 68 Brickdam	8,859,119
Rehabilitation of Liana's Nursery School	14,456,801
Rehabilitation of Houston Community High School	2,934,100
Project Manager's salaries and allowances	1,290,297
Consultancy fees	2,464,921
Miscellaneous	394,533

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**TOTAL**

**86,812,796**

- 638.** As can be noted, no work was done in relation to the rehabilitation of Tutorial High School. The Accounting Officer explained that the rehabilitation would have required an outlay of some \$28M for the construction of a new block and that there would not have been enough funds to carry out the works. Approval was granted for a change in programme to rehabilitate the Liana Nursery School instead. However, no approval was seen for the rehabilitation of Houston's Community High School.
- 639.** The contract for the construction of Stewartville Secondary School was awarded in September 1997 in the sum of \$69.565M. Construction works commenced in March 1998 and the building was to be completed in November 1998. However, an extension was granted to 31 July 1999. In October 1999, when a physical inspection was carried out, the construction work was still in progress and the building was about 80% completed. Based on certified valuation certificates, the total amount of \$39.386M was paid to the contractor in 1998.
- 640.** The contract for the rehabilitation of the Oswald Parry Hall at Bishop's High School was awarded in the sum of \$9.134M. There was a variation in the sum of \$1.788M, giving a revised contract sum of \$10.922M. The rehabilitation works were physically verified.
- 641.** The contract for the construction of the storage bond for the Book Distribution Unit was awarded to the second lowest bidder in the sum of \$5.181M because the lowest bidder had two(2) other on-going projects. There was a variation in the sum of \$824,953, giving a revised contract sum of \$6.105M. The works were physically verified .
- 642.** The contract for the rehabilitation of two(2) buildings at 68 Brickdam was awarded in the sum of \$9.185M in 1997. However, payments totalling \$9.146M were made in 1997 in respect of only one(1) building. The Accounting Officer had explained that additional work had to be undertaken



to complete the one building.

- 643.** In 1998, the rehabilitation of 68 Brickdam was re-budgeted for and work commenced on the other building. Amounts totalling \$8.859M were expended. Therefore, the total expenditure relating to the rehabilitation of the two(2) buildings was \$18.005M. The Audit Office is of the view that because of the enormity of the variation, the matter should have been referred to the Central Tender Board, although there is no requirement to do so under the existing regulations. In addition, several checks were made at the Central Tender Board but efforts to locate the file proved futile. It should be noted that both buildings were partially destroyed by fire in early 1999. Therefore, the construction work could not have been properly verified.
- 644.** The contract for the rehabilitation of Liana Nursery School was awarded in the sum of \$11.279M. There was a variation of \$1.128M, giving a revised contract sum of \$12.407M. Four(4) other contracts valued at \$2.050M were awarded by the Ministerial Tender Board for landscaping, landfilling and construction of fence. These works were also physically verified.
- 645.** The contract for the rehabilitation of Houston Community High School was awarded in 1997 in the sum of \$2.861M and amounts totalling \$3.206M were paid to the contractor at the end of 1997. In 1998, three(3) further payments totalling \$2.934M were made to the same contractor for the replacement of the roof of the school. However, as indicated above, no provision was made in the Capital Estimates for 1998 and there was no evidence of approval for a change of programme to accommodate to this expenditure in 1998. There was also no evidence that the Central Tender Board approved of the contract for the additional works. The works were nevertheless physically verified.

#### **Subhead12007- National Library**

- 646.** The sum of \$20M was voted for the continuation of extension works and the rewiring of the National Library. According the Appropriation Account, amounts totalling \$15.904M were shown as having been expended. However, an examination of the records of the National Library revealed that the sum of \$11.808M, giving a difference of \$4.096M which should have been refunded to the Consolidated Fund. As a result, the Appropriation Account was overstated by this amount. Similar comments were made in my

previous reports.

- 647.** Physical inspection in September 1999, revealed that the electrical work was completed. However, the extension works had not commenced, and the amount of \$7.774M represented payments for fabrication of the steel structure which was lying in the compound. The extension works were re-budgeted for in 1999. At the time of reporting, the extension work was in progress.
- 648.** The National Library is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1991. Financial statements for the years 1992 to 1997 were submitted for the audit examination and at the time of reporting, the audit was in progress.

#### **Subhead 12009 - Critchlow Labour College**

- 649.** The sum of \$881,000 was voted for the rehabilitation of the southern driveway and foot-path of multi-purpose hall of the Critchlow Labour College. The work was carried by the Ministry of Education at a cost of \$865,000 and was physically verified.

#### **Subhead 12011 - Teachers' Training Complex**

- 650.** The sum of \$12.862M was allocated for (a) rehabilitation of fence at Cyril Potter College of Education and (b) extension of In-Service Centre at Linden. However, only \$892,091 was expended on carpentry and masonry work at the In-Service Centre. The Accounting Officer explained that the rehabilitation of the fence at the Cyril Potter College was advertised in September 1998 but the Central Tender Board did not adjudicate on the award until June 1999. As a result, the work was re-budgeted for in 1999.

#### **Subhead 12012 - University of Guyana**

- 651.** The sum of \$40M was voted for (a) rewiring and renovation of Library and purchase of books (b) rehabilitation of the roof of the Large Lecture Theatre and faculty buildings (except the Technology building) (c) rehabilitation of the three(3) lecture theatres and (d) renovation of the Health Science building. However, only \$10M was expended on the purchase of journals, periodicals, books, and non-book materials. The works were re-budgeted for in 1999.

**652.** The audit of the University of Guyana has been contracted out to Chartered Accountants, KPMG Peat Marwick, under supervision from the Audit Office. The accounts were last audited for the academic year ended August 1999.

**Subhead 19001 - Sector Programme (Education)**

**653.** The sum of \$15M was voted for the construction of Blairmont and Lodge nursery schools and the upgrading of science laboratories in selected secondary schools. According to the Appropriation Account, amounts totalling \$7.088M were expended. However, the records of the Executing Agency revealed an expenditure \$13.532M, giving a difference of \$6.444M. The Accounting Officer explained that the Executing Agency did not submit details of expenditure in the last quarter of 1998 to allow for its incorporation in the Public Accounts.

**654.** The Project is funded by European Union under the General Import Counterpart Programme which is managed by the Executing Agency, Caribbean Engineering & Management Company (CEMCO) and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1997. Financial statements for 1998 were submitted for audit examination and at the time of reporting, the audit was in progress.

**655.** An examination of the quarterly reports for 1998 submitted by CEMCO revealed the following expenditure:-

DESCRIPTION	AMOUNT \$
Construction of Blairmont Nursery school	7,330,619
Construction of Lodge Nursery School	4,452,332
Rehabilitation of National Archives	1,343,981
Upgrading of science laboratories	355,301
Purchase of books	49,990
<b>TOTAL</b>	<b>13,532,223</b>

### **Subhead - 26001- Secondary School Reform Project**

- 656.** The sum of \$350M was voted for (a) school quality improvement; (b) regional and national institutional strengthening; and (c) emergency repairs to the multilateral, secondary and community high schools. According to the Appropriation Account, amounts totalling \$112.234M were expended.
- 657.** The Project is financed by the Government of Guyana and the International Development Agency (IDA) and is subject to separate financial reporting and audit. The audit is carried out by a private auditing firm without the involvement of the Audit Office. This is contrary to Article 223 of the Constitution and Section 33 of the FAA Act, as amended in 1993.
- 658.** According to the audited financial statements for the year 1998, amounts totalling \$112.234M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT</b> \$
Procurement of equipment and other goods	9,273,699
Payments to consultants	70,015,072
Training of teachers etc.	11,482,578
Operating expenses of PEU	21,462,594
<b>TOTAL</b>	<b>112,233,944</b>

### **Subhead 26003 - New Amsterdam Technical Institute.**

- 659.** The sum of \$11M was voted for the rehabilitation and refurbishing of staff houses and electrical system at the Institute. Amounts totalling \$6.763M were expended on the purchase of building material and electrical items. The work was undertaken by students under supervision by their lecturers and involved the rehabilitation of nine(9) buildings which was physically verified. However, the electrical system was not refurbished and at the time of the audit, electrical items valued at \$1.324M had been returned to the

supplier. The Principal gave the assurance that follow-up action would be taken to have the items replaced or the related amount refunded.

#### **Subhead 26004 - Other Equipment**

- 660.** The sum of \$3M was voted for the purchase of furniture and equipment, including chairs, tables, computers and fans. Amounts totalling \$2.989M were expended. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 26005 - Government Technical Institute**

- 661.** The sum of \$10.5M was allocated for the continued rehabilitation of electrical system, quadrangular and Sproston building. The full amount was expended. The contract was awarded in 1997 in the sum of \$11.594M and sums totalling \$3.478M were expended in 1997. In 1998, there was an approved variation of \$1.181M, giving a revised contract sum of \$12.775M. The work was physically verified.

#### **Subhead 26007 - Guyana Industrial Training Centre**

- 662.** The sum of \$2.6M was allocated for the installation of roll-up doors and expansion of audio visual room. Amounts totalling \$2.595M were expended. The work was undertaken by students under supervision from lecturers and was physically verified.

#### **Subhead 26008 - Carnegie School of Home Economics**

- 663.** The sum of \$3.8M was voted for the rehabilitation of ceiling and the roof of southern, main and annexe buildings. No expenditure was, however, incurred for the period under review. The Accounting Officer explained that the work was advertised in September 1998 but the Central Tender Board did not make the award. The work was re-budgeted for in 1999.

#### **Subhead 26009 - School Furniture and Equipment**

**664.** The sum of \$15M was allocated for the purchase of furniture and equipment for schools. Amounts totalling \$4.169M were expended for the purchase of chemicals and laboratory equipment. This amount was paid into a BCM account held at a commercial bank on 9 December 1998. Attempts, however, to obtain the records of this account proved futile. As a result, it could not be ascertained when the transaction was finalised. In addition, bills and/or receipts to substantiate the payment made were not presented for audit examination. The items purchased were nevertheless verified as having been received and properly brought to account.

**Subhead 26010 - Resource Development Centre**

**665.** The sum of \$8M was voted for the rehabilitation of fence, NCERD building and G.U.I.D.E office (Queens College Compound). However, only \$180,000 was expended in the purchase of thirty(30) chairs. The Accounting Officer explained that the works were advertised in September 1998 but the award was not made by the Central Tender Board. The works were re-budgeted for in 1999.

**Subhead 26011 - Development of Text Books**

**666.** The sum of \$15M was voted for the printing of text books in four subject areas namely, Spanish, Industrial Arts, Home Economics and Agriculture Science. Amounts totalling \$13.610M were expended as follows: -

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Printing of 32,000 copies text books	13,075,025
Honorarium for revising text books	290,000
Purchase of Laser Printer	164,518
Printing of manuscripts	80,000
<b>TOTAL</b>	<b>13,609,543</b>

The books were printed by the Guyana National Printers Limited and were verified as having been received and properly brought to account while the other expenditures were verified as having been properly incurred.

**Subhead 45003 - Linden Technical Institute**

- 667.** The sum of \$1.7M was allocated for the rehabilitation of main building and purchase of equipment. Amounts totalling \$1.571M were expended. The work was undertaken by students under supervision by their lecturers and was physically verified.

**Subhead 45003 - Adult Education Association**

- 668.** The sum of \$1.2M was voted for renovation of the main building. However, no expenditure was incurred for the period under review. The Accounting Officer explained that the funds allocated were inadequate. However, the works were not re-budgeted for in 1999.

**HEAD 10-02 AND DIVISION 541**

**MINISTRY OF CULTURE, YOUTH AND SPORTS**

**Current Expenditure**

**669.** It is a requirement for the salaries cash book to reflect ‘nil’ balances at the end of each month as a control mechanism for the payment of wages and salaries. However, during the period August to December 1998, the cash book reflected significant balances, as shown below:-

<b>MONTH</b>	<b>AMOUNT \$</b>	<b>MONTH</b>	<b>AMOUNT \$</b>
August	408,515	November	531,637
September	252,573	December	598,685
October	522,052		

**670.** This state of affairs was due to the failure of the Ministry to pay over in a timely manner deductions to the relevant agencies. The Accounting Officer is therefore urged to ensure strict compliance with the regulations.

**671.** Amounts totalling \$10.513M were expended on Rental & Maintenance of Buildings. This expenditure relates mainly to the rehabilitation of the BIDCO Building which houses the Ministry. The works were executed in thirty-seven(37) contracts, thirty-one(31) of which fell below the \$180,000. The Accounting Officer explained that the manner in which the works were executed was due to the pattern of releases of funds to the Ministry.

**672.** Amounts totalling \$2.656M were expended on Electricity Charges. However, the electricity charges register showing information such as meter number, location of meter, details of charges and payments, was not produced for audit inspection. The Accounting Officer explained that such a register was maintained but could not be located. As a result, the accuracy of the charges, especially arrears charges, could not be properly determined.

**673.** Amounts totalling \$7.047M were expended on Other Services Purchased. This expenditure relates mainly to the provision of security services. However, tender board procedures were not followed in the contracting of



the security services. The Accounting Officer explained that this arrangement was inherited from the Ministry of Education and steps were being taken to ensure the observance of the Regulations.

- 674.** Amounts totalling \$73.837M were expended on Subsidies & Contributions etc. The following gives a breakdown of the payments made:-

<b>NAME OF ORGANISATION</b>	<b>AMOUNT \$000</b>
National Sports Commission	50,000
Castellani House	13,925
Guyana Museum	4,234
Payments by Ministry of Education	2,590
Commonwealth Youth Programme	1,600
National Youth Council	800
Theatre Guild	600
Others	88
<b>TOTAL</b>	<b>73,837</b>

- 675.** The National Sports Commission is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998. The amount of \$50M was verified as having been received by the Commission and properly expended.
- 676.** The operations of the Castellani House were being managed by a committee and the amount of \$13.925M represents the payment of salaries, janitorial services and the purchase of artefacts. The Committee was also in receipt of \$14M from the Guyana Lotteries Commission to carry out various works. However, no expenditure was incurred for the period under review.
- 677.** The Guyana Museum is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1996. The amount of \$4.234M was verified as having been received by the Museum but in the absence of audited accounts for 1998, it could not be determined whether it was properly expended.

### **Other Matters**

- 678.** The Ministry was operating a special project bank account No. 3174 to

account for the allocation of funds from various sources, including funds from the Guyana Lotteries Commission. As indicated in an earlier part of this report, the proceeds from the Guyana Lotteries should have been paid over to the Consolidated Fund, and any use of the funds should have been subject to appropriations from Parliament.

- 679.** Amounts totalling \$39.862M were received from the Guyana Lotteries Commission during the period July - August 1998 and deposited into this account. The funds were to be used for the hosting of youth camps, rehabilitation of multi purpose play fields/courts at Agricola, North Ruimveldt and Alberttown and rehabilitation works at the National Archives and the Castellani House. In addition, amounts of \$835,200 and \$1.5M were received from the UNDP and the Ministry of Finance respectively to facilitate youth activities. As at 31 December 1998, the account reflected a balance of \$27.248M. It therefore meant that sums totalling \$14.940M were expended but were not recorded as expenditure in the appropriation accounts. This is in addition to direct payments totalling \$7.833M which were made by the Lotteries Commission and the Ministry of Finance on behalf of this ministry.
- 680.** An examination of the bank reconciliation statement for this account for December 1998 revealed several items appearing on the bank statement but were not recorded in the cash book and have been coming forward for several months. Efforts should be made to investigate the nature of these transactions with a view to effecting the necessary adjustments.
- 681.** The Ministry also operated a Cultural Centre current account No. 410004235 held at the Guyana National Co-operative Bank to account for the proceeds from the use of the National Cultural Centre. The balance on this account at the beginning of 1998 was \$134,841. During the year, amounts totalling \$30.480M were deposited into this account. As at 31 December 1998, the account reflected a balance of \$1.550M, indicating that \$29.115M was expended. It should be noted that in accordance with the FAA Act, the proceeds should have been paid over to the Consolidated Fund and the related expenditure should have been met out of appropriations. The Audit Office proposes to conduct a special exercise to evaluate the operations of the Centre.

### **Capital Expenditure**

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

- 682.** The sum of \$15M was provided for the rehabilitation of the Cultural Centre building and the replacement of air conditioning units. Amounts totalling \$4.604M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Upholstering of chairs	3,207,128
Purchase of four(4) air conditioning units	372,000
Sealing of concrete drains	889,200
Construction of bin	136,000
<b>TOTAL</b>	<b>4,604,328</b>

- 683.** Physical inspection of the concrete drain revealed numerous cracks, indicating unsatisfactory work by the contractor. The other expenditures were verified as having been properly incurred.

**Subhead 18001 - Youth**

- 684.** The sum of \$5M was provided for skills training in non-traditional areas for school drop-outs and low achievers. Amounts totalling \$4.894M were expended. Included in the expenditure were payments totalling \$2.324M representing purchases of supplies and services for the Ministry and the Cultural Centre. Such expenditure is not in line with the planned programme and can be considered a misallocation of funds.
- 685.** The difference of \$2.570M represents purchases of equipment for youth clubs and the regions. However, evidence was not seen of requests from the clubs and regions nor was there evidence of the receipt by them of the items. As a result, the propriety of the related expenditure could not be satisfactorily determined.

**Subhead 24001 - Department of Culture**

- 686.** The sum of \$7.1M was allocated for the rehabilitation of the National School of Dance and the Umana Yana and the purchase of furniture and equipment. The full amount was expended on the purchase of equipment and rehabilitation works on the National School of Dance. The works were physically verified while the items purchased were verified as having been received and properly brought to account.

#### **Subhead 25001 - Museum Development**

- 687.** The sum of \$10M was provided for the rehabilitation and restoration of the Walter Roth Museum. An amount of \$2.220M was paid over by way of inter departmental warrant to the Ministry of Education to meet the related expenditure. The works were physically verified.

#### **Subhead 44001 - Burrowes School of Art**

- 688.** The sum of \$1.2M was voted for the rehabilitation of the building and lighting system. Amounts totalling \$1.034M were expended. The works were verified as having been completed.

#### **Subhead 45001 - National Trust**

- 689.** A provision of \$5M was made for the restoration of (a) forts Kyk -Over- Al, Zeelandia and Nassau and (b) the 1763 Monument. However, no expenditure was incurred for the period under review. The Accounting Officer explained that the term of office of the members of the Trust had expired in 1998 and that reappointment was made in 1999.

#### **Subhead 45002 - National Archives**

- 690.** An amount of \$2.4M was approved for the purchase of a photocopier, fax machine and furniture. The full amount was expended. The items purchased were verified as having been received and properly brought to account. However, a micro fiche and printer were received in March 1999 but were

not removed from the crates in which they were delivered at the time of inspection in November 1999. In addition, the National Archives received \$12M from the Guyana Lotteries Commission. However, no expenditure was incurred in respect of this amount for the period under review.

## **HEAD 11 - 01 & DIVISIONS 503 - 504**

### **MINISTRY OF HUMAN SERVICES AND SOCIAL SECURITY**

#### **Current Expenditure**

##### **Employment Costs**

- 691.** The Ministry had three(3) non-operational salaries bank accounts which reflected balances totalling \$3.458M. These balances should be transferred to the Consolidated Fund and steps taken to close the accounts.
- 692.** The current salaries bank account No. 3166, which was established in April 1998, was only reconciled to November 1998 at the time of reporting. It should not be over-emphasised that the failure to reconcile bank accounts in a timely manner can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore urged to ensure that this important activity is carried out in a more timely manner.

##### **Other Charges**

- 693.** Amounts totalling \$2.628M were expended on fuel and lubricants. However, in respect of the four(4) vehicles for which log books were required to be maintained, log books were presented only for one(1) vehicle. In the circumstances, it could not be determined whether all the journeys undertaken were authorised and whether due economy was exercised in the use of the vehicles.
- 694.** Amounts totalling \$9.902M were expended on Rental & Maintenance of Buildings. There was, however, evidence of apparent subdivision of contracts to avoid adherence to tender board procedures. In particular, twenty-seven(27) contracts valued at \$2.808M were awarded to one individual without any form of competitive bidding. The Accounting Officer explained that contracts were awarded on a piecemeal basis because the Ministry was required to be relocated within a very short time. However, a waiver of the tendering procedures should have been sought to facilitate

these works.

- 695.** Amounts totalling \$13.451M were expended on Electricity Charges. However, bills in support of the above amount were only seen in respect of \$3.487M. The difference of \$9.964M represents two(2) inter departmental warrants issued to the Ministry of Health and Labour. However, a financial return was not seen in support of the latter expenditure and there were no recordings in the Electricity Register in respect these warrants.
- 696.** Amounts totalling \$26.414M were expended on Other Services Purchases. However, Tender Board procedures were not followed in relation to payments totalling \$5.372M for security services rendered to the Palms, the Mahaica Hospital and the Children's Home. The Accounting Officer explained that this arrangement was in place since 1996 and that the said contract could not be located. It is recommended that a new contract be entered into with firm concerned, renewable preferably annually.
- 697.** Amounts totalling \$11.755M were expended on Subsidies & Contributions to Local Organisations. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$000</b>
Women's Leadership Institute	4,141
Guyana Relief Council	3,850
Board of Industrial Training	1,940
Guyana National Co-op Union	1,200
Others	624
<b>TOTAL</b>	<b>11,755</b>

These amounts were verified as having been received by the various agencies.

- 698.** Amounts totalling \$633.805M were expended under Subhead 314 - Other. This figure, however, does not include \$83.817M representing Old Age Pension and Public Assistance payments made by the Post Office Corporation on behalf of the Ministry. The Accounting Officer explained that the related vouchers could not have been sent to the Accountant General's Department in time for the closure of the Public Accounts.

- 699.** The Public Assistance Imprest bank account No. 902, which ceased to be operational several years ago, was overdrawn by \$270.586M as at 31 December 1998, compared with an overdraft of \$282.586M at the end of 1997. This state of affairs was due to inadequate provisions made over the years in the National Estimates to facilitate the payment of old age pension and public assistance, as discussed at length in my 1995 Report. At the time of reporting, an officer contracted by the Ministry was still in the process of sorting out payments made by the Post Office on behalf of the Ministry with a view to seeking reimbursement from the Accountant General.
- 700.** It should be mentioned that the vouchers in support of payments relating to the overdraft were stored in several bags but a record of same was not kept. The Accounting Officer explained that this situation resulted from staff constraints. As a result, the total value of the payments could not be ascertained, and it could not be determined whether these vouchers would be sufficient to clear the overdraft.
- 701.** According to a letter dated 12 January 1999 to the Post Office Corporation, the Corporation was indebted to the Ministry to the extent of \$2.321M at 31 December 1998. However, from information available on payments effected by the Corporation, an amount of \$22.416M was due instead to the Ministry. Urgent action should be taken to have the above difference reconciled.
- 702.** The Old Age Pension and Public Assistance Imprest bank account No. 3039 was established in May 1996 but was discontinued in April 1998 when the Ministry was reorganised. The account reflected a balance of \$20.523M as at 31 December 1998 and was reconciled to November 1998 at the time of audit in April, 1999. According to the reconciliation statement, a payment of \$8.2M was made to the Post Office Corporation in December 1997 had not been encashed. The Accounting Officer gave the assurance that this transaction would be investigated. In addition, the account was not subject to a satisfactory level of internal check since the cash book was written up and the account reconciled by the same officer.
- 703.** The Old Age Pension and Public Assistance Imprest bank account No. 3168 reflected a balance of \$20.016M at 31 December 1998 and was only reconciled to November 1998 at the time of audit in June 1999. This account was overdrawn by \$4.018M in November 1998, indicating that

payments were not being processed and reimbursed promptly. The Accounting Officer explained that the failure to obtain prompt reimbursements was the result of the slow processing of vouchers by the Accountant General's Department.

- 704. The Ordinary Imprest bank account No. 3038, which ceased to be operational in April 1998, reflected a balance of \$161,195 at 31 December 1998. However, at the time of inspection in April, 1999, it was short-retired by \$143,515. In addition, an examination of the reconciliation statement for November 1998 revealed that a deposit of \$67,570 made several months earlier was not reflected on the bank statement. The Accounting Officer gave the assurance that the transaction would be investigated.
- 705. The ordinary imprest bank account No. 3167, which was established in April 1998, was only reconciled to November, 1998 at the time of audit in April 1999 and was overdrawn by \$292,789 as at 31 December 1998. The overdraft resulted from a deposit of \$114,653 made in August 1998 which had not been was not brought to account by the Bank as well as delays in making deposits. The Accounting Officer is advised to ensure that this account is monitored more carefully in order to avoid the incidence of overdraft.

**Capital Expenditure**

**Subhead 19001 - SIMAP**

- 706. The sum of \$621.595M was allocated for the rehabilitation and construction of economic and social infrastructure, provision of technical and vocational training and basic commodities under the Food for Work and World Food programs and provision for quick response activities. Amounts totalling \$617.777M were shown as having been expended.
- 707. The Social Impact Amelioration Programme (SIMAP) was established by Order No. 53 of 1990 made under the Public Corporations Act 1988 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998 and an examination of these accounts revealed an expenditure of \$599.789M, giving a difference of \$17.988M. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT
188	



	<b>\$000</b>
Administrative costs	48,052
Community development projects	288,237
Drainage & irrigation works	19,918
Educational projects	157,084
Health & nutrition projects	4,068
Road rehabilitation	1,551
Technical & vocational training	75,663
Water & sanitation projects	5,216
<b>TOTAL</b>	<b>599,789</b>

### **Subhead 19002 - SIMAP Phase II**

- 708.** An amount of \$458M was allocated for (a) rehabilitation of the economic and social infrastructure (b) community-managed and designed projects in Amerindian and depressed areas (c) emergency infrastructural works and (d) technical and vocational training and nutritional programmes. Amounts totalling \$305.216M were shown as having been expended.
- 709.** The Programme is also subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998 and an examination of these accounts revealed an expenditure of \$323.925M, giving a difference of \$20.009M. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$000</b>
Administrative costs	56,188
Community development projects	90,117
Educational projects	123,501
Health & nutrition projects	1,138
Road rehabilitation	9,455
189	

Water & sanitation	43,526
<b>TOTAL</b>	<b>323,925</b>

**Subhead 12001 - Buildings**

**710.** An amount of \$17M was allocated for the rehabilitation and construction of buildings at Cornhill Street, the Destitute Home, Women Leadership Institute & Resource Centre. Amounts totalling \$16.344M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of building at Cornhill Street	13,935
Rehabilitation Women Leadership Institute	1,901
Miscellaneous	589
<b>TOTAL</b>	<b>16,425</b>

**711.** Physical verification of the rehabilitation works at the Cornhill Street building revealed the following unsatisfactory features:-

- (a) The floor of the Documents Room in respect of which \$64,980 was paid for rehabilitation of 361 sq. ft., was found to be seriously rotten in parts. This situation could have occurred because of poor quality of materials used in the works. In addition, the works verified amounted to 240 sq. ft. instead of 361 sq. ft., resulting in an overpayment in respect of 121 sq. ft. valued at \$21,780; and
- (b) A 12 way circuit breaker to be installed at a cost of \$14,00 was verified to be a 8 way circuit breaker. Similarly, a 32 way circuit breaker was to be installed at a cost of \$48,000 was verified to be a 14 way circuit breaker.

**712.** In relation to the rehabilitation of the Women Leadership Institute, the works were executed in five(5) contracts awarded to one contractor, using a system of quotations. Had the works been executed in one lot, this would have required adjudication by the Central Tender Board. The Accounting Officer explained that time did not permit adherence to the prescribed

tendering procedures since the works had to be completed to accommodate an important seminar planned. In such circumstances, approval should have been sought for a waiver of these procedures. The works were nevertheless verified as having been satisfactorily completed.

### **Subhead 25001 - Office Equipment**

- 713.** The sum of \$500,000 was allocated for the purchase of furniture and office equipment. Amounts totalling \$495,000 were expended. The items purchased were verified as having been received and properly brought to account.

### **Subhead 25002 - Equipment**

- 714.** An amount of \$2M was provided for the purchase of equipment for the Palms Hospital. Amounts totalling \$787,000 were expended in the purchase of fifteen(15) fire extinguishers, a pressure cooker and a cooler. The items purchased were verified as having been received and properly brought to account.

## **HEAD 11 - 02 AND DIVISION 523, 524 AND 525**

### **MINISTRY OF HOUSING & WATER**

#### **Current Expenditure**

- 715.** Amounts totalling \$161.507M, representing current expenditure of the Ministry of Housing and Water, were paid by the Ministry of Human Resources and Social Security during the months of January to March, 1998. Included in this expenditure were contributions to local organisations totalling \$159M which were verified as having been received by the relevant organisations. However, the expenditure of \$161.508M was not included in the Appropriation Account of neither Ministry, thereby resulting in a material understatement of the expenditure.
- 716.** At the time of the audit in July 1999, the stock records were only updated to March 1998. The Accounting Officer explained that this was due to constraints.
- 717.** Included in the expenditure of \$406,000 shown under Transport, Travel & Postage, is an amount of \$153,594 representing the cost of repairs to vehicle

No. PGG 1543 which was recently acquired. The Accounting Officer explained that the windscreen of the said vehicle was shattered during demonstrations by squatters and had to be replaced.

**718.** Amounts totalling \$441,000 were expended on Telephone Charges. However, a register of overseas telephone calls was not kept for the period under review. A register had since been introduced with effect from August 1999.

**719.** Amounts totalling \$613M were allocated for Subsidies & Contributions to Local Organisations. According to the Appropriation Account, amounts totalling \$454M were expended. As indicated above, this figure did not include an amount of \$159M which was paid by the Ministry of Human Services and Social Security prior to the re-organisation of the Ministry. The following gives a breakdown of the full expenditure of \$613M:-

<b>NAME OF ORGANISATION</b>	<b>AMOUNT \$'000</b>
Guyana Water Authority	448,000
Georgetown Sewerage & Water Commissioners	130,000
Central Housing & Planning Authority	35,000
<b>TOTAL</b>	<b>613,000</b>

**720.** The Guyana Water Authority (GUYWA) was established by Act No. 3 of 1972 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998 and an examination of these accounts revealed that amounts totalling \$463.856M were received as subvention from Central Government, giving a difference of \$15.856M. The difference was due to salary increases received from the Ministry of Finance. It should be mentioned that GUYWA is required to have its audited accounts laid in the National Assembly. However, it could not be determined when last this was done.

**721.** An examination of the results of the audit of GUYWA for 1998, revealed the following unsatisfactory features:-

- (a) Included in the fixed assets figure of \$3.138 billion was an amount of \$3,040 representing the value of the land held by the Authority in the various Regions. This amount appeared unrealistic compared with prevailing market prices. In addition, certificates of title attesting to the ownership of the land were not produced;
- (b) Also included in the above amount of \$3.138 billion is the figure of \$29.723M which represents the net book value of furniture, fixtures and equipment. However, several of these equipment were not marked to readily identify them as Government property;
- (c) An aged analysis of debtors was not done for the year 1998. As a result, the accuracy of the provision of \$32.428M for bad debts could not be determined. It was explained that the billing software was not capable of producing this analysis. In addition, the customers' accounts were not posted up to date for the year 1998 because there were problems in identifying the related accounts. Further, at the time of reporting, the computerised system relating to customers' billings had malfunctioned and the Authority was in the process of posting these transactions. As a result, the finalisation of GUYWA's the accounts for the year 1999 is likely to be delayed; and
- (d) Included in the trade creditors and accruals figure of \$279.852M was an amount of \$267.125M representing a liability to Guyana Electricity Corporation(GEC). However, the amount confirmed by GEC was \$376.959M, resulting in a difference of \$109.834M.

**722.** The Georgetown Sewerage and Water Commissioners is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998. The amount of \$130M was verified as having been received by the Commissioners.

**723.** The Central Housing and Planning Authority is also subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1995. The amount of \$35M was verified as having been received by the Authority but in the absence of audited accounts for 1998, it could not be determined whether the amount of \$35M granted as subvention was properly expended.

## Stores and Other Public Property

724. The Ministry did not maintain inventory records to account for assets under its control and there was no evidence of periodic internal physical verification of the assets during the year. The Accounting Officer explained that this was not done due to staff constraints.

## Capital Expenditure

### Division 523

#### Subhead 19001 - Infrastructure Development & Buildings

725. An amount of \$125M was voted for the development of and upgrading of existing housing schemes in Regions 2 to 7 and 10. This amount was paid over to the Central Housing & Planning Authority (CH&PA). According to the records of the CH & PA, amounts totalling \$103.616M were expended, giving a difference of \$21.384M which should have been paid over to the Ministry for credit to the Consolidated Fund. As a result, expenditure has been overstated by this amount.
726. The Accounting Officer explained that the unspent balance was paid in 1999 for the completion of the land clearing project at Block Y, Diamond, East Bank Demerara and the main access road at Tuschen, East Bank Essequibo. She further explained that these projects commenced in the last quarter of 1998, hence the amount was already committed. Notwithstanding the explanation given, the retention of unspent amounts is a breach of Section 36 of the FAA Act, and it would have been more appropriate for the works to be re-budgeted for in 1999.
727. The following is a breakdown of the expenditure of \$103.616M:-

DESCRIPTION	AMOUNT \$'000
Construction of road at Sophia/Turkeyn	20,000
Land clearing, levelling etc.- Golden Grove Block Y	15,732

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Land clearing, levelling etc. - Diamond Block X	24,446
Drainage - Diamond/Grove Block X & Y	5,890
Land clearing, road construction etc. - Tuschen	37,359
Cadastral survey - Hope Estate	189

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**TOTAL** **103,616**

**Subhead 24002 - Land Transport**

- 728.** The sum of \$6.3M was allocated for the purchase of two vehicles. Amounts totalling \$6.091M were expended. One vehicle, which was acquired at a cost of \$953,000, was involved in an accident and was subsequently sold for \$900,000. The remaining vehicle was, however, not inventorised. At the time of reporting, it is understood that corrective action had since been taken.

**Subhead 25002 - Equipment**

- 729.** An amount of \$1M was voted for the purchase of equipment, of which sum totalling \$997,154 were expended. The items purchased were verified as having been received but were not inventorised.

**Subhead 28004 - Rural Water Supply (Hinterland)**

- 730.** The sum of \$20M was provided for (a) the completion of the South Rupununi, Port Kaituma, and Matthews Ridge water supply systems and (b) the installation of 50 hand pumps in a number of areas including Lethem, Waraina/Hosororo, Mabaruma and Kamarang. This amount was paid to the Guyana Water Authority (GUYWA) to execute the works.
- 731.** According to the records of the GUYWA, the amount was utilised to provide potable water and other amenities to hinterland residents during the El Nino crisis. The Chief Executive Officer of GUYWA explained that the funds were used to assist in the drilling of forty(40) shallow wells and in the purchase of thirty-six(36) hand pumps. He further stated that the expenditure was to be reimbursed from the El Nino Project.

**Division 524**

**Subhead 28001 - Water Supply Technical Assistance/Rehabilitation**

- 732.** The sum of \$1.120 billion was voted for the rehabilitation of four(4) major

water supply systems, one hundred and twenty(120) minor water systems, institutional strengthening, human resource development, purchase of equipment and rehabilitation of GUYWA head office building. Amounts totalling \$812.585M were shown as having been expended.

**733.** The Project is funded by bilateral and multilateral lending institutions as well as by the Government of Guyana and is subject to separate financial reporting and audit. An examination of the audited accounts of the Project revealed an expenditure of \$583.726M, giving a difference of \$228.859M. This difference was due mainly to foreign disbursements in previous years now brought to account in the Public Accounts.

**734.** The following is a breakdown of the audited expenditure:-

<b>DESCRIPTION</b>	<b>FOREIGN FUNDING \$'000</b>	<b>LOCAL FUNDING \$'000</b>	<b>TOTAL \$'000</b>
Civil Works	154,080	28,654	182,734
Goods	260,160	49,865	310,025
Consultancy Services	48,960	11,604	60,564
Training	3,680	101	3,781
Administration Expenditure	1,280	25,342	26,622
<b>TOTAL</b>	<b>468,160</b>	<b>115,566</b>	<b>583,726</b>

**735.** In my 1997 Report, mention was made of an unspent amount of \$113.211M on counterpart expenditure which was retained by the Project, instead of being paid over to the Ministry for refund to the Consolidated Fund. A similar observation was made in 1998 where there were unspent amounts totalling \$7.998M.

**736.** According to the December 1998 bank reconciliation statement of the Project's counterpart fund bank account held at the Guyana Bank for Trade and Industry, an amount of \$50M was transferred to an investment account. The Chief Executive Officer of GUYWA explained that the Ministry of



Finance released the said amount for use on projects identified by GUYWA. Subsequently, the Ministry of Finance placed a “hold” on these projects. As a result, GUYWA placed the \$50M in an investment account until such time that the Ministry gave approval for the said projects. He further stated that the funds had since been expended on various project related activities. Notwithstanding the explanation given, this amount should have been refunded for credit to the Consolidated Fund in accordance with Section 36 of the FAA Act.

### **Division 525**

#### **Subhead 28001 - Georgetown Remedial & Sewerage Project**

- 737.** An amount of \$520M was allocated for (a) the rehabilitation of sewerage, pumping stations and water mains (b) construction of storage tanks (c) laying of trunk mains at Sophia and Turkeyen and (d) the procurement and installation of machinery. According to the Appropriation Account, amounts totalling \$480.799M were expended.
- 738.** The Project is funded by the Government of Guyana and the Inter American Development Bank under loan Agreement No. 909/SF-GY and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998 and an examination of these accounts revealed an expenditure of \$608.586M, giving a difference of \$127.787M. This difference was due to foreign disbursements which were brought to account in the Public Accounts in 1999.
- 739.** The following gives a breakdown of the audited expenditure of \$608.586M:-

<b>DESCRIPTION</b>	<b>IDB G\$'000</b>	<b>GOG G\$'000</b>	<b>TOTAL G\$'000</b>
<b>Engineering &amp; Admin.</b>			
Project Management Firm	128,666	-	128,666
Admin. by Executing Agency	-	16,204	16,204
<b>Direct Cost</b>			
197			

Pipes & Accessories	96,991	13,254	110,245
Water Meters	4,477	11,341	15,818
Equipment & Spares	275,226	32,059	307,285
Vehicles & Office Equipment	14,411	-	14,411
<b>Concurrent Cost</b>			
Project Co-ordinator Support	3,857	-	3,857
<b>Financial Cost</b>			
Interest	9,860	-	9,860
Supervision & Inspection	2,240		2,240
<b>TOTAL</b>	<b>535,728</b>	<b>72,858</b>	<b>608,586</b>

## HEADS 12-01 & DIVISION 526

### MINISTRY OF FINANCE

#### PROGRAMME 1 - MINISTRY ADMINISTRATION

##### Current Expenditure

##### Other charges

- 740.** Amounts totalling \$9.613M were expended on Materials, Equipment & Supplies. However, a goods received book was not maintained for the period under review. The Accounting Officer explained that this was due to staff shortage.
- 741.** Amounts totalling \$1.427M were expended on Fuel & Lubricants. However, monthly analysis of fuel consumption was not prepared for the vehicles operated during the year. The Accounting Officer explained that this could not have been done since the relevant log books were not submitted and certain of vehicles' odometers were not functioning.
- 742.** Amounts totalling \$4.009M were expended on Telephone Charges. A register of overseas telephone calls was, however, not maintained in accordance with circular instructions. This register is necessary as a form of

control over overseas calls. Efforts should be made to introduce this record as early as possible.

- 743.** Amounts totalling \$3.308 billion were expended on Subsidies and Contributions to Local & International Organisations. The following gives a breakdown of the expenditure, compared with that of the previous year:-

<b>NAME OF ORGANISATION</b>	<b>1997 \$000</b>	<b>1998 \$000</b>	<b>INCREASE \$000</b>
<b>Local Organisations</b>			
GRDB	1,048,508	3,006,846	1,958,338
BASS	18,270	11,240	(7,030)
CANU	17,904	30,197	12,293
BIDCO	20,000	15,000	(5,000)
COMU	9,824	10,653	829
State Planning	49,555	65,829	16,274
Guyana Co-op. Financial Services Ltd.	12,500	20,000	7,500
Statistical Bureau	40,246	44,132	3,886
Privatisation Unit	25,342	100,912	75,570
NICIL	9,878	4,964	(4,914)
	1,252,027	3,309,773	2,057,746
<b>International Organisations</b>			
ACP	25,732	0	(25,732)
<b>TOTAL</b>	<b>1,277,759</b>	<b>3,309,773</b>	<b>2,032,014</b>

- 744.** The amount of \$3.007 billion was paid to the Guyana Rice Development Board (GRDB) to allow for Rice Levy 'A' to be paid in as capital revenue,

as provided for in the Estimates. This levy relates to the exporting of rice to the European Community. Importers benefit from a levy reduction if documentary evidence can be produced that a corresponding amount has been paid to the authorities in Guyana. As the Rice Levy cheques are received from GRDB, corresponding refund cheques are issued by the Accountant General to GRDB. Documentary evidence of this arrangement, especially in relation to the refund to GRDB, was, however, very scant as this system had been in place since the 1980's and attempts to obtain further information from officials of GRDB as well as at the Ministry of Finance were not successful.

**745.** As can be noted from the above analysis, payments totalling \$262.963M were made in respect of the Berbice Anti Smuggling Squad (BASS), Customs Anti Narcotics Unit (CANU), Customs Operating and Monitoring Unit (COMU), State Planning Secretariat, Statistical Bureau and the Privatisation Unit. These are departments within the Ministry of Finance and are not separate legal entities. The implications of having the operations of these units being financed under contributions to local organisations are two-fold. The first is that employment costs and other charges are not categorised and shown in the Appropriation Account in the traditional manner, thereby distorting the true costs involved in respect of these two areas. Secondly, the present arrangement facilitates the circumvention of the application of the Government's pay scales as employees of these units enjoy enhanced compensation packages, instead of the approved Government rates. It is recommended that this matter be regularised in future budgeting through the creation of special programmes under the existing programme budgeting arrangements.

**746.** The State Planning Commission, which had the status of a separate legal entity, became defunct several years ago, and its operations were transferred to the Ministry of Finance. The Department has an actual staffing of fifty-one(51) persons. However, only twenty-one(21) officers are attached to the State Planning Secretariat. The remaining thirty(30) officers are attached to various departments within the Ministry of Finance and other ministries/departments, as shown below:-

MINISTRY/DEPARTMENT	NO. OF PERSONS
Ministry of Finance - Budget Dept.	9
“ “ “ - Debt Management	4
200	

“	“	“	- Data Processing	5
“	“	“	- Central Tender Board	1
“	“	“	- Student Loan	1
Office of the President				4
Inland Revenue Department				6
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<b>TOTAL</b>				<b>51</b>

It is recommended that steps should be taken to formally dissolve the State Planning Commission.

**747.** Although BASS, CANU and COMU were established to protect the Customs revenues, these units were not operating under the direction of the Comptroller of Customs & Excise. This arrangement does not provide for proper financial and administrative control, and is not in conformity with the applicable Customs Laws and regulations. It is recommended that these units be brought under the control of the Customs & Excise Department.

**748.** Included in the amount of \$100.912M shown as contribution to the Privatisation Unit were sums totalling \$52.271M which were paid for consultancy services relating to the privatisation of the Guyana Electricity Corporation. This latter amount was reimbursed from the proceeds of the IDA Loan No. 2669 GUA.- Financial Sector and Business Environment Project and was paid over to account No. 3001 at the Ministry of Finance. An examination of the audited account of the IDA project for 1998, revealed a cumulative expenditure of \$334.875M. However, this project was not reflected in the National Estimates over the years. As a result, both capital revenue and capital expenditure had been understated over the years by this latter amount.

**749.** Guyana Co-operative Financial Services Ltd.(GCFS) and NICIL are separate legal entities and are subject to separate financial reporting and audit. In relation to GCFS, financial statements were not produced for audit since the establishment of this entity in 1995 while in relation to NICIL, the accounts were last audited to 1998. BIDCO is also a separate legal entity.

The last set of audited accounts was, however, in respect of 1994 and therefore the entity was in arrears in terms of financial reporting by four(4) years.

- 750.** Included in the amount of \$63.789M shown as Other Services Purchased were sums totalling \$34.848M which were paid to an overseas firm for retainer fees etc. However, the contract stipulating the services to be rendered and the terms and conditions of payments, was not produced for audit examination. In addition, the Bank of Guyana was required by letter dated 8 September, 1998 from the Accountant General, to make a further payment of US\$49,024.84 equivalent to G\$8.137M to this firm for lobbying and legal fees but this transaction was not recorded in the Votes Ledger, resulting in an understatement of the expenditure in the Appropriation Account.
- 751.** Eight(8) payments totalling \$5.705M were also made for legal services rendered locally. The fees were determined by the Attorney General's Department after negotiations with the selected lawyers. Although one of the cases was of a criminal nature, the prosecutor and the fee were determined by the Attorney General's Department instead of the Director of Public Prosecution. Fees were also not computed on the basis of daily appearance by a senior counsel in the High Court, as was done by the Director of Public Prosecutions who has been applying a daily rate of \$6,500 in the contracting of senior counsels to prosecute cases. In the circumstances, it was difficult to determine whether due regard was paid to economy in the fixing and payment of legal fees as stated above. Further, there was no evidence that the fees paid locally were not reported to the Commissioner of Inland Revenue in the annual return of contractors earnings.
- 752.** It is recommended that the salaries and allowances of prosecutors be urgently addressed so as to attract and retain experienced and qualified prosecutors. In the interim, a scale of fees should be established for guidance in any negotiation. Additionally, in all criminal matters, the prosecutor to be contracted and the fee to be paid should be the responsibility of the Director of Public Prosecutions.

### **Stores and Other Public property**

- 753.** Adequate control was not exercised over the fixed assets of the Ministry since there was no evidence that the inventory records were updated for the

period under review. The Accounting Officer explained that this situation resulted from staff shortage. He gave the assurance that these records would be updated as early as possible.

### **Other Matters**

- 754.** During the period under review, funds were used from sources other than the Consolidated Fund to finance public expenditures. Such funds were obtained mainly from the Government Lottery Fund Account No. 3119 and the Agriculture Rehabilitation Project Account No. 1663 (ARSA). The use of the latter account has been commented in an earlier part of this report at Paragraphs 34 to 38. The point, however, that needs to be made is that proceeds from these accounts are public revenues which should have been paid over to the Consolidated Fund and any related expenditures should have been met from appropriations by Parliament. The use of such funds to meet public expenditure is a breach of not only the FAA Act but also Parliamentary approval to incur expenditure.
- 755.** The Government Lottery Fund account No. 3119 was established in 1995 to receive Government's share of the proceeds of the lottery, i.e. 24% of the gross revenues. During the period 1995 to 1998, amounts totalling \$754.254M were received from the Lotteries Company. During this said period, sums totalling \$67.959M were disbursed to the Guyana Defence Force and Ministry of Culture, Youth & Sports to undertake various works, leaving \$686.295M as at 31 December 1998.
- 756.** An amount of \$21M was disbursed to the GDF from the Lotteries Account to purchase three(3) tractors and trailers for the distribution of potable water to residents affected by the El Nino crisis. At the time reporting, these items were in the custody of the Civil Defence Commission. The difference of \$46.959M was paid over to a special bank account operated by the Ministry of Culture, Youth & Sports. The operations of this latter account has been commented on in an earlier part of this report.

### **Capital Expenditure**

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

- 757.** The sum of \$25M was allocated for the rehabilitation of the Ministry of Finance building. Amounts totalling \$18.490M were expended. Included in this figure were sums totalling \$2.117M which were expended on the

painting of the Inland Revenue building. However, there was no evidence that approval was granted for a change in programme to undertake these works.

- 758.** The contract for the rehabilitation of the Ministry of Finance building was awarded in 1996 in the sum of \$28.669M. There was an approved variation of \$9.206M, giving a revised contract sum of \$37.866M. At the end of 1998, amounts totalling \$37.180M were expended. At the time of the audit, the works were completed and were physically verified.

**Subhead 19001 - Basic Needs Trust Fund**

- 759.** The sum of \$223.8M was allocated for the completion of projects under Basic Needs III and IV which include (a) the provision of water supply at Perth/Strathcampbell/Washclothes and Ithaca Villages Phase II (b) the improvement of health and sanitary facilities at Mahaica Hospital Clinic (c) road improvement projects at Logwood and Little Diamond Phase II and (d) the rehabilitation of Whim and Sheet Anchor nursery schools and Biaboo Primary School. The full amount was shown as having been expended. The Project is funded by the Government of Guyana and the Caribbean Development.
- 760.** An examination of the records of the Fund, revealed an expenditure of \$234.781M, as shown below:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of nine(9) water supply systems	39,918
Construction of Mahaica Hospital Clinic & four other health facilities	19,722
Rehab. of thirteen(13) roads, including at Logwood & Little Diamond	55,946
Rehab. of 8 nursery school, 1 secondary school & 2 primary schools	101,707
Miscellaneous works	6,046
Administrative expenses	11,442
<b>TOTAL</b>	<b>234,781</b>

- 761.** The difference of \$10.981M was met from unspent previous years' allocations. In fact, the Fund had a bank balance of \$75.517M as at 31 December 1998, indicating that unspent balances over the years were not refunded to the Consolidated Fund.



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

762. An amount of \$17.297M was approved by way of supplementary provision for the purchase of three(5) vehicles. The full amount was shown as having been expended. Upon acquisition, three(3) of the vehicles were transferred to the Office of the President while the remaining two(2) vehicles were assigned to the Berbice Anti Smuggling Squad (BASS).

### **Subhead 25001 - Equipment**

763. The sum of \$10.5M was allocated for the purchase of transformers, automatic switch, calculators, fans and a photocopier for the Ministry of Finance. Of this amount, \$5.5M was obtained by way of supplementary provision. Sums totalling \$9.227M were expended. The items purchased were verified as having been received but were, however, not inventorised.

### **Subhead 25002 - Infrastructure Rehabilitation Programme**

764. An amount of \$12.401M was initially allocated for remedial works at the New Amsterdam Water Project during the maintenance period. According to the Appropriation Account sums totalling \$12.5M were expended, giving an excess expenditure of \$99,000. The excess expenditure was met from an advance from the Contingencies Fund.
765. The Project is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1995. In 1997, the operations of the New Amsterdam Water Project were taken over by the Guyana Water Authority. However, the results of operation and financial position of the Project were not being reflected in the financial statements of GUYWA. This matter was discussed with a senior official of GUYWA who indicated that steps would be taken to regularise the situation by having audited accounts for subsequent years before incorporating the results in the accounts of GUYWA.

### **Subhead 26001 - Statistical Bureau**

766. An amount of \$12M was allocated for the execution of surveys and the purchase of equipment. According to the Appropriation Account, sums totalling \$10.199M were expended. However, according to the Bureau's records, expenditure totalling \$9.334M was incurred on labour force and visitors surveys, and in the purchase of equipment. As a result, the Appropriation Account was overstated by \$865,000.

#### **Subhead 27005 - Guyana/Suriname Ferry Project**

767. The sum of \$310M was allocated for the organisational and institutional arrangements for operation of the Guyana/Surinam Ferry and construction of access road. However, no expenditure was incurred. The Accounting Officer explained that releases were not sought since the cost of the access road would have exceeded the allocation provided in the Budget. The works were re-budgeted for in 1999.

#### **Subhead 44003 - Student loan**

768. The sum of \$350M was allocated to provide loans to students attending the University of Guyana. The loans are repayable by the students after completion of their studies over a fifteen(15) years period. The full amount was released to the Student Loan Agency and deposited in account No. 993 at the Bank of Guyana.
769. The Students Loan Programme commenced in 1994, and at the end of 1998, amounts totalling \$1.650 billion were paid over to the Loan Agency. At the end of 1998, the balance on account No. 993 was \$148.432M, indicating that sums totalling \$1.502 billion were paid over to the University of Guyana on behalf of students who have entered into agreements with the Loan agency. However, discussions with the Head of the Agency revealed that the loan portfolio at the end of 1998 was \$1.833M and that the difference of \$331M was due mainly to interest received from the purchase of Government's Treasury Bills.
770. It should be noted that the Loan Agency is not a separate legal entity and therefore there is no requirement to have annual financial reporting and audit. As a result, no audit of the accounts of the Agency was undertaken since its establishment. It is recommended that the Agency be given statutory status as early as possible and as an administrative arrangement, financial statements be submitted for audit examination and certification for

the years 1994 onwards.

### **Subhead 44004 - Development Plan**

- 771.** An amount of \$5M was allocated for finalisation of a development plan with a view to enhancing economic growth and human development. However, no expenditure was incurred. The Accounting Officer explained that funds for this project were obtained from another source and there was, therefore, no need to utilise the funds allocated in the Budget.

### **Subhead 44006 - Poverty Programme**

- 772.** The sum of \$150M was voted for providing social support and services for the most vulnerable groups in the country with a view to improving the educational, health and social well being of those targeted. At 31 December 1998, amounts totalling \$43.277M were expended as follows:-

<b>MINISTRY/DEPARTMENT/REGION</b>	<b>AMOUNT \$</b>
GUYWA's pipe laying programme	40,000,000
Ministry of Culture, Youth & Sports	1,997,750
Contribution to GPSU's training programme	1,107,970
Purchase of sewing machine	114,319
"    " four (4) transformers	57,000
<b>TOTAL</b>	<b>43,277,039</b>

- 773.** The amount of \$40M paid to GUYWA was verified as having been received by the entity and was treated as capital contribution of the Government. In relation to the amount of \$1.998M shown under the Ministry of Culture, Youth & Sports, this amount was transferred into a special bank account to meet expenditures relating to youth and other activities. The use of this account was commented in an earlier section of this report.

### **Subhead 45001 - CDB**

- 774.** An amount of \$20M was voted to meet capital contribution to the Caribbean Development bank, of which \$14.544M was expended. This amount was

verified as having been received by the Bank.

#### **Subhead 45004 - IADB**

775. The sum of \$20M was voted to meet capital contribution to the Inter American Development Bank of which \$19.483M was expended. This amount was verified as having been received by the Bank.

#### **Subhead 45005 - NGO/Private Sector Support Programme.**

776. An amount of \$10M was voted for institutional support to PL480 projects and to meet expenditure incurred on Eccles Industrial Estate to March 1998. Amounts totalling \$2.983M were expended, as shown below:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Rehabilitation of Ministry of Finance building	1,964,525
Ministry of Trade - Eccles Industrial Estate	863,237
Ministry of Agriculture - D & I works	125,180
<b>TOTAL</b>	<b>2,952,942</b>

777. The amount of \$1.965M expended on the Ministry of Finance building represents the cost of electrical works undertaken as well payment to the contractor undertaking the rehabilitation of the Ministry of Finance building. The amount of \$863,237 expended on the Eccles Industrial Estate also relates to a payment to the contractor undertaken construction works at the Estate.

#### **Subhead 45008 - Loans to Public Corporations**

778. An amount of \$570M was allocated by way of supplementary provision as a loan to Linden Mining Enterprise Ltd to discharge certain external liabilities. Sums totalling \$1.269 billion were expended, giving an excess expenditure of \$699.148M. This excess expenditure was met from an advance from the Contingencies Fund. The following is a breakdown of the payments made:-

<b>DESCRIPTION</b>	<b>AMOUNT \$000</b>
LINMINE - to pay Boskalis and Nissho Iwai debts	831,148
Guyana Airways - to meet severance pay for employees	438,000
<b>TOTAL</b>	<b>1,269,148</b>

**779.** In addition, two(2) advances totalling \$100M were issued on 31 December 1998 from the Deposit Fund to meet to meet further severance pay to employees of GAC. At the time of reporting in October 1999, these advances and loans have not been repaid to the Government. In view of the poor financial standing of Linmine and the fact that the GAC has since been privatised, these amounts do not appear to be recoverable.

### **Revenue Accounting and Control - Current Revenue**

**780.** An examination of the records of the Accountant General's Department and the Bank of Guyana revealed that no collection of Rice Levy B was made in 1998. This levy is required to be paid by exporters of rice to the European Commission at a rate of US\$6 per ton. According to the records of the Guyana Rice Development Board, amounts totalling US\$614,473, equivalent to G\$101.986M were collectible in respect of this levy for the year 1998. A similar observation was made in my 1997 Report where mention was made of amounts totalling \$105.707M which remained uncollected for 1997.

**781.** Dividends were not received from the Guyana Oil Company (GUYOIL) and Guyana Stores for the year 1997. As regards GUYOIL, it is understood that the Government (through Guyana Electricity Corporation) owed the Company a substantial amount for fuel supplied and was, therefore, negotiating to have the amount set off against dividends due. In the light of the privatisation of GEC, it is not clear what was the outcome of the

negotiations.

### Revenue Accounting & Control - Capital Revenue

- 782.** Included in the amount of \$11.120 billion shown as capital revenue, were sums totalling \$65.819M shown as proceeds from divestment, as shown below:-

DATE	PARTICULARS	AMOUNT \$000
06/04/98	Sale of GEC privatisation documents	143,000
06/04/98	Final payment for purchase of NBIC	65,500
29/05/98	Re: sale of GSL properties	9,152,263
29/05/98	- do- - do -	36,401,200
17/06/98	Sale of GEC privatisation documents	57,200
	<b>TOTAL</b>	<b>65,819,163</b>

- 783.** Adequate documentation and/or information relating to the Government's divestment programme in previous years, for example, contract sum, amount receivable, and amounts actually received and paid over to the Ministry of Finance, were, however, unavailable in several instances. In addition, amounts totalling \$3.159 billion were reflected in the Deposits Fund bank account at the end of the year and represented proceeds from divestment for 1997 and previous years. Transfers to the Consolidated Fund were not made until February, 1999. This matter was the subject of adverse comments in my previous reports. In the circumstances, the amount of \$68.819M has been materially understated.
- 784.** The audits of UNDP projects for the period under review revealed that grants totalling US\$856,462, equivalent to G\$142.150M, were obtained from the UNDP. However, no amounts were recorded in the Revenue Statement of the Ministry. As a result, both capital revenue and capital expenditure have been understated by this amount. In addition, amounts totalling US\$404,338, equivalent to G\$67.109M, were contributed by Canada and the United Kingdom to the El Nino Project No. GUY/98/002. This amount was also not reflected in the Revenue Statement.

785. Significant differences were observed between the amounts shown as receipts in respect of external loans and those recorded in the Public Debt Statement as shown below and for which a satisfactory explanation was not given:-

<b>LENDING AGENCY</b>	<b>PER PUBLIC DEBT STATEMENT \$000</b>	<b>PER REVENUE STATEMENT \$000</b>	<b>DIFFERENCE \$000</b>
Inter American Dev. Bank	3,384,521	3,717,317	332,796
International Dev. Assoc.	1,602,801	1,217,766	385,035
Caribbean Dev. Bank	452,615	440,228	12,387
IFAD	0	12,000	(12,000)
USAID	1,227,370	1,432,712	(205,342)
China	111,190	19,000	92,190

786. Separate revenue accounts were not kept for each IDB loan, instead only one revenue account was maintained for all the loans. As a result, audit verification of the loan receipts was rendered difficult and time-consuming. In order to ensure improved accountability and to facilitate audit checks, it is recommended that separate revenue accounts be maintained.

787. The amount of \$179.178M shown as Miscellaneous Capital Revenue represents the following:-

<b>DATE</b>	<b>PARTICULARS</b>	<b>AMOUNT \$000</b>
29/5/98	Closure of A/C TIGA 120375 and TIGBO 68259 in the name of GNIC	53,665,859
29/5/98	Closure of A/C TIGA 0213 and TIGB 068259 in the name of GNIC	97,512,205
	211	

31/12/98	Releases by the Min. of Finance re: GS&WC for local counterpart expenditure.	28,000,000
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<b>TOTAL</b>		<b>179,178,064</b>
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- 788.** Supporting documents and other information in respect of closure of accounts in the name of GNIC were requested but not provided at the time of reporting. In the absence of the above information, the accuracy and classification of the balances transferred could not be verified. In relation to the amount of \$28M released to the Guyana Sewerage and Water Commission to meet local expenses on the Georgetown Remedial & Sewerage Project, information was sought as to the nature of this transaction. However, up to the time of reporting, such information was not made available.
- 789.** Included in the figure of \$21.777 billion shown as Government of Guyana deposits in the Balance Sheet of Bank of Guyana as at 31 December 1998, are balances totalling \$747.335M representing deposits in respective of thirteen(13) special accounts which have remained inactive for a number years, as shown below:-

ACCOUNT	DESCRIPTION	AMOUNT \$000
1257	GOG Project A/C - IBRD Loan	25,527,903
1260	GOG Counterpart Fund - EEC Food Aid	109,763
1263	China Commodity Loan A/C - Acct. General	3,021,560
1264	Acct. General RMBY Loan A/C	267,870
1268	EEC Special Account	7,961,393
1287	GOG Project A/C - Structural Adj. Loan	36,628,852
1600	Japanese Grant - Agricultural Development	5,484,130
1604	Long Creek Settlement - CIDA Project	10,959
1638	UK Programme Aid - GNEA	474,481,581
1640	UK Programme Aid - Rice	55,421,123
1643	Petroleum Line of Credit	134,732,847
1647	Guyana/ USA Econ. Support Grant	159,487
1671	CDB/GOG - ERP Grant	3,528,074
	<b>TOTAL</b>	<b>747,335,542</b>



- 790.** The Bank of Guyana was unable to provide much information on the history of these accounts. Supporting documents in respect of the above accounts were also not available at the Ministry of Finance and the Accountant General's Department. It is recommended that the balances be transferred to the Consolidated Fund for credit to capital revenue.

## **HEAD 12-02**

### **PROGRAMME 2 - ACCOUNTANT GENERAL DEPARTMENT**

#### **Current Expenditure**

##### **Employment Costs**

- 791.** The salaries account No. 506, which became non-operational in June 1996, reflected an overdraft of \$4.018M at 31 December, 1998. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 792.** The current salaries bank account No. 3002 was not reconciled for the period under review. The Accounting Officer gave the assurance that every effort would be made to bring the reconciliation up to date.

##### **Other Charges**

- 793.** Several discrepancies in accounting for conference advances were observed and brought to the attention of the Accounting Officer. These include material understatement of the expenditure because of the failure of public officers to clear advances issued to them, the inaccuracy of the balance recorded as liabilities in the vote account, inadequacy of information in the personal ledger accounts, absence of periodic reconciliation of accounts,

and unavailability of relevant files. These matters were the subject of adverse comments in my previous reports.

- 794.** Attention was also drawn to three(3) cases of payments totalling \$31.788M to the Solicitor General in favour of other parties in dispute with the Government. However, all relevant documents were not available to provide complete information as to the reasons for the awards. In one of the cases involving the Customs Department, a compensation of \$20M was paid to the claimant.
- 795.** The summary cash book for the General Account No. 3001 was not written up to reflect the accumulated bank balance. In addition, reconciliation of the bank account was not done since the account was established in June 1996. It was explained that this situation resulted from staff constraints. At 31 December 1998, this account reflected at balance of \$9.605 billion. This situation would indicate that unutilised balances in respect of releases were not refunded promptly to the Consolidated Fund.
- 796.** The General Account No. 402, which became non-operational in May 1996, reflected an overdraft of \$5.338 billion as at 31 December 1998, compared with an overdraft of \$5.410 billion at the end of 1997. Efforts should be made to investigate this large overdraft and steps taken to close the account.
- 797.** Amounts totalling \$341.455MM were held in the Omai Royalties Account No. 964 at 31 December 1998. The balance resulted from delays in effecting transfers to the Consolidated Fund, thereby resulting in an understatement of revenue.
- 798.** The Revenue and Deposits Fund Receipts Account No. 981 reflected a balance of \$429.602M at 31 December 1998. This situation resulted from the failure by some non-sub-accounting ministries and departments to submit collectors' cash book/statements (CCBS) on a timely basis to the Accountant General Department for processing.

## **HEAD 12-03**

### **CUSTOMS AND EXCISE DEPARTMENT**

#### **Current Expenditure**

## **Employment Costs**

- 799.** The new salaries bank account No. 3013, which was established in June 1996, was overdrawn by \$47,241 as at 31 December 1998. In addition, the cash book balance as at this date could not be determined since it was not cast and balanced for the period under review. The account was also only reconciled for the first month that it became operational and the reconciliation was only in draft. These matters were drawn to attention in my previous report and despite this there was no evidence of any action taken to remedy these deficiencies.
- 800.** In my 1997 Report, mention was made of an amount of \$30.220M which was reflected in the old salaries bank account No. 460. Explanations obtained at that time indicated that this was due to an unidentified entry of \$42.710M made by the Bank. However, up to the time of reporting, there was no evidence of any action taken to investigate this amount so that steps can be taken to properly close the account.
- 801.** For the period under review, amounts totalling \$9.787M were paid to thirty-six (36) officers who were sent on special leave and/or interdicted from duty for alleged misconduct. Some of these officers have been on leave since 1993. At the time of reporting, it is understood that some of these officers had resumed duties. In respect of those who had not resumed duties, it is recommended that an early determination of their matters be concluded in order to avoid the State continuing to pay for services not rendered. At the time of reporting, the Revenue Authority became operational and steps were being taken to resolve these matters.
- 802.** Included in the amount of \$104.157M shown as total employment costs is the sum of \$34.003M shown as other direct labour costs. The latter figure includes the sum of \$25.834M paid out to staff for Merchants' Overtime. Of this amount, only \$13.593M was recovered at the time of the audit in March 1999 from merchants, due to unsatisfactory record-keeping. It is recommended that a special effort be made to identify those merchants who are indebted to the Government with a view to recovery of the amounts involved.

## Other Charges

- 803.** According to the Appropriation Account, amounts totalling \$1.827M were expended on fuel and lubricants. However, the Department was making advanced payments to GUYOIL, and on 31 December 1998, a payment of \$404,000 was made to the oil company for the purchase of 2,000 gallons gasoline and charged to the Appropriation Account. Since the allocation under this subhead was \$1.827M, it is evident that the advanced payment to GUYOIL was made in order to exhaust the voted provision. In addition, the Appropriation Account would have been overstated by this amount since at the end of the year the Department did not receive value in respect of this payment.
- 804.** Of the seven(7) vehicles for which log books were required to be maintained, log books were not presented for one(1) vehicle. An examination of log books presented revealed that in many instances log books were not properly written up to show persons authorising journeys and whether they were official or not. The purchase of fuel was also not accounted for in log books.
- 805** Amounts totalling \$6.392M were expended on Electricity Charges. However, the Electricity Charges Register was not properly maintained in that meter numbers and their locations were not recorded therein and there was no evidence of supervisory checks. In addition, there was an overpayment of \$753,371 due to a duplication of payment. This matter was drawn to the attention of the Accounting Officer.
- 806.** Amounts totalling \$11.960M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Transport, travel & subsistence	7,590
Vehicle spares and services	2,170
Transportation services	2,200
<b>TOTAL</b>	<b>11,960</b>

- 807.** The expenditure in relation to transportation services relate to fourteen(14) contracts awarded to one(1) person for the hiring of vehicle to transport officers from Georgetown to Timehri. It is recommended that consideration be given to the acquisition of an additional vehicle for this purpose, since there are obvious cost savings in so doing.
- 808.** Amounts totalling \$1.715M were expended on Telephone Charges. A register to record overseas calls was, however, not kept. In the circumstances, it could not be determined whether all overseas calls made were in the public interest and whether recoveries should have been made in respect of any private overseas calls. The Accounting Officer was given a format for implementation.

### **Revenue Accounting and Control**

- 809.** The approved estimates for revenue collection for the Customs & Excise Department for the period under review was \$17.121 billion. Actual collection amounted to \$14.994 billion. The Department therefore fell below its targeted performance by \$2.127 billion or 12.42%. The main areas of shortfall are shown below:-

<b>DESCRIPTION</b>	<b>BUDGET \$'000</b>	<b>ACTUAL \$'000</b>	<b>AMOUNT \$'000</b>
Import Duties	3,971,256	3,733,867	237,389
Warehouse Rent and Charges	11,668	8,829	2,839
Export Duties	9,400	4,480	4,920
Consumption Tax – Imported	9,534,753	8,092,954	1,441,799
Consumption Tax – Services	463,391	-	463,391
Overtime fees	15,300	13,593	1,707
Stamp Duties	6,651	4,764	1,887
	217		

Environmental Tax	142,115	139,897	2,218
<b>TOTAL</b>	<b>14,154,534</b>	<b>11,998,384</b>	<b>2,156,150</b>

- 810.** In addition, an amount of \$10.542M was not paid over to the Consolidated Fund and represented sums collected from outstations. Transfers were, however, made to the Consolidated Fund in February 1999.
- 811.** According to the approved estimates of revenue, the sum of \$463.391M was budgeted to be collected as Consumption Tax on services. The components of this figure are as follows:-

DESCRIPTION	AMOUNT \$
Consumption Tax on Overseas Telephone Bills	450,000
Consumption Tax on Betting Shops	13,391

- 812.** The Revenue Statement showed that no amount was collected. However, according to the Public Sector Estimates for the year 2000 the sum of \$278.33M was collected as follows:-

DESCRIPTION	AMOUNT \$
Consumption Tax on Overseas Telephone Bills	270,748
Consumption Tax on Betting Shops	7,589

- 813.** This discrepancy was drawn to the attention of senior officials of the department from whom a satisfactory was not received and also the Principal Receiver of Revenue. If the amount has been misallocated to another revenue head, then the revenue shown against that head would have been overstated. It is recommended that this discrepancy be investigated.
- 814.** The revenue bank account No. 3014, which was established in June 1996, reflected a balance of \$268.444M as at 31 December 1998, compared with

\$220.310M as at 31 December 1997 and \$95.624M as at 31 December 1996. However, this account was not reconciled since it was established. It is also evident that monies were not being paid over to the Consolidated Fund in a timely manner, resulting in a build up of the balance in this account.

- 815.** An examination of the Dishonoured Cheques Register revealed the following dishonoured cheques, which up to the time of reporting, had not been cleared.

<b>YEARS</b>	<b>NO. OF CHEQUES</b>	<b>AMOUNT \$</b>
1996	7	6,173,760
1997	11	3,387,683
1998	13	3,843,482
<b>TOTAL</b>	<b>31</b>	<b>13,404,925</b>

- 816.** This matter was drawn to attention in my 1997 Report where it was mentioned that 482 cheques valued at \$387.360M were dishonoured for the period 1996-97. It is evident that there has been some laxity in the system of authenticating cheques before accepting them. It is recommended that the present system be reviewed with a view to minimising the extent to which cheques are dishonoured.

- 817.** The sum of \$15.3M was provided to be collected as Merchants' Overtime of which amounts totalling \$13.593M were collected. However, according to the Votes Ledger, amounts totalling \$25.834M were paid out for merchants overtime, resulting in a shortfall of \$10.534M.

- 818.** The following unsatisfactory features were noted in relation to Merchants' Overtime:-

- (a) Demand notices were not sent out for all overtime work at merchants' wharves;
- (b) Requests for overtime work to be done were not filed in any chronological order and/or numbering sequence; and

- (c) Some overtime was being paid at Head Office, instead of the Boat House, but the associated records were not reconciled.
- 819.** The Permit for Immediate Delivery (PID) Register was not properly written up as relevant information such as date and entry number of PID's perfected, was not always stated. The Register also bore no evidence of supervisory checks.
- 820.** The system provides for PID's to be perfected within seven(7) working days of clearing of the goods. For the period under review, a total of 2,776 PID's were issued. However, based on sample checks carried out, PID's were perfected on average 104 days later. In addition, demand notices were not sent to defaulters and in the majority of instances further PID's were granted without the previous ones being cleared. Further, a total of 312 PID's relating to 1998 with a value of \$3.296 billion remained outstanding at the time of reporting.
- 821.** In relation to one (1) shipping agent, an arrangement was made whereby entries processed through the PID system and revenue collected was to be paid in at Customs Head Office on a daily basis. As a result of this arrangement, revenue totalling \$49.086M was collected for the period under review. This amount could not, however, be substantiated since no independent record was maintained by the Customs Resident Section at the Transit Shed to show the amount of duties collected by this agent on a daily basis.
- 822.** The system for Permit for Immediate Delivery was introduced in the Department several years ago with a view to facilitating the release and delivery of certain types of cargo prior to the processing of Customs documents. Over the years, the system was subject to abuse and untold millions of dollars were lost because of the laxities in the system. Whereas the system was originally geared to accommodate the release of perishable cargo, various types of cargo were subsequently accommodated, regardless of the profile of the importer. Penalties were seldom imposed for the late processing of documents, despite provisions made for this in the system. From time to time, attempts were made by the Department to restrict the use of the PID system but the success of these were only momentary. The Audit Office envisages that the newly formed Revenue Authority would critically assess the continuation of the PID system.



- 823.** The Seizure Register was not properly written up to reflect the total number of cases reported for the period under review, as the cases entered therein were not numbered sequentially. Consequently, the total duties and consumption taxes and total compensation collected for the period could not be determined. In particular, 95 files were prepared and only 29 were recorded in the Register, 16 of which were presented for audit examination attracting \$2.228M in duties and taxes and \$3.3M in compensation. In addition, since the closure of the State Warehouse several years ago, seizures were stored in borrowed containers on the wharves. This situation is considered unsatisfactory and therefore action should be taken to have one central storage site.
- 824.** The Bills of Sight Register was not properly written up for the period under review. For example, details of daily totals, ships rotation number, time to which perfecting of entry was extended etc. were not recorded in the Register.
- 825.** The system provides for deposits made by way of bills of sight (provisional entries) to be cleared and perfected within three (3) months. If such entries are not perfected within this stipulated period then all deposits should be treated as revenues and paid into the Consolidated Fund. However, out of 44 deposits made for the period under review, 27 attracted duties and taxes totalling \$5.779M and only one (1) deposit of \$945,000 was cleared during the year. The rest were not perfected. This has resulted in an understatement in revenue for the period under review. Action should be taken to recover all outstanding duties and taxes and to restrict the use of this system.
- 826.** Remissions of duties totalling \$4.649 billion were granted to various sectors as listed below:-

ITEM	DUTY \$'000	C/TAX \$'000	STAMP DUTY \$'000	TOTAL \$'000
Petrol	1,179,457	1,157,495	4	2,336,956
Motor Vehicle	136,400	39,709	-	176,109
Forestry	23,656	40,899	-	64,555
Computer	28,609	23,094	-	51,703
Mining	61,074	141,952	17	203,043
Others	876,296	940,628	107	1,817,031
		221		

<b>TOTAL</b>	<b>2,305,492</b>	<b>2,343,777</b>	<b>128</b>	<b>4,649,397</b>
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This represents 31% of actual collections by the Department. Compared with 39.67% and 31.56% in 1997 and 1996 respectively.

- 827.** Statements 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, seven (7) files relating to outstanding Court matters for the collection of Consumption Tax were requested but were not presented for audit examination. The Director explained that these files were being kept by the courts and could not be located and that charges will have to be re-filed. Further, 91 manufacturers did not submit statements of sales and consumption tax returns for various periods during the year and there was no evidence of any action taken to have them comply with the law or to have their bonds forfeited.
- 828.** An examination was carried out to determine the number of vessels that arrived in the country for the period under review. Resulting from this exercise, the following observations were made:-
- (a) An examination of the rotation book kept at Customs and Excise Department revealed that 1,138 vessels came into port Georgetown; and
  - (b) Out of a total of 1,138 ships' files, only 541 were closed and submitted to the Internal Audit Division of which 443 were audited.
- 829.** An examination was carried out on the rotation book kept at Customs Head Office to determine the accuracy of the information entered therein. A comparison was carried out with information provided with five (5) wharves where Customs officers were stationed full-time. The following discrepancies were observed:-
- (a) One hundred and fifty one (151) vessels were recorded in the rotation book as going to these five (5) transit sheds but according to the records of the transit sheds these vessels were not cleared by them; and
  - (b) One hundred and eleven (111) were shown as having been cleared by these transit sheds but were not reflected in the rotation book.

- 830.** It is evident from the above that there is an urgent need to review the present arrangements to ensure that for all vessels and their respective cargoes are accounted for. This is necessary in order to minimise the extent to which revenues might be lost through the inadequate monitoring of vessels coming into any port.

### **Other Matters**

- 831.** The imprest bank account No. 3015 reflected an overdraft of \$376,905 as at 31 December 1998. This resulted mainly from the deposit into the account of a cheque for \$233,913 which was dishonoured but subsequently made good in April 1999. The reconciled balance, with the aforementioned cheque taken into consideration, was \$9,925 as at 31 December 1998.
- 832.** The imprest was also subject to abuse, as instances were observed where advances in lieu of salary were paid to officers and in three (3) instances the advances were refunded after two (2) months. The purpose of the imprest as authorised by the Accountant General should be strictly adhered to.
- 833.** Total remittances through the mail for the period under review as per remittance register was \$119.286M. However, the Remittance Register was not properly written up and in many instances mails were opened by one officer. There was also no evidence of supervisory checks on this record.

## **HEAD 12-04**

### **INLAND REVENUE DEPARTMENT**

#### **Current Expenditure**

##### **Employment Costs**

- 834.** An examination of the Unclaimed Salaries Register revealed that for the period under review amounts totalling \$1.497M were reflected as unclaimed salaries. It was, however, observed that when officers left the employment, their names were not removed from the payroll until several months later. The Accounting Officer explained that this was due to delays in obtaining the necessary authority to have the names removed. This matter was drawn to attention in my 1997 Report.
- 835.** 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:-

<b>MONTH</b>	<b>AMOUNT PAID \$</b>	<b>DATE PAID</b>	<b>NO. OF DAYS DELAY</b>
February	475,126	13.03.98	3
March	447,133	17 .04.98	7
July	524,132	05.09.98	46
October	564,132	23.11.98	13

Since contributions to the NIS have implications for social security and other benefits, every effort should be made to ensure compliance with the Regulations.

- 836.** The new salaries bank account No. 3024, which was opened in May 1996, reflected a balance of \$2.092M as at 31 December 1998. However, the cash book was not balanced for the period November to December and the account was not reconciled since September 1997. It should not be over-emphasised that failure to reconcile bank accounts promptly can lead to irregularities being perpetrated without detection. Efforts should therefore be made to ensure that this activity is carried out with due diligence and in a timely manner.

### **Other Charges**

- 837.** Amounts totalling \$25.248M were expended on Materials, Equipment & Supplies. However, the Department did not maintain a goods received book to record the receipt of goods, as required by the Stores Regulations. As a result, purchases had to be traced directly to the stock ledgers - a tedious and time-consuming exercise. Efforts should be made to comply with the Stores Regulations.
- 838.** Amounts totalling \$2.227M were expended on Telephone Charges. Although

a register was maintained to record and monitor overseas telephone calls, there was no evidence of recovery of the cost of private overseas calls totalling \$18,731. This matter was drawn to the attention of the Accounting Officer.

- 839.** An examination of the expenditure of \$20.326M incurred under Subhead 309 - Other Services Purchased, revealed apparent sub-division of contracts awarded to two (2) contractors to avoid tender board procedures. Twelve (12) contracts totalling \$786,270 for constructing steel dexions and refurbishing furniture were awarded to one (1) contractor while a further twelve (12) totalling \$2.158M for cleaning and polishing tiles and installing carpets were awarded to another contractor. Efforts should be made to ensure strict compliance with the tender board regulations.
- 840.** Seven(7) other contracts totalling \$819,817, which were also awarded to the said contractors for similar works stated above, were charged to subhead 304 - Rental and Maintenance of Building. Had this amount being properly allocated, then the total expenditure under Subhead 309 would have increased correspondingly. As a corollary, the following exemplifies the inconsistent manner in which expenditures of an identical nature were allocated:-

<b>CONTRACT NO.</b>	<b>DATE</b>	<b>AMOUNT \$</b>	<b>DESCRIPTION</b>	<b>SUBHEAD</b>
25	14.04.98	162,860	Fabricate steel dexions	309-004
40	30.04.98	130,182	-do- -do-	304-002
99	24.07.98	122,635	-do- -do-	304-002
105	14.08.98	118,000	Refurbishing 10 writing desk	304-002
115	01.09.98	111,800	-do- -do-	309-003

Efforts should be to ensure consistency and accuracy in the allocation of expenditure.

- 841.** According to the Appropriation Account, amounts totalling \$110.251M were refunded to the various categories of taxpayers based on assessments done by the IRD. The following gives a breakdown of the refunds made:-

<b>CATEGORY OF TAXES</b>	<b>AMOUNT \$</b>
225	

Corporation Taxes	80,587,272
Income Tax - Individuals	10,025,828
Withholding Taxes	13,720,085
Capital Gains Tax	1,215,631
Property Taxes	4,445,310
Income Tax - Companies	134,125
Miscellaneous	122,433

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<b>TOTAL</b>	<b>110,250,684</b>
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- 842.** In relation to the refund of Corporation taxes, it should be noted that companies pay advanced corporation tax quarterly based on their audited accounts for the previous year. When subsequent assessments are made, any overpayments are refunded. In this regard, a total of 45 companies received refunds to the value of \$80.587M.
- 843.** Although a bank account (Account No. 112) was kept to effect refunds to taxpayers, the cash book was not properly maintained in that only payments were reflected. As a result, the balance on this account at any one point in time could not be determined.
- 844.** An examination of the bank statements relating to A/c 112 revealed that the account had an overdrawn balance of \$32.719M as at 31 December 1998. However, this account was not reconciled for the period April to December 1998 and an examination of the reconciliation statements for January to March revealed that they could not be relied upon in the absence of a properly maintained cash book.
- 845.** The imprest bank account No. 3023 was overdrawn by \$365,865 as at 31 December 1998. This overdraft should be investigated with a view to clearing it. At the time of reporting, the account was reconciled to May 1999, with an overdraft of \$211,390.

### **Revenue Accounting and Control**

- 847.** The following sets out the position with regard to revenue collections by the Department:-

PARTICULARS	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000
	226		

Corporation Tax	6,837,576	5,536,729	1,300,847
Income Tax	5,092,075	4,764,015	328,060
Withholding Tax	1,202,974	998,592	204,382
Net Property Tax	523,603	429,996	93,607
Travel Tax	450,000	292,318	157,682
	14,106,228	12,021,650	2,084,578
Others	2,154,112	2,175,635	(21,523)
<b>TOTAL</b>	<b>16,260,340</b>	<b>14,197,285</b>	<b>2,063,055</b>

- 848.** As can be noted, there was a net shortfall in revenue collections by \$2.063 billion, representing 12.69% of the budgeted amount. The main area of shortfall was in corporation tax. In addition, of the 3,141 companies which were registered, only 264 had submitted returns for the year of assessment 1999. Further analysis revealed that only 800 of the registered companies were active.
- 849.** Several instances were noted where companies continued to make late payments of advanced corporation tax. In this regard, evidence was seen that 240 companies were taken to Court for the non-payment of corporation taxes.
- 850.** The sum of \$52.873M was collected as hotel accommodation tax. However, there was no evidence that periodic inspections were carried out at the various hotels to ascertain the accuracy of the returns submitted to the IRD.
- 851.** It was noted that one(1) cinema was irregular in its payments of Entertainment Tax, resulting in a total of \$998,404 outstanding as at 31 December 1998. Evidence was seen of legal action taken against this defaulter and the cinema was ordered closed. Legal action was also taken against one(1) proprietor for non-payment of entertainment tax totalling \$146,452.
- 852.** An examination of the Estate Duty Register revealed several instances where the estates of deceased persons were assessed in 1998 but the requisite estate duties were not paid to the Commissioner during 1998. Letters of reminders were sent to a few of the defaulters. Positive action should be taken where letters of reminders proved ineffective.
- 853.** A comparison of the daily revenue statements and the daily reports reflected

significant differences in the composition of revenue. Investigations revealed that revenue was being utilised to encash personal cheques and such cheques totalling \$80.412M were encashed during 1998. This act which constitutes a serious breach of financial instructions could lead to losses of revenue and should be discontinued immediately.

**854.** The system of revenue collection in the Administrative Regions or the Sub-Offices provides for the submission of Collectors Cash Book/Statements (CCBS) to the Commissioner of Inland Revenue on a fortnightly basis. Where no revenue is collected a nil return should be submitted. The records at Head Office were examined and certain unsatisfactory features were observed as follows:-

- In one(1) region, copies of receipts for revenue collected and the attendant bank deposit slips were not received for the entire year under review and the revenues collected were deposited into account No. 400, instead of the Revenue Account No. 3025; and
- There was no submission of CCBS or nil returns from two(2) regions for extensive periods during 1998 and no return from one(1) region for the entire year. Returns from another region was very tardy, with many submissions being over one month late. Action should be taken to investigate and remedy this situation.

**855.** The situation as regards travel tax tickets was a matter of serious concern. There was one reported instance where 800 tickets valued \$2M were missing and another where an import batch of tickets was delivered to a destination other than the Inland Revenue Department. Tickets were not properly checked off upon receipt from the supplier and during the audit verification process tickets were found to be short and also being duplicated in terms of serial numbers. It was also discovered that tickets returned by the Immigration Department were not reconciled with those issued to ensure that only tickets legally issued were tendered at the point of exit from the country. At the time of reporting, measures were being taken to improve the system of issuing travel tax tickets.

#### **Other Matters**

**856.** The revenue bank account No. 490, reflected a balance of \$35.589M as at 31 December 1998. In my annual report on the 1997 accounts, it was reported that the account became non-operational in May 1996 and a balance of \$968.25M was transferred to the new bank account No. 3025 in September,



1997. It was also reported that a cash book was not maintained for account No. 490 and consequently the account was not reconciled. The account has still not been reconciled at the time of reporting. Action should be taken to reconcile the account and to transfer the balance to account No. 3025.

- 857.** The new revenue bank account No. 3025 reflected a balance of \$1.642 billion as at 31 December 1998. The account was reconciled to May 1998. A perusal of the bank statement for December 1998 revealed an opening balance of \$1.071 billion. Throughout the month revenues were deposited on a piecemeal basis with the account balance being over \$1 billion throughout the month with the exception of the period 14 to 16 December 1998 when the balance fluctuated between \$900M and \$500M. The reason for having this account with such a substantial balance could not be ascertained and efforts to obtain an explanation were not successful. At the time of reporting, draft reconciliation statements were seen for the period June to December 1998.
- 858.** The Licence Revenue Office old revenue bank account No. 491 reflected a balance of \$32.046M as at 31 December 1998. This balance should be transferred to the Consolidated Fund and steps taken to close the account.
- 859.** The Licence Revenue Office new bank account No. 3018 reflected a balance of \$98.718M as at 31 December 1998. The account was, however, reconciled only up to December 1996. Investigations revealed that there was disagreement between the Licence Revenue Officer and the Chief Finance Officer over whose responsibility it was to reconcile the account. The Accounting Officer was written in 1999 on this matter but the position remained unchanged.

### **HEAD 13-01 & DIVISION 528**

## **MINISTRY OF TRADE, TOURISM AND INDUSTRY**

### **Current Expenditure**

- 860.** There were two(2) non-operational bank accounts (A/c Nos. 936 and 937) with balances of \$5,670 and \$8,406 respectively as at 31 December 1998. These balances should be transferred to the Consolidated Fund and steps taken to close these accounts.
- 861.** Amounts totalling \$3.767M were expended on Telephone Charges. However, a record of overseas telephone charges was not maintained, as

required by financial instructions. In the circumstances, it could not be determined whether all overseas calls were made in the public interest and whether recoveries were required to be made in respect of private calls. The Accounting Officer explained that record has since been introduced with effect from 1999.

- 862.** Amounts totalling \$80.267M on were expended on Subsidies and Contributions to Local and International Organisations, as shown below:-

<b>NAME OF ORGANISATION</b>	<b>AMOUNT \$000</b>
<b>Local Organisations</b>	
Export Promotion Council	13,000
Guyana Office for Investment	22,000
National Bureau of Standards	31,992
Consumers' Advisory Bureau	500
Guyana Consumers' Association	500
Tourism Advisory Board	2,000
<b>International Organisations</b>	
World Trade Organisation	2,581
CTO	6,697
UNIDO dues	941
Others	56
<b>TOTAL</b>	<b>80,267</b>

- 863.** The Export Promotion Council was established by Act No. 5 of 1983. The last set of audited accounts was in respect of the year 1994. Financial statements for subsequent years were not submitted for audit. The amount of \$13M was verified as having been received by the Council. However, in the absence of audited accounts, it could not be determined whether the amount granted as subvention was properly expended.

- 864.** Guyana Office for Investment was established by Order No. 38 of 1994 made under the Public Corporations Act of 1988. The last set of audited accounts was in respect of 1998. The amount of \$22M was verified as having been received by Go Invest and properly expended.

- 865.** The Guyana National Bureau of Standards (GNBS) was established by an Act No. 11 of 1984. The last set of audited financial statements was in respect of the year 1998. The amount of \$31.992M was verified as having been received by the GNBS and properly expended.
- 866.** The Tourism Advisory Board was established in 1993 by a Cabinet decision. The Board receives subvention from the Government as well as funds from international organisations. Since the establishment of the Board, its accounts have not been presented for audit. The amount of \$2M was verified as having been received by the Board but in the absence of audited accounts, it could not be determined whether there was proper accountability for the funds.
- 867.** Included in the amount of \$6.402M shown as expenditure under Subhead 314 - Other were sums totalling \$3.074M representing commission for the establishment of letters of credit for the importation of wheat under the PL 480 Programme. However, recoveries were not made from the National Milling Company which purchased the wheat and there was no documentary evidence of any agreement to exclude the commission paid to the bank from the cost of the wheat supplied to the Milling Company. The Accounting Officer explained that this practice has been in place since the importation of wheat commenced in 1986. It is therefore recommended that the present arrangements be reviewed with a view to ensuring that the full cost of the wheat supplied to the Milling Company is borne by the Company.

## **Capital Expenditure**

### **Subhead 12001 - Building**

- 868.** The sum of \$10M was voted for the rehabilitation of the Ministry's building. Amounts totalling \$3.388M were expended. The contract was awarded in the sum of \$7.439M and as at 31 December 1998, amounts totalling \$2.281M were paid to the contractor. The contract was terminated

in March 1999 because of the failure on the part of the contractor to honour his obligations. However, the total value of works completed, including variations, was \$1.234M. As a result, the contractor was overpaid by \$1.047M because of non-recovery of part of the mobilisation advance of \$1.488M.

- 869.** Another contract in the sum of \$2.786M was awarded for electrical works on the building and a payment of \$1.106M, representing 40% of the contract sum, was made for mobilisation advance. However, a minimal amount of work was done in respect of this contract, since the renovation of the building has not been completed. This contract was also terminated in March 1999. The Accounting Officer explained that attempts were being made to recover the overpayments from the contractors. However, at the time of reporting the matters were still pending.
- 870.** A new contract was awarded in August 1999 in the sum \$6.973M for the rehabilitation of the Ministry's building and at the time of reporting, the works were about 70% complete.

#### **Subhead 25001 - Office Equipment**

- 871.** The sum of \$1M was provided for the purchase of office equipment and furniture including chairs, photocopier, tables, flip charts and projectors. Amounts totalling \$998,984. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 41001 - Tourism Development**

- 872.** The sum of \$15M was allocated for the promotion of tourism awareness activities and activities. Amounts totalling \$10.481M were expended. Included in this expenditure is an amount of \$9.615M representing the cost of printing historical books, posters and brochures. The contract was awarded by the Central Tender Board on 9 June 1998 through a waiver of the tender procedures by Cabinet. However, evidence was seen that an agreement had already been entered into with the printing company on 29 May 1998. The Accounting Officer explained that this done because of the urgency of having the material ready for an exposition in Portugal which commenced on 22 May 1998.
- 873.** The material was delivered to officials of the ministries of Foreign Affairs

and Trade in June 1998. Those which were delivered to the Ministry of Foreign Affairs were shipped to Portugal but by the time the material arrived there the exposition was over. As a result, the material was shipped to London. At the time of reporting, it was still lying at the wharf in London.

- 874.** In respect of the material received by the Ministry of Trade, no stock records were maintained to account for their receipt and distribution to the various travel agencies. The Accounting Officer explained that this record had since been introduced. It should be noted that there were allegations that the material was being sold to the public. This prompted the Ministry to issues notices in the media informing the public that the material was for free distribution.

**Subhead 45001 - Industrial Development**

- 875.** The sum of \$210M was allocated for the construction of industrial estates at Eccles, New Amsterdam, and Lethem. Amounts totalling \$129.453M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>	<b>AMOUNT \$'000</b>
<b>Eccles Industrial Site</b>		
Construction works	112,006	
Engineering supervision	4,333	
Electrification costs	10,293	126,632
<b>New Amsterdam Industrial Site</b>		
Construction costs		2,000
<b>Lethem Industrial Site</b>		
Airfare	336	
Cadastral survey	185	521
Others		300
<b>TOTAL</b>		<b>129,453</b>

- 876.** The contract for the development of the Eccles Industrial Site was awarded

in the sum of \$273M and as 31 December 1998 amounts totalling \$112.006M were expended. The works undertaken were re-budgeted for in 1999 and at the time of inspection, they were completed and total payments to the contractor amounted to \$239.946M.

- 877.** In relation to the New Amsterdam Industrial Site, the amount of \$2M shown as having been expended, represents a transfer of funds to Region 6 by way of inter departmental warrant. However, financial returns were not received by the Ministry, and checks at Region 6 revealed that only \$238,850 was expended on Cadastral surveys as at 31 December 1998. As a result, the Appropriation Account was overstated by \$1.761M. The works were also re-budgeted for in 1999.
- 878.** As can be noted, no physical work was undertaken in respect of the Lethem Industrial Site, and the construction of the site was also rebudgeted for in 1999.

#### **Subhead 47002 - Go Invest**

- 879.** The sum of \$1M was voted for the purchase of office equipment and furniture including UPS, chairs and cabinet for Go Invest. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 47003 - Guyana Bureau of Standards**

- 880.** The sum of \$13M was allocated for the construction of a general testing laboratory and purchase of office equipment and furniture so as to improve accommodation and operational efficiency. Amounts totalling \$2.110M were expended on the purchase of office equipment and furniture which were verified as having been received and properly brought to account. In relation to the construction of the laboratory, the works were not undertaken and were re-budgeted for in 1999.

## HEAD 14-01 AND DIVISIONS 519, 520 & 521

### MINISTRY OF PUBLIC WORKS AND COMMUNICATIONS

#### Current Expenditure

##### Employment Costs

- 881.** Duties relating to the payment of salaries and wages were not adequately segregated in that the officer responsible for the preparation of the pay sheets also functioned as the paymaster and wrote up the salaries cash book. It was explained that this arrangement resulted from the shortage of staff. Urgent action should therefore be taken to ensure that there is adequate segregation of these duties since failure to do so can lead to irregularities. At the time of reporting, it is understood that adequate internal controls had been put in place.
- 882.** The staffing situation in all areas of the Ministry as reflected in the payrolls for December 1998 is shown below:-.

SUBHEAD	DESCRIPTION	AUTHORISED	ACTUAL	VACANT
101	Administration	41	19	22
102	Senior Technical	81	33	48
103	Other Tech & Craft	177	90	87
104	Clerical & Support	129	65	64
105	Semi Skilled	131	98	33
106	Other Employees	0	15	0
	<b>TOTAL</b>	<b>559</b>	<b>320</b>	<b>254</b>

- 883.** The actual staffing was therefore 57% of the authorised staff strength. It is obvious that such a shortage of staff would have had an adverse impact on the operations of the Ministry and in particular on the level of internal control necessary to ensure adequate checks and balances. Indeed, such a situation would have resulted in the Ministry contracting out at considerable cost to the State many of the areas of responsibility which in the past it normally

undertook. This matter was drawn to attention in my previous report. It is again recommended the problem of the staffing be urgently addressed, especially in view of the fact that the Ministry is the largest in terms of expenditure and where enormous amounts of capital works are undertaken.

- 884.** The salaries bank account No. 931, which ceased to be operational in February 1996, was overdrawn by \$309,492 as at 31 December 1998. It is again recommended that the overdraft be investigated and steps taken to close the account. There is also an old salaries bank account No. 824 which reflected a balance of \$460,860 as at 31 December 1998. This amount should be transferred to the Consolidated Fund and steps be taken to close the account.
- 885.** An examination of the bank reconciliation statement for December 1998 in respect of the current salaries bank account No. 1011 revealed the following unsatisfactory features:-
- (a) An amount of \$5.168M was shown as "receipts omitted from the cash book". This amount had been coming forward since March 1996 and represented the transfer of funds from the old salaries account No. 931. It is again recommended that an adjusting entry be made in the cash book to bring to account this amount;
  - (b) An amount of \$1.347M was shown as "payments understated in the cash book". This represents 86 replacement cheques from the previous bank account which were issued during the period March to May 1996. These transactions had not yet been brought to account in the cash book;
  - (c) An amount of \$4.231M was shown as "receipts overstated in the cash book". This amount was coming forward since April 1997. The Accounting Officer explained that because of the omission of the \$5.168M and \$1.347M referred to above, there was an incorrect cash book balance as at 31 December 1996. This resulted in an overpayment of the unspent balances to the Consolidated Fund; and
  - (d) Included in the list of unrepresented cheques, were 29 cheques valued at \$700,340 which had become stale-dated. It is recommended that these be written back to the cash book.



- 886.** An examination of the National Insurance Scheme (NIS) Contributions Register for the month of December 1998 revealed fifty-seven(57) employees were without NIS numbers. Since registration with the NIS has implications for social security and other benefits, efforts should be made to ensure the prompt registration of employees.

### **Other Charges**

- 887.** The main bank account No. 929, which ceased to be operational in March 1996, was overdrawn by \$8.268M. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 888.** An examination of the reconciliation statement for the current main bank account No. 1010 for December 1998 revealed the following unsatisfactory features:-
- (a) An amount of \$33.516M was shown as "receipts omitted in cash book". This amount represents revenue collected by the Civil Aviation Department for the period 16<sup>th</sup> to 31<sup>st</sup> December 1998 and deposited into the bank account. However, the relevant entries were made on the 11 January 1999. This has resulted in the revenue for 1998 being understated by this amount. Efforts should be made to ensure that the cash book is at all times written up to reflect the revenue collected for each year;
  - (b) Several other reconciling items totalling several millions of dollars were reflected in the reconciliation statement, resulting from errors made in the cash book or omissions. This raises doubt as to the extent of supervisory checks on the cash book;
  - (c) Included in the list of unpresented cheques, were 475 cheques valued at \$241.039M drawn on 31 December 1998, i.e. the last day of the fiscal year. It is evident that this was done to exhaust the voted provisions;
  - (d) Also included in the list of unpresented cheques were twenty-one (21)

stale-dated cheques valued at \$4.056M. These should be written back to the cash book; and

- (e) An amount of \$10.693M was shown as overpayment of the unspent balance to the Consolidated Fund on 31 December 1997. Efforts should be made to contact the Accountant General with a view to seeking a refund.

**889.** The system provides for cheque orders to be cleared within sixteen(16) days of their issue through the submission of bills, receipts and other supporting documents. However, an examination of the Cheque Order Register revealed that fifty-five(55) cheque orders valued at \$7.290M were cleared on average five(5) months later. Since this practice can lead to irregularities, the Accounting Officer is urged to ensure strict compliance with the system in place.

**890.** Amounts totalling \$24.447M were expended on Material, Equipment & Supplies. The following gives a breakdown of the expenditure according to authority limits:-

<b>AUTHORITY LIMITS</b>	<b>NUMBER OF PURCHASES</b>	<b>AMOUNT \$</b>
Below \$90,000	466	10,290,626
\$90,000 - \$180,000	59	7,759,847
\$180,000 - \$600,000	21	6,396,938
<b>TOTAL</b>	<b>546</b>	<b>24,447,411</b>

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

**891.** Amounts totalling \$13.763M were expended on Fuel & Lubricants. However, of the sixty-six(66) vehicles and equipment for which log books were required to be maintained, log books were not presented in respect of thirty-five(35) vehicles. In addition, an examination of the log books presented revealed that there were not properly maintained and there were partial submissions in respect of sixteen(16) vehicles. For example, fuel purchased was not always recorded and journeys were sometimes not authorised. In the circumstances, it could not be satisfactorily determined whether effective

control was exercised over the use of the Ministry's vehicles and equipment.

- 892.** The sum of \$93.243M was expended on Rental & Maintenance of Buildings, of which amounts totalling \$54.407M relate to the rental of buildings, as shown below:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rental of CARICOM Building in High Street	25,817
“ “ Post Office Corp. Building	16,894
“ “ buildings for Magistrates' courts	9,452
“ “ other buildings	2,244
<b>TOTAL</b>	<b>54,407</b>

- 893.** The difference of \$36.185M was expended in the maintenance of the following buildings:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Ten(10) buildings at Echilibar Villas	7,586
CAD works branch building at Timehri	4,661
Building in Ministry of Works compound	4,490
Oranapai Towers/CAD Head Office	1,487
Construction of wooden building at Sparendam	1,179
Timehri Departure Lounge & Control Tower	7,015
Other Government buildings	3,683
Purchases	4,276
Miscellaneous	1,808
<b>TOTAL</b>	<b>36,185</b>

- 894.** Twenty-eight(28) contracts were awarded for repairs to the ten(10) buildings at Echilibar Villas, involving mainly plumbing, carpentry, electrical and concrete work. However, one(1) contract valued at \$1.787M was awarded without any form of tendering. The Accounting Officer explained that the contractor was already mobilised in relation other works at Echilibar Villas

and the Departmental Tender Board approved of the award based on a negotiated price.

- 895.** Amounts totalling \$80.669M were expended on the Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Maintenance of airport, aerodrome & airfields	24,288
Maintenance of sea and river defences	16,749
Wages to contracted employees	10,780
Hire of transportation and equipment	12,652
Repainting road marking signs and curbs	8,514
Purchase of construction materials	4,447
Maintenance of Echilibar Villas compound	2,579
Miscellaneous	660
<b>TOTAL</b>	<b>80,669</b>

- 896.** Included in the amount of \$80.669M, is the sum of \$24.288M which was utilised on the maintenance of Cheddi Jagan International Airport, thirty(33) airstrips and four(4) aerodromes. and airfields. The expenditure relates mainly to the fencing of airfields, changing of windsocks, cleaning of secondary growth, sweeping of runway surfaces and the patching of holes on runway surfaces.
- 897.** Also included in the amount of \$80.669M, is the sum of \$17.748M expended on the maintenance of sea and river defences. This relates mainly to the installation of greenheart revetments at Lusignan/Good Hope, Melville/Cane Grove and Mahaicony, the sealing of three(3) breaches at La Bagotelle and the removal of weeds from the sea dam at Fort Groyne.
- 898.** Amounts totalling \$20.999M were expended on Electricity Charges, of which \$15M relate to the Civil Aviation Department. Payments were, however, made to the Regional Administration, Region 4, based on an arrangement which had been in force for several years. Enquires revealed that the meters were in the name of the Regional Administration. It is recommended that urgent steps be taken to have the meters transferred to the Civil Aviation Department.

- 899.** Amounts totalling \$33.115M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Vehicle spares & maintenance	10,351
Transportation of air traffic control staff	9,452
Chartered flights	7,538
Travelling and subsistence	5,660
Postage	114
<b>TOTAL</b>	<b>33,115</b>

- 900.** Included in the amount of \$10.351M shown as expenditure on vehicle maintenance, were payments totalling \$4.156M to an individual for the repairs to vehicles, although the Ministry had two(2) mechanical workshops staffed by nine(9) mechanics.
- 901.** As can be noted, amounts totalling \$9.452M were expended on transportation of air traffic control staff. In view of the fact that the Ministry had forty(40) vehicles under its control, it is recommended that consideration be given to the rationalisation of the use of existing vehicles with a view to avoiding the hiring of vehicles. Alternatively, consideration should be given to the acquisition of new and suitable vehicles.
- 902.** Amounts totalling \$3.742M were expended on Telephone Charges. However, although a telephone register was maintained, details of overseas calls made were not entered in the Register at the time the calls were made to enable the determination of what calls were official and in the public interest and whether recoveries should have been made in respect of private calls. A format of the register was given to the Accounting Officer for implementation.
- 903.** Amounts totalling \$64.843M were expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Security services	24,535
Cleaning and extermination services	13,606
Flight inspection charges	11,390
Equipment maintenance	8,104
Others	7,208
<b>TOTAL</b>	<b>64,843</b>

- 904.** Inter departmental warrants totalling \$14M for salaries and allowances were issued to the Commissioner of Police for security officers attached to the Cheddi Jagan International Airport. Financial returns were received from the Commissioner in support of the expenditure. The difference of \$10.535M was in relation to other security services provided to the Ministry and were supported by monthly invoices from the Commissioner of Police.
- 905.** Payments for flight inspection charges totalling \$10M were made to the Civil Aviation Authority in the United Kingdom for air worthiness technical advisory services while the difference of \$1.390M relate to inspection charges by the Federal Aviation Administration.
- 906.** Amounts totalling \$4.007M were expended under Educational Subventions & Training. Included in this figure is the sum of \$3.8M expended on overseas training for three(3) officers attached to the Civil Aviation Department on various aspects of aircraft maintenance. However, at the time of reporting two(2) officers had resigned. In addition, an amount of \$207,000 was expended on local training of fifteen(15) officers in computer technology.
- 907.** Amounts totalling \$89.554M were expended on Rates & Taxes and Subventions to Local Authorities, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
242	

Georgetown Sewerage & Water Commissioners - water tariffs for Government Buildings	35,000,000
Mayor & City Council - rates & taxes for Government properties	54,554,000
<b>TOTAL</b>	<b>89,554,000</b>

- 908.** The amount of \$35M paid to the GS & WC as represents outstanding water tariff for 1997. However, the basis on which this payment was made could not be verified since invoices to effect were not produced for audit scrutiny. In addition, there was no evidence that approval was granted to discharge this liability from the 1998 voted provisions.
- 909.** In relation to the payment of \$54.554M, the Mayor & City Council had submitted a demand notice for \$146.979M for general rates for the year 1998. Therefore, there was an outstanding liability of \$92.425M for 1998. The Ministry, however, did not maintain a register of properties owned by the Government. It is recommended again that the Ministry takes urgent steps to inventorise on a country-wide basis all properties owned by the Government and to introduce a register to record these assets. In this way, all payments for rates and taxes and water tariffs could be traced to the Register.
- 910.** Amounts totalling \$43.221M were expended on Subsidies & Contributions to Local and International Organisations. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
International Telecommunications Union	18,200
Commonwealth Telecommunications Bureau	16,868
International Civil Aviation Organisation	4,500
Caribbean Telecommunications Union	3,653
<b>TOTAL</b>	<b>43,221</b>

Acknowledgement receipts were, however, not produced for audit examination for amounts paid over to the respective agencies.

### **Revenue Accounting & Control**

- 911.** An examination of the revenue accounting records revealed that the Collectors' Cash Book/Statements for the Civil Aviation Department were not submitted to the Central Accounting Unit on a fortnightly basis, as required by financial instructions. These statements were submitted on average twenty-six(26) after the fortnight. In addition, the revenue collected at the Civil Aviation Department for the period 16 to 31 December 1998 totalling \$33.516M were not brought to account in the Ministry's main cash book for the year 1998. This amount was paid over on 11 January 1999. As a result, revenue was understated by this amount.
- 912.** According to the Statement of Receipts and Disbursements, amounts totalling \$44.341M were received and paid into the Consolidated Fund as toll fees from the Demerara Harbour Bridge. This amount represented toll fees for the period January to May 1998. Fees for the period July to December 1998, which totalled \$105.717M, were retained by the Management of the Bridge to meet the cost of operations. This is a violation of Section 17 of the FAA Act which requires all revenues to be paid over gross to the Consolidated Fund, since the Demerara Harbour Bridge is not a separate legal entity.
- 913.** The Accounting Officer explained that the Government's contribution for the Demerara Harbour Bridge was reduced from \$160M to \$60M and as a result the toll fees were used to meet the administrative expenditure of the Bridge. Evidence was seen that Cabinet was written to in connection with certain proposals, including the corporatisation of the operations and the retention of revenue to offset the cost of operations. However, the Cabinet approval did not refer to the retention of revenue. In any event, such approval would have been ultra vires the FAA Act unless the Bridge is given statutory status, as provided for in the Cabinet approval.
- 914.** Amounts totalling \$402,000 were collected for electrical inspections. It was, however, observed that increased rates for electrical inspections were approved by Cabinet in 1991 but such increases were not introduced until January 1999. Consequently, an undetermined amount of revenue was short collected over the years. In addition, the Electrical Division processed a total of 3,932 jobs for 1998. However, only two of the three(3) registers used to record these jobs were produced for audit examination. The registers



presented were also not to be properly maintained in that several columns were not filled out.

### **Stores & Other Public Property**

- 915.** The Stores Regulations of 1993 provide for the Central Accounting Unit to maintain a stores ledger to provide for an independent check on the bin cards kept by the storekeeper. However, for the period under review the Ministry did not maintain a stores ledger. The Accounting Officer is advised to ensure that such a record is introduced as early as possible.

### **Capital Expenditure**

#### **Division 519 - Project Executing Unit & Emergency Works**

#### **Subhead 15001 - Essequibo and West Demerara**

- 916.** The sum of \$60M was voted for the rehabilitation of sea defences at Henrietta and Richmond on the Essequibo Coast. Amounts totalling \$32.625M were shown as having been expended. This Project is funded by a grant from the European Union. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Sea defences at Anna Regina to Richmond	15,338,298
Consultancy fees	11,557,047
Technical Assistance	5,729,605
<b>TOTAL</b>	<b>32,624,950</b>

- 917.** The amount of \$15.338M represents final payment to an Italian firm based on a contract entered in November 1994 for the rehabilitation of sea defences at West Demerara and on the Essequibo Coast. The total amount paid under this contract was \$1.656 billion.
- 918.** In relation to the amount shown as consultancy fees, this represents two(2) payments of \$7.959M and \$3.598M to a local engineering firm for supervisory services. The latter amount relates to a contract which was awarded in 1998 in the sum of \$10.793M for the design of remedial work on sea defences on the Essequibo Coast.

**919.** The amount of \$5.730M shown as payment for technical assistance represents final payment to a UK consultancy firm based on a contract entered to in July 1993. The total amount paid to the firm was \$164.176M.

**Subhead 15002 – Corentyne/East Coast/Essequibo Coast**

**920.** The sum of \$358M was allocated for the reconstruction of sea defences at locations such as Lusignan and Reliance to Cotton Field. Amounts totalling \$64.233M were expended. The Project is financed by the Government of Guyana and the Inter American Development Bank under the Agriculture Sector Hybrid Programme Loan No. 877/SF - GY and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998.

**921.** According to the audited accounts, amounts totalling \$519.216M were expended, giving a difference of \$454.983M. This difference was due to (a) the charging of \$301.973M to Division 508, Subhead 13005 - Agriculture Sector Hybrid Programme as a result of the transfer of the Hydraulics Division to the Ministry of Public Works (b) disbursements totalling \$147.970M by the IDB which had not been brought to account in the Public Accounts and (c) counterpart expenditure totalling \$5.040M which was not shown in the financial statements.

**922.** The following is a breakdown of the audited expenditure: -

DESCRIPTION	AMOUNT \$
246	

Upgrading of farm access roads in Regions 2, 5 & 6	246,900,811
Repairs to sea defences	69,273,496
Engineering and administration	17,904,035
Financial costs	20,291,792
El Nino emergency	143,622,090
Technical Co-operation	17,683,977
Design studies	2,916,101
Acquisition of equipment etc.	623,962
<b>TOTAL</b>	<b>519,216,264</b>

- 923.** Five(5) contracts were awarded for the upgrading of farm access roads in the various Regions, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Upgrading and maintenance of farm access roads - Reg. 2	105,505,125
Construction of farm access roads - MMA/ADA areas Reg.5	102,224,970
Construction of all weather farm access road - Nos. 70-71, Reg. 6	72,360,658
Const. of farm access roads - Burma rice mill to Esau & Jacobs - Reg. 5	87,423,007
Construction of farm access roads - Mora Point to Hyde Park	74,875,680

- 924** The contract for the upgrading and maintenance of the farm access roads in Region 2 was awarded in October 1997 to the second lowest of bidder in the sum of \$105.505M because the lowest tender had several incomplete jobs. At the end 1998, amounts totalling \$101.302M were paid towards this contract. The works were completed in 1999 and were physically verified.
- 925.** In relation to the construction of farm access road in Region 5, the contract was awarded in October 1997 in the sum of \$102.225M and as 31 December 1998 amounts totalling \$66.639M were expended. The works were completed in 1999 and were physically verified.
- 926.** The contract for the construction of farm access roads from Burma Rice Mill to Esau and Jacob, Region 5 was awarded in July 1998 to the sum of \$87.423M and as at 31 December 1998, amounts totalling \$11.231M were expended. The works were completed in 1999 and were physically verified.
- 927.** In relation to the construction of farm access roads from Mora Point to Hyde Park, the contract was awarded in April 1998 to the third lowest bidder in the

sum of \$74.876M. The lowest bid was approximately \$44M below the Engineer's Estimate while the second lowest bidder did not pass the post qualification test. As at 31 December 1998, amounts totalling \$16.948M were expended. The works were completed in 1999 and were physically verified.

- 928.** The contract for the construction of all weather farm access roads at Nos. 70 - 71 Villages sideline dam was awarded in October 1997 to the fourth lowest of seven(7) bids in the sum of \$72.361M on the grounds that the three lowest bids did not pass the post qualification test. At the end of December 1998, amounts totalling \$69.787M were expended of which \$50.781M relates to 1998. The works were completed in 1999 and were physically verified.
- 929.** In relation to the repairs to sea defences, the main contract was awarded in July 1998 for the construction of 200 meters of rip-rap work at Aberdeen Village. Amounts totalling \$51.380M were expended in 1998. The works were completed in 1999 and were physically verified.
- 930.** The amount of \$17.904M shown as expenditure on Engineering and Administration represents the emoluments and other administration costs of the Project Executing Unit.
- 931.** In relation to the amount of \$143.622M expended under El Nino Emergency, this represents payments to the Guyana Rice Development Board for the purchase and distribution of seed paddy to farmers in D & I areas who were affected by the El Nino weather patterns.
- 932.** The amount of \$17.684M expended on technical co-operation represents payments to a consultant for the design and supervision of the construction of farm access roads while the amount of \$2.916M shown as design studies represents payments for engineering surveys for the farm access roads.

### **Subhead 15003 - East Coast Demerara**

- 933.** The sum of \$16M was voted for the redesigning of Lusignan sea defences. Amounts totalling \$7.482M were expended. The Project was funded by the Government of Guyana and the International Development Association and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998.

- 934.** The amount expended represents repairs to vehicles and equipment and the training of four(4) engineers. However, no physical work was done under this project although amounts totalling \$41.171M were expended as at the end of 1998.

**Subhead 15004 - West Coast Berbice**

- 935.** The sum of \$70M was voted for the construction of sea defences in areas such as Mon Choisi and Trafalgar. However, as in 1996 and 1997, no physical work was done out, and the amount of \$4.405M was expended on purchase of laboratory equipment for the Guyana Rice Development Board, and in the payment of interest charges. The Project is financed by the Caribbean Development Bank.
- 936.** In 1996, an amount of \$130M was allocated for the rehabilitation of 4,570 meters of sea defences on the West Coast Berbice. Again, no physical works were done, and the amount of \$19.268M was expended on consultancy fees. Similarly, in 1997, the sum of \$220M was voted for the rehabilitation of 5,800 meters of sea defences on the West Coast Berbice in such areas as Brahn, Mon Choisi, No. 41 and Trafalgar. However, only \$10.216M was expended on the purchase of radio sets.

**Subhead 15005 – Emergency Works**

- 937.** The sum of \$575M was allocated for the rehabilitation of sea and river defences at Sparta, Richmond, Belle Plaine, Elizabeth Ann/ Cornelia, Turkeyen, Craig and dredging of Essequibo and Demerara Rivers. Amounts totalling \$574.950M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>	<b>AMOUNT \$'000</b>
Rehabilitation of sea defences at Sparta		55,889
“ “ “ “ at Richmond		85,651
“ “ “ “ at Belle Plaine		16,932
“ “ “ “ at Elizabeth Ann/Cornelia		50,593
Dredging of Essequibo and Demerara rivers		60,000
		<b>269,065</b>
Wages, salaries and administration expenses	120,329	
Rehabilitation of other sea defences Regions 2 -5	136,292	
Transportation	12,118	
Other contracted works	18,065	
Fuel & lubricants	8,543	
Purchase of building materials	5,210	
Purchase of spares	3,450	
Security services	1,878	305,885
<b>TOTAL</b>		<b>574,950</b>

**938.** The contract for the rehabilitation of sea defences at Sparta was awarded in 1996 in the sum of \$177.259M and involved the construction of 500 metres of rip rap protection. At the end of 1998, amounts totalling \$173.555M were paid to the contractor. In relation to the rehabilitation of sea defences at Richmond, the contract was awarded in December 1997 for \$105.477M and involved the construction of 300 metres of rip rap protection. As at 31 December 1998, amounts totalling \$94.491M paid to the contractor.

**939.** The rehabilitation works at Belle Plaine involved the supply of stone valued at \$16.821M. As at 31 December 1998, \$12.403M worth of material was supplied. In addition, a contract valued at \$3.763M was awarded for the sealing of cavities and the raising of the wall, of which amounts totalling \$3.429M were expended. Another contract valued at \$1.1M was awarded for the construction of a rip rap slope, the full amount of which was expended.

**940.** The contract for the rehabilitation works at Elizabeth Ann/Cornelia was

awarded in October 1997 in the sum of \$56.025M and involved the supply and off-loading of stone. As at 31 December 1998, \$46.847M worth of material was supplied. In addition, a contract valued at \$7.335M was awarded in 1996 for the construction of 755 feet of rip rap protection, the full amount of which was expended. Another contract was awarded in the sum of \$5.823M for construction of a sea defence access road, the full amount of which was expended.

- 941.** The amount of \$60M shown as expenditure for the for dredging of the Essequibo and Demerara rivers represents payment to the Transport and Harbours Department. However, there was no documentary evidence at both the Ministry and the T & HD to indicate what work was done.
- 942.** The amount of \$120.239M shown as wages and salaries and other expenses represents mainly the emoluments of 372 persons employed on a full-time basis. Given the fact, that most of the emergency works were executed by outside contractors, it would appear necessary for the staffing to be reviewed with a view to ensuring that the minimum number of persons are employed.

#### **Subhead 15006 - Shorezone Management**

- 943.** The sum of \$5M was voted for the preparation and implementation of a programme of beach and structure condition survey, setting up of a data base for inventory of coastal structures and other coastal data including land use planning, mangrove management and Shorezone stabilisation. Amounts totalling \$4.9M were expended on the salaries of two(2) engineers and a typist and other administrative expenses. These expenditures were verified as having been properly incurred and documentary evidence was seen of several of the above-mentioned activities conducted in various parts of the Country.

#### **Subhead 47001 - Administration & Management**

- 944.** An amount of \$40M was allocated for the provision of administrative and supervision support for the Sea Defence Programme and conducting coastal data measurement and analysis. Amounts totalling \$24.987M were expended mainly on the emoluments of twenty-seven(27) persons employed on a full-time basis as well as on office expenses for the Project Executing Unit.
- 945.** The Unit also operates a main bank account, a salaries bank account and an imprest account. However, a cash book was not maintained for the salaries bank account and reconciliation was effected through the use of the cheque

stubs. It is recommended that a cash book be introduced for this account.

**Division 520 - Ministry of Public Works**

**Subhead 11001 - Demerara Harbour Bridge**

- 946.** The sum of \$160M was voted for (a) the rehabilitation of retractor/acceptor spans and painting of structure and (b) support for maintenance works. Amounts totalling \$159.556M were expended. The Project is funded by the Government of Guyana and the European Union and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998.
- 947.** An examination of the audited accounts for 1998 revealed an expenditure of \$195.656M, as follows:-

DESCRIPTION	AMOUNT \$'000	
Rehabilitation of retractor/acceptor spans	136,100	
"                    " lighting systems	22,953	
Traffic management & structural maintenance services	16,875	
Salaries & administrative costs	15,139	
Security services		4,589
<b>TOTAL</b>	<b>195,656</b>	

The difference of \$36.1M represents disbursements made in 1998 which were brought to account in the Public Accounts in 1999.

- 948.** The amount of \$136.1M shown as rehabilitation of retractor/acceptor spans



represents payments to the contractor based on a contract valued at \$226.833M which was entered into in June 1998. The works were re-budgeted for in 1999 and at the time of reporting they were completed.

- 949.** In relation to the rehabilitation of the lighting system, the contract was awarded in December 1997 in the sum of \$24.475M. There was a variation of \$2.394M, giving a revised contract sum of \$26.869. The works were physically verified.

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

- 950.** The sum of \$20M was voted for the rehabilitation of the Ministry's buildings at Fort Street, Wight's Lane and Water Street and the completion of Mon Repos Market. Amounts totalling \$17.999M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of building at Fort Street	5,736
“ “ “ “ Wight's Lane	5,246
“ “ “ “ Water street	166
Completion of Mon Repos Market	4,834
Renovation of Prime Minister's Residence	1,664
Consultancy services	353
<b>TOTAL</b>	<b>17,999</b>

- 951.** The contract for construction of market facilities at Mon Repos was awarded in 1997 in the sum of \$12.165M. Amounts totalling \$7.498M were expended in 1997 while the balance of \$4.667M was expended in 1998. Physical inspection in November 1999 revealed that the facilities were not being utilised by vendors who claimed that they were not consulted before the decision was taken to construct the facilities. They also contended that the security arrangements were inadequate and spaces provided were not adequate, having regard to the cost of rental.

952. Approval was granted for a change in programme to renovate the Prime Minister's Residence. However, there was no evidence that the works were advertised and a system of competitive bidding was applied before the works were undertaken. The Accounting Officer explained that this was due to the urgency of works involved.
953. A warrant for \$811,893 was issued to Region 6 for work to be done on No. 19 Community Centre and to pay consultancy services. This amount was, however, not reflected as an expenditure for 1998. The Ministry explained that financial returns were not received from the Region. In the circumstances, it could not be determined to what extent value was received in respect of this warrant. The Appropriation Account would have also been understated by this amount.

#### **Subhead 12007 - Timehri Airport**

954. The sum of \$100M was budgeted for the completion of out-going passenger area and rehabilitation of sewerage system. Amounts totalling \$98.921M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Extension of out-going passenger area	68,884,906
Repairs to the Terminal Building	12,125,519
Repairs and renovation to the Immigration Area	5,989,465
Emoluments of Project Manager	3,589,560
Purchase of building to house security personnel	2,995,000
Installing chairs in the Departure Lounge	2,540,000
Engineering and secretarial expenses	1,677,226
Other	1,147,824
<b>TOTAL</b>	<b>98,921,000</b>

955. The contract for the extension of the outgoing passenger area was awarded in 1996 for \$280.474M. In 1998, the Accounting Officer approved a variation of \$27.487M, giving a revised contract sum of \$307.517M. The amount of \$64.463M paid out in 1998 represented work done in 1998 as well as final

payment to the Contractor. The Audit Office is, however, of the view that, given the quantum of the variation, Cabinet approval should have sought, notwithstanding that there has been no violation of the existing Tender Board regulations. The works were nevertheless physically verified.

- 956.** In addition to the final payment to the Contractor, a 750KVA transformer was acquired and installed at a cost of \$2.7M. Amounts totalling \$1.280M were also expended on electrical work and in the installation of the air conditioning system while an amount of \$441,814 was expended on the acquisition and installation of 25 pairs of cable external link in the outgoing passenger area. These works were also physically verified.
- 957.** In relation to the rehabilitation of the Terminal Building, the works were undertaken in two contracts which were awarded to the same contractor on the same date by the Departmental Tender Board. The following are the details:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
2/12	1336/98	Repairs & renovation to eastern wall	5,209,684
2/12	1337/98	“ “ “ “ roof	4,390,640
		<b>TOTAL</b>	<b>9,600,324</b>

- 958.** Had one contract been awarded, this would have required adjudication by the Central Tender Board and approval by Cabinet. It is evident that the works were subdivided to avoid adjudication at the higher level. In addition, the Accounting Officer approved of a variation of \$2.525M, giving a revised contract sum of \$12.126M on both contracts.
- 959.** In relation to the works undertaken in the Immigration Area, there was no evidence that approval was granted for a change in programme to accommodate the expenditure of \$5.889M. A similar observation was made in respect of the installation of fibre glass chairs at the Departure Lounge. The works were nevertheless physically verified.

960. The building to accommodate airport security personnel was acquired from the contractor undertaking work at the Outgoing Passenger Area. However, the cost of constructing the building was included in the contract under the item "Preliminaries" and was therefore not met from the personal funds of the contractor. It follows therefore that at the end of the contract, the ownership of the building should have been reverted to the State at no cost to it.
961. The amount of \$3.590M paid to the Project Manager represents salaries, travelling, gratitude etc. for services rendered during the extension of the Outgoing Passenger Area. An examination of the related contract revealed that the Project Manager was being paid the equivalent of US\$1,100 per month free of income tax. This is a violation of the Income Tax Act. In addition, during the period under review, the Project Manager was also in receipt of consultancy fees totalling \$3.862M from this Ministry for various works undertaken. This practice appears to be highly irregular.
962. Notwithstanding that there was a full-time Project Manager to oversee works undertaken on the Outgoing Passenger Area, amounts totalling \$1.677M were also paid for engineering, secretarial, clerk of works and surveying services for the same project. This practice also appears to be highly irregular.
963. An inter departmental warrant for \$147,650 was issued to Region 6 for the commissioning of the Guyana/Suriname Ferry Project. However, financial returns were not received from the Region to account for the expenditure nor was the expenditure reflected in the Appropriation Account.

#### **Subhead 12008 - Regional Airport Project**

964. The sum of \$43M was allocated for the purchase of radio network for airport security, RVR sensor, VHF air-bound direction finder, extension of the AFTN, GPS and solar powered alarm monitor receivers for the Cheddi Jagan International Airport. Amounts totalling \$2.152M were expended mainly on consultancy services for the construction of a perimeter fence at the Cheddi Jagan International Airport. However, there was no evidence that a system of competitive bidding and adjudication by the Departmental Tender Board was followed before the contract was awarded. It should be noted that this was one of the contracts awarded to the Project Manager referred to in the

previous subhead.

### **Subhead 14001 - Mabura/Lethem Road**

- 965.** The sum of \$30M was voted for the rehabilitation of the Mabura Hill/Lethem Road, including rehabilitation to six(6) bridges. Amounts totalling \$15.494M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of Mabura Hill / Lethem Road	9,096
Dredging of channel at the Kurukukari Crossing	2,500
Site visits by Ministry personnel	430
Repairs to vehicle and equipment	300
Purchase of supplies, spare & fuel	374
Payments to contracted employees	871
Consultancy services	1,920
<b>TOTAL</b>	<b>15,491</b>

- 966.** Two(2) contracts valued at \$9.096M were awarded for the rehabilitation of the Mabura Hill/ Lethem Road. The first contract was awarded in October 1998 in the sum of \$5.516M to the second lowest bidder on the grounds that the lowest bidder was unknown and did not have equipment while the second lowest bidder had a good track record, the relevant equipment and had done works of a similar nature. In December 1998 another contract valued at \$3.580M was awarded to the same contractor for further rehabilitation work on the Mabura/Lethem. This contract was referred to as a supplementary agreement to the first contract. According to the Accounting Officer, this arrangement was necessary because critical parts of the roadway had deteriorated.

- 967.** In relation to the amount of \$2.5M expended on the dredging of the channel at the Kurupukari Crossing, this contract was awarded based on negotiations with a contractor. According to the minutes of the Departmental Tender Board, the contractor had experience in that area and that it was difficult to get persons and equipment to undertake such work because of the remoteness of the area. Documentary evidence was seen that the works were verified by an engineer from the Transport and Harbours Department.

- 968.** Two(2) contracts valued at \$1.920M were awarded to a contractor for consultancy services for the rehabilitation of the Mabura/Lethem Road. However, there was no evidence that these contracts were awarded based on Tender Board procedures.
- 969.** Amounts totalling \$874,970 were expended to pay contracted employees (operators, checkers, truck drivers etc.) who were assigned to the Road Administration Division. However, examination of the related payment vouchers revealed that the workers for most of the time were either on standby in the workshop or had done some work in and around Georgetown area. The payment of \$874,970 therefore represents a misallocation of expenditure.
- 970.** Three(3) inter departmental warrants valued at \$11M were issued to the Regional Administration of Region 9 for the rehabilitation of the six(6) bridges referred to in the Project Profile as well as to rehabilitate certain sections of the road at Mabura and other areas. However, up to the time of reporting, financial returns were not received from the Region. In addition, this amount was not reflected as expenditure in the Appropriation Account.

#### **Subhead 14004 - Black Bush Polder Road**

- 971.** The sum of \$15M was allocated for the completion of the rehabilitation works on the Black Bush Polder Road. Amounts totalling \$520,000 were expended on consultancy and in the payment of an outstanding amount to the contractor.

#### **Subhead 14006 - Bridges**

- 972.** The sum of \$20M was voted for (a) the replacement of bridges at Non Pariel, Nos. 7 & 8 Villages West Coast Berbice (b) construction of bridges next to La Penitence Police Station (c) rehabilitation of Garraway Stream Bridge and culvert on Mandela Avenue. Amounts totalling \$6.888M were expended as follows:-

DESCRIPTION	AMOUNT \$
Repairs to Non-Pariel Bridge	4,589,954
“    “ Orange Nassan Bridge	977,255
“    “ Timber Bridge at Craig E.B.Dem	574,485
“    “ Ogle Bridge	377,725
Miscellaneous	368,776
<b>TOTAL</b>	<b>6,888,196</b>

**973.** The contract for the repairs to Non Pariel Bridge was awarded to the second lowest bidder in the sum of \$4.420M on the grounds that the lowest tender always failed to complete his work on time and the quality of his work was questionable. There was a variation of \$59,273, giving a revised contract sum of \$4.479M. As noted above, amounts totalling \$4.589M were paid to the contractor, resulting in an apparent overpayment of \$110,952. The Accounting Officer explained that work to the latter value was done but the variation was not approved due to an oversight.

**974.** Three(3) other bridges were repaired but there was no evidence that approval was granted for a change in programme to undertake the repairs. The works were nevertheless physically verified.

#### **Subhead 14007 - Miscellaneous Roads**

**975.** An amount of \$350M was allocated for the completion of on-going and commencement of new roads, including Logwood at Enmore, Annandale Sideline South, Bush Lot, Referendum Road, Ogle Street at Friendship, Hopetown Road, Kersaint Park at L.B.I, Clonbrook Road, La Retriate, D'Endragt, Mara, Middle Walk at Anns Grove, Bee Hive Main Road, Harbour Bridge Bypass Road at Eccles and Peter's Hall, 5<sup>th</sup> Street Section 'B' Non-Pariel, Nora Dam at Better Hope, and Simpson Street. Amounts totalling \$254.649M were expended as follows:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
<b>Rehabilitation of Roads</b>		
Mocha Main Access Road	9,660	
Factory Road, Paradise	5,999	
Railway embankment, Enmore	5,398	

D'Endragt	5,295	
Annandale Sideline	5,212	
Nora Dam, Better Hope	5,030	
Ogle Street, Friendship	4,645	
Sluice Road, Mahaica	4,229	
Fourteen(14) other roads	33,287	78,755
<b>Completion of Ongoing Roads</b>		
Martha's Ville, Mon Repos	16,873	
REPAHA Road Extension	14,392	
Middle Street, Enterprise	6,351	
Wakenaam Road	4,561	
Thirty-seven(37) other roads	46,896	89,073
Purchase of road building materials		47,490
Consultancy services		14,812
Miscellaneous - weeding, cleaning etc.		24,519
<b>TOTAL</b>		<b>254,649</b>

- 976.** The contract for the rehabilitation of the Mocha Main Access Road was awarded in December 1997 in the sum of \$9.985M. However, the basis of the award could not be determined because the records could not be located at the Central Tender Board. A similar observation was made in respect of the rehabilitation of roads at Martha's Ville, Mon Repos, REPAHA Road and Middle Street, Enterprise. Notwithstanding this, the works were physically verified.
- 977.** The amount of \$47.490M expended on road building materials represents the purchase of hot mix, crusher run, sand and other material. These were verified as having been received at the various locations, except in the case of hot mix valued at \$37.552M which was purchased from a state-owned company. The related payment vouchers did not indicate the location where the material was delivered. The Accounting Officer is advised to investigate this discrepancy.
- 978.** Inter departmental warrants valued at \$55.633M were issued to various regional administrations for the rehabilitation of roads. However, up to the time of reporting, financial returns were only received from Regions 3 and 6 for amounts totalling \$5.088M. In the circumstances, it could not be



determined whether value was received in respect of the balance of \$50.545M issued by way of inter departmental warrants and charged to the Appropriation Account.

**Subhead 14008 - Urban Roads/Drainage**

**979.** The sum of \$50M was allocated for the completion of selected roads, drains and streets in Georgetown. Amounts totalling \$49.983M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Dump Site Project	9,766
Rehabilitation of front road East-West Ruimveldt	5,728
Urban community projects	3,000
Rehabilitation of bridge at Stone Ave. & Dennis St.	2,887
"          " Aubrey Barker foot path	2,217
Desilting canals and drains	2,022
Emoluments for employees	1,155
Rehabilitation of bridge at Sheriff & John Streets	1,050
Purchase of road building materials	18,679
Miscellaneous	3,479
<b>TOTAL</b>	<b>49,983</b>

**980.** The Dump Site Project was a joint venture between the Ministry and Georgetown City Council. Two(2) contracts valued at \$18.899M were awarded to the Council to construct access road to the Dump Site. As at 31 December 1998, amounts totalling \$10.481M were expended. As can be noted, \$9.766M was charged to this subhead and the difference of \$715,000 was charged to Subhead 14007 - Miscellaneous Roads. It is evident that this was done to avoid overrunning the voted provision. At the time of reporting, the works were completed.

**981.** The contract for the rehabilitation of the road at West Ruimveldt was awarded in 1996 in the sum of \$8.132M. As at 31 December 1998, amounts totalling \$7.978M were expended. At the time of reporting, the works were completed and were physically verified.

**982.** The contract for the rehabilitation of Aubrey Barker foot path was awarded in

1996 in the sum of \$7.923M. As at 31 December 1998, amounts totalling \$6.187M were expended. At the time of reporting, the works were completed and were physically verified.

- 983.** The amount of \$3M expended on urban community projects represents payment to the Georgetown City Council in respect of twelve(12) community projects involving digging of drains and cleaning of areas.
- 984.** The contract for the construction of a timber bridge at Stone Avenue and Dennis Street, Campbellville was awarded in the sum of \$3.709M. As at 31 December 1998, amounts totalling \$2.887M were paid to the contractor. At the time of reporting, the works were completed and were physically verified.
- 985.** The contract for the rehabilitation of bridge at Sheriff and John Streets was awarded in the sum of \$1.287M. As at 31 December 1998, amounts totalling \$1.050M were expended. At the time of reporting, the works were completed and were physically verified.
- 986.** The amount of \$18.679M expended on road building material represents the purchase of hot mix, crusher run and bitumen. These were verified as having being received and properly brought to account, except in the case of hot mix valued at \$5.693M. The related payment vouchers did not indicate where the material was delivered. The Accounting Officer is advised to investigate this discrepancy.

**Subhead 14009 - Hinterland Airstrip**

- 987.** The sum of \$15M was voted for the ongoing rehabilitation of airstrips at Aishalton and Imbaimadai. Amounts totalling \$14.293M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of Imbaimadai Airstrip Phase III	5,338,330
Rehabilitation of Imbaimadai Airstrip Phase II	5,280,303
Fencing of Aishalton Airstrip	1,001,780
Cost of charter flights	1,806,566
Security costs	866,122
<b>TOTAL</b>	<b>14,293,101</b>

Because of the inaccessibility of the area, the works could not have been physically verified.

**Subhead 14010 - Dredging**

988. The sum of \$75M was allocated for the rehabilitation of dredge “Steve N’ and the purchase of spares. The full amount was paid over to the Transport and Harbours Department for that department to undertake the works. An examination of the records of the T & HD revealed the following expenditure:-

DESCRIPTION	AMOUNT \$'000
Repairs and purchase of spares for Steve N	10,169
Spares for MV Barima, Lady Northcote & MV Thompson	64,831
<b>TOTAL</b>	<b>75,000</b>

989. However, there was no evidence of adherence to the Tender Board Regulations in relation to the above expenditure. The works were nevertheless physically verified while the spare parts purchased were verified as having been received and properly brought to account.

**Subhead 16002 - Equipment (Civil Aviation)**

990. The sum of \$10M was provided for the purchase of X-ray machines, metal detectors, scanners and rehabilitation of communication systems for airport security. Amounts totalling \$6.904M were expended on the acquisition and installation of security alarm system and the metal walk-through detector.

**Subhead 16003 - Stellings**

991. The sum of \$70M was voted for the rehabilitation of stellings at New Amsterdam and Leguan. This amount was released to the Transport and Harbour Department for that department to undertake the works. An examination of the records of the T & HD revealed an expenditure of \$26.849M, as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of New Amsterdam Stelling & gantry	18,489
“    “ Adventure Stelling	1,453
“    “ Leguan Stelling	2,945
“    “ Parika Stelling	602
Consultancy for New Amsterdam Stelling	2,510
Miscellaneous	850
<b>TOTAL</b>	<b>26,849</b>

- 992.** The difference of \$43.151M was retained by the T & HD and expended in 1999 for rehabilitation work on the New Amsterdam Stelling. Since this amount was not expended in 1998, it should have been refunded to the Ministry for refund to the Consolidated Fund. As a result, the Appropriation Account would have been overstated by this amount.
- 993.** The contract for the rehabilitation of the New Amsterdam Stelling was awarded in July 1998 in the sum of \$59.746M. In March 1999, an addendum to the contract was signed approving variation work valued at \$3.110M. The work was completed in October 1999. As at 31 December 1998 amounts totalling 12.562M were paid on this contract.
- 994.** The work on the vehicle gantry at the New Amsterdam Stelling was awarded in November 1998 to the same contractor who was doing the rehabilitation of the Ferry Stelling. A formal contract was, however, not entered into. According to documentation seen, the work was of an emergency since the gantry had collapsed and work had to be carried out immediately.
- 995.** The contract for the rehabilitation of Adventure Stelling was awarded in February 1998 in the sum of \$1.453M. However, there was no evidence that a system of competitive bidding was adhered to before the works were executed. In relation to the Leguan Stelling, the contract was awarded to the same contractor who did the rehabilitation of the Adventure Stelling. Again, there was no evidence of adherence to tender procedures.

**996.** The contract for the rehabilitation of the Parika Stelling was awarded in 1994 in the sum of \$23.911M. There was an approved variation of \$56.205M, giving a revised contract sum of \$80.116M. The amount of \$7.959M represented final payment on the contract. However only \$602,000 was charged to this subhead. The difference was met from the resources of the T & HD.

**Subhead 16005 - Air Traffic Service**

**997.** The sum of \$20M was allocated for the purchase and installation of Telecoms/Navigational aids and other equipment for training school and the purchase of one(1) double cab pick-up for navigational aids maintenance. Amounts totalling \$3.230M was expended as follows:-

DESCRIPTION	AMOUNT \$
Purchase of eight(8) transceiver sets	447,600
Installation of two(2) air conditioning units	407,000
Installation of intercom network	194,000
Purchase of photocopier	273,900
“ of two(2) projectors	359,000
“ of two(2) computers and printers	610,229
“ of one(1) TV and VCR	358,060
“ of chairs, filing cabinets, desk etc.	579,866
<b>TOTAL</b>	<b>3,229,655</b>

**998.** The items purchased were verified as having been received and properly brought to account. However, two computers (one from a previous purchase), one VCR and one printer were reportedly stolen and at the time of reporting the matter was engaging the attention of the Police.

**Subhead 17001 - Minor Works**

**999.** An amount of \$5M was provided for the implementation of minor programmes and projects. The sum of \$4.999M was expended mainly on the repairs to the Prime Minister’s Residence and Office. The works were physically verified.

**Subhead 25001 - Office Equipment**

**1000.** The sum of \$1M was voted for the purchases of furniture and office equipment including photocopier, desks and chairs. Amounts totalling \$999,171 were expended. The items purchased were verified as having been received and properly brought to account. However, they were not marked to readily identify them as government property.

**Subhead 26001 - Navigational Aids**

**1001.** An amount of \$20M was voted for the acquisition of buoys and spares for navigational lights and safety devices. This amount was paid over to the Transport and Harbours Department. An examination of the T & HD records revealed the following expenditure:-

DESCRIPTION	AMOUNT \$'000
Repairs to M.T. Aruka	10,000
Fabricating and repairs to buoys	3,090
Purchase of spares for Steve 'N'	3,126
"        " navigational lights	2,003
Miscellaneous purchases	1,781
<b>TOTAL</b>	<b>20,000</b>

**1002.** The contract for the rehabilitation of the M.T. Aruka was awarded in January 1998 in the sum of \$42.693M and the work was completed during the period under review. The difference of \$32.693M was met from the resources of the T & HD. Similarly, the repairs to the buoys was undertaken at a cost of \$4.636M, and the difference of \$1.836M was met from internally generated funds. The other items purchased were verified as having been received and properly brought to account.

**Subhead 27001 - Reconditioning of Ships**

**1003.** The sum of \$20M was budgeted for the acquisition of spares for motor vessels. The entire amount was released to the Transport and Harbours

Department. An examination of the records of the T & HD revealed that the amount was utilised for repairs to Lady Northcote.

### **Subhead 27003 - Reconditioning of Ferry Vessels**

**1004.** An amount of \$80M was allocated for the docking and repairs to vessels Malali, Torani and Makouria and the acquisition of spares and materials. This amount was released to the Transport and Harbours Department for that department to undertake the repairs.

**1005.** An examination of the records of the T & HD revealed the following expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of MV Malali	19,538
Repairs and docking of Bonasika	7,689
Purchase of spares for MV Sandaka, Bonsika	52,773
<b>TOTAL</b>	<b>80,000</b>

**1006.** The contract for the rehabilitation of the MV Malali was awarded in May 1998 in the sum of \$20.566M and the works were completed during the period under review. The difference was met from the resources of the T & HD.

**1007.** The repairs and docking of MV Bonsika were undertaken at a cost of \$27.950M. However, only \$7.689M was charged to the Appropriation Account. The difference of \$20.262M was met from the resources of the T & HD. In relation to the purchase of spares, there was no evidence that Tender Board procedures were followed before the purchases were effected. The General Manager explained that the purchases were made from long standing suppliers who offered credit facilities. The spares were nevertheless verified as having been received and properly brought to account.

### **Division 521**

## Ministry of Public Works

### Subhead 14001 - Essequibo Coast Road

**1008.** The sum of \$615M was allocated for the rehabilitation of the Charity/Supenaam Road. According to the Appropriation Account, amounts totalling \$614.999M were expended. The Project was funded by the Government of Guyana and the International Development Association (IDA) under the Loan Agreement 2477 GUY and is subject to separate financial reporting and audit.

**1009.** The last set of audited accounts was in respect of 1998 and an examination of these accounts revealed an expenditure of \$569.980M on the Essequibo Road. The difference of \$45.019M resulted from disbursements made by the IDA in 1997 which were brought to account in the Public Accounts in 1998. The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT G\$'000
Earth works	54,320
Sub base	128,488
Pipe Culverts and Concrete Works	39,637
Flexible Pavements	297,708
Others	49,827
<b>TOTAL</b>	<b>569,980</b>

**1010.** The audit reports on the 1997 accounts were issued in October 1998 following a twenty-four(24) hour ultimatum given by the World Bank, failing which disbursements would be suspended. However, fresh evidence was uncovered which indicated that the accounts were materially misstated because of irregularities uncovered. These reports were withdrawn in December 1998 in the midst of a special investigation the results of which were tabled in the National Assembly. The financial statements were corrected with appropriate disclosures and revised audit reports were issued



on 30 March 1999.

- 1011.** The contract for the above works was terminated on 15 February 1999 because of the alleged failure on the part of the contracting firm to honour its obligations under the contract. The agreement between the Government of Guyana and the IDA was also terminated and at the time of reporting a fresh contract was awarded following a system of “selective tendering” involving two(2) other contractors, using Government of Guyana funding. It should be noted that there is no provision in the existing Tender Board Regulations for selective tendering.
- 1012.** Physical inspection on 9 December 1999 (before work recommenced based on the new contract) revealed that 28 miles of the 38.4 miles were completed. In addition, twelve(12) of the twenty(20) bridges and five(5) out of thirty-five(35) culverts were not completed. Further, 4,900 ft. and 2,875 ft. of bridge and culvert approaches respectively remained incomplete.
- 1013.** At the time the contract was terminated, mobilisation advances totalling US\$1.772M remained outstanding. However, only US\$1.195M was recovered from the bank which guaranteed the repayment of these advances. This was because the valuation certificates were adjusted to show a lower recovery but the bank was provided with information showing the original amounts. As a result, amounts totalling US\$577,405, equivalent to G\$103.933M, remained unrecovered. Up to the time of reporting, it could not be determined what action was taken to recover the outstanding amount.

#### **Subhead 14002 - Georgetown/Soesdyke/Rosignol Road**

- 1014.** The sum of \$1.930 billion was voted for (a) the completion of drainage works (b) continuation of works in Lots 1-6 and 17 (c) construction of sluice at Pearl and Friendship and payment of compensation and (d) continuation of works on the Georgetown/Timehri and Georgetown/Mahaica roads. According to the Appropriation Account, amounts totalling \$1.889 billion were expended.
- 1015.** The Project is financed jointly by the Government of Guyana and the Inter American Development Bank under the Loan Agreement No. 890/SF-GY. The last set of audited accounts was in respect of 1998 and an examination of these accounts revealed the following expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Direct Costs - Georgetown/Mahaica	617,481
City Streets	209,449
Engineering & Administration	122,144
Direct Costs - Georgetown/Timehri	38,999
<b>TOTAL</b>	<b>988,073</b>

**1016.** The difference of \$900.927M was due to (a) counterpart expenditure totalling \$688.991M not shown in the financial statements and (b) disbursements totalling \$221.936M from 1997 now brought to account.

**1017.** During the period July 1998 to March 1999 the Audit Office carried out an investigation on the importation of stone by the Ministry of Public Works. The report was completed on 31 March 1999, submitted to the Government and was laid in the National Assembly. A number of issues, as they relate to this project and contained in the report, are worthy of mention:-

- (a) The Ministry, through the Project Execution Unit (PEU), made a number of purchases of stone on behalf of the contractor working on this project. In addition, two instances were observed where the contractor placed orders for stone from their quarry in St. Vincent and the materials were received directly by them. However, the Ministry made the payments for the shipments from St. Vincent, but did not provide a satisfactory explanation why such an arrangement was made;
- (b) Apart from the purchase of stone from overseas, there was evidence of other purchases being made by the PEU on behalf of the contractor. However, no authority was seen for this arrangement and it is evident that the Government was providing a source of finance to the contractor; and
- (c) An examination of the contractor's account revealed payments for purchases and other related costs totalling \$477.765M were made by the PEU on behalf of the contractor and as at 31 December 1998 amounts totalling \$396.269M were recovered, giving a balance of

\$81.496M outstanding.

**1018.** In July 1997 the PEU ordered 25,000 pieces of delineators from the contractor mentioned above at a total cost of US\$296,175, equivalent to G\$47.388M. An examination of the purchase revealed the following unsatisfactory features:-

- (a) The contractor was only required to supply 8,000 pieces of delineators for road construction, in accordance with his contract;
- (b) In June 1997, the contractor sought and obtained three(3) quotations for a supply of 25,000 delineators and accepted the lowest quote of US\$10.77 per unit, giving a total cost of US\$269,250;
- (c) The PEU placed the order for the delineators in favour of the contractor instead of the supplier and an additional 10% was included to bring the price to US\$296,175, a difference of US\$26,925; and
- (d) The Audit Office engaged the services of an independent investigating firm to review the numerous purchases the PEU made from a supplier overseas, including the delineators referred to above. The investigator examined a sample of nine(9) purchases and found that in each case the price appeared to have been inflated by in excess of 200%. The evidence indicated that the supplier was an intermediate one who bought the items from other suppliers. The Audit Office proposes to launch a full scale investigation into these purchases, subject to the availability of funds.

**Subhead 14003 - Soesdyke/Linden Highway**

**1019.** An amount of \$455M was allocated for the rehabilitation of the Soesdyke/Linden Highway. The project is financed by the Government of Guyana and the Caribbean Development Bank. Amounts totalling \$451.226M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Soesdyke/Linden Highway	362,481
Supervision of Soesyke/Linden Highway	65,482
Loan interest	1,420
271	

Other	2,638
<b>TOTAL</b>	<b>432,021</b>

The difference of \$19.206M relates to 1997 disbursements now brought to account in the Public Accounts.

**1020.** The contract for the rehabilitation of the Soesdyke/Linden Highway was awarded in February 1997 in the sum of \$920.512M. As at 31 December 1998, an amount of \$550.602M was paid on this contract.

**1021.** The contract for the supervision of the Soesdyke/Linden Highway was awarded in 1997 in the sum of US\$1,189,962 equivalent to G\$196.344M. As at 31 December 1998, an amount of US\$759,581 equivalent to G\$117.914M was paid on this contract.

#### **Subhead 14004 - Road Maintenance Project**

**1022.** The sum of \$76.2M was allocated for the maintenance of the roadways associated with the Corentyne, West Bank Demerara, West Coast Demerara and East Bank Essequibo highways. However, no expenditure was incurred.

#### **Subhead 14009 - Technical Assistance CTPU**

**1023.** The sum of \$3M was voted for the institutional strengthening of the Transport Planning Unit. Amounts totalling \$3.024M were expended, giving an excess expenditure of \$24,000.

**1024.** The Project is financed by the Government of Guyana and the International Development Association under Loan No. 2477 GUY and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998 and an examination of these accounts revealed that no expenditure was incurred. The amount of \$3.024M represents expenditure incurred in 1996 which was brought to account in 1998.

#### **Subhead 14010 - Supervision & Administration**

**1025.** The sum of \$63M was provided for the administration and supervision costs for road projects. Amounts totalling \$52.624M were shown as having been

expended. The Project is financed by the Government of Guyana and the International Development Association under Loan No. 2477 GUY and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998 and an examination of these accounts revealed an expenditure of \$27.769M. The difference of \$24.854M represents counterpart expenditure relating to the operations of the Project Execution Unit. This expenditure should have been apportioned over all the projects administered by the PEU.

#### **Subhead 14011 - Internal Audit**

**1026.** The sum of \$10M was allocated for the strengthening of the internal audit office of the Ministry of Public Works. The Project is financed by the Government of Guyana and the International Development Association under Loan No. 2477 GUY and is subject to separate financial reporting and audit. However, no expenditure was incurred.

#### **Subhead 14012 - Vehicular Weight Control Programme**

**1027.** An amount of \$5M was allocated for the purchase of scales for the protection and preservation of the road network. Amounts totalling \$2.779M were expended.

**1028.** Twenty(20) scales were purchased in 1997 from the Riggs Bank Account No 01-09-731-360 (i.e. IDA funds) in June 1997 at a cost of US\$102,350 equivalent to G\$15.079M since this programme did not have sufficient funds available. An amount of \$9.916M representing the cost for thirteen(13) scales was reimbursed to the local Riggs Account No. 974 in 1997.

**1029.** In 1998, the sum of \$1.456M representing the cost for two(2) scales was also reimbursed to the local Riggs Account No. 974, leaving an amount of \$3.710M representing the cost of five(5) scales still to be reimbursed to the Riggs bank account. These scales were received in 1997 and were reflected in the inventory records of the PEU. At the time of reporting, however, the weight control programme was discontinued and the various consultants for the road projects were using the scales to carry out vehicular weight control analysis.

### **Subhead 14013 - Road Maintenance Fund**

**1030.** The sum of \$5M was provided for the establishment of a road maintenance fund for improved road maintenance. The full amount was shown as having been expended. A special bank account No. 3078 was established in 1996 at the Bank of Guyana with an initial deposit of \$100M. At 31 December 1998, this account reflected a balance of \$44.103M. The amount shown as having been expended was paid over to the Regional Accounting Unit at Region No. 5 on 31 December 1998 for patching potholes from Mahaica to Rosignol. Since no expenditure was incurred during the period under review, the Appropriation Account would have been overstated by \$5M and it would have been more appropriate for the works to be re-budgeted for in 1999. The Audit Office proposes to conduct a special audit of this account.

### **Subhead 19001 - Secondary Towns**

**1031.** An amount of \$80M was allocated for the design of (a) an urbanisation programme for Charity, Supernaam, Bartica and Parika and the upgrading of Anna Regina and (b) secondary roads, including Parika to Makouria and Patentia to Kamuni. Amounts totalling \$48.9M were shown as having been expended.

**1032.** The Project is financed by the Government of Guyana and the International Development Association and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1998. An examination of these audited accounts revealed an expenditure of \$38.427M which was incurred on consultancy services. The difference of \$10.473M was due to disbursements made in 1997 which were brought to account in the Public Accounts in 1998.

### **Subhead 27005 - Bridge Rehabilitation**

**1033.** The sum of \$28M was allocated for (a) rehabilitation and construction of bridges, approaches, and related drains and sluices along the

Timehri/Georgetown/Rosignol Road and (b) funding of feasibility study of the Berbice river crossing and/or construction of new bridge. The programme is funded jointly by the Government of Guyana and the Inter American Development Bank and is subject to separate financial reporting and audit. However, the agreement was only signed on 16 March 1998 and an amount of \$1.491M was expended on administrative costs.

## **HEAD 15-01 AND DIVISION 522**

### **MINISTRY OF LOCAL GOVERNMENT**

#### **Current Expenditure**

- 1034.** The salaries bank account No. 1014, which became non-operational in May 1996, reflected a balance of \$1.023M at 31 December, 1998. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the account.
- 1035.** The current salaries bank account No. 3074 reflected a balance of \$11.898M as at 31 December 1998. However, at the time of the audit in August 1999, the cash book was only cast and balanced to May 1998, and the account was not reconciled since it was established in May 1996. The Accounting Officer explained that this was due to staff constraints and that efforts were being made to recruit someone to reconcile the bank account.
- 1036.** An examination of the cash book for imprest bank account No. 3075 revealed no evidence of supervisory checks. In addition, the account was overdrawn by \$103,169 at 31 December 1998 and was not reconciled since it was established in May 1999.
- 1037.** The old imprest bank account No. 1015, which became non-operational in May 1996, reflected a balance of \$3,499 at 31 December 1998. This balance should be transferred to the Consolidated Fund and steps taken to close the account.

#### **Capital Expenditure**

### **Subhead 14015- Amerindian Development Fund**

**1038.** The sum of \$60M was provided for the demarcation of lands, purchase of one tractor, communication equipment and other inputs. Amounts totalling \$35.284M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Furnishing Amerindian hostels at Regions 1, 4 - 10	5,000,000
Demarcation of lands	25,000,000
Purchase of engine for Region 1	3,000,000
Purchase of black belly sheep for Region 9	300,000
Purchase of equipment for regional guest houses	906,305
Funeral services for scholarship awardee	97,000
Conference of captains and councillors	503,600
Airfare for patient etc.	477,000
<b>TOTAL</b>	<b>35,283,905</b>

**1039.** As can be noted, the last three items are not of a capital nature and should have been charged to the current appropriation accounts where there were savings. In respect of the first item, financial returns were not received by the Ministry from the various regions to account for the disbursements to them. As a result, it could not be determined whether the funds were fully utilised for the purposes intended and whether value was received. The equipment purchased for the regional guest houses were, however, verified as having been received and properly brought to account.

**1040.** In relation to the demarcation of lands, the amount of \$25M was given to the Ministry of Agriculture via an inter departmental warrant. An examination of the financial returns submitted by the Ministry revealed an expenditure of \$13.803M on cadastral surveys relating to Amerindian boundaries in Region 9. As a result, the Appropriation Account was overstated by \$11.197M. This latter amount should have been returned to the subject ministry for refund to the Consolidated Fund.



### **Subhead 19001 - Infrastructure Development**

- 1041.** An amount of \$6M was voted for the construction of an abattoir at Linden of which \$4.5M was shown as having been expended. According to the Ministry's records, two(2) inter departmental warrants were issued in September and December 1998 to Region 10 for the works to be undertaken. Financial returns from the Region to support expenditure on the above warrants were, however, not presented for audit examination.
- 1042.** An examination of the records of Region 10 revealed an expenditure of \$563,998 as at 31 December 1998. This amount represents the payment of mobilisation on the contract sum of \$5.640M. Therefore, the Appropriation Account would have been overstated by \$3.936M. The works were re-budgeted for in 1999, and at the time of inspection in January 2000, amounts totalling \$4.782M were expended, and the abattoir was about 80% complete.

### **Subhead 19005 - Project Development & Assistance**

- 1043.** The sum of \$250M was provided to assist municipalities and neighbourhood democratic councils with their infrastructure and rehabilitation works. Amounts totalling \$246M were recorded as having been expended by way of transfers to the various bodies, as shown below:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Georgetown City Council	16,000
New Amsterdam Town Council	10,000
Linden Town Council	9,000
Rose Hall Town Council	7,000
Anna Regina Town Council	7,000
Corriverton Town Council	6,000
Sixty-five(65) NDCs	191,000
<b>TOTAL</b>	<b>246,000</b>

**1044.** Financial returns were, however, not received from the various municipalities and NDCs to indicate what expenditures were incurred. In addition, the vast majority of these entities were significantly in arrears in terms of financial reporting and therefore it could not be determined whether the amounts disbursed to these agencies were properly expended. The following gives the status of the audits of the municipalities at the time of reporting:-

<b>NAME OF MUNICIPALITY</b>	<b>YEAR LAST AUDITED</b>
Georgetown City Council	1986
New Amsterdam Town Council	1988
Rose Hall Town Council	1981
Corriverton Town Council	1982
Linden Town Council	1984
Anna Regina Town Council	1996

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

**1045.** An amount of \$4M was voted for the purchase of one vehicle. The full amount was expended. The asset purchased was verified as having been received. However, it was not inventorised.

#### **Subhead 26003 - Power Generation**

**1046.** The sum of \$14M was allocated for the purchase of four(4) power plants for Moruca, Waramadong, Aishalton and Annai. Amounts totalling \$5.888M were expended. The items purchased were verified as having been received. At the time of the audit in August 1999, the plants were still at the Ministry. At the time of reporting, however, only the power plant at Waramadong had been commissioned.

#### **Subhead 35001 - Office Equipment & Furniture**

**1047.** The sum of \$1M was voted for the purchase of furniture and equipment the Head Office, Amerindian Affairs' Office, NDC offices and Amerindian

Hostel. Amounts totalling \$970,227 were expended. The assets purchased were verified as having been received but were, however, not inventorised.

## HEADS 15-02 & DIVISION 531

### REGION 1 - BARIMA/WAINI

#### Current Expenditure

##### Employment Costs

- 1048.** It is a requirement for the salaries cash book to reflect 'nil' balances at the end of each month as a control mechanism for the payment of wages and salaries. However, for the period under review, the cash book reflected significant balances, both positive and negative, as shown below:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
February	(31,103)	July	(105,750)
March	(289,625)	October	37,565
April	696,311	November	40,589
May	(70,309)	December	5,090,121
June	4,422,384		

- 1049.** This state of affairs is a reflection of apparent lack of care in the monitoring of the payment of wages and salaries as well as the balances in the cash book and can lead to irregularities. The Accounting Officer is therefore advised to ensure that strict controls are exercised over the payment of wages and salaries.
- 1050.** The salaries bank account Nos. 674, 675 and 860, which became non-operational in July 1996, were not reconciled for the period under review, and it could not be determined when last this was done. In addition, account Nos. 674 and 860 reflected overdrafts of \$18,479 and \$896,060 respectively as at 31 December 1998 while account No. 675 reflected a positive balance of \$12,351 as at the same date. These matters were drawn to attention in my previous reports and despite this there was no evidence of any action taken to investigate the overdrafts and to reconcile and close the accounts.
- 1051.** The new salaries account No. 3084 was only reconciled up to December 1997 at the time of the audit in August 1999. In addition, this account was

overdrawn by \$20.561M as at 31 December 1998. The Accounting Officer explained that the overdraft was due mainly to deposits not being made in a timely manner because of the remoteness of the area.

- 1052.** An examination of the bank statements relating to this account revealed 465 instances in which the account was overdrawn during the period under review. The following are the overdraft balances at the end of the respective months.

MONTH	OVERDRAFT \$	MONTH	OVERDRAFT \$
February	6,728,125	October	1,289,849
March	2,960,224	November	6,696,124
April	10,555,889	December	20,561,091
September	1,801,370		

Notwithstanding the explanation given, a concerted effort should be made to ensure that deposits are made in a timely manner to avoid the account being overdrawn.

- 1053.** An examination of the Register of Contributors to the National Insurance Scheme and related records revealed that one hundred and thirty-two (132) employees were not registered with the Scheme. The Accounting Officer explained that these were casual employees who were stationed in remote areas and that efforts would be made to have them registered with the Scheme.

### **Other Charges**

- 1054.** Amounts totalling \$22M were expended on fuel and lubricants. However, of the twenty-two (22) vehicles and equipment under the control of the Region, log books were only produced for seven (7) of vehicles and equipment. In the absence of the log books for the remaining fifteen (15) vehicles and equipment, it could not be determined whether effective control was exercised over the use of these assets. The Accounting Officer is advised to ensure strict adherence to the Regulations as they relate to the control over the use of vehicles and equipment

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

**1055.** Section 6(2) of the Stores Regulations of 1993 provides for the maintenance of a stores ledger by the Regional Accounting Unit to serve as an independent record of receipts and issues of stores items. This is in addition to bin cards being maintained by the Storekeeper. However, only bin cards were maintained. This matter was drawn to attention in my previous reports, but no action was taken to implement the requirements of this section.

**Other Matters**

**1056.** The ordinary imprest bank account No. 992, which became non-operational in August 1996, was not reconciled since its establishment in 1994. In addition, this account reflected a large balance of \$150.005M as at 31 December 1998. Investigations revealed that in October 1998 an erroneous deposit of \$150M was made into this account by the Bank. This error was corrected in May 1999. There is also an old imprest account No. 676 which reflected a positive balance of \$5,196. The Accounting Officer had explained that the Accountant General's Department was written to with a view to closing both accounts but was advised that they had to be reconciled first.

**1057.** The new ordinary imprest account No. 3099 was last reconciled to 31 December 1997 at the time of audit. This account was also overdrawn by \$17,088 as at 31 December 1998. In addition, an examination of the bank statements relating to this account revealed forty-three(43) instances in which the account was overdrawn during the period under review. The following are overdraft balances at the end of the respective months:-

<b>MONTH</b>	<b>OVERDRAFT \$</b>	<b>MONTH</b>	<b>OVERDRAFT \$</b>
January	7,574	October	958,064
February	14,182	November	47,088
August	355,583	December	17,088
September	49,064		

**1058.** In relation to the failure to reconcile bank accounts, the Accounting Officer explained that this was due to staff constraints. Since reconciliation of bank accounts is a basic element of internal control, efforts should be made to increase the staff complement in the Regional Accounting Unit.

## Capital Expenditure

### Subhead 12001 - Buildings (Health)

**1059.** The sum of \$2.8M was budgeted for the rehabilitation of the Mabaruma Hospital and medex quarters and the nurses' hostel at Matthews Ridge. The full amount was expended in the rehabilitation of the following:-

DESCRIPTION	AMOUNT \$
Nurses' hostel at Matthews Ridge	1,076,410
Medex quarters at Mabaruma	990,876
Mabaruma Public Hospital	732,619
<b>TOTAL</b>	<b>2,799,905</b>

Except for the Nurses' Hostel at Matthews Ridge, the works were physically verified.

### Subhead 12002 - Buildings (Administration)

**1060.** The sum of \$2.6M was allocated for the rehabilitation of Pakera Guest House and the completion of the guest houses at Moruca and Mabaruma. Amounts totalling \$2.594M were expended on the completion and/or rehabilitation of the following:-

DESCRIPTION	AMOUNT \$
Mabaruma Guest House	903,797
Moruca Guest House	891,078
Port Kaituma Guest House	799,001
<b>TOTAL</b>	<b>2,593,876</b>

**1061.** As can be noted, no work was undertaken at the Pakera Guest House while rehabilitation works totalling \$799,001 were carried out at the Port Kaituma Guest House. However, there was no evidence that approval was granted for a change of programme to undertake the latter works. The Accounting Officer explained that the Pakera Guest House, which was located in a remote area, was hardly being used and a decision was taken to rehabilitate the Port Kaituma Guest House instead. Notwithstanding the explanation given, every effort should be made to ensure strict adherence to the Regulations as they relate to changes in programmes approved by the National Assembly.

**1062.** The works at the Mabaruma Guest House were physically verified. However, because of the remoteness of the area, no physical verification was done in respect of the other two works.

**Subhead 12003 - Buildings (Education)**

**1063.** The sum of \$7.7M was allocated for (a) rehabilitation of nursery schools at Bumbury and primary schools at Chinese Landing and Mabaruma (b) rehabilitation and extension of the regional education building and (c) construction of primary school at Kwebana and four (4) headmasters' quarters. Amounts totalling \$6.5M were expended in the rehabilitation and/or construction of the following:-

DESCRIPTION	AMOUNT	AMOUNT
	\$	\$
Sheba Nursery School	460,173	
Mabaruma Primary School	632,007	
Regional Education Building	679,723	
Headmaster's quarters – Barima River	215,924	Headmaster's quarters
quarters – White Water	168,923	
Headmaster's quarters – St. John, Waini River	397,490	
Teacher's quarters – Yarakita	182,714	
		2,736,954
Mabaruma Public Hospital	289,375	
Black Water Primary School – Barima River	695,083	
Sacred Heart Primary School – Aruka River	817,024	





Hosororo Swamp Road	1,881,220	
Yarakita Road	1,558,000	
Wauna Swamp Road	664,412	
White Water Road	436,955	
Cam Water Road	420,575	
Barima Swamp Road	372,809	5,333,971
<b>TOTAL</b>		<b>11,198,001</b>

**1067.** As can be noted, expenditure totalling \$5.334M was incurred for works not reflected in the Region's Capital Profile and there was no evidence that approval was granted for a change in programme to accommodate the expenditure. The Accounting Officer explained that funds were available and, since these roads were in need of repairs, the unutilised balance was expended on these roads. Notwithstanding the explanation given, approval for a change in programme should have been sought. The works were nevertheless physically verified, except those relating to Kumaka Hospital - Kwebana Road, Yarakita Road, White Water Road and Cam Water Road.

#### **Subhead 19001 - Agricultural Development**

**1068.** An amount of \$3.6M was voted for the construction of revetment at Morawhana, Barabina and Barima end roads. The full amount was expended. The works were physically verified.

#### **Subhead 24002 - Land & Water Transport**

**1069.** The sum of \$3.2M was allocated for the purchase of (a) two(2) outboard motors and one (1) wooden balahoo for the Regional Administration (b) one wooden Balahoo for the Education Department, and (c) one (1) outboard motor and two wooden boats for the Health Department. The full amount was expended. The items purchased were verified as having been received and brought to account.

#### **Subhead 25001 - Equipment & Furniture (Administration)**

**1070.** An amount of \$1M was allocated for the purchase of one (1) photocopy machine and one (1) computer of which amounts totalling \$989,000 were

expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 25003 - Furniture & Equipment (Education)**

**1071.** The sum of \$950,000 was voted for the purchase of desks, benches, tables and chairs for schools in the Region. Amounts totalling \$945,500 were expended. The items purchased were verified as having been received and properly brought to account in the records of the Region.

**Subhead 25004 - Furniture (Staff Quarters)**

**1072.** The sum of \$2M was allocated for the purchase of furniture for health staff including beds, gas stove, tables and chairs. The full amount was expended. The items were verified as having been received and properly brought to account.

**Subhead 25005 - Furniture & Equipment (Health)**

**1073.** The sum of \$1.720M voted for the purchase of two (2) air conditioning units and medical instruments for the Mabaruma Public Hospital of which amounts totalling \$1.709M were expended. However, at the time of the audit in August 1999, medical instruments valued at \$653,239 had not been received by the Region. The Accounting Officer gave the assurance that the supplier would be contacted with a view to supplying the outstanding items. The other items purchased were verified as having being received and properly brought to account.

**HEADS 15-03 & DIVISION 532**

**REGION 2 - POMEROON/SUPENAAM**

## Current Expenditure

### Employment Costs

- 1074.** The wages and salaries bank account Nos. 677 and 678, which became non-operational in July 1996, were overdrawn by \$297,127 and \$410,744 respectively as at 31 December 1998. At the time these accounts ceased to be operational, they were overdrawn by \$2.139M and \$158,423 respectively and were not reconciled for subsequent periods. The Accounting Officer had explained that these overdrafts were coming forward for sometime and that the Bank was written to on several occasions on the matter. At the time of reporting, however, it could not be determined what action was taken by the Bank in respect of these overdrafts. It is again recommended that the overdrafts be investigated with a view to clearing them and that steps be taken to close these accounts.
- 1075.** In my 1997 Report, one (1) instance of overpayment of salaries totalling \$110,934 was brought to the attention of the Accounting Officer. However, up to the time of reporting, there was no evidence to indicate that the amount had been recovered.
- 1076.** A comparison of the authorised staff strength of the Region in 1998 with the actual staff strength in December 1998, revealed an excess of 1162, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Administrative	25	140	115
Senior Technical	79	293	214
Other Technical & Craft Skills	218	208	-
Clerical & Office Support	85	116	31
Semi-skilled Operatives etc.	390	672	282
Contracted Employees	0	4	4
Temporary Employees	0	526	526
<b>TOTAL</b>	<b>797</b>	<b>1959</b>	<b>1162</b>

**1077.** Explanations obtained as well as further analysis carried out, revealed that the authorised staff strength of the Region as reflected in the National Estimates did not include teachers which numbered 1,158 as per December 1998 Payroll.

**Other Charges**

**1078.** Cheque orders are required to be cleared within sixteen(16) days of their issue through the submission of bills, receipts and other supporting documents. However, cheque orders were being cleared on average 30 days after they were issued. In addition, at the time of reporting, seventy-five(75) cheque orders totalling \$3.499M in respect of salaries and wages. Further, in my 1997 Report, mention was made of three(3) outstanding cheque orders in respect of purchases totalling \$317,930. Up to the time of reporting, these have also not been cleared. The Accounting Officer gave the assurance that these outstanding cheque orders would be investigated.

**1079.** In my 1997 Report, it was mentioned that a physical survey of the Hardware Store at Anna Regina on 12 March 1998 revealed an accumulated shortage of 19,576 gallons of gasoline valued at \$4.307M covering the period 13 June 1996 to 12 March 1998. As a result, three(3) officers were charged by the Police and at the time of reporting, the matter was still engaging the attention of the Court.

**1080.** According to the Appropriation Accounts, amounts totalling \$7.769M were expended fuel and lubricants. However, of the twenty-five(25) serviceable vehicles and equipment for which log books were required to be maintained, log books were not presented for seven (7) vehicles, as detailed below:-

<b>VEHICLE NO.</b>	<b>ASSIGNED TO</b>	<b>VEHICLE NO</b>	<b>ASSIGNED TO</b>
PFF 2890	Region Admin.	Ford Tractor 14003	O & M
PFF 8789	Health Dept.	Grader 19264	O & M
PDD 6728	Health Dept.	Dragline No. 1	O & M
PCC 8956	Health Dept.		

**1081.** In respect of the eighteen(18) vehicles and equipment for which log books

were presented, there were partial submissions in respect of 14. The Accounting Officer explained that the Transport Officer, who had responsibility for the monitoring of the use of these vehicles and equipment, resigned sometime in August 1999, and that the log books in question might have been misplaced. He gave the assurance that efforts would be made to locate these books. It should be noted that a similar comment was made in my 1997 Report.

**1082.** 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, it could not be satisfactorily determined whether effective control was exercised over the use of the Region's vehicles and equipment.

**1083.** Amounts totalling \$11.010M were expended on rental and maintenance of buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Repairs to Superintendent of Lands quarters	1,145,810
Repairs to Charity market building	798,943
Repairs to Queenstown Primary School	579,515
Repairs to Education office building	844,523
Repairs to classroom at Anna Regina Multilateral School	611,102
Repairs to Suddie Hospital	560,600
Miscellaneous repairs (\$180,000 - \$450,000)	2,083,798
Miscellaneous repairs (Below \$180,000)	586,729
Purchase of cleaning supplies	2,455,841
Purchase of electrical items	604,444
Rental of buildings	53,742
<b>TOTAL</b>	<b>11,009,910</b>

The various works undertaken were physically verified while the purchases were verified as having been received and properly brought to account.

**1084.** Amounts totalling \$10.133M were expended on maintenance of infrastructure. The following gives a breakdown of the expenditure:-

282	
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DESCRIPTION	AMOUNT \$
Construct fence at 8 <sup>th</sup> of May Community High School	478,935
Transport sand to Richmond Housing Scheme	685,623
Miscellaneous repairs (below \$180,000)	4,074,113
Miscellaneous repairs (\$180,000 - \$450,000)	4,693,551
Purchases	200,578
<b>TOTAL</b>	<b>10,132,800</b>

The various works undertaken were physically verified while the purchases were verified as having been received and properly brought to account.

- 1085.** Amounts totalling \$9.725M were expended on electricity charges. However, the Electricity Charges Register reflected a total of \$9.732M, giving a difference of \$7,368. In addition, in my 1996 Report, it was observed that the Region paid electricity charges totalling \$80,669 for two(2) officers who occupied Government quarters. This matter was drawn to the attention of the Accounting Officer who had written the officers with a view to recovery of the above amount. However, up to the time of reporting, the amount was not recovered. A number of other officers living in the Suddie Hospital Compound were also enjoying free electricity since there were only two(2) meters in the Compound. Up to the time of reporting, no amounts were recovered.
- 1086.** Amounts totalling \$2.666M were expended on the payment of rates and taxes on Government buildings for 1998 to the Anna Regina Town Council, and the Riverstown/Annandale Neighbourhood Democratic Council. However, a register of government buildings was not maintained. This record is necessary to effect periodic reconciliation with those of the Town Council and the NDC's.
- 1087.** Amounts totalling \$12.617M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Travelling expenses	6,279,100
283	

Purchase of spares	5,606,108
Hire of vehicles	719,000
Postage	167,500
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<b>TOTAL</b>	<b>12,617,208</b>

The purchases were verified as having been received and properly brought to account while the other expenditures were verified as having been properly incurred.

- 1088.** Amounts totalling \$2.070M were expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Repairs to equipment	413,365
Wages to casual employees	196,200
Payment of water rates	111,239
Purchases	246,065
Supervision of examinations	431,820
Disposal of garbage	199,000
Other	471,912
<b>TOTAL</b>	<b>2,069,601</b>

These expenditures were verified as having been properly incurred.

- 1089.** Amounts totalling \$1.092M were as Subsidies and Contributions to a Local and International Organisations. This amount was paid to the Operations and Maintenance Section of the Region. This section maintained a separate bank account and revenues derived from its operations were paid into this account instead of the Consolidated Fund. Similarly, expenditures relating to the operations of this section continued to be met out of this account. As a result, both the statement of receipts and disbursements and the appropriation accounts of the Region were understated by \$26.781M and \$28.218M respectively. The bank account was also not reconciled for the period under review. It is recommended that the cost of the operations of the O & M Section be met from appropriations. In this way, the revenue



derived from its operations can be paid over gross to the Consolidated Fund. If this course of action is taken, there would be no need to operate a separate bank account. It is therefore also recommended that the balance on this account be transferred to the Consolidated and steps taken to effect its closure.

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

**1090.** 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 store-keeping 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; and
- (f) Neither a stock ledger nor bin cards were maintained during the period under review.

These matters were drawn to attention in previous reports.

**1091.** The following observations were made in relation to a visit to 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; and
- (c) The Storekeeper was not in possession of the specimen signatures of persons who were authorised to approve of issues.

These matters were also drawn to attention in previous reports.

**1092.** Despite the disposal of a number of unserviceable items in early 1997, several unserviceable machinery and equipment were still in the Mechanical Workshop at the time of inspection. The Accounting Officer explained that a list of unserviceable items was being compiled and approval from the Secretary to the Treasury would be sought to dispose of them by way of public auction.

**1093.** In my 1997 Report, mention was made of an apparent shortage of 5,751 gallons of dieselene at the Mechanical Workshop. The Accounting Officer had explained that in 1996 a water tender collided with the fuel tank causing a large amount of fuel to spill. However, at the time of reporting there was no evidence to indicate that a losses report was submitted to the Secretary to the Treasury for a consideration and for the loss to be written off.

**1094.** A physical verification of dieselene on 26 October 1999 revealed an apparent shortage of 2,558 gallons of dieselene valued at \$741,820, as computed below:

	<b>GLNS.</b>
Physical Balance as at 21 September 1998	2,065
Add Receipts for the period 21.09.98 – 26.10.99	19,559
	21,624
Less Issues from 21.09.98 – 26.10.99	19,058
286	

Amount to be accounted for	2,566
Physical balance as at 26.10.99	8
<b>Apparent shortage</b>	<b>2,55</b>

The Accounting Officer explained that the Field Audit Section was investigating the matter.

**1095.** The following unsatisfactory features were observed based on an inspection of the records of the Suddie Hospital Ration Store:-

- (a) There was no cross-referencing between RTP's, Goods Received Book and the Stock Ledger. This made verification tedious and very time-consuming; and
- (b) A physical verification of a sample of fifty-four(54) items on 9 July 1999 revealed discrepancies in respect of thirty-one (31) items.
- (c) Items continued to be supplied in a piece-meal manner making it very time consuming to accurately verify the receipt, recording and issuing of these items. In addition, an examination of the records revealed that amounts totalling \$134,175 have not been supplied.

**1096.** An inspection of the Suddie Hospital Drug Bond revealed that a large quantity of drugs were written off the stock records in April 1997 as being expired and were subsequently destroyed by the Analyst Department. However, a certified list of such drugs was not made available for audit examination in order to verify the extent of the write off. In any event, a losses report should have been submitted to the Secretary to the Treasury and approval should have been obtained for the loss to be written off.

**1097.** In my 1996 Report, it was mentioned that an examination of the Loans Register revealed that seven(7) pieces of equipment were loaned to various agencies but had not been returned. There was also evidence that several other items which had been loaned prior to 1996 had not been returned to the Regional Administration. Up to the time of reporting, the items still remained outstanding.

**1098.** A master inventory was not kept to record fixed assets held by the Region, and sectional inventories were not maintained in respect of Administration,

Agriculture and Education. In the circumstances, it could not be satisfactorily determined whether all fixed assets under the control of the Region were duly accounted for and properly safeguarded.

- 1099.** An examination of the Gifts Register kept at Suddie Hospital revealed that numerous gifts of drugs and other medical supplies were received from various donor agencies and individuals. However, certified lists of such items from these agencies and individuals were not presented for audit examination. In the circumstances, it could not be determined whether all gifts were properly accounted for.
- 1100.** During the period under review, eighty-seven(87) officers were occupying Government quarters. However, only twenty(20) officers were paying rentals. A satisfactory explanation was not given why the others were not charged for the use of these state properties. In addition, only \$50 and \$60 were charged per month instead of 10% and 12% of the officers' salaries respectively.

### **Other Matters**

- 1101.** The Imprest Bank Account No. 679, which became non-operational in July 1996, was overdrawn by \$395,209 as at 31 December 1998 and was last reconciled to December 1995. However, draft reconciliation was seen up to December 1996. Efforts should be made to investigate the overdraft with a view to clearing it and to ensure prompt reconciliation of this account.
- 1102.** Twelve(12) instances were observed where advances granted from the Imprest were cleared by instalments. Several advances were also not cleared within the stipulated periods. Efforts should be made to avoid a recurrence of these lapses.

### **Capital Expenditure**

#### **Subhead 12001 - Buildings (Health)**

- 1103.** The sum of \$9.8M was provided for (a) the rewiring of the nurse's hostel and annex at Suddie, Suddie Hospital maternity unit and operating theatre (b) the rehabilitation of Oscar Joseph Hospital at Charity, Supenaam Dispensary, nutrition officer's quarters and technicians' quarters and (c) construction of

new health post at Dredge Creek. Amounts totalling \$6.176M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of a new health post at Dredge Creek	2,160,559
Rehabilitation of Oscar Joseph Hospital at Charity	1,560,448
Rehabilitation to Supenaam Dispensary	1,112,170
Rewiring of Nurses' hostel and annex at Suddie	864,350
Construction of stelling at Dredge Creek	474,050
Purchase of pipe fittings	4,370
<b>TOTAL</b>	<b>6,175,947</b>

- 1104.** The rewiring of the Suddie Hospital was undertaken by the Region in the sum of \$2.9M but was financed from funds provided by the Ministry of Health. In relation to the construction of health post at Dredge Creek, the contract was awarded to the third lowest bidder in the sum of \$2.161M on the grounds that he was living closest to the job site. The lowest bid was \$1.763M while the Engineer's Estimate was \$2.161M.
- 1105.** Another contract was awarded to the same contractor in the sum of \$474,050 for the construction of a stelling at Dredge Creek without any form of competitive bidding. The Accounting Officer explained that the contractor was already mobilised and it was decided to award the contract to him. In addition, there was no evidence that approval was granted for was a change in programme to accommodate this expenditure. The Accounting Officer explained that for the health post to be operational, it was necessary to construct the stelling. The works were all physically verified.
- 1106.** The contract for the rehabilitation of Supenaam Dispensary was awarded to the fourth lowest bidder in the sum of \$805,250 on the grounds that the lower bidders did not have a satisfactory tract record with the Region. The lowest bid was \$760,106 while the engineer's Estimate was \$870,320. Another contract was awarded for the construction of foot path and concrete drains in the sum of \$306,920. The works were physically verified.

#### **Subhead 12002 - Buildings (Education)**

- 1107.** The sum of \$19.5M was voted for (a) the construction of a nursery school at

Affiance and storage bond at Cotton Field (b) extension of Adventure Nursery School, Charity Nursery School and St. John's Primary School at Pomona and (c) enclosure of the bottom floor of Abram's Creek Primary School, Pomeroon. Amounts totalling \$10.995M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of nursery school at Affiance	3,530,619
Extension of St. John's Primary School	2,077,703
Extension to Charity Nursery School	1,815,085
Construction of storage bond at Education Office	1,651,800
Enclosure of bottom floor at Abram's Creek Primary	1,363,070
Repairs to roof at Adventure Nursery School	479,000
Miscellaneous	77,950
<b>TOTAL</b>	<b>10,995,227</b>

- 1108.** The contract for the construction of the nursery school at Affiance was awarded in the sum of \$2.214M following a system of competitive bidding and adjudication by the Regional Tender Board. Two other contracts valued at \$757,290 and \$270,000 were awarded to the same contractor for additional works (due to change of design) to be undertaken without any form of competitive bidding. These two contracts were effect variations and since in total they exceed 10% of the original contract, the approval of the Regional Tender Board would have been required. The works undertaken were nevertheless physically verified.
- 1109.** In relation to the extension of the St. John' Primary School, three(3) contracts valued at \$2.078M were awarded to the same individual. The main contract valued at \$1.613M was awarded to the second lowest bidder on the grounds of easier accessibility to the work site. While the second contract valued at \$246,210 was awarded following a system of quotations, the third contract valued at \$218,500 on the sole authority of the Accounting Officer. The works undertaken were physically verified.
- 1110.** Two(2) contracts were awarded to the same contractor for the construction of the Charity Nursery School. The first contract was awarded to the lowest bidder in the sum of \$1.737M. The second contract, which is in effect a variation, was awarded for \$78,250 for additional works to be done to the building and it would have been more appropriate for a variation order to be

issued. The works undertaken were physically verified.

- 1111.** The following three(3) contracts were awarded for the enclosure of the bottom floor of the Abram's Creek Primary School, Pomeroon:-

<b>DATE</b>	<b>CONTRACT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
98.10.22	104/98	Enclose ground floor	683,690
98.11.13	147/98	Additional works	289,380
98.12.29	229/98	Cast concrete floor and foot path	390,000
<b>TOTAL</b>			<b>1,363,070</b>

- 1112.** The first contract was awarded to the third lowest bidder at the Engineer's Estimate of \$683,690 on the grounds that the lowest bidder was engaged in another job. No reason was, however, stated why the second lowest bid was considered. In addition, there was no evidence that a system of quotations was followed in relation to Contract 147/98. The works were nevertheless physically verified.

- 1113.** The contract for the rehabilitation of the Adventure Nursery School was awarded in the sum of \$479,000 following the application of a system of quotations instead of public advertisement and adjudication by the Regional Tender Board. The works were physically verified.

**Subhead 12003 - Buildings (Administration)**

- 1114.** The sum of \$5M voted for (a) the rehabilitation of the Engineering Office building, Anna Regina (Phase II) and (b) the rehabilitation of the Regional Accounting Unit, Anna Regina (Phase III). Amounts totalling \$3.285M were expended on the rehabilitation of the following:-

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DESCRIPTION	AMOUNT \$
Engineering Office building (Phase II)	1,647,083
Regional Administration Bldg.	996,976
Regional Accounting Unit (Phase III)	637,650
<b>TOTAL</b>	<b>3,284,709</b>

**1115.** Three contracts were awarded to two contractors for the rehabilitation of the Engineering Office Building Phase II. The main contract valued at \$912,736 was awarded to the third lowest bidder on the grounds that the lowest and the second lowest bids were too low compared with the engineer's estimate of \$1.155M. The lowest bid was \$734,538. These as well as the other works were physically verified.

**Subhead 13004 - Miscellaneous D & I Works**

**1116.** The sum of \$90M was voted for (a) the construction and back fill of irrigation checks (b) the construction of timber bridges (c) construction and back fill of tail walls and (d) the construction of sluice gates and syphons and dredging of the out fall channels. Amounts totalling \$86.893M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction and back filling of 22 irrigation checks	25,781,734
Construction of four(4) revetments	20,553,825
Construction and back filling of 15 tail walls	18,800,411
Desilting 16 trenches	13,483,563
Construction of 3 timber bridges	4,656,435
Construction of 2 syphons	1,852,650
Cleaning 5 outfall channels	587,290
Construction of sluice gate	580,750
Purchases	596,529
<b>TOTAL</b>	<b>86,893,187</b>

**1117.** The construction and back filling of the irrigation checks was undertaken by twenty-two(22) contracts, six(6) of which were not awarded to the lowest bidders for various reasons. There were also variations totalling \$642,820 in



respect of three(3) contracts. The works were physically verified.

**1118.** Four(4) contracts were awarded for the revetment works, only one(1) of which was awarded to the lowest. The reasons stated were that the bidders were either engaged in other jobs or did not have the requisite machinery. In particular, Contract No.233/98 was awarded to the 22<sup>nd</sup> lowest bidder in the sum of \$7.951M for the construction of 450ft. timber revetment at Cullen on the grounds of availability of machinery and performance. No reason was given why the other bids were not considered. The lowest bid was \$3.494M while the Engineer's Estimate was \$8.869M. In addition, there was a variation of \$1.490M, giving a revised contract sum of \$9.442M. Further, two(2) of these contracts valued at \$15.634M appeared to have been subdivided to avoid adjudication by the Central Tender Board since the revetment works were on the opposite side of the trench. Notwithstanding these observations, the works were physically verified.

**1119.** The construction of the tail walls was undertaken by fifteen(15) contracts, five(5) of which were not awarded to the lowest bidders for reasons already mentioned. There were also variations totalling \$345,520 in respect of three(3) contracts. Similar observations were made in respect of the desilting of trenches. These and the other works undertaken were physically verified.

**Subhead 14001 - Roads**

**1120.** The sum of \$25M was voted for upgrading of roads at (a) Johanna Cecelia, Oku Quarter including one culvert (b) Johanna Cecelia Dam, Golden Fleece, School Street in Queenstown, streets in old housing scheme at Richmond, streets in Government Compound and Clarence Young Street and (c) payments of liabilities incurred in 1997. The full amount was expended in the upgrading of the following streets:-

DESCRIPTION	AMOUNT \$
Oku Quarter Street, including one culvert Street at Government compound	4,813,056 421,085
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Clarence Young Street	2,800,000
Banie Street	1,900,480
G.T. & T Street	3,364,740
Middle Street, Reliance	3,601,700
Jabber Street	950,100
Hampton Court Estate Road	6,845,587
Miscellaneous	302,545
<b>TOTAL</b>	<b>24,999,293</b>

- 1121.** The contract for the upgrading of street at OKU Quarter, Johanna Cecelia was awarded to the fourth lowest bidder in the sum of \$4.099M on the grounds that the second lowest bidder already had a job and lowest and third lowest bidders had no experience in doing jobs involving crusher run. The lowest bid was \$3.417M.
- 1122.** The contract for the upgrading of Clarence Young Street was awarded to the second lowest bidder in the sum of \$2.8M on the grounds that the lowest bidder, whose bid was \$2.405M, had no experience. A similar observation was made in relation to the upgrading of Banie and G.T & T streets where the contracts were awarded to the fourth lowest bidders either because the other lower bids were well below the Engineer's Estimate or because of a lack of experience. The lowest bids were \$1.606M and \$2.629M respectively. Approval was granted for a change in programme to upgrade the Banie and G T. & T streets.
- 1123.** The contract for the upgrading of Middle Street, Reliance was awarded to the fifth lowest bidder in the sum of \$3.602M on the grounds that he did works of this nature before to the satisfaction of the Regional Administration. The lowest bid of \$1.2M was considered too low in comparison with the Engineer's Estimate of \$3.661M No reason was, however, stated why the other bids were not considered. The second lowest bid was \$2.593M.
- 1124.** The contract for the Hampton Court Estate Road was awarded to the third lowest bidder in the sum of \$7.867M because of the contractor's ability and ownership of the necessary machinery. No reason was, however, stated why the other lower bids were not considered. The lowest bid was \$4.354M

while the Engineer's Estimate was \$8.806M. All the works undertaken were physically verified.

### **Subhead 19001 - Land Development**

- 1125.** The sum of \$10M was voted for (a) construction of heavy duty bridges at Charity and, Suddie (b) upgrading of dams at Charity, Richmond, Henrietta and Pomona (c) construction of box culverts at La Belle Alliance, Suddie and Pomona (d) excavation of drains at JIB and (e) payment for upgrading Charity Market site. Amounts totalling \$9.893M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Upgrading streets at Richmond Housing Scheme	3,930,430
Upgrading streets at Henrietta New Housing Scheme	2,794,815
Construction bridge at Charity New Housing Scheme	1,619,400
Upgrading Charity Market Road	1,013,000
Upgrading Charity New Play Field	254,250
Excavate drains at JIB New Housing Scheme	204,000
Miscellaneous	76,800
<b>TOTAL</b>	<b>9,892,695</b>

- 1126.** The main contract for the upgrading of streets with crusher run at Henrietta New Housing Scheme was awarded in the sum of \$2.285M to the second lowest bidder on the grounds that he is the supplier of crusher run and has the necessary machinery to do the job. The lowest bid was \$2.063M.

- 1127.** Five(5) contracts were awarded the contract for the upgrading of streets at Richmond Housing Scheme. One of these contracts valued at \$1.461M was awarded to the fourth lowest bidder at the Engineer's Estimate on the grounds that the lowest tender was incomplete, the second lowest had no valid certificate of compliance and the third lowest was earmarked for another job.

**1128.** The contract for the construction of one heavy duty bridge at Charity Housing Scheme was awarded in the sum of \$1.619M to the second lowest bidder on the grounds that the lowest bidder resided outside of the Region and that his performance would have to be verified. The lowest bid was \$1.607M. The works undertaken were all physically verified.

**Subhead 24002 - Land & Water Transport**

**1129.** The sum of \$6.3M was voted for the purchase of four(4) speed boats, four(4) 75 H.P. outboard motors, one(1) canter vehicle and four(4) motor cycles to improve transportation facilities. Amounts totalling \$4.273M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construct four (4) wooden boats	495,000
Purchase of four(4) H.P outboard motors	1,588,000
Purchase of two(2) Honda motor cycles	790,000
Purchase of one(1) Canter Truck	1,400,000
<b>TOTAL</b>	<b>4,273,000</b>

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

**Subhead 25001 - Furniture & Equipment (Education)**

**1130.** The sum of \$3M was provided for the purchase of furniture and equipment for schools and the Education Department. Amounts totalling \$2.679M were expended. The items purchased/constructed were nevertheless verified as having been received and properly brought to account.

**Subhead 25002 - Furniture & Equipment ( Administration)**

**1131.** The sum of \$500,000 was voted for the purchase of telephone and intercom system. However, no expenditure was incurred. The Accounting Officer

explained that, after careful review, it was decided not to proceed with the purchase.

### **Subhead 26002 - Furniture & Equipment (Health)**

- 1132.** The amount of \$2M was provided for the purchase of a computer, a photocopier, an ECG machine, an air conditioning unit and other equipment. Amounts totalling \$1.458M were expended. The items purchased were verified as been received and properly brought to account.

## **HEADS 15-04 & DIVISION 533**

### **REGION 3 - ESSEQUIBO ISLANDS/WEST DEMERARA**

#### **Current Expenditure**

#### **Employment Costs**

- 1133.** An examination of the Diary of Changes revealed sixty-one(61) instances where pay change directives were forwarded by the Personnel Division of the Region to the Regional Accounting Unit (RAU) on an average of five(5) months later than the effective dates. This has resulted in the payrolls not being adjusted until several months later. This state of affairs can lead to irregularities. It is therefore again 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.
- 1134.** Amounts totalling \$13.025M were refunded to the Sub-Treasury as unclaimed salaries, mainly resulting from the observation contained in the previous paragraph. However, there was no evidence that the related deductions totalling \$545,025 were recovered from the relevant agencies. The failure to recover the deductions can be viewed as overpayments to the agencies concerned. In addition, the appropriation accounts would have been overstated by this amount. It is again recommended that action be taken to recover these amounts.

- 1135.** Of the amounts reflected as unclaimed salaries, sums totalling \$9.874M relate to the Education Department. However, an unclaimed salaries register was not maintained by this department to provide for an independent check and to monitor all unpaid salaries originating from that department. This matter was drawn to attention in my previous report. It is again recommended that urgent steps be taken to introduce this record.
- 1136.** The salaries and wages bank accounts Nos. 680 and 681, which became non-operational in July 1996, reflected balances of \$1.677M and \$30,690 respectively as at 31 December 1998. These balances should be transferred to the Consolidated Fund and steps be taken to close the accounts.
- 1137.** The salaries bank account No. 854, which also became non-operational in July 1996, was overdrawn by \$9.366M as at 31 December 1998. The Accounting Officer explained that the overdraft resulted partly from an irregularity of approximately \$4M which occurred some years ago and that the matter had been concluded by the courts without any conviction. He further explained that the Secretary to the Treasury was written to with a view to seeking a write-off. However, the matter still remained outstanding at the time of reporting. The remainder of the overdraft should be investigated with a view to clearing it and steps should be taken to close the account.
- 1138.** Three(3) new bank accounts were opened in July 1996 for wages and salaries. The cash books for these accounts are required to show 'nil' balances at the end of each month as a control measure. However, an examination of these records revealed significant balances at the end of each month, resulting from the failure to pay over deductions promptly to the relevant agencies. This situation remained uncorrected, despite comments to this effect in my previous report.
- 1139.** Several instances were noted where the cash books showed large negative balances, resulting from the payment of salaries before the receipt of the salaries cheques from the Sub-Treasury. This has resulted in the bank accounts being periodically overdrawn, especially the Education bank account No. 3088. In addition, account No. 3089 - Wages reflected an overdraft of \$1.135M as at 31 December 1998. Further, these two(2) bank accounts were not reconciled for the period under review. These matters were drawn to attention in my previous report and, despite this, there was no evidence of any action taken to remedy these deficiencies.

- 1140.** An examination of the Register of Contributors to the National Insurance Scheme(NIS) revealed 953 instances where the employees' NIS numbers were not quoted in the Register. In addition, no register was maintained for the Education Department and an examination of the payroll for that department for December 1998 revealed that there were 944 names without NIS numbers. Since registration with the NIS has implications for social security and other benefits, efforts should be made to ensure the prompt registration of employees.
- 1141.** An examination of a sample of 120 personal files revealed the following discrepancies:-
- (a) Two(2) officers of the Health Services Department were overpaid amounts totalling \$77,065 and \$37,194 as duty and acting allowances. In relation to the former amount, only \$11,559 was recovered when deductions ceased in January 1999. In respect of the amount of \$37,194, no recovery was made. The Accounting Officer gave the assurance that efforts would be made to recover the outstanding amounts as the persons are still employed;
  - (b) Six(6) officers were on maternity leave and were paid full salaries, in addition to the receipt of NIS benefits. In keeping with the NIS Regulations, these officers were only entitled to 30% of their salaries for the period involved. As a result, they were overpaid amounts totalling \$228,323; and
  - (c) Two(2) teachers had resigned their posts, but salaries were still prepared in their names for four(4) months. The net salaries were refunded but deductions totalling \$76,056 were paid over to the Dependants' Pension Fund (\$56,896) as mortgage repayments and the Guyana Public Service Co-operative Credit Union (\$19,160) towards outstanding loan balances. These amounts were still to be recovered by the Regional Administration at the time of reporting.
- 1142.** A comparison of the authorised staff shown in the 1998 Estimates of

Expenditure with the actual staff employed by the Region in December 1998, revealed that the authorised staff was substantially exceeded, as shown below, and for which a satisfactory explanation was not obtained:-

<b>DESCRIPTION</b>	<b>AUTHORISED</b>	<b>ACTUAL</b>	<b>EXCESS</b>
Administration	26	199	173
Senior Technical	339	246	-
Other Tech/ Craft Skilled	196	153	-
Clerical & Office Support	94	112	18
Semi- Skilled	426	1,147	721
<b>TOTAL</b>	<b>1,081</b>	<b>1,857</b>	<b>91</b>

### **Other Charges**

**1143.** Amounts totalling \$15.756M were expended on Materials, Equipment and Supplies. The expenditure is categorised as follows:-

<b>DESCRIPTION</b>	<b>NO. OF PURCHASES</b>	<b>AMOUNT \$</b>
Below \$90,000	691	11,247,394
\$90,000 - \$180,000	24	3,040,737
\$180,000 - \$6M	3	1,467,525
<b>TOTAL</b>	<b>718</b>	<b>15,755,656</b>

**1144.** In relation to 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, as required by the Tender Board Regulations. In addition, an electrocardiogram (ECG) machine was purchased at a cost of



\$661,500. This item is of a capital nature and should have been purchased under the Region’s capital programme. In fact, the purchase of the ECG machine was budgeted for under Subhead 25001 - Equipment (Health). Therefore, the charging of the amount of \$661,500 to current expenditure represents a misallocation of expenditure.

- 1145.** Amounts totalling \$7.268M were expended on fuel and lubricants. However, of the forty-three(43) vehicles and equipment for which log books were required to be maintained, log books were presented in respect of only sixteen(16) vehicles and for varying periods in the year. In the circumstances, it could not be determined whether effective control was exercised over the use of vehicles and equipment and whether the consumption patterns were realistic.
- 1146.** Amounts totalling \$18.134M were expended on Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Miscellaneous repairs (below \$180,000)	6,801,681
Miscellaneous repairs (\$180,000 - \$450,000)	9,313,519
Repairs to Maria’s Pleasure Primary School	692,920
Repairs to Crane No. 2 Nursery School	645,100
Repairs to Leonora Primary School	475,000
Repairs to Field Auditor’s Quarters	205,708
<b>TOTAL</b>	<b>18,133,928</b>

- 1147.** An examination of the expenditure of \$9.314M for miscellaneous repairs falling within the limits of \$180,000 and \$450,000, revealed that twenty-one (21) contracts totalling \$6.849M were awarded without adherence to system of quotations. Seventeen(17) of these contracts valued at \$5.386M were awarded to the same individual. A satisfactory explanation was not obtained in relation to these discrepancies. Notwithstanding these observations, the

works undertaken were physically verified.

- 1148.** The contract for the repairs to the Crane No. 2 Nursery School was awarded in the sum of \$383,000. There was a variation of \$280,000, giving a revised contract sum of \$663,000. The works were physically verified.
- 1149.** The contract for the repairs to the Field Auditor’s Quarters was awarded in the sum of \$433,690. However, only \$205,708 was paid to the contractor for work done. The Accounting Officer explained that the contractor requested a variation which was not granted. As a result, the contract was mutually terminated. A new contract was awarded in 1999 to complete the works.
- 1150.** Amounts totalling \$31.6M were expended on Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Construction of culvert at Hyde Park, Parika	1,307,340
Purchase of crusher run for Wakenaam	1,143,000
Construction of heavy duty bridge at Tuchen	790,520
Construction of bridge at Friendship, Wakenaam	536,100
Miscellaneous works (\$180,000 - \$450,000)	11,019,802
Miscellaneous works (below \$180,000)	16,802,826
<b>TOTAL</b>	<b>31,599,588</b>

- 1151.** In relation to the construction of the culvert at Hyde Park, there was no evidence that the proposed works were advertised and adjudicated by the Regional Tender Board. The contract was awarded on the sole authority of the Accounting Officer without a system of competitive bidding. In addition, the works undertaken were of a capital nature and the related expenditure should have been charged to the Capital Appropriation Account. Further, there was no provision in Capital Estimates for the construction of the culvert. The expenditure of \$1.307M was therefore unauthorised. Notwithstanding these observations, the works were physically verified.
- 1152.** The Region purchased 251.48 tons of crusher run valued at \$1.143M from

contractors for use in Wakenaam, instead of producers of quarry material. It is obvious that if the material was purchased from a producer, there might have been cost savings. In addition, there was no evidence a system was put in place to oversee the receipt of the crusher run. As a result, it could not be determined whether the full amount of the crusher run was received.

**1153.** Eleven(11) bids were received in response to public advertisement for the construction of a heavy duty bridge at Tuschen on the West Coast of Demerara. The contract was awarded to the second lowest bidder for \$790,520. The lowest bid was \$729,200 while the Engineer's Estimate was \$1.065M. The lowest bidder was disqualified for not submitting the required bid documents. The works were physically verified.

**1154.** The contract for construction of bridge at Friendship, Wakenaam was awarded for \$448,800. There was, however, no evidence that a system of quotations was applied before the contract was awarded. In addition, there was a variation of \$87,300, giving a revised contract sum \$536,100. Further, the construction of the bridge is an improper charge to current expenditure since the work was of a capital nature.

**1155.** Amounts totalling \$3.040M were expended on electricity charges. However, an examination of the Electricity Charges Register revealed recordings totalling \$395,011, resulting from the failure to update this record with all the bills from the Electricity Company. This record also bore no evidence of supervisory checks. It is recommended that the Electricity Charges Register be written up to date and be reconciled with the records of the Guyana Power and Light.

**1156.** Amounts totalling \$17.369M were expended on Transport, Travelling and Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Overtime meal and travelling allowances	7,535,713
Travelling and subsistence	4,745,188
Purchase of motor vehicle spares	3,944,194

Other expenditures	1,143,395
<b>TOTAL</b>	<b>17,368,490</b>

- 1157.** As can be noted, amounts totalling \$7.536M were expended on overtime meal and travelling allowances. However, there was no evidence that the Public Service Management had given its approval for the overtime work. In addition, the amounts paid as meal allowances did not confirm with the respective rates of \$100 and \$70 midday and after hours work. Instead, the Regional Administration had paid, in each case, the subsistence rate of \$400, which was only applicable for work away from base, over a time period of six (6) hours. Further, an overtime register, to give details of the hours of work, tasks assigned and extent of supervision of the process, was not kept.
- 1158.** During the period under review, amounts totalling \$3.944M were spent on the purchase of motor vehicle spares. However, while the purchases were subject to adequate stores accounting procedures, no historical records were kept in respect of the vehicles concerned. In the absence of this record, the total expenditure incurred on the repairs and maintenance of individual vehicles and equipment could not be readily determined.
- 1159.** Amounts totalling \$1.382M were expended on telephone charges. However, the Telephone Register reflected recordings totalling \$568,746 resulting from the failure to update this record with all the bills from the Guyana Telephone and Telegraph Company. The Register also bore no evidence of supervisory checks. In addition, while the record monitored both local and overseas calls, no provision was made to show details of private overseas calls and to distinguish them from official calls. As a result, it could not be determined whether the repayments in respect of overseas calls, which totalled \$22,789 out of the \$34,936 recorded in the Register, represented all amounts due to be refunded for the period.
- 1160.** Excess expenditure totalling \$3.634M was incurred under six(6) subheads. Since there were savings under other subheads, it would have been more appropriate for a virement of funds to have been sought to accommodate the

excess expenditure. The Accounting Officer explained that approval was granted verbally at the monthly releases meeting for virement of funds. However, follow-up action should have been taken to ensure that virement warrants were issued.

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

- 1161.** Three separate stores are maintained by the Regional Democratic Council - two(2) at Vreed-en-Hoop and one(1) at Crane. In respect of the store at Vreed-en-Hoop, it was observed that a number of items issued on loan since 1993 were not yet returned to the Store. If these items can no longer be recovered, then formal losses report should be prepared and submitted to the Secretary to the Treasury. In addition, a large quantity of unserviceable items were seen in the store without any evidence of action being taken to dispose of them.
- 1162.** A stock ledger was kept by the storekeeper of the Regional Hospital Store. It is recommended that this ledger be kept away from the store and bin cards be kept by the storekeeper to account for the stock. In addition, a physical inspection of the store in October 1999 revealed several instances where items were either short or were in excess. A large quantity of unserviceable stores were also seen in this store.
- 1163.** In relation to the Crane Store, bin cards were maintained by the storekeeper. However, the stock ledger was kept on the hard drive of a computer which had become non-operational. As a result, it was not possible to reconcile the bin card balances with the ledger balances.
- 1164.** The inventory records were not up to date since they were last checked in August 1997. In addition, a physical inspection carried out in October 1999 revealed that several items seen were not recorded on the inventory.

### **Capital Expenditure**

#### **Subhead 11001 - Bridges**

- 1165.** The sum of \$6.7M was allocated for the construction of bridges at Crane Old Road, Tuschen and Boerasirie Old Road. Amounts totalling \$4.234M were expended in the construction of the following:-

DESCRIPTION	AMOUNT \$
Bridge at Tuschen	922,520
Bridge at Crane Old Road	683,960
Bridge at Boerasirie Old Road	846,510
Bridge at Soesdyke Road Side	875,350
Bridge at B-Line Cameron Canal	905,710
<b>TOTAL</b>	<b>4,234,050</b>

- 1166.** Approval was granted for a change in programme to rehabilitate the bridges at Soesdyke Road Side and Line B - Line Cameron Canal. In relation to the rehabilitation of the bridge at Tuschen, the contract was awarded to the second lowest bidder in the sum of \$446,520. The lowest bid of \$362,580 was not considered because of a lack of “track record” with the Regional Administration. However, there was a variation of \$476,000, giving a revised contract sum of \$922,520. The variation was required for revetment works, not previously included in the original contract. A physical verification of the related works revealed that the actual bridge constructed fell short of its required twenty-eight (28) feet length by four (4) feet.
- 1167.** The contract the rehabilitation of the bridge at Boerasirie Old Road was awarded to the second lowest bidder in the sum of \$879,510. The lowest bid of \$721,628 was not favourably considered because the bidder was awarded two(2) previous awards for bridge works. Similarly, the contract for the rehabilitation of the Soesdyke Road Side Bridge was awarded to the second lowest bidder for \$809,750 because the lowest bidder, whose bid was \$719,792, did not have a “track record” with the Region. Two (2) additional amounts totalling \$65,600 were paid on the contract, thus increasing the contract price to \$875,350. However, reasons for the increases were not explained. The works undertaken were physically verified.
- 1168.** Twelve (12) bids were received in response to public advertisement for the rehabilitation of the bridge at B – Line Cameron Canal and the contract was awarded to the third lowest bidder for \$905,710. The Engineer’s Estimate was \$1.208M while the lowest and the second lowest bids were \$801,500

and \$845,860 respectively. The reasons for not preferring the lower tenders were as follows:-

- (a) The lowest bidder had no “track record” with the Region; and
- (b) The second lowest bid did not have a satisfactory performance record.

**1169.** A physical verification of the bridge could not be carried out due to the condition of the access road to the bridge which at the time of inspection in October 1999 was severely damaged. The road was also muddy and water logged.

**Subhead 12001 - Buildings (Education)**

**1170.** The sum of \$36.5M was voted for (a) completion of resource centre at Vreed-en-Hoop, (b) extension and completion and of nursery school at Patentia, (c) construction of nursery schools at Den Amstel, Anna Maria and Parika/Salem, and (d) rehabilitation of the Parika/Salem Primary School. Amounts totalling \$23.237M were expended as follows:-

DESCRIPTION	AMOUNT \$
Completion of Resource Centre at Vreed-en-Hoop	13,007,588
Construction of Den Amstel Nursery school	4,758,492
Extension and Completion of Nursery School at Patentia	3,057,275
Construction of Nursery School Parika/Salem	2,089,275
Consultancy Services	224,981
<b>TOTAL</b>	<b>3,237,347</b>

**1171.** As can be noted, nursery and primary schools were not constructed at Anna Maria and Parika/Salem. While the Accounting Officer could not explain

the failure to carry out work on the former, he indicated that the construction of the Parika/Salem Primary School was taken over by the Primary Education Improvement Project (PEIP).

- 1172.** The basis of the award of the contract for the construction of the Resource Centre in Vreed-en-Hoop could not be determined because of the fire which destroyed several documents relating to the Central Tender Board at the Ministry of Finance. The Central Tender Board had awarded the contract in 1997 in the sum of \$14.999M. Amounts totalling \$1.991M were expended during 1997 and the balance paid in 1998 on completion of the work. The construction of the Resource Centre was physically verified.
- 1173.** The extension and completion of the Patentia Nursery School was contracted to the fourth lowest bidder for \$2.453M, with a proviso that the job was to be completed “at a cost as close as possible to the Engineer’s Estimate of \$2.202M.” However, rather than a decrease in the cost, there was an unpaid variation of \$889,580 for miscellaneous work, thus increasing the contract price to \$3.343M. According to the minutes of the Tender Board, the lower tenders were not considered because their prices were far below the Engineer’s Estimate. The lowest bid was \$1.728M. The miscellaneous works undertaken were:-
- (a) Recasting of entire floor;
  - (b) Chipping of brick columns to facilitate casting of perimeter beams; and
  - (c) Dismantling of timber walls in the toilet and bathrooms areas.
- 1174.** The quantities for the additional works and the related costs were not stated in the variation documents. In the circumstances, the reasonableness of the sum of \$889,580 approved as a variation, could not be determined. However, an examination of the Engineer’s records indicated that in relation to item (a), the floor of the nursery school was already cast in concrete, but needed recapping at a cost of \$35,000. In addition, the Regional Engineer explained that he could only attest to a variation of \$125,000, but did not deny that he was at the Regional Tender Board meeting of 22 September 1998, which had approved the variation of \$889,580. This situation would seem to create doubt about the validity amount of the approved as a variation. Notwithstanding these observations, the rehabilitation works were physically verified.
- 1175.** The contract for the construction of Den Amstel Nursery School was



awarded to the seventh lowest bidder in the sum of \$5.120M based on previous performance. However, the reasons stated for not preferring the lower bids were that they either fell too far below the Engineer's Estimate of \$7.003M or that the person bidding did not have a "track record" in the Region. The lowest bid was \$4.284M. The construction was completed in 1999 and was physically verified. The final payment of \$361,324 was made in 1999.

- 1176.** In relation to the construction of Parika/Salem Nursery school, the contract was awarded to the third lowest bidder in the sum of \$5.301M based on his capacity and previous performance. However, the reason given for not preferring other lower bids was that they were far below the Engineer's Estimate of \$6.804M. The lowest bid was \$4.513M. At the 31 December 1998, the construction work was not completed. However, in October 1999 when an inspection was carried out the school was completed.

**Subhead 12002 - Buildings (Health)**

- 1177.** The sum of \$13M was allocated for the rehabilitation of the Tuberculosis (TB) Ward at the West Demerara Regional Hospital, the extension and repairs of the Administrative Buildings and the construction of the Hospital Furnace. Amounts totalling \$10.057M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of the Tuberculosis Ward	5,811,529
Extension and repairs of Administration Building	2,860,878
Consultancy services	77,902
<b>Sub-Total</b>	<b>8,750,309</b>
Discharge of 1995 liability	1,307,153
<b>TOTAL</b>	<b>10,057,462</b>

- 1178.** As can be noted, the construction of the Hospital Furnace was not undertaken. The Regional Tender Board had requested new bids, since both bids for the project which were received, were lower than the Engineer's Estimate of \$912,557. The discharge of the 1995 liability was in relation to an outstanding amount on the construction of a health centre at Meten-Meer-

Zorg. Approval was granted for a change in programme to meet the expenditure of \$1.307M.

- 1179.** The rehabilitation of the Tuberculosis Ward was divided into two(2) segments - the rehabilitation of the physical structure of the ward and electrical works. It was explained that this was done to ensure that the electrical works were carried out by a certified electrician. Four (4) bids were received for the rehabilitation of the physical structure. The contract was awarded to the second lowest bidder for \$1.176M on the disqualification of the lowest bidder for failure to submit all required bidding documents. The amount of the lowest bid was \$1.048M while the Engineer's Estimate was \$1.493M. However, it was observed that there was a variation of \$3.597M which was approved by the Finance Committee for the dismantling and replacement of (a) rotten zinc sheets (b) rotten uprights and beams (c ) old system of windows and (d) rotten galvanised pipes. It would appear that a proper assessment had not been made of the work to be carried out. A physical inspection carried out in October 1999 revealed that the rehabilitation works were completed.
- 1180.** Five (5) bids were received in response to public advertisement for electrical works to the Tuberculosis Ward. The contract was awarded to the third lowest bidder for \$1.181M. In considering the award of the contract, the Regional Tender Board discarded a favourable assessment committee report on the "track records" of the lower bids, since, according to them, "the quality of work done" by the persons concerned could not be seen while the third lowest bidder had worked satisfactorily for the Region. The works were nevertheless physically verified.
- 1181.** In relation to the rehabilitation of the administrative building at West Demerara, the contract was awarded in 1997 for \$5.651M and amounts totalling \$2.203M were expended in that year. During the year 1998, the contractor was paid an additional sum of \$2.861M, thereby increasing payments under the contract to \$5.064M. The rehabilitation work was substantially completed in 1998 and finalised in the year 1999.

### **Subhead 12003 - Buildings (Administration)**

- 1182.** The sum of \$2M was allocated for the completion of the Regional Administration Building at Vreed-en-Hoop of which amounts totalling \$1.720M were shown as expended. However, an analysis of the expenditure revealed that \$1.544M related to the completion of the Regional Administration Building, while the difference of \$176,000 was in respect of the purchase of time clocks. A review of the documents revealed that the purchase of the time clocks were incorrectly recorded in the vote account as \$176,000 instead of \$1.008M. As a result the appropriation account has been understated by \$832,000. Had this expenditure been correctly reflected, then there would have been excess expenditure of \$552,000 under this subhead.
- 1183.** The rehabilitation of the Administration Building had commenced in 1996 through the award of a contract for \$2.607M. In 1997, another contract was awarded in the sum of \$3.439M. Expenditure totalling \$3.964M had been incurred at the end of 1997. However, the funds had been exhausted under this subhead, resulting in the contract being mutually terminated. In 1998 the job was advertised and another contract entered into for completion of the works. This contract was awarded in the sum of \$1.581M to the third lowest of five(5) bids which were received. The reason for not considering the lower bids was not stated, but the preference for the contractor was stated as resulting from the fact that the initial phases of the job were done by that firm. Physical verification in September 1999 revealed that the works under the contract were completed according to design.
- 1184.** In relation to the purchase of the time clocks for \$1.008M, there was no evidence that approval was granted for a change in programme to accommodate the expenditure. In addition, there was no evidence that the purchase of the time clocks was publicly advertised. However, the Regional Tender Board considered the sole bid received and recommended the purchase based on the specifications seen and the fact that the clocks were to be battery operated. The purchase was approved by the Finance Committee. The time clocks were to be used to monitor staff punctuality and movement.
- 1185.** Investigations revealed that the clocks delivered to the Regional Administration were electrical clocks and not battery operated as ordered. In addition, the price charged by the supplier was more than double the price offered by reputable established suppliers for the same commodity. The following shows the difference in unit price charged by the supplier and the

quotations obtained from two established suppliers:-

COST	QUOTATIONS	UNIT PRICE	QUANTITY	TOTAL
		\$		\$
Supplier		168,000	6	1,008,000
1 <sup>st</sup> Quotation		60,000	6	360,000
2 <sup>nd</sup> Quotation		81,000	6	486,000

**1186.** It is evident that had a system of public advertisement and competitive bidding been applied, there would have been cost savings of \$522,000. In addition, the clocks were not in use at the time of the inspection, since consideration was not given to the reaction of the staff to the introduction of the clocks. It is understood that the introduction of the clocks was delayed by a protest action by members of staff. The Regional Administration was yet to consider returning the clocks to the supplier for failing to deliver the battery clocks specified in the agreement of purchase.

**Subhead 13001 - Agricultural Development (D & I)**

**1187.** The sum of \$35M was voted for (a) the rehabilitation and excavation of drainage and irrigation canals; (b) the construction of kokers in agriculture areas including Hogg Island and Phoenix; and (c) the dredging of outfall channels. Amounts totalling \$10.437M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of Koker at Pheonix, Leguan	5,168,050
Dredging of outfall at Pouderozen	2,550,000
Construction of greenheart box koker at Hogg Island	2,149,320
Other	569,951
<b>TOTAL</b>	<b>10,437,321</b>

**1188.** As can be noted, works were not undertaken on the rehabilitation and

excavation of drainage and irrigation canals in the Region and for which a satisfactory explanation was not obtained.

- 1189.** The contract for the construction of koker at Phoenix Leguan attracted two (2) bids in response to public advertisement. The contract was awarded to the higher bidder in the sum of \$5.945M. The lower bid was \$4.237M while the Engineer's Estimate was \$9.114M. The reason given for not preferring the lower bidder was that the requisite experience was lacking while the other bidder had the resources and experience to do the job. There was, however, a variation of \$648,000 which increased the contract sum to \$6.643M. At the time of the inspection, amounts totalling \$5.168M were paid for completed works under the contract.
- 1190.** The contract for the dredging of the out-fall channel at Pouderoyen was awarded to the third lowest bidder from among four(4) bids received in response to public advertisement. The contract sum was \$2.550M. The lowest bid was \$2.330M while the second lowest bid was \$2.391M. However, there was no evidence that an Engineer Estimate was prepared for the job. The reason given for the selection of the contractor was that he had the right equipment to do the job, in addition to an impressive record in dredging, while the lower bidders either did not state experience or availability of the appropriate equipment.
- 1191.** It should be noted that there were twenty-five(25) out-fall channels in the Region. The dredging of the Pouderoyen out-fall channel represented four (4%) percent of the work which should have been undertaken during 1998. A satisfactory explanation was not obtained for the failure to undertake the additional work.
- 1192.** The contract for the construction of greenheart box koker at Hogg Island was awarded to the second lowest bidder in the sum of \$2.329M. However, it could not be determined whether the job was publicly advertised. In addition, no reasons were given for not preferring the lowest bid of \$1.354M. The Engineer's Estimate was \$3.906M. Payments during 1998 for works under the contract amounted to \$2.149M.

**1193.** The following additional works totalling \$569,951 were done under this subhead . However, there was no evidence that approval was granted for a change in programme to accommodate this expenditure.

DESCRIPTION	AMOUNT \$
Fitting of stop logs at La Jealousie River Sluice	141,380
Engineering survey at Potosi Relief Channel	428,571
<b>TOTAL</b>	<b>569,951</b>

**Subhead 14001 - Roads**

**1194.** The sum of \$30M was voted for the construction of roads at Vergenoegen, Anna Catherina and completion of Second Street, Anna Catherina, Tamarind Dam at Stewartville and Crane Old Road. Amounts totalling \$27.498M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of De Groot-en-Kline Road	7,454,806
Construction of Thompson Road, Vergenoegen	6,158,771
Purchase of Crusher Run	3,861,759
Rehabilitation of Tamarind Dam, Stewartville	3,445,337
" " Anna Catherina	3,047,801
" " 2 <sup>nd</sup> Street, Anna Catherina	2,181,619
" " Crane Old Road	514,566
" " Papi and Kidram Street	137,170
Consultancy Services	531,304
Purchase of bidding document booklets	165,000
<b>TOTAL</b>	<b>27,498,133</b>

**1195.** The contract for the rehabilitation of the De Groot-en-Kline Road at Uitvlugt was not originally included in the list of projects to be undertaken in 1998. However, a change in programme was approved in July 1998. The contract was awarded through public advertisement to the second lowest of nine (9) bidders for \$7.423M. The lowest bidder was \$7.230M, while the Engineer's Estimate was \$8.248M. The lowest bidder was disqualified for not submitting the required documents. There was, however, a variation

\$402,247 which revised the contract sum to \$7.820M. The variation resulted from engineering necessities, which were not originally included in the agreement. Works under the contract was completed and were physically verified.

- 1196.** The contract for the rehabilitation of Thompson Road at Vergenoegen was awarded for \$6.598M to the third lowest of eight(8) bids received in response to public advertisement. The lower bids were \$6.005M and \$6.515M. These were not considered as a result of (a) a failure by the lowest bidder to use the tender documents provided and (b) the other bidder had other works to complete, which could have proved burdensome and would have delayed the intended completion of the project. As at 31 December 1998 amounts totalling \$6.159M were expended on the works which were completed at the time of the inspection in October 1999 and were physically verified.
- 1197.** The amount of \$3.867M expended on the purchase of crusher run represents a portion of the total cost of \$8.148M incurred in stockpiling of crusher run. The difference of \$4.281M was included under Subhead 19001 - Land Development. Had all amounts been charged to the subhead under review, an over-expenditure of \$1.784M would have been recorded.
- 1198.** The purchase of the crusher run was not approved by the Regional Tender Board but by the Accounting Officer without any form of competitive bidding. In addition, the crusher run was purchased from an intermediary company rather than from the quarry itself and was stock-piled at the Regional Administration's Crane compound. Further, the failure to purchase directly from the quarry producer would have resulted in a higher price being paid for the quarry materials. A system was also not in place to oversee the receipt of the crusher run in order to ensure that all the materials paid for were actually received.
- 1199.** At the time of the inspection, a quantity of crusher run was still on hand at the Crane Stores, but because of inadequate facilities to conduct a physical verification, the existing balance could not be determined.
- 1200.** The contract for the rehabilitation of Tamarind Dam, Stewartville was awarded in 1997 in the sum of \$8.054M and at 31 December 1997 amounts totalling \$2.780M were expended. The work was re-budgeted for completion in 1998. In 1998, a further sum of \$3.445M was spent to complete the street. At the time of inspection, all works were completed and

were physically verified.

- 1201.** The rehabilitation of the Anna Catherina Road attracted eight bids in response to public advertisement. The contract was awarded for \$4.304M to the second lowest bidder, because the lowest bidder, whose bid was \$4.085M had failed to use specified bidding documents. Amounts of \$3.048M were expended as at 31 December 1998. The final payment to the contractor was made in 1999. The rehabilitation works were physically verified.
- 1202.** The contract for the rehabilitation of 2<sup>nd</sup> Street, Anna Catherina was awarded in 1997, and was budgeted for under the Ministry of Public Works. In 1998, funds were provided for the completion of the road under this subhead. The amount of \$2.182M was expended on the completion of the road which was physically verified.
- 1203.** The rehabilitation of Crane Old Road had begun in 1997 following the award of a contract for \$3.257M and as 31 December 1997 amounts totalling \$1.947M were expended. The work was re-budgeted for completion in 1998 and amounts totalling \$515,000 were paid to the contractor. This increased the amount paid under the contract to \$2.462M. A physical verification of the completed works, which was done in October 1999, revealed that the rehabilitated road was in a state of disrepair with pot holes starting to appear.
- 1204.** The payments totalling \$531.304 for consultants' services were in respect of work done by an engineering firm on the specifications and drawings for Tamarind Dam, Crane Old Road, Papi and Kidram Streets, Best Hospital Access Road, De Groot-en-Kline, Thompson Road and East Street, Anna Catherina. The charges represent 1.5% of the construction costs on each project.

**Subhead 19001 - Land Development**

- 1205.** The sum of \$15M was voted for (a) the construction of bridges at Tuschen and Anna Catherina; (b) the excavation of drains at Meten-Meer-Zorg and West Kastev; (c) the construction of roads at Cornelia Ida, Belle Vue and Crane; and (d) the purchase and laying of pipelines at Tushcen. Amounts totalling \$11.065M were expended as follows:-

DESCRIPTION	AMOUNT \$
316	



Purchase of Crusher Run	4,281,355
Grade and Level Land at Belle West	3,429,312
Purchasing and transporting of pipelines	2,656,000
Spreading of crusher run at Tuschen	104,292
Transporting white sand to Crane Housing Scheme	590,240
Other	4,000
<b>TOTAL</b>	<b>11,065,199</b>

- 1206.** As can be noted, no work was done in relation to the construction of bridges at Tuschen and Anna Catherina, excavation of drains at Meten-Meer-Zorg and West Kastev and construction of roads at Cornelia Ida, Belle Vue and Crane. In addition, there was no evidence that approval was granted for a change in the programme for (a) the purchase of crusher run valued at \$4.281M, spreading of same at Tuschen at a cost of \$104,292 (b) grading and levelling of land at Bell West, Canal No. 2, for which \$3.429M was paid and (c) transporting white sand to Crane Housing Scheme for \$590,240.
- 1207.** Four(4) payments totalling \$4.281M were charged to this subhead for the supply of crusher run. These payments were in respect of two (2) contracts for \$7.4M and \$748,114. These transactions are subject to the comments made under Subhead 14001 - Roads.
- 1208.** The contract for the grading and levelling 100 acres of land at Belle West, Canal No. 2 was awarded to the second lowest bidder in the sum of \$3.200M based on his experience. The lowest bidder, whose bid was \$2.999M, was not considered because of a lack in the necessary manpower to undertake the job. The Engineer's Estimate was \$3.600M. A variation of \$229,000 was subsequently approved for grading and levelling of an additional 7.166 acres of land. This increased the contract sum to \$3.429M. The works were physically verified.
- 1209.** The contract for the supplying of 1,000 lengths of 4"PVC SDR26 gasket pipes was awarded to the lowest bidder for \$2.6M. However, a delivery cost of \$56,000 was charged by the company to transport the PVC pipes to the allocated destination. At the time of the inspection in October 1999, a quantity of two thousand and thirty-five (2,035) lengths of PVC Gasket pipes were on hand. However, according to the bin cards, a stock of two thousand and fifty (2,050) lengths should have been on hand. The difference of 15 lengths should be investigated.

**Subhead 25001 - Equipment (Health)**

**1209.** The sum of \$6M was voted for the purchase of equipment for health services, including dental instruments, laboratory instruments, electrocardiogram machines and a cardiac monitor. Amounts totalling \$5.188M were expended in the purchase of the following:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
1 Heavy Duty Steriliser	1,669,150
Office Furniture and appliances	1,125,649
1 Remote Control Engine	792,824
2 Delivery Beds	590,000
Mortuary Equipment	553,450
Dental Instruments	296,820
4 Motorola Pagers	160,000
<b>TOTAL</b>	<b>5,187,893</b>

**1210.** With the exception of two (2) pieces of mortuary equipment costing \$36,225, which were not received at the time of the inspection in October 1999, all items purchased were verified as having been received and properly brought to account. The items were, however, not marked to identify them as Government property.

**Subhead 25002 - Equipment & Furniture (Administration)**

**1211.** The sum of \$500,000 was allocated for the purchase of furniture and equipment for the Regional Administration Office in Vreed-en-Hoop and sub-office at Leguan. Amounts totalling \$497,000 were expended in the purchase of the following:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Two (2) air conditioning units	278,000
Two (2) IBM typewriters	170,000
One (1) metal filing cabinet	48,895
<b>TOTAL</b>	<b>496,895</b>

The items purchased were verified as having been received and properly brought to account. However, they were not marked to identify them as Government property.

**Subhead 25003 - Equipment & Furniture (Education)**

**1212.** The sum of \$3M was voted for the purchase of (a) furniture for nursery, primary and secondary schools and practical instruction centres; and (b) equipment for the resource centre. Amounts totalling \$903,000 were expended as follows:-

DESCRIPTION	AMOUNT \$
One (1) 18 cubic feet Daewood Refrigerator	169,000
One (1) Peake air-conditioning unit	164,000
Agricultural Tools	135,150
Office Fixtures, etc.	117,860
One (1) Fax Machine	110,000
One (1) Panasonic TV and VCR	104,800
Two (2) Arborite Top Writing Desk	63,890
Six (6) Sitting Chairs	38,556
<b>TOTAL</b>	<b>903,256</b>

**1213.** Although according to the Capital Project Profile, the amount should have been expended on furniture for schools and equipment for the Resource Centre only the agricultural tools valued at \$133,150 were distributed to schools. The refrigerator, air conditioning unit, fax machine TV and VCR

were brought and assigned to the Regional Education Officer. In addition, although the items purchased were verified as having been received, they were not yet inventorised and marked in a manner to be identified as Government property.

## **HEADS 15 - 05 & DIVISION 534**

### **REGION 4 - DEMERARA/MAHAICA**

#### **Current Expenditure**

##### **Employment Costs**

- 1214.** The salaries bank account Nos. 683, 684 and 864, which became non-operational in May 1996, were not reconciled for the period under review. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. In addition, account Nos. 683 and 864 were overdrawn by \$1.024M and \$6.298M respectively as at 31 December 1998. It is again recommended that the overdrafts be investigated and steps taken to close these accounts.
- 1215.** Three (3) new salaries accounts Nos. 3029, 3030 and 3036 were opened in June 1996. However, numerous instances were noted where account Nos. 3029 and 3030 were overdrawn, and as at 31 December 1998 they reflected overdrafts of \$17.852M and \$2.470M respectively while account No. 3036 reflected a large balance of \$35.737M. These accounts were also not reconciled since they were established. These matters were drawn to attention in my previous report, and despite this, there was no evidence of remedial action taken to avoid the accounts being overdrawn and to effect their prompt reconciliation.
- 1216.** It is a requirement for the salaries cash book to reflect nil balances at the end of each month as a control mechanism for the payment of wages and salaries. However, the cash books for the new accounts reflected both positive and negative balances at the end of each month which is further indicator of the absence of careful monitoring of these accounts. The

following are the details:-

MONTH	A/C NO.3029 \$	A/C NO.3030 \$	A/C. NO.3036 \$
January	6,384,891	1,019,047	41,197
February	6,517,347	1,545,290	164,123
March	8,538,484	1,687,921	344,622
April	13,648,715	(5,797,921)	(138,467)
May	(21,472,532)	(9,977,655)	(452,022)
June	936,068	1,351,493	(95,777)
July	(2,595,215)	(5,526,856)	158,958
August	4,229,499	441,363	154,865
September	12,156,311	108,542	679,615
October	12,068,620	71,168	1,763,794
November	12,134,029	503,232	1,519,796
December	2,380,944	721,689	1,127,062

**1217.** The Accounting Officer explained that these balances were due to delays in paying over deductions to the relevant agencies as well as in the refunding of unpaid salaries to the Sub-Treasury. However, in relation to the negative balances, there was evidence to indicate that salary cheques received from the Sub-Treasury were not being deposited in the salaries bank accounts in a timely manner. It is again recommended that there should be strict adherence of the requirement for the cash book to reflect nil balances at the end of each month.

### Other Charges

**1218.** Amounts totalling \$5.184M were expended on fuel and lubricants. However, of the thirteen(13) vehicles and equipment for which log books are required to be maintained, log books were presented in respect of only four(4) vehicles. In the absence of log books, it could not be determined whether effective control was exercised over the use of these vehicles.

**1219.** Amounts totalling \$15.125M were expended for the rental and maintenance of buildings. The following gives a breakdown of the expenditure:-

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DESCRIPTION	AMOUNT \$
Repairs to St. Cuthbert's Health Centre	1,751,520
"    " Craig Primary School	966,440
"    " Buxton Primary School	933,588
"    " Supply Primary School	801,046
"    " Cane Grove Sub-Office	795,920
"    " Supply Nursery School	758,915
Miscellaneous repairs (\$180,000 - \$450,000)	4,026,098
Miscellaneous repairs (below \$180,000)	2,508,499
Purchase of materials	1,227,931
Rental of buildings	1,445,043
<b>TOTAL</b>	<b>15,215,000</b>

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

**1220.** Amounts totalling \$43.881M were expended on the maintenance of infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
D & I Works	14,450,480
Rehabilitation of Alliance Public Road	2,130,000
"    " Kuru Kuru Market Road	2,327,538
"    " Strathspey Access Road	1,876,000
"    " Helena No. 2 Mahaica Road	1,784,200
"    " Kuru Kuru Road	1,608,400
"    " Mahaica Stelling	1,571,440
"    " Covent Garden Access	1,435,420

Miscellaneous rehab. (\$450,000 - \$1M)	4,063,779
Miscellaneous rehab. (\$180,000 - \$450,000)	4,773,712
Miscellaneous rehab. (below \$180,000)	6,488,690
Purchases of materials	1,371,341
<b>TOTAL</b>	<b>43,881,000</b>

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

- 1221.** It is a requirement that cheque orders be cleared within sixteen (16) days of their issue through the submission of bills, receipts and other supporting documents. However, during the period under review, cheque orders were cleared on average of sixty-two (62) days later. In addition, 276 cheque orders totalling \$83.035M were outstanding at 31 December 1998, seven(7) of which totalling \$1,507,253 remained outstanding at the time of reporting.

### **Stores And Other Public Property**

- 1222.** 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. These matters were drawn to attention in my previous report.
- 1223.** At the time of the audit in August 1999, many obsolete, slow moving and unserviceable items were lying in the Triumph Store. This matter was also drawn to attention in my previous reports. The Accounting Officer gave the assurance that action would be taken to dispose of these items.
- 1224.** The master and sectional inventories were not updated since 1996. In addition, two (2) ambulances and a tractor, which were received as gifts during 1998, were not recorded in the Permanent Stores Register and also the Accountant General was not advised to record their values in the Public Accounts, as required by financial instructions.

### **Other Matters**

**1225.** The imprest bank account No.850, which became non-operational in May 1996, reflected a balance of \$64,604 as at 31 December 1998. It is again recommended that efforts should be made to close this account and to transfer the balance to the Consolidate Fund.

### **Capital Expenditure**

#### **Subhead 11001 - Bridges**

**1226.** The sum of \$6M was voted for (a) the construction of a heavy duty bridge at Long Creek Cemetary road and (b) the rehabilitation of heavy duty bridges at Friendship Middlewalk Facade and Good Hope Middlewalk dam at Mahaica. Amounts totalling \$5.444M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Construction of Heavy Duty Bridge at Cemetary Road	573,610
Rehabilitation of Friendship Middlewalk Facade	372,030
"        " Alliance Road Bridge, Timehri	2,472,850
"        " Ogle Old Road	2,025,244
<b>TOTAL</b>	<b>5,443,734</b>

**1227.** As can be noted, no rehabilitation work was done on the bridge at Good Hope, Mahaica. In relation to the Alliance Road Bridge and the Ogle Road, approval was granted for a change in programme to undertake the works. All the works were physically verified.

#### **Subhead 12001 - Buildings (Education)**

**1228.** The sum of \$27M was allocated (a) repairs and extension to Mocha Arcadia Nursery School and industrial arts building (b) construction of nursery schools at Victoria, Samatta Point, Grove and Enterprise (c ) extension to



Soesdyke Community High School and (d) rehabilitation of Supply Primary and Friendship Community High School. Amounts totalling \$21.658M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Repairs and extension to Mocha /Arcadia Nursery School	2,041,895
Repairs and extension to Industrial Arts Building	1,821,507
Construction of Victoria Nursery School	3,918,953
Construction of Samatta Point Nursery School	4,682,728
Construction of Enterprise Nursery School	4,421,561
Extension of Soesdyke C.H.S.	688,810
Rehabilitation of Friendship C.H.S.	1,784,100
Construction of Fences	775,835
Consultancy Services	633,397
Miscellaneous	919,705
<b>TOTAL</b>	<b>21,658,491</b>

**1229.** As can be noted, no work was done at Supply Primary School. Instead, chain-link fences were constructed at Enterprise and Samatta Point nursery schools.

**1230.** In respect of the construction of the Victoria Nursery School, the contract was awarded to the second lowest bidder in the sum of \$4,573,895. No reason was stated as to why the contract was awarded to the lowest bid of \$3,927,640. In addition there was an approved variation of \$139,275. At the time of inspection in August 1999 the work was still in progress. It was observed that approval was given by the Secretary to the Treasury instead of the Chief Planning Officer for the remainder of the cost to be met from the 1999 voted provision.

**1231.** The contract for the construction of the Samatta Point Nursery School was awarded to the second lowest bidder in the sum of \$4,584,414. No reason was stated as to why the contract was awarded to the lowest bid of

\$3,981,240. In addition there was an approved variation of \$711,668 giving a revised contract sum of \$5,296,082. The work was physically verified. It was observed that approval was given by the Secretary to the Treasury instead of the Chief Planning Officer for the balance of \$613,354 owing to the contractor as at 31 December 1998 to be met from the 1999 voted provision.

- 1232.** The contract for the construction of Enterprise Nursery School was awarded to the lowest bidder in the sum of \$4,639,460. In addition there was an approved variation of \$392,635 giving a revised contract sum of \$5,032,095. The work was physically verified but at the end of 1998 an amount of \$610,534 was still outstanding to the contractor. It was observed that approval was given by the Secretary to the Treasury instead of the Chief Planning Officer for this amount to be met from the 1999 voted provision.
- 1233.** The contract for the extension of the Soesdyke Community High School was awarded to the lowest bidder in the sum of \$3,917,193 and at the end of 1998 the sum of \$688,810 was paid. Physical inspection of the work revealed that only the foundation of the extension was completed. The superintendent of works explained that the work was stopped by the consultant and was not re-budgeted for in 1999.
- 1234.** In respect of the rehabilitation of the Friendship Community High School was awarded to the lowest bidder in the sum of \$2,138,320. In addition there was an approved variation of \$460,110. At the time of inspection in August 1999 the work was still in progress. It was observed that approval was given by the Secretary to the Treasury instead of the Chief Planning Officer for the remainder of the cost to be met from the 1999 voted provision.

#### **Subhead 12002 - Buildings (Administration)**

- 1235.** The sum of \$4.5M was voted for (a) the construction of craft production and design centre at Cane Grove and (b) rehabilitation of regional state house and office at Friendship. Amounts totalling \$4.317M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Construction of Craft Centre at Cane Grove	2,836,904
Rehabilitation to Paradise Office Building	1,479,951
<b>TOTAL</b>	<b>4,316,855</b>

**1236.** As can be noted, no work was done on the rehabilitation of the Regional State House and office at Friendship. Instead, the Paradise Office Building was rehabilitated and for which approval was granted for a change in programme to undertake the works. The construction/rehabilitation works were physically verified.

**Subhead 12003 - Buildings (Health)**

**1237.** The sum of \$4M was provided for the construction of three(3) one flat health outposts at Dora, Yarrowkabra and Sand Hill, Demerara River. Amounts totalling \$3.394M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Construction of health outpost at Dora	1,625,668
Construction of health outpost at Yarrowkabra	996,763
Rehabilitation of Silver Hill Health Centre	771,862
<b>TOTAL</b>	<b>3,394,293</b>

**1238.** As can be noted, no work was done at the health outpost at Sandhill. Instead, the Silver Hill Health Centre was rehabilitated and for which approval was granted for a change in programme to undertake the works. The works undertaken were physically verified.

### **Subhead 14001 - Roads**

**1239.** The sum of \$20M was allocated for the upgrading of roads at Graham Street - Plaisance/Better Hope, Jones Town Main Road - Mahaica, N.W. Grove East Bank Demerara, Brush Dam (South), Ogle Old Road, Nabaclis East Sideline and Virginia Road, Cane Grove. Amounts totalling \$15.393M were expended as follows:

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Rehabilitation of Graham Street, Plaisance	4,465,650
Rehabilitation of access road, Brush Dam Block 'N'	4,906,460
Rehabilitation of Ogle Old Road	4,662,270
Consultancy services	1,358,560
<b>TOTAL</b>	<b>15,392,940</b>

**1240.** As can be noted, no work was done at Jones Town Main Road, North West Grove, Nabaclis East Sideline and Virginia Road, and an examination of the 1999 Estimates revealed that only the latter two(2) were re-budgeted for. The rehabilitation works undertaken were physically verified.

### **Subhead 17001 - Agricultural Development**

**1241.** The sum of \$25M was voted for (a) dredging of outfall channels (b) purchase of two(2) transformers for Golden Grove and Victoria drainage pumps (c ) the construction of sluice and revetment at Friendship and revetment at Cane Grove (d) rehabilitation of koker and canal at Supply, East Bank Demerara and Brush Dam main drainage canal and (e) rehabilitation of canal and construction of revetment at Craig South. Amounts totalling \$12.313M were expended as follows:-

DESCRIPTION	AMOUNT \$
Purchase of two (2) distribution transformers	4,490,000
Construction revetment at Cane Grove	6,959,325
Rehabilitation of koker at Supply North	414,390
“ “ canal at Supply	449,000
<b>TOTAL</b>	<b>12,312,715</b>

**1242.** As can be noted, no work was done on the dredging of outfall channels, construction of sluice and revetment at Friendship, rehabilitation of Brushdam drainage canal and construction of revetment at Craig South. An examination of the 1999 Estimates revealed that only the construction of the sluice and revetment was re-budgeted. The transformers were verified as having been received and installed while the construction/rehabilitation works were physically verified.

**Subhead 25001 - Furniture and Equipment (Education)**

**1243.** The sum of \$3M was allocated for the purchase of benches, desks, chairs and tables for schools. Amounts totalling \$2.850M were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 25002 - Office Furniture and Equipment**

**1244.** The sum of \$500,000 was voted to purchase one(1) air conditioning unit, one(1) generator and two(2) typewriters to improve operational efficiency. Amounts totalling \$414,923 were expended in the purchase of the following:-

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DESCRIPTION	AMOUNT \$
3 metal cupboards	124,800
Four (4) executive chairs	140,000
Other furniture	150,123
<b>TOTAL</b>	<b>414,923</b>

**1245.** As can be noted, none of the items reflected in the Capital Profile were acquired and there was no evidence that approval was granted for a change in programme to acquire the above items. The items purchased were verified as having been received and properly brought to account.

**Subhead 23003 - Equipment (Health)**

**1246.** The sum of \$1.5M was voted for the purchase of furniture and equipment for the Regional Health Department to improve health facilities. Amounts totalling \$1.426M were expended. The items purchased were verified as having been received and properly brought to account.

**HEAD 15-06 & DIVISION 535**

**REGION 5 - MAHAICA/BERBICE**

**Current Expenditure**

**Employment Costs**

**1247.** The salaries cash book was not reconciled with the Votes Ledger for the period under review. 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 \$8.925M were reflected in the Votes Ledger, indicating significant refunds of unpaid salaries to the Sub-Treasury. This reinforces the need for a reconciliation of the two(2) records.

**1248.** The salaries bank account Nos. 686 and 687, which ceased to be operational in August 1996, were overdrawn by \$1.670M and \$732,927 respectively as at 31 December 1998. Despite mention in my previous report, there was no evidence of any action taken to investigate these overdrafts with a view to clearing them. In addition, another non-operational salaries bank account No. 862 reflected a large balance of \$8.874M at the end of 1998. It is again recommended that steps be taken to effect a closure of this account and to transfer the balance to the Consolidated Fund.

**1249.** The new salaries bank account No. 3096 reflected a balance of \$8.327M as at 31 December 1998 while the cash book balance at this date was \$6.079M. However, at the time of reporting, the reconciliation of this account was six(6) months in arrears. In addition, an examination of the reconciliation statement for December 1998 revealed numerous items which remained uncleared for a considerable period of time without any action taken to investigate them. There was also no evidence of checking and certification of the reconciliation statement.

**Other Charges**

**1250.** Amounts totalling \$17.527M were expended on the rental and maintenance of buildings. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Miscellaneous rehabilitation works	8,945,323
Miscellaneous repairs to schools	2,267,344
Cleaning and janitorial supplies	2,192,825
Rehabilitation of Woodley Park building and fence	1,598,661
Rehabilitation of Fort Wellington Hospital and Quarters	1,579,321
Rehabilitation of Belladrum Nursery School	943,526
<b>TOTAL</b>	<b>17,527,000</b>

The above works were physically verified and confirmed generally with the specifications contained in the respective bills of quantities. The purchases were also verified as having been received and properly brought to account.

**1251.** Amounts totalling \$82.201M were expended on the maintenance of infrastructure. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Rehabilitation of Drainage system	28,435,790
Rehabilitation of Mahaicony, Burma and Champayne Roads	20,392,542
Patching of public road from Rosignol to Mahaica	13,387,320
Purchases of materials	9,252,985
Other infrastructure work	6,568,515
Greenheart revetment work at Perth	2,430,100
Repairs to bridges	1,733,748
<b>TOTAL</b>	<b>82,201,000</b>

**1252.** In relation to the rehabilitation of the work at Perth the contract was awarded to the highest of ten(10) bidders in the sum of \$2.430M. The reasons given were that eight (8) contractors tendered to use chain-saw materials, while the other bidder had other work with the Region. The lowest bid was \$1.408M while the Engineer's Estimate was \$2.6M. The works undertaken under this subhead were physically verified while the purchases were verified as having been received and properly brought to account.

**1253.** Cheque orders are required to be cleared within sixteen(16) days of their



issue through the submission of bills, receipts and other supporting documents. However, for the period under review, cheque orders were being cleared on average thirty-six(36) days after their issue and at the time of reporting, fifteen(15) cheque orders valued at \$1.269M relating to purchases remained outstanding. These transactions should be investigated to ascertain whether the Region has received value thereof.

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

**1254.** The following unsatisfactory features were observed based on a survey of the operations of the Regional Store at Fort Wellington:-

- (a) The stores ledgers were not subject to supervisory checks and several instances were noted where receipts were not brought to account therein. A similar observation was made in respect of bin cards;
- (b) Requisitions were not written up always to reflect pertinent information such as date, department to which issues were made, the quantity supplied and head and subhead of charge;
- (c) Goods received notes were not prepared to record the receipt of goods. Entries were, however, made in the Goods Received Book;
- (d) Requisitions To Purchase (RTP's) were not always approved prior to the purchases being made;
- (e) A survey of the stores revealed twenty-five (25) instances where there were variances between the bin cards and the physical count; and
- (f) twelve(12) instances totalling \$112,335 were noted where items purchased were not recorded in the Goods Received Book.

### **Capital Expenditure**

#### **Subhead 11001 - Bridges**

**1255.** The sum of \$10M was allocated for (a) construction of reinforced concrete structure at Broken Water Land, De Hoop (b) construction of reinforced concrete structure and rehabilitation of bridge across Mahaicony Branch

Road at Plantation Spooner. Amounts totalling \$6.556M were expended. The works undertaken were physically verified.

**Subhead 12001 – Buildings (Administration)**

**1256.** The sum of \$3M was voted for the rehabilitation of the Regional Administration Office building. Amounts totalling \$2.797M were expended. The works undertaken were physically verified.

**Subhead 12003 - Buildings (Education)**

**1257.** The sum of \$21M was voted for (a) the rehabilitation of Moraikobai Primary School and Headmaster’s quarters, the Resource Centre at Fort Wellington and Auxburg Primary School and (b) the construction of Mahaicony Primary School Phase III and nursery school at Moraikobai. Amounts totalling \$18.104M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Construction of Mahaicony Primary School	8,931,851
“ “ Morakobai Nursery School	3,662,029
“ “ Morakobai Primary School	3,166,495
Rehab. of Auxburg Primary School	1,393,913
“ “ Headmaster’s quarters.at Moraikobai	739,454
Retention payment on Zeezight Nursery School	161,317
Rehab. of Belladrum Nursery School	49,659
<b>TOTAL</b>	<b>18,104,718</b>

**1258.** The payment of \$161,317 as retention for the rehabilitation of Zeezight Nursery School, although not in the Capital Profile, relates to works undertaken during the previous year. Approval was granted for a change in

programme to meet this payment. However, no such approval was seen in respect of the expenditure of \$49,659 on Belladrum Nursery School. The above works were physically verified and confirmed generally with the specifications contained in the respective bills of quantities.

**Subhead 12004 - Buildings (Health)**

**1259.** The sum of \$10M was voted for (a) the rehabilitation of the Fort Wellington G.M.O.'s Quarter and Moraikobai Health Centre and Medex quarters and (b) repairs to Fort Wellington Hospital Theatre and Mortice Health Centre. Amounts totalling \$8.491M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehab. of Regional Health Officer Quarter	3,175,980
Rehab of Health Centre at Morakobai	2,993,209
Rehab. of Fort Wellington Hosp. Theatre	1,281,166
Rehab of Medex quarter at Morakobai	1,024,160
Plumbing Works at Fort Wellington Hospital	166,760
<b>TOTAL</b>	<b>8,491,275</b>

**1260.** As can be noted, no work was done at Mortice Health Centre. It was explained that there was no a health centre at Mortice. In relation to the rehabilitation of the Regional Health Officer's quarters, the contract was awarded to the second lowest bidder in the sum of \$3.293M on the grounds that the lowest bid of \$2.804M was too low, compared with the Engineer's Estimate of \$4.024M. The above works were physically verified and confirmed generally with the specifications contained in the respective bills of quantities.

**Subhead 13001 - Drainage and Irrigation**

**1261.** The sum of \$46M was voted for (a) dredging of out fall channels (b) extension of Perth/Biaboo Main Canal and Basket Pimpler Canal (c) construction of branch canal to link Mahaica River and Perth/Biaboo and (d)



construction of structures at Poor Fellow, Industry, Perth/Biaboo and Wash Clothes. Amounts totalling \$30.031M were expended as follows:-

DESCRIPTION	AMOUNT \$
Dredging of outfall sluice at Farm	2,417,133
Extension of Perth/Biaboo Canal – Phase III	4,494,625
Rehabilitation of Basket Plimpler Canal	2,559,000
Construction of Perth/Biaboo Branch Canal	3,092,215
“          of R.C. structure at Poor Fellow	4,864,808
“          of R.C. structure at Industry Canal	6,159,188
“          of R.C. structure at Biaboo	3,862,950
Rehabilitation of Bellamy Canal	2,082,000
Miscellaneous works	498,663
<b>TOTAL</b>	<b>30,030,582</b>

**1262.** In relation to the extension of the Perth/Biaboo Canal Phase III, the contract was awarded to the third lowest bidder on the grounds that the lowest bidder had only one hymac and he also had other jobs in Area 5. The second lowest bidder lived at Vreed-en-Hoop and might not be able to complete the work within the estimated time.

**1263.** The contract for the construction of the reinforced concrete structure at Poor Fellow was awarded to the third lowest bidder in the sum of \$5.856M on the grounds that the lowest bidder whose tendered sum was \$4.389M did not have any track record in this Region. The second lowest bidder, according to regional tender Board minutes, already had a lot of work to do and would not have been able to complete this job within the scheduled time.

**1264.** In relation to the construction of Perth/Biaboo Branch Canal, two(2) contracts valued at \$4.475M for the works. One of the contract was awarded to the second lowest bidder in the sum of \$1.8M because the lowest bidder, whose tendered sum was \$1.180M, was new to the Region and did not have the type of equipment needed to do the job.

**1265.** The above works were physically verified and confirmed generally with the specifications contained in the respective bills of quantities.

**Subhead 14001 - Roads**

**1266.** The sum of \$30M was voted for (a) the rehabilitation of roads at Bath, Rosignol, Bush Lot, Dundee, Blairmont and Hope Town. Amounts totalling \$29.134M were expended as follows:-

DESCRIPTION	AMOUNT \$
Upgrading roads at Sukhai St. Bath	2,184,870
Rehab of Rosignol Sawmill Road	4,955,460
Rehab. of roads at Bushlot	3,336,862
Upgrading of comm. roads at Dundee	1,786,694
Upgrading of comm. roads at Shieldstown	5,474,681
Upgrading road at Hopetown	4,162,140
Const. of Phase II Champagne road	6,357,705
Miscellaneous works	742,551
<b>TOTAL</b>	<b>29,134,430</b>

**1267.** The contract for the upgrading of road at Hopetown was awarded to the third lowest bidder in the sum of \$4.308M without any reason being stated why the lower bids were not considered. The lowest bid was \$3.910M while the Engineer's Estimate was \$4.731M. The above works were physically verified and confirmed generally with the specifications contained in the respective bills of quantities.

**Subhead 14002 – Roads**

**1268.** The sum of \$20M was voted for the extension of Mahaicony and De Hoop



branch roads. Amounts totalling \$17.680M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehab. of road from Washclothes to Esau and Jacob	6,942,680
Extension of De Hoop branch road	7,189,648
Construction of De Hoop branch road	3,120,100
Miscellaneous works	427,147
<b>TOTAL</b>	<b>17,679,575</b>

**1269.** There was, however, no evidence that approval was granted for a change of programme to accommodate the expenditure of \$427,147 incurred in respect of construction of Champayne Road and consultancy fee for Rosignol Sawmill Road. The above works were physically verified and confirmed generally with the specifications contained in the respective bills of quantities.

**Subhead 16001 – Stellings and Wharfs**

**1270.** The sum of \$5M was voted for the construction of a stelling at Wash Clothes, Mahicony. Amounts totalling \$4.854M were expended in the construction of a greenheart wharf. The works were physically verified and confirmed generally with the specifications contained in the respective bills of quantities.

**Subhead 17001 - Land development**

**1271.** The sum of \$12M was voted for the extension of housing areas at Bath and provision of infrastructure such as roads, culverts, and pure water supply at Zorg-en-Hoop, Bath and Bush Lot housing schemes. Amounts totalling \$10.662M were expended as follows:-

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DESCRIPTION	AMOUNT \$
Const. of road at Zorg-en-Hoop	1,256,878
Miscellaneous work at Bath	3,187,755
Const. all weather road at Bushlot	3,617,505
Supply concrete pipes	2,600,000
<b>TOTAL</b>	<b>10,662,138</b>

**1272.** In relation to excavation of drains at Bush Lot, the contract was awarded to the third lowest bidder in the sum of \$775,000 on the grounds that the lowest bid of \$325,000 was too low, compared with the Engineer's estimate of \$1.1M. The second lowest bidder had other works to do and would not be able to undertake this work and complete same on time. The above works were physically verified and in general compliance with the specifications as contained in the respective bills of quantities.

**Subhead 25001 - Furniture (Education)**

**1273.** The sum of \$3M was voted for the purchase of school furniture for improved accommodation for staff and students in the Region. Amounts totalling \$2.999M were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 25002 - Office Furniture & Equipment**

**1274.** The sum of \$500,000 was voted for the purchase of one photocopier and furniture for office and staff quarters. Amounts totalling \$497,500 were expended. The items purchased were verified as having been received and properly brought to account. Amounts totalling

**Subhead 25003 - Furniture & Equipment (Health)**

**1275.** The sum of \$5M was voted for the purchase furniture and equipment for the regional health sector. Amounts totalling \$4.998M were expended. The items purchased were verified as having been received and properly brought

to account.

## HEADS 15 - 07 & DIVISION 536

### REGION 6 - EAST BERBICE/CORENTYNE

#### Current Expenditure

##### Employment Costs

- 1276.** The salaries bank account Nos. 689 and 863, which became non-operational in 1991, were overdrawn by \$468,694 and \$899,158 as at 31 December 1998 respectively. Two(2) other non-operational bank account Nos. 690 and 870 reflected balances of \$916,617 and \$1.387M respectively. It is again recommended that the overdrafts be investigated and steps taken to close the accounts. In respect of the other two(2) accounts, the balances should be transferred to the Consolidated Fund.
- 1277.** The following sets out the position at the time of reporting with regard to the reconciliation of the current salaries bank accounts which were opened in May 1996:-

ACCOUNT NO.	RECONCILED TO	BALANCE AT 31/12/98 \$
3070	Novemer 1996	(13,117,710)
3071	December 1998	6,475,276
3072	November 1996	(2,587,412)

- 1278.** As has been pointed out in my 1997 Report, the main purpose of opening new bank accounts was to avoid the problems associated with the previous bank accounts as highlighted above, and to start from a clean position. It is evident that there has been some laxity on the part of the Regional Administration in not promptly reconciling bank accounts.
- 1279.** Overdrawn balances were also noted in the monthly bank statements of all three(3) new salaries bank accounts, as shown below:-



<b>MONTH</b>	<b>A/C NO. 3070</b> <b>\$</b>	<b>A/C NO. 3071</b> <b>\$</b>	<b>A/C NO. 3072</b> <b>\$</b>
January	-	3,511,732	-
February	-	4,848,557	-
March	-	5,094,948	84,201
April	-	4,237,113	979,898
May	-	3,495,720	966,706
June	-	-	940,175
July	12,576,378	-	856,928
August	-	-	941,729
September	-	-	1,030,331
October	14,389,122	7,211,147	2,140,656
November	12,628,256	-	2,134,439
December	13,117,710	-	2,587,412

### **Other Charges**

**1280.** Amounts totalling \$6.362M were expended on fuel and lubricants. This figure, however, does not include fuel and lubricants valued at \$17.781M purchased for use by the Black Bush and Manarabisi pump stations and other drainage and irrigation plant and equipment. These were charged to Subhead 311 - Rates & Taxes & Subventions to Local Authorities. The total purchases of fuel and lubricants for the period under review therefore amounted to \$24.143M.

**1281.** Log books were not presented for audit examination for the twenty(20) vehicles, machinery and equipment under the control of the Region. These vehicles and equipment consumed in total 8,371 gallons fuel with an estimated value of \$1.696M . In the absence of log books, it could not be determined whether effective control was exercised over the use the Regions vehicles, equipment, machinery and pumps and whether the consumption patterns were realistic.

**1282.** Amounts totalling \$13.686M were expended on the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT</b>
341	

	\$
Repairs to No 68 Primary School	940,053
" Doctor's Quarters - New Amsterdam	821,243
" Benab Office	574,226
" Mechanic Quarters # 2	581,958
" " Quarters #1	573,790
" " Quarters #3	562,060
" Plant Quarantine, Springlands	56,053
" Friends Primary School	534,180
" Lighttown Primary School	502,393
Miscellaneous works (\$180, 000 - \$450,000)	1,385,627
" " ( below \$180,000 each)	4,485,329
Purchases of materials	334,335
Janitorial & cleaning services	4,485,329
Rental of buildings	140,220
<b>TOTAL</b>	<b>13,685,924</b>

- 1283.** The works were physically verified and conformed generally to the specifications contained in the respective bills of quantities while the items purchased were verified as having been received and properly brought to account.
- 1284.** Amounts totalling \$54.060M were expended on the maintenance of infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Maintenance of D & I Systems - Black Bush Polder & No. 52-74 Area	8,801,445
Rehabilitation of Strand Road - Philadelphia to Lot 52 Stanleytown	6,416,516
Four(4) heavy duty bridges in Black Bush Polder	4,547,005
East Canje Community Road	3,503,325
East Bank Berbice Road	2,500,050
Three(3) other roads	2,326,875
Two(2) bridges on the East Bank	1,387,640
East Canje Road - Adelphi to Gangaram	1,794,609
Construction of stage at Guyana House	642,479
Miscellaneous maintenance works (\$180,000 - \$450,000)	12,081,140
Miscellaneous maintenance works (Below \$180,000)	6,526,903
Purchases	2,992,386
Consultancy services	539,614
<b>TOTAL</b>	<b>54,059,987</b>

- 1285.** The maintenance of the D & I systems at Black Bush Polder and No. 52-74 Area was undertaken by ten(10) contracts involving weeding and cleaning. In relation to the rehabilitation of Strand Road, the contract was awarded to the second lowest bidder in the sum of \$7.136M without any reasons being stated why the lowest bid of \$6.995M was not considered. The Engineer's Estimate was \$10.546M. Physical verification in May 1999 revealed that the road had deteriorated significantly.
- 1286.** The contract for the rehabilitation of the East Canje Road was awarded to the second lowest bidder in the sum of \$1.462M without any reasons being stated why the lowest bid of \$1.312M was not considered. The Engineer's Estimate was \$2.146M. There was also a variation of \$332,609, giving a revised contract sum of \$1.795M. A similar observation was made in relation to the construction of a stage at State House where the contract was awarded to the fifth lowest bidder. The reason stated was that the contractor's bid was the closest to the Engineer's Estimate.
- 1287.** The works undertaken were physically verified while the items purchased were verified as having been received and properly brought to account

## **Revenue Accounting and Control**

- 1288.** There was inadequate segregation of duties at the Land Development Office at Black Bush Polder with regard to the collection, recording and banking of revenue. This has resulted in the misappropriation of \$160,000. This matter was recommended for referral to the Police for further investigation.

## **Stores and Other Public Property**

- 1289.** No stock ledgers were maintained for the Region' s Canje Store while the stock ledgers were being maintained for dietary items by the store-keeper at New Amsterdam Hospital. It should be noted the Stores Regulations require the maintenance of stock ledgers for all stores items. Stores Regulation, also, require that such stock ledgers should not be maintained by the storekeeper.
- 1290.** From a random sample of forty-three items at Canje Stores, ten items with a total value of \$122,000 were found to be short . The storekeeper explained that the shortage was due to a break-and- entry committed during the month of December. However, no investigation has been was carried out by the Field Auditor and no Loss Report was filed.
- 1291.** Issues of dietary items from the Stores at Fort Canje Hospital were being done without any supporting Internal Stores Requisitions. The storekeeper explained that issues were being made on the daily basis of the number of patients in the hospital. However, information pertaining to the number of patients in the hospital with dietary requirement was not produced. It was therefore difficult to determine whether such issues were utilised in an efficient manner.
- 1292.** There were quantities of expired drugs on hand at the New Amsterdam, Fort Canje, Port Mourant and Skeldon hospitals at the time of audit inspection during the month of May 1999. Action should be taken to dispose of the in the approved manner.

## Capital Expenditure

### Subhead 11001 - Bridges

- 1293.** The sum of \$6.1M was budgeted for the rehabilitation of bridges at the Port Mourant, Johanna and Edinburg of which amounts totalling \$5.064M were expended. However, the contract for the rehabilitation of the Johanna Bridge was awarded to the sixth lowest bidder at the fourth lowest bidder's price of \$2.198M without any reason being stated in the minutes of the Regional Tender Board why the lower bids were not considered. The lowest bid was \$1.637M while the Engineer's Estimate was \$3.159M. Notwithstanding this, the works undertaken were physically verified.

### Subhead 12001 - Buildings (Administration)

- 1294.** The sum of \$2.5M was voted for the rehabilitation of the Regional Administration Office Building of which amounts totalling \$2.044M were expended. The contract was awarded to the third lowest bidder in the sum of \$2.158M. Again, no reason was stated in the Tender Board minutes why the other lower bids were not considered. The lowest bid was \$1.638M while the Engineer's estimate was \$2.609M. Notwithstanding this, the work was physically verified.

### Subhead 12002 - Buildings (Education)

- 1295.** The sum of \$45M was allocated for the rehabilitation of (a) Lochaber, Gangaram and Sheet Anchor primary schools (b) construction of a nursery school at Auchlyne and (c) construction of home economics department and resource centre at No. 48 Village. Amounts totalling \$13.895M were spent as follows:-

DESCRIPTION	AMOUNT
345	

	\$
Rehabilitation of Lochaber Primary School	5,294,574
Rehabilitation of Gangaram Primary School	4,948,620
Consultancy Fees	1,604,492
Extension of Rose Hall Primary School, Canje	1,902,378
Miscellaneous	145,092
<b>TOTAL</b>	<b>13,895,156</b>

- 1296.** As can be noted, no work was undertaken at the Sheet Anchor Primary School, the Auchlyne Nursery School, the home economics department and resource centre at No. 48 Village. The Accounting Officer explained that a new primary school would be constructed by the Primary Education Improvement Project while a new nursery school was constructed by Basic Needs at Whim. In relation to the home economics and resource centre, the works could not have been undertaken because of delays in the awarding of the contract. The works were re-budgeted for in 1999. However, at the time of reporting, the contract had not been awarded.
- 1297.** The amount of \$1.902M expended on the Rose Hall Primary School represented final payment on the contract, which was awarded in 1997. However, as indicated in my 1997 report, the works were not re-budgeted for in 1998 and there was no evidence that approval was granted for a change in programme to accommodate the expenditure. The works undertaken were nevertheless physically verified.
- 1298.** Despite the fact that the Region has an engineering department staffed with a qualified engineer, two(2) superintendents of works and two(2) overseers, an amount of \$1.605M was paid as consultancy fees for the design and supervision of the above works. The total amount paid out under the Region's capital programme for engineering consultancy was \$3.29M. The Accounting Officer, however, contended explained that resort had to be made to the use of a consultant because of the heavy workload of the Department.

### **Subhead 12003 - Buildings (Health)**

- 1299.** The sum of \$28M was budgeted for (a) the construction of medical theatre

and labour room at Port Mourant Hospital and (b) rehabilitation of sanitary and electrical systems at New Amsterdam and Mibikuri hospitals and Medex quarters at Brother's Village. Amounts totalling \$12.490M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of New Amsterdam Hospital	7,986,375
Rehabilitation of Mibikuri Hospital	1,705,554
Rehabilitation of Medex Quarters at Brother's	1,884,197
Consultancy Fees	840,000
Miscellaneous	73,607
<b>TOTAL</b>	<b>12,489,733</b>

**1300.** As can be noted, no work was done at the Medical Theatre and Labour Room at Port Mourant Hospital. The Accounting Officer explained that these facilities exist at the New Amsterdam Hospital which is about sixteen (16) miles away and a decision was taken to forego the works at the Port Mourant Hospital. The rehabilitation works undertaken were physically verified.

**Subhead 13002 - Drainage and Irrigation**

**1301.** The sum of \$65M was budgeted for (a) dredging of outfall channels (b) construction of creek sluice at No.47/48 (c) reconditioning of D & I Canals at Black Bush Polder, Whim, Crabwood Creek, Yakusari South and No. 51 (d) construction of six bridges at Black Bush Polder and two bridges at No. 52/74 D & I Areas (e) construction of six (6) green-heart boxes at Crown Dam, Bush Lot and (f) purchase of one communication set. Amounts totalling \$41.245M were expended as follows:

DESCRIPTION	AMOUNT \$
Construction of creek sluice at No. 47	3,009,435
Reconditioning of D & I at Lesbeholden	5,147,251
Reconditioning of D & I at Mibikuri	7,646,451
Construction of six bridges at Black Bush Polder	15,277,918
Construction of two bridges at No. 52, 74 D & I Area	3,877,148
Construction of six green-heart boxes at Crown Dam	3,750,600
Purchase of Communication Set	1,975,000
Miscellaneous	561,431
<b>TOTAL</b>	<b>41,245,234</b>

**1302.** As can be noted above, no work was done at the Outfall channel and D & I canals at Whim, Crabwood Creek, Yakusari and No. 51. The Accounting Officer explained that due to heavy work load in 1998 it was not possible to execute these works and that, with the exception of the Whim and No 51 D & I canals , all other works were re-budgeted to be completed in 1999. He further explained that the rehabilitation of the Whim and No. 51 canals entailed the use of a pontoon which was not immediately available to the Regional Administration.

**1303.** In relation to the above works, the following contracts were awarded to bidders who were not the lowest and without any reasons stated in the minutes of the Regional Tender Board why the lower bids were not considered:

Description	Awarded To	Contract Sum \$'000	Lowest Bid \$'000	Engineer's Estimate \$'000
No. 47 Creek sluice	Highest	3,495	1,679	3,495
Lesbeholden South 9- 10 WC	3 <sup>rd</sup> Lowest	1,209	1,189	1,401
Mibikuri South 6 - 7 CD	2 <sup>nd</sup> Lowest	1,690	1,170	1,513
Mibikuri North 9 - 10 Bridge	12 <sup>th</sup> Lowest	2,569	2,350	2,900
Lesbeholden North 9 - 10 Bridge	10 <sup>th</sup> Lowest	2,508	2,350	2,900
Johanna North 10 - 11 Bridge	5 <sup>th</sup> Lowest	2,578	2,361	2,900
	348			



**1304.** The Accounting Officer explained that reasons for not recommending the lowest bids for the award of contracts were usually discussed at the meetings of the Regional Tender Board but were inadvertently not recorded in the minutes. It should be noted that the Tender Board Regulations stipulate that the reasons for not awarding a contract to the lowest bidder must, at all times, be stated in the minutes. The works were nevertheless physically verified.

**Subhead 14001 - Roads**

**1305.** The sum of \$30M was voted for the rehabilitation of Port Mourant Hospital road, Corentyne Comprehensive School road, Independence Road, Rose Hall Town and payment of retention fees relating to works undertaken in 1997. Amounts totalling \$24.641M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Rehabilitation of Port Mourant Hospital Road	1,458,425
Rehabilitation of Corentyne Comprehensive School Road	4,021,950
Rehabilitation of Independence Road, Rose Hall Town	8,136,485
Retention fees relating to 1997 works	7,173,039
Rehabilitation of No. 48 Cemetery Dam	1,233,309
Miscellaneous works	1,451,951
Consultancy fees	715,629
<b>TOTAL</b>	<b>24,640,788</b>

**1306.** The contract for the rehabilitation of Corentyne Comprehensive School Road was awarded to the fifth lowest bidder in the sum of \$4.182M without any reason being stated why the other lower bids were not considered. The lowest bid was \$3.391M while Engineer's Estimate \$4.202M. In addition, the No. 48 Cemetery Dam was rehabilitated but there was no evidence that approval was granted for a change in programme to accommodate the expenditure of \$1.233M. A similar observation was made in relation to the amount of \$1.452M expended on miscellaneous works. Notwithstanding these observations, the works undertaken were physically verified.

**Subhead 19001 - Land Development**

**1307.** The sum of \$10M was voted for the development of land for housing, of which amounts totalling \$9.856M were expended as follows:-

DESCRIPTION	AMOUNT \$
Excavation to roadside drains at North Albion	1,006,250
“ “ “ “ at Ancherville	1,143,280
“ “ “ “ at Williamsburg	2,605,660
Constuction of 2 bridges at Tain & Albion	3,700,000
Surveying fees relating Block 6 Willamsburg & Hampshire	1,369,000
Miscellaneous	32,025
<b>TOTAL</b>	<b>9,856,215</b>

**1308.** In relation to the excavation of the roadside drains at North Albion, the contract was awarded to the highest out of five bids in the sum of \$1.006M. The lowest bid was \$575,085 while the Engineer’s Estimate \$1,635,500. The reason stated for not awarding the contract to the lower bidders was that they were occupied with other works for the Region. However, investigations revealed that only one of the lower bidders had other works for the Region at that time.

**1309.** The contracts for the excavation of roadside drains at Ancherville and Willamsburg were awarded to the same contractor who submitted the second lowest tender in both cases and the reason stated for not awarding the contracts to the lowest bidder was that he had no experience.

**1310.** It should be noted that same five(5) contractors tendered for the three(3) excavation works listed above and the awards were made at the same meeting of the Regional Tender Board. The same contractor was the lowest bidder for all three works. In case of North Albion excavation, the reason stated for not recommending the award of the contract to him was that he had other works; but that was not so. In the cases of the other two works he was ruled as not having experience. It would appear that reasons stated in

support for not awarding to the lowest bidder for the three excavation works were not valid as the reasons stated in each case conflicted. Notwithstanding this all the works undertaken were physically verified.

### **Subhead 25001 - Furniture & Equipment (Education)**

- 1311.** The sum of \$3M was voted for the purchase of desk, benches, nursery sets, chalk boards, teachers' tables, chair and wooden cupboards. The full amount was expended. The items acquired were verified as having been received and properly brought to account.

### **Subhead 25002 - Furniture and Equipment (Administration)**

- 1312.** The sum of \$500,000 was allocated for the purchase of furniture and office equipment including tables and chairs. The full amount was expended. The items acquired were verified as having been received and properly brought to account.

### **Subhead 25002 - Office Furniture and Equipment**

- 1313.** The sum of \$600,000 was voted for the purchase of furniture including one photocopying machine, tables and chairs. The full amount was expended. The items acquired were verified as having been received and properly brought to account.

### **Subhead 25003 - Furniture and Equipment (Health)**

- 1314.** The sum of \$3.5M was voted for the purchase of refrigerator, freezer, respirators, sterilizers, switchboard, electrocardiograph machine and furnishing for living quarters, of which amounts totalling \$3.452M were expended. The items purchased were verified as having been received and properly brought to account.

### **Subhead 26004 - Power Supply**

- 1315.** The sum of \$1M was voted for the purchase of one generator for the Main Administration Office. Of this amount, the sum of \$900,000 was expended. However, at the time of inspection in December 1999 the generator was not installed. The Accounting Officer explained that it was necessary to construct a shed to house the generator and at the time of reporting one was being constructed.

**Subhead 28001 - Water Supply**

- 1316.** The sum of \$5M was voted for the relaying of water mains in the national psychiatric hospital compound and New Amsterdam hospital compound. Amounts totalling \$4.9M were expended. Works were physically verified.

**HEAD 15-08 & DIVISION 537**

**REGION 7 - CUYUNI/MAZARUNI**

**Current Expenditure**

**Employment Costs**

- 1317.** The salaries bank account No. 692, which became non-operational in February 1997, continued to be overdrawn by \$410,300. Efforts should be made to investigate the reason(s) for the overdraft with a view to clearing it and to close the account. Two(2) other bank account Nos. 693 and 859, which also became non-operational in 1997, reflected balances of \$1.927M and \$949,673 respectively as at 31 December 1998. Action should be taken to close these accounts and transfer the balances to the Consolidated Fund.

- 1318.** The new salaries bank account No. 3147 was not reconciled since its establishment in March 1997. The two (2) other new accounts Nos. 3148 and 3149 were only reconciled to May 1997 and December 1997 respectively. The Accounting Officer explained that this was due staff constraints. It is therefore recommended that efforts be made to increase the staff complement of the Regional Accounting Unit in order to ensure that this essential aspect of accounting and internal control is maintained.
- 1319.** In addition, these accounts were overdrawn on numerous occasions during the year under review. The Accounting Officer explained that these overdrafts were as a result of delays in making deposits. Every effort should be made to ensure that deposits are made in a timely manner to avoid the accounts being overdrawn.
- 1320.** It is a requirement for the salaries cash book to reflect 'nil' balances at the end of each month as a control mechanism for the payment of wages and salaries. However, these new bank accounts reflected both positive and negative balances during the year, as detailed below:-

MONTH	ACCOUNT NO. 3147 \$	ACCOUNT NO. 3148 \$	ACCOUNT NO. 3149 \$
January	-	-	466,324
February	-	78,028	314,749
March	-	(71,554)	318,511
April	-	(39,734)	487,976
May	(700)	31,776	492,907
June	-	(27,712)	491,491
July	(267)	-	530,925
August	5,241	(23,997)	455,351
September	4	7,196	480,060
October	(150)	(22,694)	480,063
	353		

November	(1,061)	-	477,645
December	(37,347)	(286)	473,217

The Accounting Officer is advised to ensure that those responsible for the monitoring of receipts and payments and the maintenance of the cash books, exercise greater care so that these records reflect 'nil' balances at the end of each month

- 1321.** An examination of the Register of Contributors to the NIS revealed that ninety-six(96) employees were not registered with the Scheme. Since registration with the NIS has implications for social security and other benefits, efforts should be made to ensure the prompt registration of employees with the Scheme.

### Other Charges

- 1322.** The sum of \$11.607M was expended on fuel and lubricants. A physical count of fuel and lubricants carried out on the 22 July, 1999, however, revealed shortages valued at \$547,784 when comparisons were made between bin card balances and actual stock on hand, as shown below:-

DESCRIPTION	UNIT Q'TY	BIN CARD BALANCE	ACTUAL STOCK	SHORTAGE/ (EXCESS)	VALUE \$
Gasolene	gallon	2,093	250	1,843	488,395
Dieselene	"	1,373	1,013	360	69,120
Kerosene	"	546	513	33	4,653
Nautilus oil	bottle	505	502	3	1,350
Grease	tube	13	38	(25)	(16,250)
Gear oil-90	bottle	9	9	-	-
Oil 37	pint	157	154	3	516
		354			

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**TOTAL**

**547,784**

- 1323.** In relation to gasoline, it should be noted that an apparent shortage of 1,383 gallons has been coming forward prior to 16 July 1998. This means that between the period 17 July 1998 to 22 July 1999, there was an additional shortage of 460 gallons.
- 1324.** The Accounting Officer explained that the shortage was due to pilferage over the years. It is recommended that a losses report be filed with the Secretary to the Treasury with a view to investigating and subsequently writing off the loss.
- 1325.** During 1997, the Region rehabilitated the Workshop with a view to installing underground storage tanks and to relocating the Stores. Audit checks in July 1999 revealed that two storage tanks were installed above ground level but these were to be pressurised and calibrated before they are put into use. As a result, fuel was still kept in the drums and exposed to the weather. In order to minimise the extent of pilferage, urgent steps should be taken to have the tank pressurised, calibrated and put into use.
- 1326.** Fuel was issued to the Region's vehicles and equipment and log books were required to be maintained in order to monitor consumption patterns. However, log books for five(5) out of ten(10) vehicles/equipment maintained by the Region were not produced for audit examination. As a result, it could not be determined whether effective control was exercised over the use of these vehicles/equipment.
- 1327.** The sum of \$16.808M was expended on the rental and maintenance of buildings. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Repairs to Waramadong Primary School	1,107,510
Completion of 2 <sup>nd</sup> Avenue Nursery School	1,759,841
Painting of 2 Miles Primary School	979,744
355	

Painting of St. Anthony Primary School	849,285
Guttering & plumbing of Kako Health Post	1,297,900
Rehabilitation of Jawalla Health Post	582,135
Repairs & painting of Home Econ. building - Kamarang	976,960
“ to building A1 - Bartica	877,260
Miscellaneous repairs (\$180,000 - \$450,000)	2,061,643
“ “ (below \$180,000)	3,657,286
Rental of buildings	148,000
Purchases	2,510,785
<b>TOTAL</b>	<b>16,808,349</b>

**1328.** The various works undertaken were physically verified, except for those of the outlying areas, while the items purchased were verified as having been received and properly brought to account.

**1329.** The sum of \$26.822M was expended on the maintenance of infrastructure. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Rehabilitation of sections of Bartica/Potaro Road	5,942,200
Miscellaneous road repairs (\$180,000 - \$450,000)	4,618,717
“ “ “ (below \$180,000)	437,387
Rehabilitation of Bridges	3,146,403
“ “ river & sea defence	2,502,516
Revetments works	5,478,400
Others	478,475
<b>TOTAL</b>	<b>26,822,206</b>

The works were undertaken were physically verified.

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

**1330.** During the year, 34.5 tons of 3” minus stone were purchased to the value of \$172,500. A physical check on 22 July 199 revealed approximately five(5) tons were in stock at the stores compound. However, the stock records



reflected a balance of 243 tons, giving an apparent shortage of 238 tons. The Accounting Officer explained that stone was issued to various sites several years back upon verbal requests and that internal stores requisitions were not issued to account for the issues. It is recommended that approval be sought from the Secretary to the Treasury to make the necessary adjustments to the stock records.

- 1331.** The Stores Regulations provide for the maintenance of a master inventory in addition to sectional inventories. However, at the time of inspection in July 1999, only the latter were maintained. It is recommended that a master inventory be introduced as early as possible to account for all fixed assets of the Region.

**Other Matters**

- 1332.** The old ordinary imprest account No. 694, which ceased to be operational in February 1997, reflected a balance of \$561,787 as at 31 December 1998. It is recommended that this account be closed and the balance transferred to the Consolidated Fund.
- 1333.** The new imprest bank account No. 3146 with an allocation of \$500,000, was overdrawn on numerous occasions during the year and as at 31 December 1998 it was overdrawn by \$681,086. The Accounting Officer offered the same explanation as that relating to the salaries bank accounts.

**Capital Expenditure**

**Subhead 12001 - Buildings (Education)**

- 1334.** The sum of \$18M was voted for (a) the rehabilitation of the Resource Centre (b) the construction of teacher’s quarters at Isseneru, Makouria and Kamarang (c) construction of annex to Skull Point Primary School at Batavia and nursery school at 6th Avenue Bartica. Amounts totalling \$17.809M were expended as follows:-

DESCRIPTION	AMOUNT \$
357	

Completion of dormitory at Bartica	6,608,391
Construction of teacher's quarters at Kamarang	4,471,286
" " nursery school at 6th Avenue Bartica	4,445,674
" " annex to school at Batavia	2,283,801
<b>TOTAL</b>	<b>17,809,152</b>

- 1335.** The construction of the dormitory facilities was not provided for in the Capital Estimates. However, approval was granted for a change in programme to undertake these works instead of completion of the Resource Centre. The construction works commenced in November 1995 and at the end of 1998, amounts totalling \$26.481M were expended. The revised estimated cost of the works was \$26.961M. However, at the time of inspection on 19 July 1999, the building had not been completed since guttering, water facilities and rails to the corridor were still to be installed. In addition, a perusal of the Capital Estimates for 1999 revealed that no amounts were allocated to complete the dormitory although a period in excess of three and a half years had elapsed since the works commenced. It is not clear how the Region proposes to complete the works.
- 1336.** The construction of the Resource Centre was programmed to be completed over a two(2) year period commencing 1995 at an estimated cost of \$28M. However, according to a letter from the Regional Executive Officer, this period was extended to three(3) years because of the unavailability of funds on a lump sum basis. Expenditure to the end of 1997 amounted to \$12.725M. In 1998, the sum of \$5M provided for to continue the construction of this facility. However, as indicated above, approval was granted to utilise this amount to complete the work on the dormitory. Physical inspection in July 1999 revealed no additional work was done. As previously reported, only the foundation, columns and retaining wall were constructed. It should be noted that, according to the Capital Estimates, the Resource Centre has been programmed to be completed in 1999.
- 1337.** The contract for the construction of the Teacher's Quarters at Kamarang was awarded to the fourth lowest bidder in the sum of \$4.220M because the three(3) lower bids were far below the Engineer's Estimate of \$4.472M. There were two approved variations totalling \$251,286, resulting in a total payment of \$4.471M. Because of the remoteness of the area, physical

verification of the works undertaken could not have been done.

- 1338.** No work was undertaken in respect of the teacher’s quarters at Isseneru and Makouria. The Accounting Officer explained that funds were insufficient to undertake these works.
- 1339.** In relation to the construction of the annex to school at Batavia, the contract was awarded to the fourth lowest bidder in the sum of \$2.004M because two(2) of the lower bidders did not produce tax compliance certificates while the other lower bid was well below the Engineer’s Estimate of \$2.005M. The work was physically verified.
- 1340.** Ten(10) tenders were received for the construction of the Bartica Nursery School. The contract was awarded to the fourth lowest bidder in the sum of \$3.742M because the other lower bids were either well below the Engineer’s Estimate of \$3.851M, had no record of previous experience and or did not produce a tax compliance certificate. In addition, four(4) variations totalling \$703,925 were approved by the Finance Committee of the RDC, giving a revised contract sum of \$4.445M. Physical verification of the construction work revealed that the school was not painted, as this was not provided for in the contract.

**Subhead 12002 - Buildings (Health)**

- 1341.** The sum of \$11M was allocated for (a) the construction of a health outpost at Kaikan and (b) the rehabilitation of living quarters at 72 miles Potaro, a section of Bartica Hospital and the mortuary at Enachu. Amounts totalling \$9.407M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of outpost - Kaikan	2,432,480
Rehabilitation of quarters - 72 Miles	1,929,915
“ “ “ section -Bartica Hospital	4,592,220
“ “ “ mortuary - Enachu	452,311
<b>TOTAL</b>	<b>9,406,926</b>

- 1342.** The contract for the construction of the Kaikan outpost was awarded to the third lowest bidder in the sum of \$2.376M because the two(2) lower bids were well below the Engineer's Estimate of \$2.559M. Approval was also given for a variation of \$56,480, giving a revised contract sum of \$2.432M. Because of the remoteness of the area, physical verification of the works could not have been undertaken.
- 1343.** In relation to the rehabilitation of the living quarters at 72 miles Potaro, the contract was awarded to the seventh lowest bidder in the sum of \$1.590M because five(5) of the lower bids were well below the Engineer's Estimate of \$1.834M while the other lower bidder did not produce a tax compliance certificate. Approval was also given for a variation of \$339,872, giving a revised contract sum of \$1.930M. Because of the inaccessibility of the area, the works could not be verified.
- 1344.** Included in the expenditure of \$4.592M for the rehabilitation of a section of the Bartica hospital were sums totalling \$2.027M paid to six(6) contractors during the latter part of December 1998, as shown below.

<b>DATE</b>	<b>CONTRACT NO.</b>	<b>AMOUNT \$</b>
22/12/98	192/98	365,068
27/12/98	203/98	329,942
27/12/98	206/98	37,845
27/12/98	207/98	307,904
31/12/98	209/98	309,283
31/12/98	210/98	412,155
31/12/98	218/98	300,433
<b>TOTAL</b>		<b>2,026,630</b>

- 1345.** The contracts relate to carpentry and joinery works and had one contract been awarded, this would have required public invitation to tender and adjudication by the Regional Tender Board. However, these contracts were awarded on the sole authority of the Accounting Officer. It is evident that the works were subdivided to avoid the involvement of the Regional Tender Board. The works were nevertheless physically verified.
- 1346.** Also included in the figure of \$4.592M is an amount of \$1.547M utilised for the purchase of eight(8) air conditioning units. This transaction would have required public invitation to tender and adjudication by the Regional Tender Board. However, the transaction was entered into on the sole authority of the Accounting Officer. In addition, one of the units was installed at the Regional Administration Office instead of the Hospital while the others were installed in sections which, at the time of inspection in July 1999, were not operation.
- 1347.** With respect to the rehabilitation of the mortuary at Enachu, the contract was awarded to the second lowest bidder in the sum of \$452,311 since the lowest bidder did not produce a tax compliance certificate. Physical verification of the work was not carried out because of the remoteness of the area.

#### **Subhead 12003 - Buildings (Administration)**

- 1348.** The sum of \$10M was voted for the construction of a store at Kamarang and a duplex building at Kurupung. Amounts totalling \$9.553M were expended. The contract for the construction of the store was awarded to the second lowest bidder in the sum of \$4.130M because the lowest bid was well below the Engineer's Estimate of \$4.725M. In addition, four(4) variations totalling \$794,202 were approved by the Finance Committee of the RDC, giving a revised contract sum of \$4.925M. Physical verification of the work could not be undertaken because of the remoteness of the area.
- 1349.** Twelve(12) tenders were received for the construction of the duplex building at Kurupung. The contract was awarded to the fourth lowest bidder in the sum of \$4.473M because the other lower bids were well below the Engineer's Estimate of \$4.771M. In addition, there was an approved variation of \$172,769. Because of the inaccessibility of the area, the work could not have been verified.

### **Subhead 14001 - Roads**

- 1350.** The sum of \$10M was allocated for the rehabilitation of the road from Kamarang to Waramadong. Amounts totalling \$9.616M were expended. Because of the inaccessibility of the area, physical verification of the works undertaken was not done.

### **Subhead 24002 - Water Transport**

- 1351.** The sum of \$2M was allocated for the purchase of one(1) fibre glass boat and one(1) outboard motor. Amounts totalling \$1.498M were expended. The items purchased were verified as having been received and properly brought to account.

### **Subhead 25003 - Furniture and Equipment (Education)**

- 1352.** The sum of \$3M was provided for the purchase of furniture and equipment for schools and Waramadong Secondary School Dormitory. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

### **Subhead 26001 - Furniture and Equipment (Health)**

- 1353.** The sum of \$1M was allocated for the purchase items including washing machines for Bartica and Kamarang hospitals, filing cabinets, office chairs, desks, stoves and refrigerators. Expenditure totalling \$990,000 was incurred. The items purchased were verified as having been received and properly brought to account.

### **Subhead 26002 - Furniture and Equipment (Administration)**

- 1354.** An amount of \$500,000 was voted for the purchase of furniture and equipment for the Regional Administration Office and the Sub-Treasury.

The full amount was expended. The items purchased were verified as having been received and properly brought to account.

## **HEAD 15-9 & DIVISION 538**

### **REGION 8 - UPPER POTARO/SIPARUNI**

#### **Current Expenditure**

##### **Employment Costs**

- 1355.** A diary of pay changes to record appointments, promotions and dismissals was not maintained for the period under review. A similar observation was made in respect of the Salaries Control Register which is required to show the movement of the payrolls from one month to the next. 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. The Accounting Officer explained that this was due to staff constraints and that every effort will be made to maintain these records.
- 1360.** The two(2) wages and salaries bank accounts Nos. 698 and 699, which became non-operational in 1997, were not reconciled for the period under review and it could not be determined when last this was done. In addition, these accounts were overdrawn by \$1.339M and \$1.130M respectively as at 31 December 1998. The overdrafts were the result of a number of fraudulent transactions which occurred in 1996. As a result, two(2) officers were

charged by the Police and at the time of reporting, the matter was still engaging the attention of the courts. It is recommended that a losses report be filed with the Secretary to the Treasury so that the amounts involved can be written off and the overdraft cleared.

**1361.** The two (2) new salaries and wages bank account Nos. 3134 and 3135, which became operational in 1997, were not reconciled since they were established. In addition, these accounts were overdrawn on several occasions during the year, and as at 31 December 1998, Account No. 3135 was overdrawn by \$101,113. The Accounting Officer explained that the failure to reconcile these new accounts was due to staff constraints. He further explained that the incurrence of overdrafts was due to difficulties in making deposits in a timely manner.

**1362.** The cash book for Account No. 3134 was not properly maintained in that only payments were recorded. As a result, the balance at any one time could not be determined and therefore no reconciliation could have been done. In relation to Account No. 3135, no cash book was maintained. The Accounting Officer explained that the failure to maintain adequate records of receipts and payments was due to staff constraints. It is therefore recommended that urgent steps be taken to increase the staff complement so that basic record-keeping can be maintained.

**1363.** An examination of the NIS records kept by the Region revealed that 87 employees were not registered with the Scheme. Since contributions to the National Insurance Scheme have implications for social security benefits for employees, efforts should be made to ensure that all employees are properly registered with the Scheme.

### **Other Charges**

**1364.** Amounts totalling \$2.124M were expended on fuel and lubricants for the period under review. However, log books were not presented for the seven



(7) vehicles and two (2) lighting plants under the control of the Region. In the absence of logs books, it could not be determined whether effective control was exercised over the use of the vehicles and equipment.

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

- 1365.** Despite mention in my previous reports, several unserviceable items were still found in the stores. It is again recommended that these items be boarded with a view to their disposal at the earliest opportunity.
- 1366.** The Stores Regulation provides for the maintenance of stores ledger to provide for an independent record of receipts and issues of stores items. This is in addition to bin cards being maintained by the Storekeeper. However, for the period under review, both records were kept by the Storekeeper. Apart from a breach of the Stores Regulations, this practice is not considered good internal control and can lead to irregularities. It is therefore recommended that there be strict adherence to the Stores Regulations.

### **Other Matters**

- 1367.** The imprest account No. 3136 was overdrawn on several occasions during the year and at 31 December 1998 the overdraft was \$15,691. In addition, this account was not reconciled since it was established. The Accounting Officer offered the same explanation as that relating to the salaries bank accounts.

### **Capital Expenditure**

#### **Subhead 11001 - Bridges**

- 1368.** The sum of \$5.9M was allocated for the construction of three(3) bridges at Kurukubaru and one(1) bridges at Paramakatoi. Amounts totalling \$4.677M was expended in the construction of the following:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
One (1) bridge at Kato	2,260,630
Two (2) bridges at Kurukubaru	1,681,500
One (1) bridge at Paramakatoi	734,400
<b>TOTAL</b>	<b>4,676,530</b>

- 1369.** As can be noted, only two bridges were constructed at Kurukubaru, instead of three. In addition, a bridge was constructed at Kato but there was no evidence that approval was granted for a change in programme to accommodate the expenditure of \$2.261M. The Accounting Officer explained that there was an urgent need for a bridge at Kato and it was decided to forego the construction of one bridge at Kurukubaru. Notwithstanding this explanation, the approved procedures should always be followed whenever there are changes in relation to programmes approved by the National Assembly. Physical verification of the works could not be undertaken because of the inaccessibility of the area.

**Subhead 12001 - Buildings (Education)**

- 1370.** The sum of \$24M was allocated for (a) the construction of three(3) primary schools at Kurubukaru, Kaibarupai and Monkey Mountain, (b) the rehabilitation of Paramakatoi Community High School, (c) construction of Teachers' quarters at Mahdia, and (d) rehabilitation of the Education Office at Kato. Amounts totalling \$22.999M were expended in the construction and/or rehabilitation of the following:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
366	

Primary School at Kurubukaru	5,842,250
Primary School at Kaibarupai	3,974,426
Primary School at Monkey Mountain	3,860,107
Teachers' Quarters at Mahdia	3,997,845
Secondary School Section at Paramakatoi	3,835,411
Education Office at Kato	1,489,440

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**TOTAL** **22,999,479**

**1371.** As can be noted, no work was done on the rehabilitation of the Paramakatoi Community School. Instead, a secondary school section of the Paramakatoi Community School was constructed and for which approval was granted for a change in programme. The primary school at Monkey Mountain and teachers' quarters were physically verified. However, the other works could not be physically verified because of the inaccessibility of the area.

**Subhead 12002 - Buildings (Administration)**

**1372.** An amount of \$6M was voted for (a) the construction of the Amerindian Hostel and (b) the rehabilitation of the Mahdia Rest House. Amounts totalling \$5.994M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Construction of Amerindian Hostel at Mahdia	3,998,523
Rehabilitation of Mahdia Rest House	1,995,703
<b>TOTAL</b>	<b>5,993,703</b>

The works undertaken were physically verified.

**Subhead 12003 - Buildings (Health)**

- 1373.** The sum of \$12M was allocated for the construction of (a) health posts at Tuseneng and Karisparu, and (b) a duplex building at Mahdia. Amounts totalling \$11.983M were expended in the construction of the following:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Health Post at Tuseneng	3,996,466
Health Post at Karisparu	3,988,655
Duplex Building at Mahdia	3,997,845
<b>TOTAL</b>	<b>11,982,966</b>

- 1374.** The health post at Karisparu and the duplex building at Mahdia were physically verified. However, no physical verification of the health post at Tuseneng was not carried out because of the inaccessibility of the area.

**Subhead 25001 - Furniture and Equipment (Education)**

- 1375.** The sum of \$2M was voted for the purchase of furniture for nursery and primary schools. Amounts totalling \$1.761M were expended. The items purchased were verified as having been received by the Region. However, their distribution to Kopinang and Chenapau primary schools could not be physically verified because of the inaccessibility of the area.

**Subhead 25002 - Furniture (Staff Quarters)**

- 1376.** The sum of \$1M was provided for the purchase of furniture for Government Quarters. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

## **Subhead 26004 - Other Equipment**

**1377.** The sum of \$2M was allocated for the purchase of three(3) radio transmitting sets with solar panels. Amounts totalling \$1.942M were expended. The items purchased were verified as having been received and properly brought to account. However, physical inspection in the locations they were installed could not have been carried because of the inaccessibility of the area.

## **HEAD 15 - 10 & DIVISION 539**

### **REGION 9 - UPPER TAKATU/UPPER ESSEQUIBO**

#### **Current Expenditure**

#### **Employment Costs**

**1378.** The two(2) salaries bank account Nos. 695 and 696, which became non-operational in February 1997, were last reconciled to June 1985. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. In addition, Account No. 695 was overdrawn by \$885,405 as at 31 December 1998. It is again recommended that efforts be made to investigate the reason(s) for the overdraft with a view to clearing it and to close these accounts.

**1379.** The new salaries bank account No. 3126, which became operational in January 1997, was overdrawn on eighty-four (84) occasions during 1998, and as 31 December 1998 the overdraft was \$326,898. The Accounting Officer explained that because of the remoteness of the area, deposits could not be made in a timely manner.

**1380.** It is a requirement for the salaries cash book to reflect "nil" balances at the end of each month as a control mechanism for the payment of wages and salaries. However, for the period under review, the cash book reflected significant balances as shown below:-

<b>MONTH</b>	<b>AMOUNT \$</b>	<b>MONTH</b>	<b>AMOUNT \$</b>
January	5,085,201 369	July	459,053

February	513,884	August	991,354
March	432,279	September	10,250,567
April	898,717	October	5,790,743
May	2,561,328	November	5,802,407
June	138,568	December	1,003,350

**1381.** This state of affairs is a reflection of apparent lack of care in the monitoring of the payment of wages and salaries as well as the balances in the cash book and can lead to irregularities. The Accounting Officer is therefore advised to ensure that strict controls are exercised over the payment of wages and salaries.

**1382.** According to the approved estimates of expenditure, the authorised staff strength of the Region was 345. However, audit checks revealed that a total of 524 persons were in position in December 1998, as shown below:-

<b>SUB-HEAD</b>	<b>DESCRIPTION</b>	<b>AUTHORISED</b>	<b>ACTUAL</b>	<b>EXCESS</b>
101	Administrative	18	36	18
102	Senior Technical	28	50	22
103	Other Tech. & Craft Skilled	118	83	-
104	Clerical & Office Support	40	30	-
105	Semi-skilled & unskilled	141	325	184
	<b>TOTAL</b>	<b>345</b>	<b>524</b>	<b>224</b>

**1383.** Amounts totalling \$966,790 were refunded to the Sub-Treasury as unclaimed wages and salaries. This figure, however, represents the net salaries and wages. It is again recommended that efforts be made to recover the deductions from the relevant agencies.

### **Other Charges**

- 1384.** Amounts totalling \$6.158M were expended on Materials, Equipment & Supplies. However, not all purchases were subject to store-keeping procedures. Instead, such purchases were charged out to immediate use. In addition, an examination of the Immediate Issues Book revealed that amounts totalling \$17.425M were shown as purchases under the various subheads and were not subject to store-keeping procedures. The Storekeeper also admitted not seeing the items for which she made entries in the Immediate Use Book.
- 1385.** The Accounting Officer explained that because of the remoteness of the area it was not practicable for all the items purchased to pass through the Store at Lethem. It is recommended that consideration be given to the establishment of sub-stores so as to ensure greater accountability for items purchased.
- 1386.** Amounts totalling \$10.425M were expended on fuel and lubricants. However, internal stores requisitions for the period March to May 1998 were not produced for audit examination. The Accounting Officer explained that the Store was extended and as a result some of the documents were misplaced. In addition, at the time of the audit in August 1999, a physical count of gasoline on hand revealed a balance of 94 gallons. However, the stock records reflected a balance of 541 gallons, resulting in a discrepancy of 447 gallons. It should be noted that this discrepancy would be affected by the absence of internal stores requisitions for the period March to May 1998, since the stock records had not been updated for this period.
- 1387.** A large quantity of dieselene was on hand at the time of inspection in August 1999. However, the tank, which was used to store the fuel, was not calibrated nor was there any calibrated dip stick to ascertain the actual quantity of fuel. This matter was drawn to attention in my previous reports.
- 1388.** Log books for thirty-one (31) serviceable vehicles and equipment under the control of ht Region 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 and whether there was proper accountability for the use of the fuel and lubricants. The Accounting Officer gave the assurance that efforts would be made to locate log books and to produce them for audit examination.

- 1389.** A contract for the construction of the health centre at Annai was awarded in the sum of \$843,546 under the Capital Subhead 12002 – Buildings (Health). However, payment in the sum of \$547,586 relating to this contract was charged to Subhead 304 – Maintenance of Building (Programme 3). It should be noted that \$6M was voted under Subhead 12002 for which amounts totalling \$5.999M were expended. Had the amount of \$547,586 been charged to Subhead 12002, the voted provision would have been exceeded. It is evident therefore that the charging of \$547,586 to current expenditure was done to avoid overrunning the voted provision under the Region’s capital provision. This represents a manipulation of the budgetary allocations.
- 1390.** The sum of \$1M paid to the Ireng-Sawaruwau Neighbourhood Democratic Council as subvention. The Council is required to prepare annual financial statements and submit them for audit examination and certification. However, since its establishment in 1994 the Council had not done so. It did submit some form of reporting for the period 1995 to 1997 which was not considered acceptable. This matter was communicated with the NDC but up to the time of reporting, no re-submission was made.

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

- 1391.** In 1995, the inventory records of the Region were destroyed by fire. Recommendations had been made for a physical inventory to be carried and for new inventory records to be maintained. However, the Region has not been timely in implementing this recommendation and at the time of inspection in August 1999 only about 30% of the exercise had been completed. Efforts should be made to expedite the completion of this exercise.
- 1392.** According to the Stores Regulations, a stores ledger is required to be kept by the Regional Accounting Unit to provide for an independent record of stocks. However, a stores ledger was not maintained for the year under review. This record has since been introduced in 1999 but written up and kept by the Storekeeper who also maintains the bin cards. Efforts should be made to ensure strict compliance with the Stores Regulations.



## Other Matters

- 1393.** The imprest bank account No. 697 was last reconciled to June 1985 and was overdrawn by \$272,848 as at 31 December 1998. The overdraft should be investigated with a view to clearing it. Steps should also be taken to close the account.

## Capital Expenditure

### Subhead 11001 - Bridges

- 1394.** The sum of \$10M was voted for the construction of a timber bridge at Rupununi Crossing to improve access to the area. However, no expenditure was incurred. The Accounting Officer explained that a decision was taken to construct an acro-panel bridge instead and the amount allocated was insufficient to construct such a bridge. He further explained that the construction of the bridge would be re-budgeted for in the year 2000.

### Subhead 12001 - Buildings (Education)

- 1395.** The sum of \$14M was allocated for (a) the construction of headmasters' quarters at Karasabai, Aishalton, Annai, Katoonarib, (b) teacher's house and students' dormitory at Aishalton, (c) nursery schools at St. Ignatius, Awarewaunau, Macushi, Karwoudarnau, and (d) primary schools at Yupukari and Tipuru. Amounts totalling \$13.907M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of HM quarters at Karasabai	584,834
" " " " " Annai	447,783
" " " " " Aishalton	644,064
" " " " " Rewa	547,044
" " " " " Karwoudarnau	653,295
Rehab. to HM quarters at Parishara	178,416
Construction of Nursery School at St. Ignatius	588,980
" " " " " Awarewaunau	119,800
" " Primary School at Yupukari	131,800
" " " " " Tipuru	117,000
373	

Purchase of Building Materials

9,931,662

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**TOTAL**

**13,906,677**

- 1396.** As can be noted, no work has been done at the Headmaster's quarters at Katoonarib, teacher's house and students dormitory at Aishalton and the nursery school at Machusi. The Accounting Officer explained that due to inadequate funds these works could not have been carried out. In addition, there was no evidence that approval was granted for a change in programme to accommodate construction of Headmaster's quarters at Rewa and repairs to the Headmaster's quarters at Parishara. The Accounting Officer explained that this was due to the urgency of the works involved.
- 1397.** Except for the headmasters' quarters at Karasabai, Rewa, Karwoudarnau and the primary school at Tipuru, the works were physically verified, while the items purchased were verified as having received and properly brought to account.

**Subhead 12002 - Buildings (Health)**

- 1398.** The sum of \$6M was allocated for the construction of health posts at Potarainau, Awarewunau, Apoteri, Parishara and Kumu and the rehabilitation of Lethem Hospital Kitchen and stores building. Amounts totalling \$5.999M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of health post at Potarainau	427,900
" " " " " Awarewunau	487,700
" " " " " Apoteri	447,020
" " " " " Parishara	449,900
" " " " " Kumu	321,292
" " " Centre at Annai	295,960

Rehab. works at Lethem Hospital	206,400
Purchase of building materials	3,362,662
<b>TOTAL</b>	<b>5,998,834</b>

**1399.** The Annai health centre was constructed at the cost of \$843,546. However, as can be noted, an amount of only \$295,960 was charged to the subhead. The difference of \$547,856 was charged to current expenditure. This represents a misallocation of expenditure, and had the correct charge been made, the voted provision under this subhead would have been exceeded.

**1400.** Except for the health post at Apoteri, the works were physically verified, while the materials purchased were verified as having been received and properly brought to account.

**Subhead 12003 - Buildings (Administration)**

**1401.** The sum of \$4M was voted for the construction of (a) the District Development Officer quarters and office at Sand Creek, (b) Guest House at Aishalton (c) five security huts at government buildings, and (d) one police outpost at Gomes Crossing. Amounts totalling \$3.995M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of DDO's quarters & Office at Sand Creek	835,658
Construction of Guest house at Aishalton	1,509,244
Construction of five security huts at Government Bldgs.	98,980
Extension to Regional workshop	190,580
Purchase of building materials	2,634,462
<b>TOTAL</b>	<b>3,995,329</b>

**1402.** As can be noted, no work was done on the construction of the police outpost at Gomes Crossing. The Accounting Officer explained that due to the inaccessibility of the area, work could not have been carried out at this outpost. In addition, there was no evidence that approval was granted for a change in programme to accommodate the expenditure on the extension of the Regional Workshop. The works were nevertheless physically verified while the materials purchased were verified as having been received and properly brought to account.

### **Subhead 14001 - Roads**

**1403.** The sum of \$15M was allocated for the rehabilitation of roads at Lethem to Aishalton and Toka to Karasabai. Amounts totalling \$9.984M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Rehabilitation of Lethem to Aishalton Road	2,520,314
Rehabilitation of Toka to Karasabai Road	2,754,686
Purchase of building materials	4,709,414
<b>TOTAL</b>	<b>9,984,414</b>

**1404.** The works were undertaken by the Works Division of the Region. However, at the time of inspection in August 1999 the roads had deteriorated significantly. The Accounting Officer explained that this was due to weather conditions in the area. The items purchased were verified as having been received and properly brought to account.

### **Subhead 17001 - Agricultural Development**

**1405.** The sum of \$3.5M was allocated for the purchase of one(1) tractor for the agriculture station at St. Ignatius. Amounts totalling \$3.046M were expended. The item purchased was verified as having being received.

However, it was not inventorised.

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

- 1406.** The sum of \$4M was allocated for the purchase of one (1) vehicle for the health sector. Amounts totalling \$3.512M was expended for the purchase of one Toyota Hilux Jeep. The asset purchased was verified as having been received. However, it was not inventorised.

### **Subhead 25001 – Furniture (Staff Quarters)**

- 1407.** The sum of \$500,000 was allocated for the purchase of furniture for District Education Officer quarters and newly built headmaster’s quarters. Amounts totalling \$499,200 were expended. The items purchased were verified as having been received but were, however, not inventorised.

### **Subhead 25003 – Furniture and Equipment (Administration)**

- 1408.** The sum of \$500,000 was allocated for the purchase of furniture for the District Development Officer quarters at Aishalton and Sand Creek. Amounts totalling \$499,200 were expended. The items purchased were verified as having being received. However, at the time of inspection they were still in the store since the quarters remained unoccupied.

### **Subhead 25003 – Furniture and Equipment (Education)**

- 1409.** The sum of \$1.5M was allocated for the purchase of furniture and equipment for schools. Amounts totalling \$1.492M were expended for the construction of desk and benches, cupboards, writing desks and blackboards. The items constructed were verified as being received by the Region. However, details of distribution to the various schools were not provided for audit examination. The Accounting Officer gave the assurance the information would be provided to the Audit Office.

## **Subhead 25003 – Furniture and Equipment (Health)**

- 1410.** The sum of \$1M was allocated for the purchase of equipment for the regional health sector, including spraying equipment and gas stoves. The full amount was expended. The items purchased were verified as being received but were, however, not inventorised.

## **HEADS 15-11 & DIVISION 540**

### **REGION 10 - UPPER DEMERARA/BERBICE**

#### **Current Expenditure**

##### **Employment Costs**

- 1411.** Two(2) old salaries bank account Nos. 802 and 861, which became non-operational in June 1996, continued to be overdrawn by \$289,305 and \$5.466M respectively as at 31 December 1998. It is again recommended that efforts be made to investigate the reason(s) for the overdrafts with a view of clearing them and steps be taken to close these accounts. Another non-operational account No. 804 reflected a large balance of \$3.053M as at 31 December, 1998. Action should be taken to close this account and transfer the balance to the Consolidated Fund.
- 1412.** The two(2) new salaries account Nos. 3092 and 3094 were not reconciled since they were established in July 1996. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. In addition, account No. 3092 was overdrawn on numerous occasions during

the year and as at 31 December 1998 it was overdrawn by \$2.648M. The Accounting Officer explained that these accounts were not reconciled because of staff constraints while the overdrafts were as a result of late deposits in the bank account. It is therefore recommended that the staff complement be increased to carry out this essential aspect of accounting control. In addition, steps should be taken to ensure prompt deposits in the bank account to avoid overdrafts.

- 1413.** Thirty-three(33) cheques valued at \$175,729 and representing salary deductions for 1998 and 1999 and payable to the National Insurance Scheme, were still on hand at the time of inspection in August 1999. The Accountant explained that NIS forms were not available and that the deductions would be paid over as soon as the forms were available.
- 1414.** It is a requirement for an unpaid salaries/wages register be kept to monitor all unpaid salaries/wages. However, despite the fact that there was evidence numerous instances of unpaid salaries/wages being refunded, such a register was not being maintained. As a result, it could not be determined whether all unpaid salaries/wages were properly accounted for. This record should be introduced without delay.

### **Other Charges**

- 1415.** Amounts totalling \$2.460M were expended fuel and lubricants. However, out of a total of twelve(12) vehicles and equipment for which log books were required to be maintained, log books were presented in respect only two(2) vehicles. In the circumstances, it could not be determined whether effective control was exercised over the use of these vehicles and equipment.
- 1416.** Amounts totalling \$24.082M were expended on rental and maintenance of buildings. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Repairs to five (5) primary schools	5,301,873
“ “ five (5) officers quarters	4,757,245
379	

“ “ three (3) secondary schools	2,654,619
“ “ two (2) guest houses	2,436,338
“ “ administrative building	518,926
Miscellaneous Repairs (\$180,000-\$450,000)	2,078,406
“ “ (Below \$180,000)	2,218,389
Purchase of materials	3,505,904
Rental of buildings	610,300
<b>TOTAL</b>	<b>24,082,000</b>

**1417.** The basis for the award of nine(9) contracts in excess of \$450,000 and valued at \$9.985M could not be determined as the various tender documents and minutes of the Regional Tender Board were not presented for audit examination. The Accounting Officer explained that these contracts were not awarded by the Regional Tender Board but were approved by the previous Regional Executive Officer. Notwithstanding this, except for the works in the Berbice River the others were physically verified.

**1418.** Amounts totalling \$7.383M were expended on the maintenance of infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Const. of fence at Kwakwani Secondary School	1,939,839
“ “ “ “ Canvas City Nursery School	1,368,635
“ “ “ “ Regional Health Officer’s Compound	704,922
Repairs to fence at Sandhills Primary School	851,141
Weeding and cleaning compound and trenches	876,215
Miscellaneous	1,642,248
<b>TOTAL</b>	<b>7,383,000</b>

**1419.** Four(4) contracts in respect of the construction/repairs to fences at



Kwakwani Secondary School, Canvas City Nursery School, Regional Health Officer's Compound and Sandhills Primary School totalling \$4,864,537 were awarded without adjudication by the Regional Tender Board.. The Accounting Officer explained that these contracts were awarded by the previous Regional Executive Officer. As a result the basis of the awards could not be determined. Notwithstanding this the works were physically verified.

- 1420.** The sum of \$30.171M was voted for other services purchased of which amounts totalling \$33.567M were expended, resulting in an over-expenditure of \$3.396M. This would tend to indicate that care was not taken to monitor the expenditures of the Region. Every effort should be made to ensure strict adherence to the Financial Regulations as they relate to grants approved by the National Assembly .
- 1421.** Sixty-one (61) cheque orders totalling \$2.004M for the year 1998 were outstanding at the time of the audit in August 1999. The Accounting Officer explained that he was unaware of the situation and promised to take corrective action.
- 1422.** An examination of the appropriation accounts revealed eleven(11) instances totalling \$11.767M where expenditure exceeded the revised estimates. Since there were combined savings totalling \$9.317M under Other Charges, it would have been more appropriate to seek a virement of funds for this amount, thereby reducing the extent of the over-expenditure.
- 1423.** In respect of Programme 4 - Education Delivery, total expenditure exceeded issues from the Consolidated Fund by \$3.656M. In addition, amounts totalling \$23.819M remained as outstanding liabilities as at 31 December, 1998. Had this expenditure been met from to the 1998 allocations, the excess expenditure would have been increased by \$34.586M. At the time of the audit, the Region was in the process of seeking approval to meet the outstanding liabilities from the voted provision for 1999.

### **Other Matters**

- 1424.** The old imprest bank account No.803, which became non-operational in June,1996 continued to be overdrawn by \$995,561. Efforts should be made to investigate the reason(s) for the overdraft with a view to clearing it and to close the account. The new bank account No. 3093 was not reconciled since its establishment in July, 1996. In addition, this imprest account was short-retired by \$53,110 as at 31 December, 1998. It was explained that funds were not available in 1998 and that approval was being sought to clear this amount from the 1999 voted provision.
- 1425.** At the time of inspection in August 1999 eight(8) partly unused cheque books in respect of the old bank accounts Nos.802, 803, 804 and 861 were still in the safe even though instructions were given to return these cheque books to the Bank. In addition, seventy-one(71) stale-dated cheques valued at \$665,509, which were drawn on the old accounts Nos. 802 and 861, were still in the safe. The Accounting Officer explained that these cheques relate to unclaimed payments as well as deductions dating back to 1989 to various agencies for which the details were not available. Action should be taken to return the unused cheque books to the Bank.

### **Capital Expenditure**

#### **Subhead 12001 - Buildings (Administration)**

- 1426.** The sum of \$2.5M was voted for the completion of the Amerindian Hostel at Wismar. Amounts totalling \$2.499M were expended as follows:-

DESCRIPTION	AMOUNT \$
Completion of hostel at Wismar	2,323,491
Installation of grill to the hostel	140,400
Consultancy service	35,394
382	

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**TOTAL**

**2,499,285**

- 1427.** The contract for the construction of the hostel was awarded in 1997 to the second lowest tender in the sum of \$6.007M on the grounds that it was within 10% of the Engineer's Estimate of \$5.990M. The lowest bid was \$4.677M. In addition, there was a variation of \$421,204 relating to the ceiling of roof the, giving a revised contract sum of \$6.427M. Amounts totalling \$4.866M were expended in 1997. The work was not completed in 1997 and was re-budgeted in 1998. Included in the expenditure of \$2.323M incurred in 1998 was an additional variation of \$761,04. There was also a third variation of \$488,626 which was paid for in 1999 although the work was not re-budgeted for in 1999.
- 1428.** Physical verification in October 1999 revealed that two-thirds of the tiles which were placed on the ground floor had already become loose. The Accounting Officer explained that the area around the building becomes water-logged during the rainy season and at high tides and this resulted in the floor becoming damp causing the tiles to raise.

**Subhead 12002 - Buildings (Education)**

- 1429.** The sum of \$15M was allocated for the completion of teachers' hostel at Amelia's Ward and the students' hostel at Kwakwani. Amounts totalling \$12.666M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Completion of Teachers' Hostel	8,728,278
" " Students' Hostel	3,887,436
Consultancy services	50,000
<b>TOTAL</b>	<b>12,665,714</b>

- 1430.** The contract for the construction of the Teachers' Hostel was awarded in 1997 in the sum of \$18.301M. There was a variation of \$1.036M, giving a revised contract sum of \$19.337M. The work was not completed in 1997 and was re-budgeted for in 1998. At the time of inspection in October 1999, the

building had not yet been handed over to the Region. The Superintendent of Works explained that the contractor had to do remedial work to the interior of the building before it could be handed over.

- 1431.** The contract for the construction of the Students' Hostel at Kwakwani was awarded in 1997 in the sum of \$7.994M, and amounts totalling \$4.838M were expended in 1997. Provision was made in the 1998 Estimates for the continuation of the works and at the time of inspection in August 1999, amounts totalling \$8.726M, which included a variation of \$911,500, were expended. At time of inspection in August 1999 the work was, however, substantially incomplete although 98% of the contract sum was paid to the contractor. The incomplete work for which the contractor was paid included carpentry, plumbing, electrical and painting and was valued at \$1.518M.

**Subhead 12003 - Buildings (Health)**

- 1432.** The sum of \$20M was voted for the completion of One Mile Health Centre and the extension of health post at Amelia's Ward. Amounts totalling \$9.646M were expended as follows:-

DESCRIPTION	AMOUNT \$
Completion of One Mile Health Centre	4,936,590
Extension of health post at Amelia's Ward	4,055,488
Consultancy services	364,632
Miscellaneous	288,970
<b>TOTAL</b>	<b>9,645,686</b>

- 1433.** The contract for the construction of the One Mile Health Centre was awarded in 1997 in the sum of \$17.557M. There was a variation of \$1.785M, giving a revised contract sum of \$19.342M. At the end 1998, amounts totalling \$18.862M were expended. The works were physically verified.

- 1434.** The contract for the extension of the health post at Amelia's Ward was

awarded to the fourth lowest bidder in sum of \$8.103M from among seven(7) bids, without any reasons being stated why the lower bids were not considered. At the time of inspection in August 1999, the work was still in progress.

#### **Subhead 14001 - Roads**

- 1435.** The sum of \$16M was allocated for the continuation of the rehabilitation of the Anarika/Suribana Road. The full amount was expended. The works commenced in 1997 through the award of a contract in the sum of \$28.977M. At the end of 1997, amounts totalling \$11.824M were expended. The rehabilitation works continued in 1998 and at the end of the year, amounts totalling \$27.824M were expended. However, as indicated in my 1997 Report, physical inspection in August 1998 (two months after the works were completed) revealed that the road had deteriorated significantly.

#### **Subhead 19001 - Infrastructure Development**

- 1436.** The sum of \$4M was voted for the completion of water and electricity installation at DeVeldt, Waruni and Ida Sabina. Amounts totalling \$3.999M were expended. However, there was no evidence that the works were advertised and a system of competitive bidding applied before the contract for the installation of water and electrical facilities at the Waruni Health Centre was awarded. The contract sum was \$3.826M. Because of the remoteness of the area, the works were not physically verified.

#### **Subhead 25001 - Furniture and Equipment (Education)**

- 1437.** The sum of \$3M was voted for the purchases of furniture and equipment for schools, hostel and officers' quarters. Amounts totalling \$2.998M were expended. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 25003 - Furniture and Equipment (Health)**

- 1438.** The sum of \$3M was allocated for the purchase of furniture and equipment for the Health Department, including beds, sterilizers, refrigerators, chairs and tables. Amounts totalling \$2.802M were expended. The items purchased were verified as having been received and properly brought to account.

### **Subhead 26001 - Equipment (Agriculture)**

- 1439.** The sum \$300,000 was allocated for the purchase of tools and equipment for the Agriculture Department, including chairs and one(1) theodolite. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

### **Subhead 28001 - Water Supply**

- 1440.** The sum of \$75M was voted the purchase of pumps, filter media and distribution pipes and accessories for the improvement of water supply in Wisroc, West Watooka, Amelia's Ward and Block 22. The full amount, which was paid over to the Linden Mining Enterprises Ltd., was shown as having been expended.
- 1441.** The Linden Mining Enterprise Ltd.(LINMINE) is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1997 and at the time of reporting the audit of the 1998 accounts was in progress. The amount of \$75M was verified as having been received by LINMINE.

## **REPORT ON OTHER ENTITIES**

### **Audits of Public Enterprises**

- 1442.** The Financial Administration and Audit Act Chapter 73:01 of the Laws of Guyana was amended in 1993 to extend my mandate to the audits of public corporations and other entities in which controlling interest vests with the State. As a result of this amendment, the auditing of some fifty(50) additional entities had become my responsibility.
- 1443.** There is provision in the amended legislation for the engagement of Chartered Accountants in public practice to audit on my behalf any of these entities, should I consider it desirable. Any such audit is, however, conducted under supervision from the Audit Office.
- 1444.** It should be emphasised that this provision is meant to be applied only in exceptional circumstances. However, because of the depleted staffing situation in the Audit Office, attributable mainly to the level of salaries offered, the contracting out arrangements have become more of a norm rather than an exception in that the audits of most of the public corporations and a number of other entities are undertaken by Chartered Accountants in public practice.
- 1445.** This state of affairs is indeed unfortunate in that it is inconsistent that my mandate should be extended to one in which I am now statutorily the External Auditor of the Public Sector in keeping with the principles of public accountability, yet I am not provided with the level of resources needed for the proper discharge of my responsibilities. In addition, the contracting out arrangements have proved to be somewhat costly, and several entities in the past have expressed concern about the level of fees charged.
- 1446.** Under a technical assistance programme funded by the Inter American Development Bank, draft legislation was prepared and submitted to the Government in 1994 aimed mainly at delinking the Audit Office from the Public Service and providing it with the flexibility to recruit and remunerate staff at competitive salaries. Up to the time of reporting, however, no response was received, despite the lapse of some six(6) years. It is nevertheless heartening to note that the Report of the Constitutional Review Commission recommended that the Audit Office be placed under

Parliamentary oversight. This recommendation was approved by the Select Committee on Constitutional Reform.

**1447.** It should not be over-emphasised that to the extent that mechanisms are not put in place urgently to ensure that I am provided with a full complement of suitably qualified and trained personnel, the Audit Office is likely to continue to suffer from some measure of loss of efficiency in and quality of its work. The recent increase in salaries is unlikely to see an improvement in the staffing situation in the Audit Office because, by the very nature of its work and the skills required, it will still be unable to attract and retain suitably qualified and trained personnel. For example, an officer of the level of Assistant Auditor has resigned her post to take up employment at a State-owned institution at a salary of \$70,000 per month. She was getting \$21,000 per month after the Government's 31.06% increase. The problem is one in which the differentials among the salary scales appear to be too small, having regard to the job specifications, as can be seen from the following table:-

DESIGNATION	GRADE	QUALIFICATIONS	EXPERIENCE YEARS	SALARY 31/12/99 \$
Audit Clerk (AC)	2	4 CXC with English and Maths	nil	16,365
Senior Audit clerk	3	Same as AC plus 1 yr.'s internal training	1	17,689
Assistant Auditor	5	Same as AC plus 2 yrs' internal training	2	20,839
Auditor	8	3 yrs' internal training or Dip. in Accountancy, AAT or Degree in Accountancy	3 nil	33,684
Principal Auditor	10	Degree in Accountancy	3	50,427
Asst. Auditor General	11	Professional Accountant or Deg. in Accountancy  380	nil 6	63,420



Dep. Auditor General	12	Professional Accountant	2 yrs' post qualification	78,073
Snr. Dep. Auditor General	13	Professional Accountant	4 yrs' post qualification	98,821

- 1448.** As an interim measure, I had suggested to the Government that, should a special compensation package be offered to staff of the Audit Office and with some degree of re-organisation, I would be in a better position to not only attract new staff but also to retain existing staff who have become very marketable. Once the Audit Office is adequately staffed, the extent to which the services of Chartered Accountants in public practice are needed will be minimised.
- 1449.** In support of my proposal, I had submitted a comparative cost analysis, which analysis showed that the Government was likely to effect significant savings if the Audit Office were to directly undertake such audits. The Government did give the assurance that once the proposed Revenue Authority became operational, the Audit Office's salary structure would be brought in line with that of the Authority.
- 1450.** While the contracting out arrangements have worked well in the past, only three(3) chartered accounting firms were rendering audit services on my behalf, two(2) of which are considered relatively small. As a result, I had found it necessary to recommend to the Minister of Finance an amendment by order to the Schedule of the Financial Administration and Audit (Amendment Act) of 1993 to extend the period of rotation of auditing firms from four(4) years to eight(8) years. This amendment took effect from 29 April 1998.
- 1451.** I am of the view that in the longer term Audit Office will have to develop its own capacity to render a direct audit service to public corporations and other similar entities, rather than relying on Chartered Accountants in public practice to do so. Of particular importance also is the fact that the Audit Office has a number of suitably qualified, trained and experience officers who have become highly marketable. Unless some way is found to ensure that they remain in the Audit Office, their departure will significantly weaken it.

- 1452.** It is against this background that I proposed to the Government in July of 1998, the creation of a Public Enterprises/Special Projects Division within the Audit Office to render a direct audit service to public corporations and other similar entities as well as foreign funded projects. The intention was not to exclude Chartered Accountants in public practice but to minimise the extent to which audit work is contracted out and to develop in-house capacity. I had estimated that with a staffing of thirty-two (32) competent and capable officers, 50% of the audits currently being contracted out can be undertaken by the Audit Office.
- 1453.** An important aspect of this proposed "partial corporatisation" was for the Audit Office to operate in a self-financing way as it relates to the auditing of public enterprises, statutory bodies and foreign funded projects. The fees charged would have been used either directly or indirectly to meet the cost operations. In addition, officers would have been recruited on a contract basis and competitive salaries offered. This is necessary to ensure that a businesslike approach is adopted, a high quality of service is rendered and audits are completed in a timely and expeditious manner. It is now public knowledge that the Government disapproved of the proposal, despite its initial support for it.
- 1454.** In the final analysis, the ultimate solution to the problems faced by the Audit Office is for it to be given the much needed autonomy and flexibility to manage its affairs, subject to appropriate safeguards. The draft legislation now before the Government for the past five(5) years as well as the Constitutional Review recommendation that the Audit Office be placed under Parliamentary oversight, are likely to ensure that this is so.
- 1455.** For the period under review, twenty-seven (27) audits have been finalised under the contracting out arrangements at a total cost of \$52.626M. The following are the details in respect of entities for which audit fees and expenses exceeded \$1M:-

NAME OF ENTITY	YEAR OF ACCOUNTS	FEES & RELATED COSTS \$'000
1. Guyana National Co-operative Bank	1996	6,250
2. Guyana Sugar Corporation Ltd.	1996	5,475
3. Guyana Sugar Corporation Ltd.	1997	5,445
4. Berbice Mining Enterprise Ltd.	1996	5,282
5. Berbice Mining Enterprise Ltd.	1995	4,779
6. Linden Mining Enterprise	1996	4,675
7. Guyana Stores Limited	1997	2,455
8. Guyana Post Office Corp.	1990	1,812
9. Guyana Pharmaceutical Corp.	1997	1,810
10. Guyana Oil Co. Ltd.	1997	1,700
11. Guyana Rice Dev. Board	1996	1,315
12. Guyana National Newspapers Ltd.	1997	1,160
13. University of Guyana	1997	1,075
14. Guyana Gold Board	1997	1,030
15. Guyana Gold Board	1996	1,030
<b>TOTAL</b>		<b>45,293</b>

**1456.** An important aspect of the Amendment Act of 1993 is the requirement for the audited accounts of these entities along with my reports thereon and the responses of the entities, to be presented to the National Assembly. However, except in the case of the Guyana Sugar Corporation, up to the time of reporting, there was no evidence of any action taken in this regard, despite communication to this effect from the Audit Office to the relevant

authorities. It is again my sincere hope that urgent action will be taken to have these accounts as well as those relating to previous years, presented at the earliest opportunity to the National Assembly.

- 1457.** Apart from the legal requirement, it appears inconsistent for Central Government agencies to subject themselves to the rigours of Parliamentary scrutiny of their performance and financial standing while other agencies of the State do not do so. Indeed, the principles and practices of public accountability should dictate that all organs of the State subject themselves to this form of scrutiny, be they Central Government, public corporations or other entities in which controlling interest vests with the State. In the final analysis, it is the Consolidated Fund to which recourse has to be sought in event of financial difficulty on the part of any agency of the State.
- 1458.** Several of the entities falling within the purview of the Amendment Act have not been timely in the submission of financial statements for audit, notably the Guyana Post Office Corporation which is seven(7) years in arrears. Such a situation should not be condoned since it does not auger well for public accountability.
- 1459.** An analysis of the opinions issued in respect of the audits of the twenty-seven(27) entities referred to above, reveals that six(6) reports were disclaimers of opinion reflecting uncertainties of a fundamental nature in relation to amounts shown in the respective financial statements. Nine(9) reports were also qualified opinions because of uncertainties and/or disagreement of a material nature. (See tables below.) These are matters of public concern which should be discussed and debated at the Parliamentary level with a view to effecting improvements in performance on the part of the entities concerned. In the more developed countries, the slightest qualification on the accounts of an entity by the External Auditor may require some form of change in the management of that entity.

#### DISCLAIMERS OF OPINION

	NAME OF ENTITIES	YEAR OF ACCOUNTS
1.	Surpana Agricultural & Allied Services Ltd.	1994
2.	Sanata Textiles Ltd.	1994

3.	Berbice Mining Enterprise Ltd.	1995
4.	Surpana Agricultural & Allied Services. Ltd.	1995
5.	Linden Mining Enterprise	1996
6.	Berbice Mining Enterprise Ltd.	1996

### QUALIFIED OPINIONS

	NAME OF ENTITY	YEAR OF ACCOUNTS
1.	Guyana Post Office Corporation	1990
2.	Guyana National Printers Limited	1995
3.	Guyana Marketing Corporation Limited	1995
4.	Guyana Gold Board	1996
5.	Guyana National Printers Limited	1996
6.	University of Guyana	1997
7.	Guyana Broadcasting Corporation	1997
8.	Guyana Oil Company Limited	1997
9.	Guyana Pharmaceutical Corporation	1997

### Audits of Municipal and District Councils

**1460.** The Municipal and District Councils Act, Chapter 28:01 of the Laws of Guyana, requires the accounts of municipal and district councils to be made up yearly, not later than four(4) 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.

**1461.** Despite this legal requirement to produce financial statements and in a timely manner as well as the penalties involved for the failure to do so, virtually all the municipal and district councils have been violating the provisions of the Law although many of them are in receipt of Government subvention. This again does not auger well for accountability at the local government level. It is again my sincere hope that urgent action will be taken to have all municipal and district councils bring their accounts up-to-date.

**1462.** In relation to the Town Councils, there have been no changes with regard to state of financial reporting as was previously reported, except in the case of Anna Regina and New Amsterdam Town Councils. The following table show the status of the audits in respect of these entities, at the time of reporting.

NAME OF ENTITY	YEAR LAST AUDITED
Georgeto\wn City Council	1986
Anna Regina Town Council	1996
Corriverton Town Council	1982
Linden Town Council	1984
New Amsterdam Town Council	1993
Rose Hall Town Council	1981

**1463.** Prior to September 1994, there were seventeen(17) district councils and thirty-four(34) village and country councils. Most of these entities were significantly arrears in terms of financial reporting, as reported on in my previous reports.

**1464.** In September 1994, the local government system was reorganised and one hundred and ten(110) neighbourhood democratic councils (NDC's) were established as successor organisations to the district councils and village and

country councils. Of these, only ten(10) have had some form of financial reporting since they were established although for the period under review sixty-five (65) NDC's received subventions from Central Government of \$191M each.

### **Audits of Statutory Bodies**

- 1465.** I am also the External Auditor of some thirty-nine(39) statutory bodies. Many of these entities are in receipt of large amounts of Government subvention, yet it is disheartening again to report that several of them continued to significantly in arrears in terms of financial reporting, and hence accountability for their results of operation and financial position.
- 1466.** The following sets out the status in respect of those entities which are in arrears for five (5) years and over, at the time of reporting.

<b>NAME OF ENTITY</b>	<b>YEAR LAST AUDITED</b>
Guyana National Energy Authority	1984
Institute of Applied Science and Technology	1982
National Dairy Development Project	1987
National Science Research Council	1982
State Planning Secretariat	1991
Sugar Industry Labour Welfare Fund	1993
Guyana Relief Council	1990
Center for the Study of Biological Diversity	1990

- 1467.** It is also a legal requirement for all statutory bodies to have their audited accounts laid in the National Assembly, and although forty-two(42) such audits have been finalised in 1998, there was no evidence that such audited accounts were presented to the National Assembly.

## Audits of Trade Unions

**1468.** 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.

**1469.** Although some unions have been making efforts to have their accounts audited, others were in severe arrearage, and for the period under review, twenty-seven(27) audits for six(6) entities have been finalised. The following table shows the status of the audits of trade unions which have not had their accounts audited for more than five (5) years, at the time of reporting.

	NAME OF ENTITY	YEAR LAST AUDITED
1.	National Workers Union	1992
2.	University of Guyana Senior Staff Association	1994
3.	Guyana Labour Union	1995
4.	National Union of Public Service Employees	1992
5.	Printing Industry and Allied Workers Union	1993
6.	Guyana Teachers' Union	1987
7.	General Workers Union	1995
8.	Guyana Local Government Officers Association	1990
9.	Guyana Public Service Union	1992
10.	University of Guyana Senior Staff Association	1994
11.	Guyana Bauxite and General Workers Union	1993
12.	Guyana Mine Workers Union	Unknown



13.	Association of Masters and Mistresses	Unknown
14.	University of Guyana Staff Association	Unknown
15.	University of Guyana Workers Union	Unknown
16.	MACORP	-
17.	Public Employees and General Workers Union.	-

**1470.** It is a legal requirement for all trade unions to submit to the Registrar of Trade Unions annual returns not later than 1 May of the following year. Implicit in this is the requirement to submit audited accounts. However, there is evidence that unaudited accounts were being submitted as part of the annual returns of trade unions, and therefore an important control mechanism to ensure that trade unions are financially accountable to their members and in a timely manner, is lost. It is again recommended that an amendment to the legislation be made to make clear that audited accounts are required to be submitted as part of the annual returns of trade unions.

### **Audits of Foreign Funded Projects**

**1471.** Except in a few cases, all foreign funded projects are audited directly by the Audit Office which is a reflection of the degree of confidence the international financial institutions and other loan/donor agencies place on the Audit Office's work. This apart, foreign loans, grants and other forms of technical assistance to the Government, once received, are an integral part of the Public Accounts of Guyana within the meaning of Article 223(2) of the Constitution and are therefore required to be audited by the State Audit Institution and reported on to the Legislature.

**1472.** Recently, however, the Audit Office had been under tremendous pressure from the Government and the World Bank to have the latter's projects audited by private auditing firms, citing apparent lack of timeliness and unsatisfactory quality of work produced by the Audit Office. The Audit Office vehemently rejected these allegations and issued a press release in its defence, as follows:-.

*We refer to the article "World Bank to Strengthen Audit Office - but Awards Private Contracts for its Projects" in the Sunday 13 February 2000 issue of the Stabroek News and wish to issue the following clarifications in the light of the continuing publicity of the comments made by a World Bank*

*official in relation to the work of the Audit Office.*

*1. The staffing difficulties faced by the Audit Office is public knowledge and requires no elaboration. Notwithstanding these difficulties, the Audit Office has always sought to ensure the expeditious completion of all audits undertaken by it. Priority is given to foreign funded projects, particularly those of the World Bank and the IDB. Where the Audit Office is unable to undertake audits because of staffing problems, adequate mechanisms are in place for the engagement of Chartered Accountants in public practice, in keeping with the 1993 amendment to the Financial Administration and Audit Act. The audits of commercial types entities are usually contracted out under this arrangement. However, the audits of foreign funded projects are undertaken in-house because of their implications for the Public Accounts and the reporting requirements to Parliament. Only recently, we have found it necessary to extend the rotation period of Chartered Accountants from four(4) years to eight (8) years in an attempt to ensure adequate audit coverage of all aspects of the operations of Government.*

*2. Article 223 of the Constitution specifically states that the Public Accounts of Guyana and of all officers and authorities of the Government shall be audited and reported on by the Auditor General. World Bank funded projects are an integral part of the Public Accounts of Guyana, since they are budgeted for in the Government's Capital Programme and require specific reporting to Parliament. In addition, there are matching counterpart funds which are provided from the Consolidated Fund for these projects. There is no constitutional or legal provision for private auditing firms to audit the operations of Government, except under contracting out arrangement with the Audit Office. It follows that any attempt to directly engage private auditors for World Bank projects would not only be a violation of the Constitution but also be a breach of the principles and practices of public accountability.*

*3. In a previous publicised statement, the World Bank official*

*was quoted as stating that the audits undertaken by the Audit Office lacked quality and timeliness, and in the above-stated publication, reference was made of delays of between twelve(12) and eighteen(18) months. At no time this official has met with the Auditor General to discuss any concerns she might have had in relation to these audits. The Audit Office categorically denies that there were any delays of such magnitude, except in the case of the Essequibo Road Project. If there were any delays, in most cases such delays were due to problems encountered by the various project execution units (PEUs) in finalising the financial statements for audit. In several instances, the deadline for the submission of financial statements was allowed to go unheeded despite reminders from the Audit Office. In addition, during the audit process, significant difficulties were experienced in accessing records/documents and in the provision of information and/or explanations. In each case, the PEU would be advised to secure the appropriate extension of time. We are attaching a statement attesting to this in respect of not only World Bank funded projects but also IDB ones. As can be noted, in 1998 we audited eighteen(18) IDB and World Bank projects and in only four(4) instances, the revised deadline was not met. The remarks column shows that the delays were attributable to the respective PEUs. It should be noted that two(2) of these projects - the World Bank funded Essequibo Road Project and the IDB funded Main Road Rehabilitation Project - were the subject of a special investigation by the Audit Office.*

*4. Our first attempt at auditing a World Bank project was in 1993 and was in respect of the Public Administration Project (PAP). We were not advised that we were the auditors of this project and were not provided with the World Bank Guidelines relating to the audit. It was only when the deadline was past that we were asked to execute the audit. In the absence of knowledge of the existence of these guidelines and in the interest of expediting the long overdue audit, we advised the PEU to use a commercial format in the preparation of the*

*financial statements and we issued a commercial type audit opinion. When the audit was finalised and the report issued, we received stinging criticisms from the World Bank and reference was made to replacing the Audit Office with private auditors. We were very much taken back. This was the reward for doing a rescue act and for attempt to salvage the situation. Messrs. Balgobin and Sivanand (now retired) from the PAP can attest to this. It was only then that we were provided with the World Bank Guidelines.*

*5. Since then we have been meticulously following the requirements of the World Bank Guidelines in the auditing of its projects. Despite this, ever so often there were unjustified criticisms of our work, and one gets the impression that there was a deliberate attempt at faulting our work as a justification for arguing a case for private auditors. One official even made the extraordinary statement that agreements between the World Bank and the Government of Guyana supersede the constitutional requirements as well as our local legislation and that the said agreements were in effect international law! (The agreement refers to 'independent auditors' which is a term used in the United States for external auditors. In Guyana, the Auditor General is the external auditor of the public sector.) In the last two(2) years, we are happy to state that there have been no criticisms of our work mainly because of the personal involvement of the Auditor General to ensure the highest standards of quality control.*

*6. As it relates to the involvement of the private auditing firms in the auditing of foreign funded projects without a contracting out arrangement with the Audit Office, the Audit Office wishes to state that professional requirements make it obligatory for such firms to enquire in writing from the Audit Office if there are any professional reasons for not accepting appointment. If reasons are given, the firm is required to decline appointment as auditors. Any firm that violates this*

*requirement can be held liable for professional misconduct by the disciplinary committee of the relevant professional body. To date, no communication has been received from any private auditing firm in this regard. In addition, in respect of private auditing firms which choose to violate our Constitution as well as our legal requirements, the Auditor General can invoke the authority invested in him to preclude such firms from undertaking work on his behalf. The last resort may have to be judicial intervention.*

*7. Apart from the constitutional and legal requirements, the direct engagement of private auditors for World Bank funded projects will result in a duplication of audit services, the cost of which will ultimately be borne by the State. The fees charged by these auditors will have to be met from the resources of the loan and chargeable to the Public Debt which has to be serviced by present and future generations.*

*8. Finally, while we welcome any form of technical assistance that can be given to the Audit Office, we are equally saddened by the decision of the World Bank to remove us as auditors for one of its projects. This is the second project that has been taken away from us, the other being the Secondary School Reform Project. What is more disturbing is what appears to be a deliberate attempt to circumvent the constitutional requirement by using the disguised terms of reference of “examination and verification” for the audit. We view this development as an attempt not only to undermine the work of the Audit Office but also to marginalise the effectiveness of its operations. This is in contrast to the statement made by Mr. James Wolfesohn, President of the World Bank, in the October 1998 issue of the International Journal of Auditing in support for the work of national audit offices, invariably described as supreme audit institutions (SAIs):*

***INTOSAI and more particularly its individual members are important partners for us in the World Bank. Every year, we receive 5,000 audited financial statements for projects we are supporting around the world. Half of those audit opinions are provided by SAIs...We are***

*also concerned to ensure that audit findings are followed through by due process and proper public accountability in for a such as the Public Accounts Committee. We would like to ensure that national accounting and auditing receives as much attention as project investment accounting and auditing... In many countries the Auditor General has to be the champion for needed changes.*

- 1473.** Following the press release, the Audit Office sought independent legal opinion which opinion supported the Audit Office’s position on the matter. Meanwhile, the Government had gone ahead and recruited directly private auditing firms to audit not only three(3) World Bank projects but the accounts of a State institution. The private auditing firms were called in and shown the legal opinion after which they agreed to suspend work pending a final determination of the matter. The issue was finally settled at a meeting with His Excellency, the President, where it was agreed to regularise the situation through contracting out arrangements. This agreement represents a compromise in the national interest.
- 1474.** For the period under review, it is with some degree of satisfaction that I should report that the Audit Office concluded fifty-three(53) audits of foreign funded projects, as shown below:-

FUNDING AGENCY	NO. OF OPINIONS
Inter American Development Bank	10
United Nations Development Programme	27
394	

International Development Association	7
European Union	2
International Fund for Agricultural Development	1
United States Aid for International Development	6

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<b>TOTAL</b>	<b>53</b>
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## ACKNOWLEDGEMENTS

- 1475.** I wish to record my sincere gratitude to the staff of the Audit Office, many of whom worked beyond the call of duty to help me to execute the audits and to compile this report. My sincere thanks also go out to the Accountant General, Accounting Officers and Principal Receivers of Revenue along with their staff for the level of cooperation shown during the course of the audits and for the explanations provided in relation to my findings.
- 1476.** It has not been an easy task, and many difficulties, problems and resource restraints have had to be resolved and overcome to achieve this result. It is with some degree of satisfaction, indeed an achievement, that the Audit Office continues to champion the cause of public accountability, and while there has been some measure of success, a lot remains to be done. In this regard, the Audit Office continues to stand ready to render whatever assistance it can provide, of course, within the limits of its authority.